1998 Annual Report

Roosevelt/Canal
Redevelopment Project Area

Pursuant to Mayor's
Executive Order 97-2

JUNE 30, 1999

City of Chicago
Richard M. Daley, Mayor

Department of Planning and Development

Christopher R. Hill
Commissioner

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Chicago, Illinois 60602
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June 30, 1999

The Honorable Mayor Richard M. Daley, Members
of the City Council, and Citizens of the City of Chicago
City of Chicago
121 N. LaSalle Street
Chicago, Illinois 60602

Ladies and Gentlemen:

The attached information for the Roosevelt/Canal Redevelopment Project Area, along with 63 other individual reports, is presented pursuant to the Mayoral Executive Order 97-2 (Executive Order) regarding annual reporting on the City's tax increment financing (TIF) districts. The City's TIF program has been used to finance neighborhood and downtown improvements, leverage private investment, and create and retain jobs throughout Chicago.

Pursuant to the Executive Order, the Annual Report, presented in the form of the attached, will be filed with the City Clerk for transmittal to the City Council and be distributed in accordance with the Executive Order.

Sincerely,

Christopher R. Hill
Commissioner
Department of Planning and Development

Walter K. Knorr
Chief Financial Officer

NEIGHBORHOODS Alive!
BUILDING CHICAGO TOGETHER

CHICAGO WORKS TOGETHER

ERNST & YOUNG LLP

Suite 400
111 North Canal
Chicago, Illinois 60606

Phone: 312 879 2000

June 30, 1999

Mr. Christopher R. Hill
Commissioner
Department of Planning and Development
121 N. LaSalle St.
Chicago, Illinois 60602

Commissioner Hill:

Enclosed is the required annual report for the Roosevelt/Canal Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to the Mayor's Executive Order 97-2. The contents are based on information provided to us by the Chicago Departments of Planning and Development, Finance, and Law Department. We have not audited, verified, or applied agreed upon procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

The report includes the City's data methodology and interpretation of Executive Order 97-2 in addition to required information. The tables in this report use the same lettering system as the Executive Order in order to allow the reader to locate needed information quickly.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City departments.

Very truly yours,

Ernst + Young LLP

Ernst & Young LLP

Roosevelt/Canal Redevelopment Project Area
1998 Annual Report

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ANNUAL REPORT -ROOSEVELT/CANAL REDEVELOPMENT PROJECT AREA IN COMPLIANCE WITH SECTION (4) OF THE MAYOR'S EXECUTIVE ORDER 97-2

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Roosevelt/Canal Redevelopment Project Area
1998 Annual Report

Purpose of Report:

The purpose of the Annual Report for the Roosevelt/Canal Redevelopment Project Area (Report) is to provide information regarding the City of Chicago (City) tax increment financing (TIF) districts in existence on December 31, 1998, as required by the Mayor's Executive Order 97-2 (Executive Order). This Report covers the Roosevelt/Canal Redevelopment Project Area (Project Area).

Methodology:

In the process of providing information about the Project Area, care was taken to follow the organization of the Executive Order to allow the reader to locate needed information in an efficient manner. The Report reflects only TIF economic activity during 1998, also referred to in this report as "the prior calendar year." As outlined below, several assumptions were made concerning certain required information.

(a) General Description

The general boundaries of the Project Area are described and illustrated in a map. However, in order to provide ease of reading, only major boundary streets are identified. For exact boundaries, the interested reader should consult the legal description of the Project Area boundaries found in the Redevelopment Plan (Attachment).

(b) Date of Designation and Termination

For purposes of this Report, the date of termination is assumed to occur 23 years from the date of designation, the maximum duration currently allowed under the Tax Increment Allocation Redevelopment Act.

(c) Copy of Redevelopment Plan

The Redevelopment Plan, as amended (if applicable), for the Project Area is provided as the Attachment at the end of the Report.

(d) Description of Intergovernmental and Redevelopment Agreements

Table D describes agreements related to the Project Area which are either intergovernmental agreements between the City and another public entity or redevelopment agreements between the City and private sector entities interested in redeveloping all or a portion of the Project Area. The date of recording of agreements executed by the City in 1998 and filed with the Cook County Recorder of Deeds is included in Table D (if applicable).

(e) Description of TIF Projects

Table E describes each TIF project in the Project Area that has already received approval by the Community Development Commission, and which received TIF financing during 1998. Those projects in discussion, pre-proposal stage with a developer, or being reviewed by Community Development Commission staff are not "projects" for purposes of the Report. The amount budgeted for project costs and the estimated timetable were obtained from the Project Area's intergovernmental or redevelopment agreements, if such agreements exist. Table E specifically notes:

1) the nature of the project;
2) the budgeted project cost and the amount of TIF assistance allocated to the project;
3) the estimated timetable and a statement of any change in the estimate during the prior calendar year;
4) total City tax increment project expenditures during the prior calendar year and total City tax increment project expenditures to date;
5) a description of all TIF financing, including type, date, terms, amount, project recipient, and purpose of project financing.

(f) Description of all TIF Debt Instruments

Table F describes all TIF debt instruments related to the Project Area in 1998. It should be noted that debt instruments issued without a security pledge of incremental taxes or direct payments from incremental taxes for principal and interest are not included in Table F, as such instruments do not qualify as TIF debt instruments as defined by the Executive Order. Table F includes:

1) the principal dollar amount of TIF debt instruments;

2) the date, dollar amount, interest rate, and security of each sale of TIF debt instruments and type of instrument sold;

3) the underwriters and trustees of each sale;

4) the amount of interest paid from tax increment during the prior calendar year (1998);

5) the amount of principal paid from tax increment during the prior calendar year (1998).

(g) Description of City Contracts

Table G provides a description of City contracts related to the Project Area, executed or in effect during 1998 and paid with incremental tax revenues. In addition, the date, names of all contracting parties, purpose, amount of compensation, and percentage of compensation paid is included in the table. Table G does not apply to any contract or contract expenditure reported under (e)(5) of Section 4 of the Executive Order.

City contracts related to the Project Area are defined as those contracts paid from TIF funds, not related to a specific TIF project, and not elsewhere reported. Items include, but are not limited to, payments for work done to acquire, dispose of, or lease property within a Project Area, or payments to appraisers, surveyors, consultants, marketing agents, and other professionals. These services may affect more than one project in a Project Area and are not otherwise reported. Table G does not report such noncontractual cost items as Recorder of Deeds filing fees, postage, telephone service, etc. City contracts include term agreements which are city-wide, multi-year contracts that provide goods or services for various City departments.

(h) Summary of Private and Public Investment Activity

Table H describes each TIF project in the Project Area that has been executed through an intergovernmental or redevelopment agreement in 1998, or that has been approved by the Community Development Commission in 1998.

To the extent this information is available to the Commissioner of Planning and Development on a completed project basis, the table provides a summary of private investment activity, job creation, and job retention within the Project Area and a summary for each TIF project within the Project Area.

Table H contains the final ratio of private/public investment for each TIF project. The private investment activity reported includes data from the intergovernmental or redevelopment agreement(s) and any additional data available to the Commissioner of Planning and Development. Other private investment activity is estimated based on the best information available to the Commissioner of Planning and Development.

(i) Description of Property Transactions

Information regarding property transactions is provided in Table I to the extent the City took or divested title to real property or was a lessor or lessee of real property within the Project Area. Specifically, the Executive Order requires descriptions of the following property transactions occurring within the Project Area during 1998:

1) every property acquisition by the City through expenditure of TIF funds, including the location, type and size of property, name of the transferor, date of transaction, the compensation paid, and a statement whether the property was acquired by purchase or by eminent domain;

2) every property transfer by the City as part of the redevelopment plan for the Project Area, including the location, type and size of property, name of the transferee, date of transaction, and the compensation paid;

3) every lease of real property to the City if the rental payments are to be made from TIF funds. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental, and the rental amount;

4) every lease of real property by the City to any other person as part of the redevelopment plan for the Project Area. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental, and the rental amount.

(j) Financial Summary Prepared by the City Comptroller

Section (j) provides a 1998 financial summary for the Project Area audited by an independent certified public accounting firm. These statements were prepared in accordance with generally accepted accounting principles. These statements include:

1) the balance in the fund for the Project Area at the beginning of the prior calendar year;

2) cash receipts by source and transfers deposited into the fund during the prior calendar year;

3) transfer credits into the fund for the Project Area during the prior calendar year;

4) expenditures and transfers from the fund, by statutory category, for the Project Area during the prior calendar year;

5) the balance in the fund for the Project Area at the conclusion of the prior calendar year.

(k) Description of Tax Receipts and Assessment Increments

Table K provides the required statement of tax receipts and assessment increments for the Project Area as outlined in the Executive Order. The amount of incremental property tax equals the incremental EAV from the prior year multiplied by the applicable property tax rates. Actual receipts may vary due to delinquencies, sale of prior years' taxes, and payment of delinquencies. See the financial report for actual receipts. Table K provides the following information:

1) for a sales tax Project Area, the municipal sales tax increment and state sales tax increment deposited in the fund during the prior calendar year;

2) for a utility tax Project Area, the municipal utility tax increment and the net state utility tax increment amount deposited in the special allocation fund during the prior calendar year;

3) for a property tax Project Area, (A) the total initial equalized assessed value of property within the Project Area as of the date of designation of the area, and (B) the total equalized assessed value of property within the Project Area as of the most recent property tax year;

4) the dollar amount of property taxes on property within the Project Area attributable to the difference between items (3)(A) and (3)(B) above.

All terms used in Table K relating to increment amounts and equalized assessed value (EAV) are construed as in Section 9 of the Illinois Tax Increment Allocation and Redevelopment Act or the Illinois Industrial Jobs Recovery Law. Unless otherwise noted, the EAV and property tax information were obtained from the Cook County Clerk's Office. All sales tax information was obtained from the City of Chicago.

(l) Certain Contracts of TIF Consultants

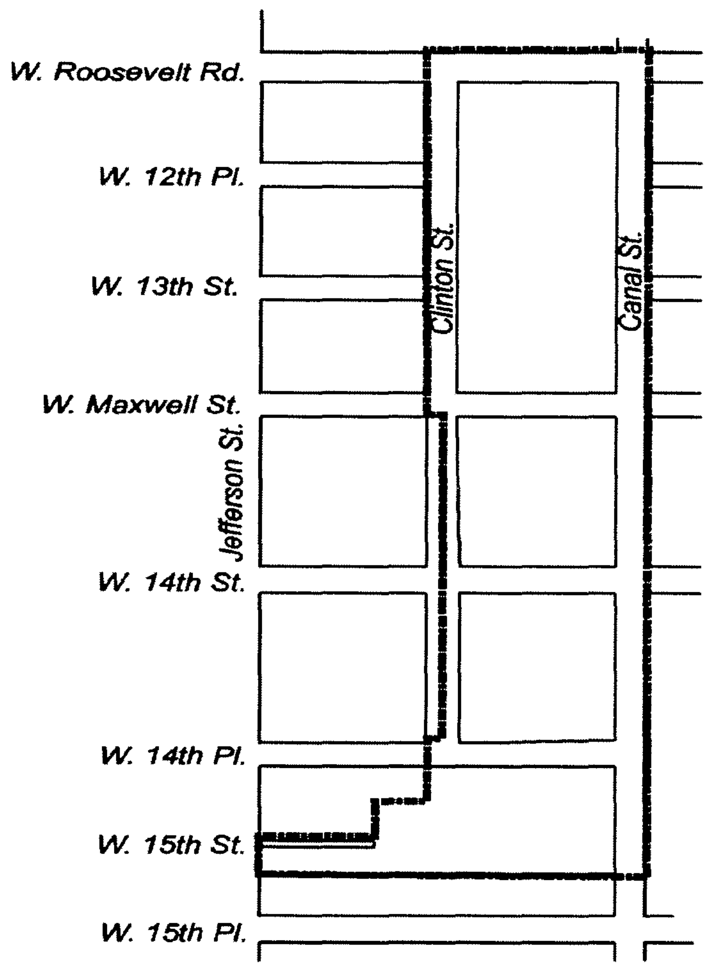
Table L provides information about contracts, if any, between the TIF consultant who was paid by the City for assisting to establish the Project Area and paid by any entity that has received or is currently receiving payments financed by tax increment revenues from the Project Area. The contents of Table L are based on responses to a mail survey. This survey was sent to every consultant who has prepared at least one redevelopment plan for the establishment of a redevelopment project area within the City in 1998. The Executive Order specifically applies to contracts that the City's tax increment advisors or consultants, if any, have entered into with any entity that has received or is receiving payments financed by tax revenues produced by the same Project Area.

(m) Compliance Statement Prepared by an Independent Public Accountant

As part of the audit procedures performed by independent accountants, certain compliance tests were performed related to the Project Area. Included in the Annual Report is an audit opinion indicating compliance or non-compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate. Section (m) provides this statement.

(a) GENERAL DESCRIPTION

The Project Area, as amended, is generally bounded by Roosevelt Road on the north, Canal Street on the east, Clinton Street and Jefferson Street on the west, and a line approximately 100 feet north of 15th Place on the south. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan (Attachment).



(b) DATE OF DESIGNATION AND TERMINATION

The Project Area was designated by the Chicago City Council, on July 31, 1996, and amended on March 19, 1997. The Project Area may be terminated no later than July 31, 2019.

(c) COPY OF REDEVELOPMENT PLAN

The Redevelopment Plan for the Project Area, as amended (if applicable), is contained in this Report (Attachment).

(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS

During 1998, no new agreements were executed in the Project Area.

(e) DESCRIPTION OF TIF PROJECT(S)

During 1998, there were no tax increment project expenditures within the Project Area.

(f) DESCRIPTION OF TIF DEBT INSTRUMENTS

During 1998, there were no TIF debt instruments outstanding for the Project Area.

(g) DESCRIPTION OF CITY CONTRACTS

TABLE G
DESCRIPTION OF CITY CONTRACTS RELATED TO THE PROJECT AREA

CONTRACTING PARTIES WITH THE CITY OF CHICAGO	DATE OF EXECUTION	PURPOSE	AMOUNT OF COMPENSATION PAID IN 1998	PERCENT OF COMPENSATION PAID TO DATE
City TIF Program Administration	1998	Studies/Plan/Admin.	$5,472	100%

(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY

During 1998, there was no information available regarding public or private investment activity in the Project Area.

(i) DESCRIPTION OF PROPERTY TRANSACTIONS

During 1998, the City did not take or divest title to real property within the Project Area. Additionally, the City was not a lessor or lessee of real property within the Project Area during 1998.

(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER

CITY OF CHICAGO, ILLINOIS
ROOSEVELT-CANAL REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 1998 AND 1997

CITY OF CHICAGO, ILLINOIS

ROOSEVELT-CANAL REDEVELOPMENT PROJECT

CONTENTS

BANSLEY AND KIENER, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
125 SOUTH WACKER DRIVE
CHICAGO, ILLINOIS 60606-4496
AREA CODE 312 263-2700

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited the accompanying balance sheets of the Roosevelt-Canal Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1998 and 1997, and the related statements of revenues, expenditures and changes in fund balance for the years then ended. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Roosevelt-Canal Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1998 and 1997, and the results of its operations and changes in fund balance for the years then ended in conformity with generally accepted accounting principles.

As explained in Note 1 to the financial statements, in 1998 the Roosevelt-Canal Redevelopment Project of the City of Chicago, Illinois changed its method of accounting for investments.

The year 2000 information on pages 7 and 8 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the City of Chicago is or will become year 2000 compliant, that the City of Chicago's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Chicago does business are or will become year 2000 compliant.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of cash activities on page 9 and the schedule of expenditures by statutory code on page 10, which are also the responsibility of the City of Chicago's management, are presented for purposes of additional analysis and are not a required part of the financial statements of Roosevelt-Canal Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 19, 1999

CITY OF CHICAGO, ILLINOIS
ROOSEVELT-CANAL REDEVELOPMENT PROJECT

BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

A S S E T S	1998	1997
Cash and investments	$357,572	$200,697
Property taxes receivable	208,753	215,000
Accrued interest receivable	9,594	1,832
Total assets	$575,919	$417,529
LIABILITIES AND FUND BALANCE		
Due to other City funds	$ 5,472	$ 6,600
Deferred revenue	208,753	215,000
Total liabilities	214,225	221,600
Fund balance	361,694	195,929
Total liabilities and fund balance	$575,919	$417,529

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
ROOSEVELT-CANAL REDEVELOPMENT PROJECT

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE YEARS ENDED DECEMBER 31, 1998 AND 1997

	1998	1997
Revenues		
Property tax	$161,643	$200,664
Interest	9,594	1,865
Total revenues	171,237	202,529
Expenditures		
Capital projects	5,472	6,600
Revenues over expenditures	165,765	195,929
Fund balance, beginning of year	195,929	-
Fund balance, end of year	$361,694	$195,929

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
ROOSEVELT-CANAL REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Description of Project

The Roosevelt-Canal Tax Increment Redevelopment Project Area (Project) was established in March 1997. The area has been established to finance improvements, leverage private investment and create and retain jobs. Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection.

Basis of Accounting

The Project is accounted for within the special revenue funds of the City.

The financial statements are prepared on the modified accrual basis of accounting and current financial resources measurement focus with only current assets and liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

Fixed assets are not capitalized in the general operating funds but, instead, are charged as current expenditures when purchased. The General Fixed Asset Account Group of the City includes the capital assets, if any, of the Project.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Illinois Tax Increment Redevelopment Allocation Act Compliance

The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

CITY OF CHICAGO, ILLINOIS
ROOSEVELT-CANAL REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

Cash belonging to the City is generally deposited with the City Treasurer as required by the Municipal Code of Chicago. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when presented to the City Treasurer. Payment for all City warrants clearing is made by checks drawn on the City's various operating bank accounts.

The City Treasurer and City Comptroller share responsibility for investing in authorized investments. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances.

On January 1, 1998, the City adopted GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." Accordingly, the City values its investments at fair value, or amortized cost.

Property Taxes

Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

YEAR 2000 READINESS DISCLOSURE (UNAUDITED)

The City's operations, like those of many other business entities, may be impacted by the inability of certain computer programs and electronic systems with embedded microprocessor chips to recognize calendar dates beyond the year 1999. Unless such programs and microprocessors are modified or replaced prior to the year 2000, they may not function properly after 1999.

The City formed an executive committee in May 1998, to oversee possible City-wide year 2000 impacts. The Department of Business and Information Services has been charged with managing the City's year 2000 project. The year 2000 issue is covered within the scope of the City's year 2000 project. The year 2000 project is divided into stages as follows:

> **Awareness Stage** - Establishing a budget and project plan for dealing with the year 2000 issue.
>
> **Assessment Stage** - Identifying the mission critical systems, equipment and individual components for which year 2000 compliance is needed.
>
> **Remediation Stage** - Making changes to systems and equipment.
>
> **Validation/testing Stage** - Validating and testing the changes that were made during the remediation stage.

The City committed approximately $28.2 million and $32.0 million in 1998 and 1999, respectively, for the repair and replacement of year 2000 compromised systems. As of December 31, 1998, the City entered into contracts for approximately $17.7 million for the test plan development, audit stages and upgrade of certain software programs.

Mission Critical Applications

The City has identified one computer application, the Chicago Accounting and Purchasing System, as critical to conducting the operations for year 2000 compliance. As of December 31, 1998, the City completed the awareness and assessment stages, and the remediation stage was in process for the above mission critical component. This mission critical component is still subject to the validation/testing stage. The City-wide completion of all stages is scheduled for September 1999.

Embedded Systems

The awareness stage, including an inventory of embedded systems has been completed. Baseline assessment of mission critical functions involving embedded systems was substantially completed by the end of the first quarter of 1999. The City has retained outside consultants to manage and implement completion of this aspect of the year 2000 project by the end of September 1999.

YEAR 2000 READINESS DISCLOSURE (UNAUDITED)
(Continued)

Other Considerations

The City also initiated an assessment of mission critical vendors, which is being performed by a consultant with oversight from the executive committee to plan for continuity in the City's supply chain. Contingency planning for mission critical systems and other elements of the year 2000 project is scheduled to be completed by the end of September 1999.

The above description of the stages of work to address the year 2000 issues is not a guarantee those systems will be year 2000 compliant. Although the City is currently on schedule to meet its objectives for year 2000 compliance, there is no assurance that compliance will be achieved in a timely manner. Further, if the City successfully addresses its year 2000 issues, there is no assurance that any other entity or governmental agency (including governmental organizations or entities that provide essential infrastructure) with which the City electronically interacts will be year 2000 compliant. At this time, the City can not determine the potential impact of such noncompliance on the business and financial condition or the results of its operations.

SUPPLEMENTARY INFORMATION

SCHEDULE OF CASH ACTIVITIES
YEARS ENDED DECEMBER 31, 1998 AND 1997

	1998	1997
Cash flows from operating activities		
Property taxes received	$161,643	$ 200,664
Payments for capital projects	(6,600)	-
Interest received	1,832	33
Increase in cash and investments	156,875	200,697
Cash and investments, beginning of year	200,697	-
Cash and investments, end of year	$357,572	$ 200,697
Reconciliation of revenues over expenditures to net cash provided by operating activities		
Revenues over expenditures	$165,765	$ 195,929
Adjustments to reconcile revenues over expenditures to net cash provided by operating activities		
Changes in assets - (increase) decrease		
Property tax receivable	6,247	(215,000)
Accrued interest receivable	(7,762)	(1,832)
Changes in liabilities - increase (decrease)		
Due to other City funds	(1,128)	6,600
Deferred revenue	(6,247)	215,000
	$156,875	$ 200,697

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description	1998	1997
Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, and marketing	$5,472	$6,600

(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS

TABLE K
DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS

YEAR	MUNICIPAL SALES TAX INCREMENT	STATE SALES TAX INCREMENT	MUNICIPAL UTILITY TAX INCREMENT	NET STATE UTILITY TAX INCREMENT	INITIAL EAV	TOTAL 1997 EAV	TOTAL INCREMENTAL PROPERTY TAXES 1997
1998	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)	$19,452	$1,787,728	$156,369

(1) N.A. - not applicable.

(I) CERTAIN CONTRACTS OF TIF CONSULTANTS

During 1998, no TIF consultant was paid by the City for assisting to establish the Project Area and paid by any entity that has received or is currently receiving payments financed by tax increment revenues from the Project Area.

(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC ACCOUNTANT

During 1998, there were no tax increment expenditures within the Project Area. Therefore, no compliance statement was provided for this section.

BERNARD J. SULLIVAN, C.P.A.
RICHARD J. QUINN, C.P.A.
FRANK S. GADZALA, C.P.A.
PAUL A. MERKEL, C.P.A.
THOMAS A. TYLER, C.P.A.
JOHN W. SANEW III, C.P.A.
THOMAS A. CERWIN, C.P.A.
STEPHEN R. PANFIL, C.P.A.
MICHAEL D. HUELS, C.P.A.
ROBERT J. MARSCHALK, C.P.A.
THOMAS J. CAPLICE, C.P.A.
ROBERT J. HANNIGAN, C.P.A.
GERARD J. PATER, C.P.A.
VINCENT M. GUZALDO, C.P.A.
TIMOTHY J. QUINN, C.P.A.

Bansley and Kiener, L.L.P.
Certified Public Accountants

Established 1922

125 SOUTH WACKER DRIVE CHICAGO, ILLINOIS 60606-4496 312/263-2700 FAX: 312/263-6935

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with generally accepted auditing standards, the balance sheet of Roosevelt-Canal Redevelopment Project of the City of Chicago, Illinois as of December 31, 1998, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated May 19, 1999.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the Roosevelt-Canal Redevelopment Project of the City of Chicago, Illinois.

This report is intended for the information of the City of Chicago's management. However, this report is a matter of public record, and its distribution is not limited.

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 19, 1999

ATTACHMENT
REDEVELOPMENT PLAN

ROOSEVELT/CANAL
TAX INCREMENT REDEVELOPMENT
PLAN AND PROJECT

Prepared for:
The City of Chicago

By:
Camiros, Ltd.

December 1996

This plan is subject to review and may be revised after comment and public hearing

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LIST OF FIGURES AND TABLES

ROOSEVELT/CANAL
TAX INCREMENT REDEVELOPMENT
PLAN AND PROJECT

1. INTRODUCTION

This document presents the recommended Tax Increment Redevelopment Project and Plan for the Roosevelt/Canal commercial area located in the City of Chicago, Illinois The project and plan respond to problem conditions within the study area and reflect the commitment by the City to improve and revitalize the Redevelopment Project Area.

Tax Increment Financing

In adopting the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.1 et seq.), the Illinois State Legislature found that

> "...there exist in many municipalities within this State blighted, conservation and industrial park conservation areas; that the conservation areas are rapidly deteriorating and declining and may soon become blighted areas if their decline is not checked...It is hereby found and declared that in order to promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken...The eradication of blighted areas and treatment and improvement of conservation areas and industrial park conservation areas is hereby declared to be essential to the public interest."

In order to use the tax increment financing technique, a municipality must first establish that the proposed redevelopment project area meets the statutory criteria for designation as a "blighted area", a "conservation area" or an "industrial conservation area". A redevelopment plan must then be prepared which describes the development or redevelopment program intended to be undertaken to reduce or eliminate those conditions which qualified the redevelopment project area as a "blighted area", "conservation area", or combination thereof, or "industrial conservation area", and thereby enhance the tax bases of the taxing districts which extend into the redevelopment project area. Redevelopment projects are defined as any public or private development projects undertaken in furtherance of the objectives of the redevelopment plan.

The legislation requires that each redevelopment plan set forth in writing the program which will be undertaken to accomplish the municipality's redevelopment objectives. The Act also states that

> "No redevelopment plan shall be adopted by a municipality without findings that (1) the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not be reasonably be anticipated to be developed without the adoption of the redevelopment plan, (2) the redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the redevelopment plan and project was adopted, the redevelopment plan and project either: (i) conforms to the strategic economic development or redevelopment plan issued by the designated planning authority of the municipality, or (ii) includes land uses that have been approved by the planning commission of the municipality, (3) stating the estimated dates, which shall not be more than 23 years from the adoption of the ordinance approving the redevelopment project area ... of completion of the redevelopment project and retirement of obligations incurred to finance redevelopment project costs, (4) in the case of an industrial

park conservation area, also that the municipality is a labor surplus municipality and that the implementation of the redevelopment plan will reduce unemployment, create new jobs and by the provision of new facilities enhance the tax base of the taxing districts that extend into the redevelopment project area, and (5) in the event that any incremental revenues are being utilized pursuant to Section 8(a)(1) or 8(a)(2) of this Act in redevelopment project areas approved by ordinance after January 1, 1986, (a) a finding that the redevelopment project area would not reasonably be developed without the use of such incremental revenues, (b) a finding that such incremental revenues will be exclusively utilized for the development of the redevelopment project area."

Pursuant to the provisions contained in the Act, the City of Chicago has authorized an evaluation of whether a portion of Chicago located south of Roosevelt Road between Clinton and Canal Streets qualifies for designation as a "blighted area" and, if the area so qualifies, the preparation of a redevelopment plan for the redevelopment project area in accordance with the requirements of the Act.

The Roosevelt/Canal Redevelopment Project Area

The Roosevelt/Canal Redevelopment Project Area is located south of Roosevelt Road, between Canal Street and Clinton Street in the Near West Side Community Area. The Redevelopment Project Area is generally bounded by Roosevelt Road on the north, Canal Street on the east, Clinton Street and Jefferson Street on the west, and a line approximately 100 feet north of 15th Place on the South. The proposed Roosevelt/Canal Redevelopment Project Area consists of six contiguous parcels and public rights-of-way.

The Roosevelt/Canal Redevelopment Project Area has not been subject to growth and development by private enterprise and would not reasonably be antcipated to be developed without the adoption of the Redevelopment Plan and Project. A review of property assessment records shows that the property values within the Redevelopment Project Area have declined in recent years. The property was originally developed in 1913, prior to adoption of Chicago's first zoning ordinance. The analysis of conditions within the redevelopment project area indicates that it is appropriate for designation as a redevelopment project area in accordance with the Act.

This Redevelopment Plan and Project summarizes the analyses and findings of the consultant's work, which unless otherwise noted, is solely the responsibility of Camiros, Ltd. and does not necessarily reflect the views and opinions of potential developers or the City of Chicago. However, the City of Chicago is entitled to rely on the findings and conclusions of this Redevelopment Plan and Project in designating the Roosevelt/Canal Redevelopment Project Area under the Act.

The Roosevelt/Canal Redevelopment Plan and Project have been formulated in accordance with the provisions of the Act. This document is a guide to all proposed public and private actions in the Redevelopment Project Area.

2. REDEVELOPMENT PROJECT AREA DESCRIPTION

The Roosevelt/Canal Redevelopment Project Area is generally bounded by Roosevelt Road on the north, Canal Street on the east, Clinton Street and Jefferson Street on the west, and a line approximately 100 feet north of 15th Place on the south in the City of Chicago, Illinois. The Redevelopment Project Area includes the original Soo Terminal structures, a small, vacant parcel, and adjacent public rights-of-way which may require improvements associated with the proposed redevelopment project.

The boundaries of the Redevelopment Project Area are shown in Figure 1. The Redevelopment Project Area is approximately 23 acres in size, including public rights-of-way. A legal description of the Redevelopment Project Area is included as Appendix A of this document.

The proposed redevelopment project area includes only contiguous parcels, qualifies for designation as a "blighted area" and is not less that 1-1/2 acres in aggregate as required by the Act. The proposed Redevelopment Project Area includes only that area which is anticipated to be substantially benefited by the proposed redevelopment project improvements.

Current Land Use

The Redevelopment Project Area consists of six parcels of commercial/industrial property. The majority of the property (all five improved parcels) was developed to serve as the Soo Terminal. Four concrete structures cover all of three blocks in the Redevelopment Project Area and most of a fourth block. These four buildings are connected by a roof platform that spans Maxwell Street, West 14th Street and West 14th Place. The roof platform structure was designed to support freight trains and air rights development that include a three story office building, two story warehouse and several other smaller buildings that served the rail operation.

The Redevelopment Project Area presently contains approximately 670,000 square feet of net rentable space. Approximately 55,000 square feet is being leased to tenants including a radio station, plumbing contractor, the Chicago Board of Health and a tavern. Approximately 92% of the available space is vacant.

The roof platform originally served as the freight yard, complete with trains and tracks. After the Soo Line ceased operations at this location, the tracks were removed and the roof was converted to a parking deck. Today, the roof is used as parking for the Maxwell Street Market on Sundays, and leased to several tour operators and other users for vehicle storage at other times.

A small, vacant parcel is located in the southeast corner of the Redevelopment Project Area. This parcel shows evidence of illegal dumping and volunteer tree growth.

Current Zoning and Land Use Designation

The zoning designation for most of the proposed Roosevelt/Canal Redevelopment Project Area is MCPD No. 450. Permitted uses include general merchandise uses, retail drug stores, food stores, department stores, restaurants and service type business uses, parking and related uses, storage, warehousing and wholesale establishments. The small, vacant parcel included in the Redevelopment Project Area is zoned M2-3. Zoning of the Roosevelt/Canal Redevelopment Project Area is shown in Figure 2.

The Soo Terminal facility was built prior to the adoption of Chicago's first zoning ordinance. Later zoning and land use designations reflected the primarily industrial nature of the freight terminal. Prior to approval of the planned development in 1988, the Soo Terminal property had been zoned M2-3 and M2-4, reflecting its former use as a railroad freight terminal.

Surrounding Land Use

The Roosevelt/Canal Redevelopment Project Area is surrounded by a variety of commercial, transportation, distribution and industrial uses. These include a 5.6 acre retail center located at Roosevelt Road and Jefferson Street, the Chicago Fire Department's Training and Physical Assessment Center, the United Parcel Service distribution center, and the Metra and Amtrak railyards. Residential neighborhoods are located across the Chicago River to the east and beyond the Dan Ryan Expressway and University of Illinois campus to the west.

The Redevelopment Project Area is located between the Chicago River and the Dan Ryan Expressway. Roosevelt Road provides east-west access and an interchange with the Dan Ryan Expressway. Canal Street is one-way north, and Clinton Street is one-way south. Traffic signals are located along Roosevelt Road at Clinton and Canal.

Figure 1.
Roosevelt/Canal
Redevelopment Project Area

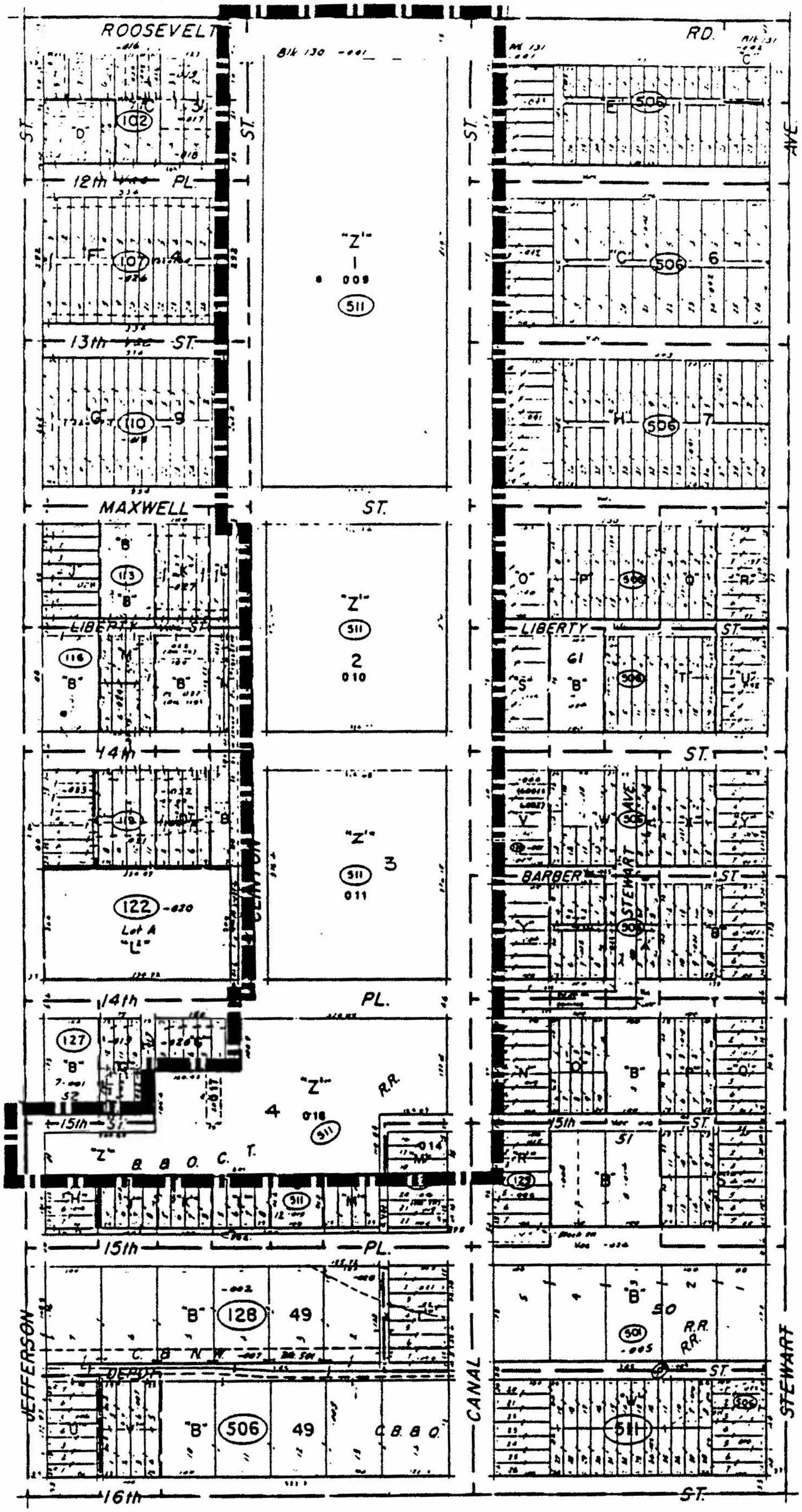

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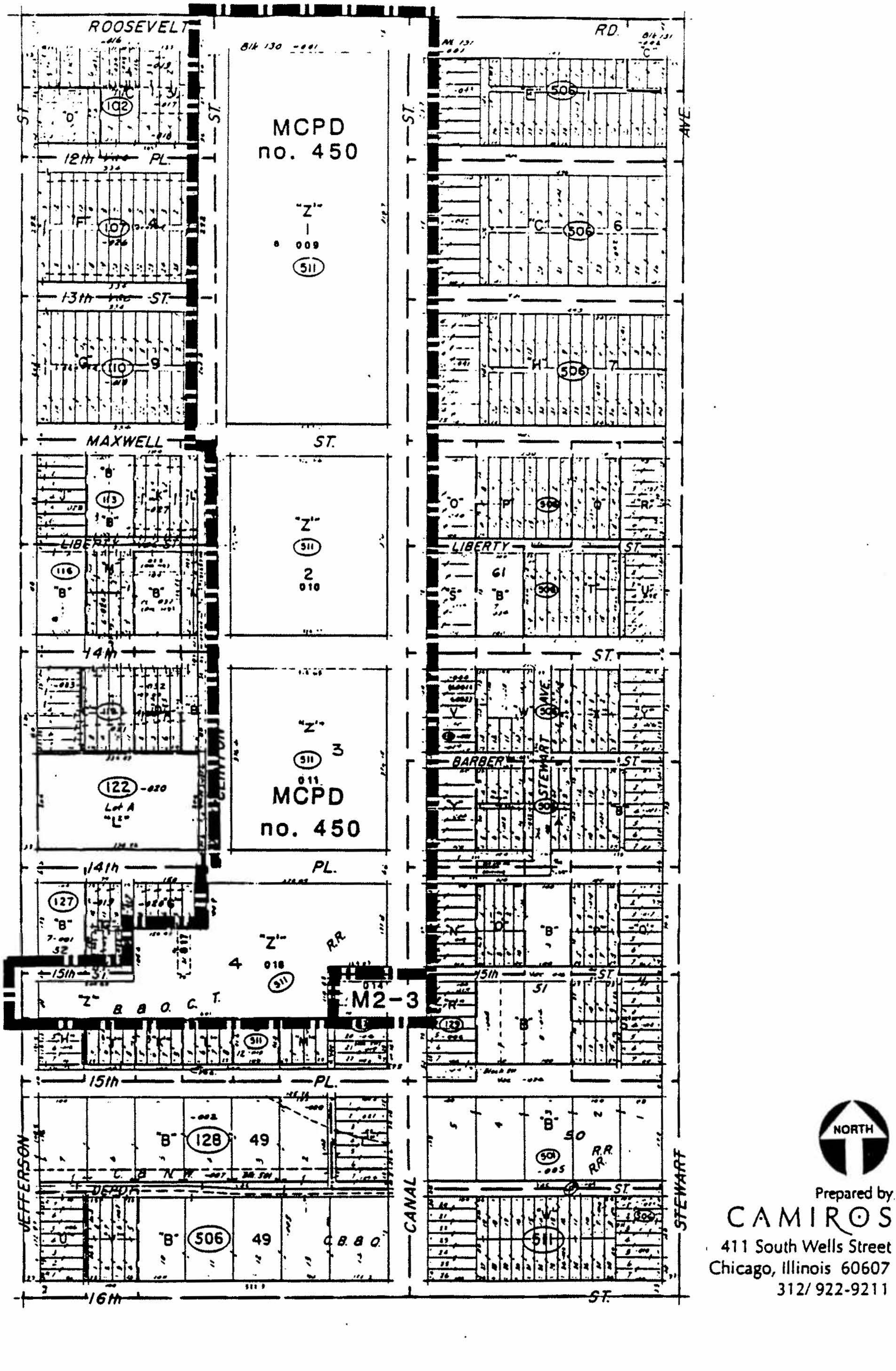
Figure 2.
Roosevelt/Canal Redevelopment Project Area Zoning



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3. ELIGIBILITY OF THE PROJECT AREA FOR DESIGNATION AS A BLIGHTED AREA

The Roosevelt/Canal Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise. Based on the conditions present, the area is not likely to be developed without the adoption of the redevelopment plan.

In March, 1996 a study was undertaken to establish whether the proposed redevelopment project area is eligible for designation as a blighted area in accordance with the requirements of the Act. This analysis concluded that the area qualifies as a blighted area under the Act.

Of the 14 factors cited in the Act, nine factors are present within the Roosevelt/Canal Redevelopment Project Area. Five are required in order for the area to be designated as blighted. The following blighting factors were found to be present within the Redevelopment Project Area:

- Age
- Deleterious land use or layout
- Depreciation of physical maintenance
- Dilapidation
- Deterioration
- Excessive land coverage
- Excessive vacancies
- Lack of ventilation, light or sanitary facilities
- Obsolescence

Seven of these conditions are present to a major extent within the Redevelopment Project Area, including excessive land coverage, deterioration, depreciation of physical maintenance, excessive vacancies, and obsolescence. The other indicators of blight are present to a lesser degree. These factors are reasonably distributed throughout the Roosevelt/Canal Redevelopment Project Area.

The specific basis upon which eligibility for designation as a blighted area was established is presented in the Roosevelt/Canal Tax Increment Redevelopment Project Area Eligibility Report, which is included as Appendix B.

Need for Public Intervention

Redevelopment of this property is not likely to occur without public intervention for a variety of reasons. The buildings were designed to serve a single purpose and the low occupancy rate is an indicator as to the inherent difficulty in adapting these structures to another purpose. The buildings have had a low occupancy rate for many years, due in large measure to the low clearances and massive columns which are found throughout the buildings. A review of the current rent rolls shows the 92% of the rentable space is vacant. Excessive vacancies is a condition that has persisted since the property was vacated by the Soo Line in 1964.

The Soo Terminal structure is approaching the end of its useful life, and new development cannot be economically justified without demolition and clearance of the entire site. The extensive use of support columns which were needed to support the weight of the freight trains, adds substantially to the redevelopment costs and is among the reasons why public assistance is needed to encourage new development.

Property values for improved parcels within the Redevelopment Project Area have declined in each of the the last three years as indicated by the following assessment history for the Soo Terminal buildings. During this period the assessed value of the vacant parcel has remained constant. This trend is significant in view of generally increasing assessed values for the City as a whole.

Table 1
IMPROVED PROPERTY ASSESSMENT HISTORY

PARCEL	*ASSESSED VALUE*		
	1993	*1994*	*1995*
17-210511-009	$875,855	$448,503	$426,236
17-21-511-010	$359,686	$198,347	$189,719
17-21-511-011	$359,686	$198,781	$190,115
17-21-511-017	EXEMPT	EXEMPT	EXEMPT
17-21-511-018	$292,406	$190,892	$185,075
TOTAL	*$1,887,633*	*$1,036,523*	*$991,145*

The study area is located within the Near West Side Community Area. In 1995, ninety-five building permits were issued for new construction in the Near West Side with an estimated value of $30.3 million. In 1994, ninety permits were issued with an estimated value of $56.3 million. And in 1993, forty-seven permits were issued with and estimated value of $54.2 million. During these three years, no permits were issued for new construction within the Roosevelt/Canal Redevelopment Project Area. According to property management records, there have been no new tenants or improvements since at least May 1992 when the current property manager assumed responsibility for the buildings within the Redevelopment Project Area.

New residential developments located east and west of the Redevelopment Project Area are presently underserved by commercial uses, especially grocery stores. Assistance will help to attract a grocery store and other commercial development to the area.

4. COMMUNITY PLANNING OBJECTIVES/REDEVELOPMENT PLAN GOALS AND OBJECTIVES

The proposed Roosevelt/Canal Redevelopment Plan and Project is consistent with the City plans for the area. The land uses conform to those approved by the Chicago Planning Commission and the Chicago City Council in MCPD No. 450, which establishes the zoning for most of the area. The Redevelopment Project Area includes a small parcel which is currently zoned M2-3. It is anticipated that this parcel will be used as parking which is a permitted use under current zoning.

The Roosevelt/Canal Redevelopment Plan and Project will enhance the City's ability to achieve its goals. The proposed project will result in the elimination of underutilized, obsolete, deteriorated facilities that do not presently meet acceptable community planning, performance, and design standards. The proposed redevelopment will allow the expansion of commercial land uses to serve nearby, emerging residential neighborhoods.

Redevelopment Plan Goals and Objectives

The overall goal of the Roosevelt/Canal Redevelopment Plan and Project is to stimulate private commercial investment in the area in order to enhance property values and attract and retain commercial users who will provide jobs and enhance Chicago's property tax base. The City's goals and objectives of encouraging development and private investment will be realized by:

- Achieving significant new commercial growth in an inadequately served area.
- Undertaking necessary site development to meet the needs of identified new commercial users.
- Implementing a plan that addresses redevelopment costs including land assembly, relocation, site improvements, and other activities that may be necessary to encourage significant new development in the Redevelopment Project Area.
- Improving public facilities that may include, but are not limited to roadway, signalization and utility improvements and relocation.
- Entering into redevelopment agreements and by exercising other powers set forth in the Act as the City of Chicago deems necessary in order to implement the Roosevelt/Canal Redevelopment Plan and Project.

5. REDEVELOPMENT PLAN

The City proposes to achieve its redevelopment goals and objectives for the Redevelopment Project Area through the use of public financing techniques, including tax increment financing, and by undertaking some or all of the following actions:

1. Assembling sites for redevelopment through appropriate land assembly techniques. The City may determine that it is necessary to participate in property acquisition or may use other means to induce transfer of such property to a private developer.
2. Relocating existing tenants to facilitate new development within the Redevelopment Project Area.
3. Providing public improvements and facilities which may include, but are not limited to utilities, signalization and surface right-of-way improvements.
4. Entering into redevelopment agreements for the rehabilitation or construction of private improvements in accordance with the Redevelopment Plan.
5. Incurring or reimbursing redevelopers for other eligible redevelopment project costs as provided in the Act.

6. REDEVELOPMENT PROJECT DESCRIPTION

The Roosevelt/Canal Redevelopment Plan and Project is intended to facilitate the development of more than 100,000 square feet of commercial space on an underutilized site adjacent to Roosevelt Road. The proposed commercial development is expected to include a 70,000 square foot grocery store, another 28,000 square feet of retail shops, and future development of two outlots.

Development will initially be focused on the northern portion of the Redevelopment Project Area. The southern portion of the site, south of 14th Street, will be cleared and made available for Sunday parking for the Maxwell Street Market and other permitted uses.

In order to accommodate at-grade development, current tenants will be relocated and the deteriorating Soo Terminal structure will be demolished. City approval of the closure and vacation of Maxwell Street and 14th Street will also be required in order to accommodate the proposed site plan. Access points to the shopping center will need to be determined and agreed upon, and the current one-way status of Canal and Clinton Streets south of Roosevelt Road will need to be changed to a two-way configuration in order to improve traffic flows, especially on Sundays when the Maxwell Street Market operates along Canal Street.

In order to stimulate private investment in the redevelopment project area, some or all of the following activities and actions may be undertaken.

Development Strategies/Redevelopment Activities

Site Assembly

To achieve the renewal of the Roosevelt/Canal Redevelopment Project Area, property identified in Figure 1, may be acquired by purchase or long term lease and either sold or leased for private redevelopment or sold, leased or dedicated for construction of public improvements. The City may determine that to meet the objectives of this Redevelopment Plan, properties scheduled for acquisition in the plan may be exempted from acquisition without amendment of this Redevelopment Plan.

Relocation Costs

Existing tenants will be relocated in order to facilitate redevelopment of the Redevelopment Project Area, and to meet other City objectives for the area. A substantial relocation cost is expected to involve the internal relocation of parking for the Maxwell Street Market within the Redevelopment Project Area.

Provision of Public Improvements and Facilities

Adequate public improvements and facilities will be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to utility relocation and signalization improvements.

Redevelopment Agreements

Terms of redevelopment as part of this redevelopment project shall be incorporated in appropriate redevelopment agreements. Such agreements may contain more specific controls than those stated in this Redevelopment Plan.

Financing Costs Pursuant to the Act

Interest on any obligations issued under the Act accruing during the estimated period of construction of the redevelopment project and other financing costs may be paid from the incremental tax revenues pursuant to the provisions of the Act.

Interest Costs Pursuant to the Act

Pursuant to the Act, the City may allocate a portion of the incremental tax revenues to pay or reimburse redevelopers for interest costs incurred in connection with redevelopment activities in order to enhance the redevelopment potential of the Redevelopment Project Area.

7. GENERAL LAND USE PLAN AND MAP

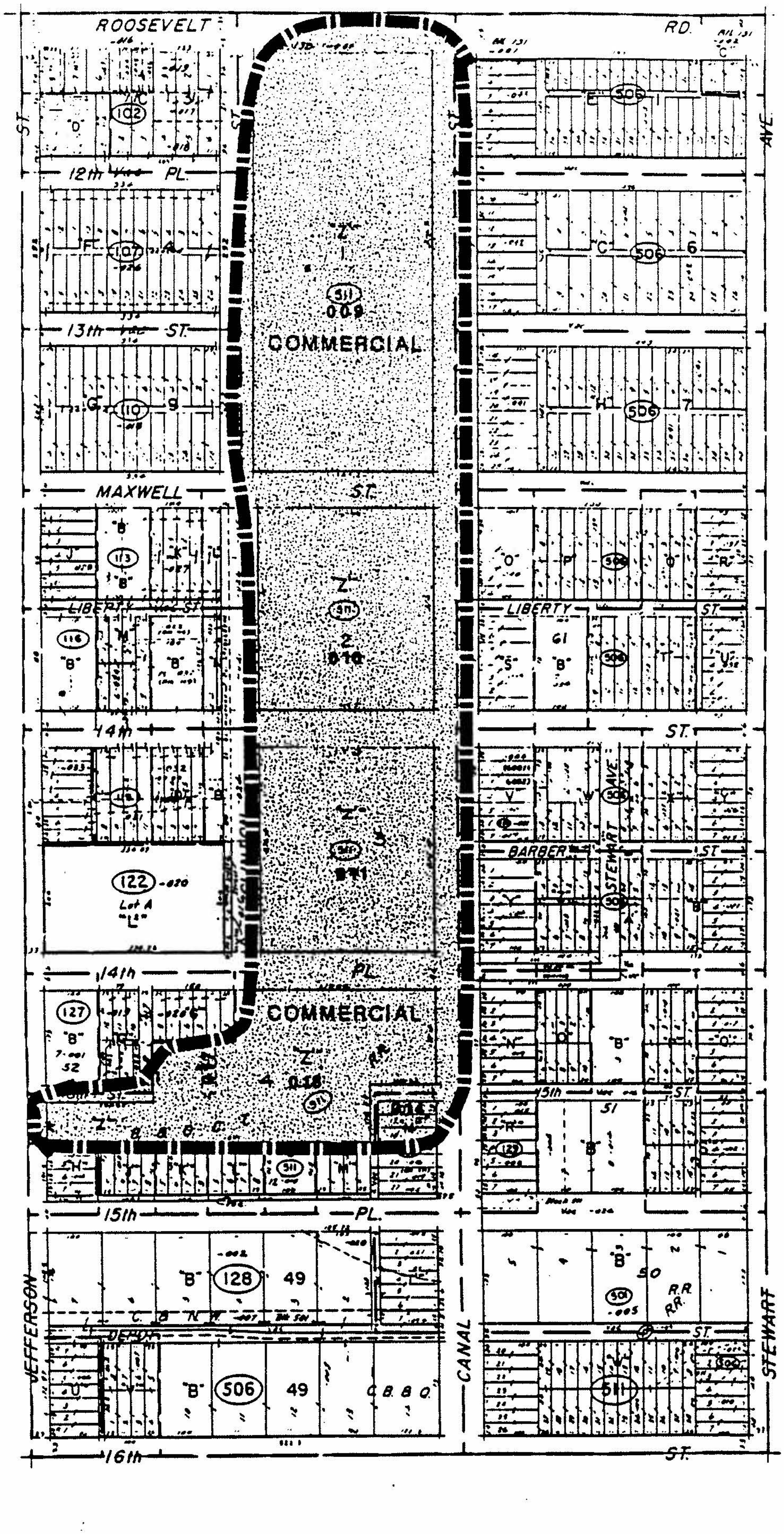
The land uses proposed in the Roosevelt/Canal Redevelopment Plan and Project conform to the land uses approved by the Chicago Planning Commission and Chicago Council under MCPD No. 450, a Manufacturing-Commercial Planned Development adopted on May 5, 1988.

The General Land Use Plan, Figure 3, identifies land uses expected to result from implementation of this plan. The major land use category included within the Redevelopment Project Area is commercial. The land use plan is intended to provide a guide for future land use improvements and developments within the Redevelopment Project Area.

The proposed Roosevelt/Canal Redevelopment Plan and Project envisions the vacation of two public streets and may involve, if necessary, consolidation and resubdivision of the property within the Redevelopment Project Area as needed to facilitate commercial use of the site.

It is anticipated that expenditures for redevelopment project costs will be carefully staged in a reasonable and proportional basis to coincide with expenditures for redevelopment by private developers and the projected availability of tax increment revenues.

Figure 3.
General Land Use Plan



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8. DESIGN CONTROLS AND CRITERIA

It is the intent of this redevelopment plan that the project area be used as a conveniently located commercial center. The following design and development objectives should be used to guide new development and improvements within the Redevelopment Project Area, and apply equally to all areas included in the land use plan.

- Undertake roadway and traffic improvements as needed so that the property functions as a modern commercial center.
- Ensure that new development within the Redevelopment Project Area complies with the Zoning Ordinance and other applicable City development regulations.

9. REDEVELOPMENT PLAN AND PROJECT FINANCING

Tax increment financing can only be used when desired private investment would not reasonably be expected to occur without public assistance. The enabling legislation allowing the use of tax increment financing in Illinois sets forth the range of public assistance that may be provided.

Eligible Project Costs

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan and Redevelopment Project. Eligible costs may include, without limitation, the following:

1. Costs of studies and surveys, development plans and specifications, implementation and administration of the redevelopment including but not limited to staff and professional service costs including but not limited to architectural, engineering, legal, marketing, financial, planning or other special services;
2. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;
3. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings and fixtures;
4. Costs of the construction of public works or improvements;
5. Costs of job training and retraining projects;
6. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
7. All or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the Redevelopment Plan and Project, to the extent the municipality, by written agreement, accepts and approves such costs;
8. Relocation costs to the extent that the City determines that relocation costs shall be paid or that the City is required to make payment of relocation costs by State or Federal law;
9. Payment in lieu of taxes;
10. Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts as provided in the Act;
11. Interest costs incurred by a developer related to the construction, renovation or rehabilitation as provided in the Act.

The cost of constructing new privately-owned buildings is not an eligible redevelopment project cost, unless specifically authorized by the Act.

Estimated Project Costs

A range of activities and improvements will be required to implement this tax increment financing project. The proposed eligible activities and their costs are briefly described below and also shown in Table 1.

1. Land assembly and costs needed to prepare the property for redevelopment. Land acquisition may include acquisition the vacant parcel not already owned by the proposed redeveloper and acquisition of public rights-of-way needed to accommodate new development and provide appropriate circulation patterns within the Redevelopment Project Area. *(Estimated cost: $2,950,000)*
2. Relocation costs which are expected to include both long term tenants and provisions for parking for the Maxwell Street Market. *(Estimated cost: $250,000)*
3. Demolition of existing improvements. *(Estimated cost: $3,100,000)*
4. Site preparation, including grading, site improvements and lighting. *(Estimated cost: $3,020,000)*
5. Environmental clean up costs associated with property assembly which are required to render the property suitable for redevelopment. *(Estimated cost: $300,000)*
6. Construction of public improvements and facilities which may include, but are not limited to provision of water and sewer service, road construction, or other roadway improvements. These improvements are intended to improve access to the Redevelopment Project Area and stimulate private investment. *(Estimated cost: $300,000)*
7. Planning, legal, surveys, fees and other related development costs. This budget element provides for studies and survey costs for planning and implementation of the project, including planning and legal fees, financial and special service costs. *(Estimated cost: $500,000)*
8. Financing costs pursuant to the provisions of the Act. *(Estimated cost: $900,000)*
9. Interest costs pursuant to the provisions of the Act. *(Estimated cost: $250,000)*

The estimated gross eligible project cost is $11,570,000. The total project cost including public and private components is estimated at $24.4 million.

All project cost estimates are in 1996 dollars. Any bonds issued to finance portions of the project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with issuance of such obligations as well as to provide for capitalized interest and reasonably required reserves. Adjustments to estimated line items are expected and may be made without amendment to the Redevelopment Plan and Project.

Table 2
ELIGIBLE REDEVELOPMENT PROJECT COSTS

Land Assembly	$2,950,000
Relocation	250,000
Demolition	3,100,000
Site Preparation	3,020,000
Environmental Clean Up	300,000
Public Improvements and Facilities	300,000
Planning, Legal, Surveys and Related Development Costs	500,000
Financing Costs	900,000
Interest Costs	250,000
TOTAL	*$11,570,000*

Sources of Funds

Funds necessary to pay for redevelopment project costs and municipal obligations which have been issued to pay for such costs are to be derived principally from tax increment revenues and proceeds from municipal obligations which have as their revenue source tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

The tax increment revenue which will be used to fund tax increment obligations and redevelopment project costs shall be the incremental real property taxes. Incremental real property tax revenue is attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Other sources of funds which may be used to pay for redevelopment costs and obligations issued, the proceeds of which are used to pay for such costs, are land disposition proceeds, state and federal grants, investment income, and such other sources of funds and revenues as the municipality may from time to time deem appropriate.

The City may issue general obligation bonds secured by the full faith and credit of the City for the purpose of financing redevelopment project costs. Such bonds may be payable from ad valorem taxes levied against all taxable property in the City of Chicago.

Development of the Roosevelt/Canal Redevelopment Project Area would not be reasonably expected to occur without the use of the incremental revenues provided by the Act. Redevelopment project costs include those eligible project costs set forth in the Act and not the full range of development costs associated with the proposed Redevelopment Project. The majority of development costs will be privately financed. Tax increment financing or other public sources will be used only to the extent needed to secure commitments for private redevelopment activity.

Nature and Term of Obligations to be Issued

The City of Chicago may issue obligations secured by the tax increment special tax allocation fund established for the project area pursuant to the Act or such other funds or security as are available to the City by virtue of its powers pursuant to the Illinois State Constitution.

All obligations issued by the City of Chicago in order to implement this Redevelopment Plan and Project shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area. The final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan and Project. The City may also issue obligations to a developer as reimbursement for project costs incurred by the developer on behalf of the City.

Revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, bond sinking funds and redevelopment project costs, and, to the extent that the real property tax increment is not used for such purposes, shall be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

Most Recent Equalized Assessed Valuation

As of the 1995 tax year, the total equalized assessed valuation for property within the Roosevelt/Canal Redevelopment Project Area is $2,135,005. The equalized assessed valuation for each of the parcels contained within the Roosevelt/Canal Redevelopment Project Area is presented in Table 3.

Table 3
INITIAL EQUALIZED ASSESSED VALUE OF REDEVELOPMENT PROJECT AREA

Parcel	1995 Assessed Value	1995 Equalized Assessed Value
17-21-511-009	$426,236	$905,453
17-21-511-010	189,749	403,084
17-21-511-011	190,115	403,861
17-21-511-017 (Railroad)	Exempt	Exempt
17-21-511-018	185,075	393,155
17-21-127-014	9,157	$19,452
Total Redevelopment Project Area	*$1,000,332*	*$2,135,005*

The initial equalized assessed valuation is subject to final determination and verification by the Cook County Assessor. After verification, the correct figure shall be certified by the County Clerk of Cook County, Illinois.

Anticipated Equalized Assessed Valuation

Once the project has been completed and the property is fully assessed, the equalized assessed valuation of real property within the Redevelopment Project Area is estimated at $7,740,919. The estimated assessed valuation is stated in 1996 dollars. This estimate has been calculated assuming that the Redevelopment Project Area will be developed in accordance with the general land use plan described in Chapter 7 of this document.

The estimated equalized assessed valuation assumes that the assessed value of property within the study area will increase substantially as a result of new development within the Redevelopment Project Area.

Calculation of the projected equalized assessed valuation is based on several other assumptions, including: 1) redevelopment of the Roosevelt/Canal Redevelopment Project Area will occur in a timely manner; and 2) the application of a State Multiplier of 2.105 to the projected assessed value of property within the study area. The projected State Multiplier was calculated by averaging the State Multipliers for Cook County for the most recent five year period (1991-1995).

Financial Impact on Taxing Districts

In 1994, the Tax Increment Allocation Redevelopment Act was amended to require an assessment of any financial impact of the Redevelopment Project Area on or any increased demand for services from any taxing district affected by the plan and a description of any program to address such financial impacts or increased demand.

The following taxing jurisdictions currently have authority to levy taxes on property within the Roosevelt/Canal Redevelopment Project Area.

- City of Chicago
- City of Chicago Library Fund
- Consolidated Elections
- County of Cook
- Chicago School Finance Authority
- Chicago Community College District 508
- Chicago Urban Transportation District
- Chicago Park District
- Forest Preserve District of Cook County
- Cook County Health Facilities
- Board of Education
- Metropolitan Water Reclamation District of Greater Chicago

As of the 1995 tax year, the tax rate for property within the Roosevelt/Canal Redevelopment Project Area was 9.345.

The Roosevelt/Canal Redevelopment Plan and Project will generate property tax revenues for a variety of taxing districts. Other revenues may also accrue to the City in the form of sales tax, business fees and licenses, and utility user fees. The required level of these public services will depend upon the uses that are ultimately included within the Redevelopment Project Area. While the specific nature and timing of the private investment expected to be attracted to the area cannot be precisely quantified at this time, a general assessment of financial impact can be made based upon the level of development anticipated by the proposed Redevelopment Plan and Project.

The costs of some services such as water and sewer service, building inspections, etc. are typically covered by user charges. However, others are not and should be subtracted from the estimate of property tax revenues to arrive at some sense of the financial impact of the Redevelopment Plan and Project on the affected taxing jurisdictions.

For most of the taxing jurisdictions levying taxes on property within the Roosevelt/Canal Redevelopment Project Area, increased service demands are expected to be negligible. Upon completion of the Roosevelt/Canal Redevelopment Plan and Project, all taxing jurisdictions are expected to share the benefits of a substantially improved tax base. However, prior to the completion of the Redevelopment Plan and Project, certain taxing districts may experience an increased demand for services.

The City of Chicago is the jurisdiction most likely to be impacted by the proposed development. The proposed development will result in changes in traffic flow and demand which may require adjustments to the one-way flows of Clinton and Canal Streets in order to accommodate new commercial development in the Redevelopment Project Area and the Maxwell Street Market. The proposed development may also require modification of existing police and fire protection in the area.

During the construction period, some City costs may be incurred during removal of the viaducts which span Maxwell Street, 14th Street and 14th Place. However, the City will benefit, not only from the increased property taxes expected following completion of the Roosevel/Canal Redevelopment Plan and Project, but also as a result of anticipated sales tax revenues.

Since there is not a residential component in the proposed redevelopment project, there will be no incremental costs resulting from additional school children. Therefore, following completion of the redevelopment project the financial impact on the Chicago Public Schools will be positive because the property tax base is expected to be substantially increased.

Real estate tax revenues resulting from increases in the equalized assessed value over and above the certified initial equalized assessed value established with the adoption of this Redevelopment Plan and Project will be used to pay eligible redevelopment costs in the area. At the end of such period, the real estate tax revenues attributable to the increase in the equalized assessed value over the certified initial equalized assessed value will be distributed to all taxing districts levying property taxes against property located in the Redevelopment Project Area. Successful implementation of this Redevelopment Plan and Project is expected to result in new development and private investment on a scale sufficient to overcome blighted conditions and substantially improve the long-term economic value of the area.

Completion of the Redevelopment Project and Retirement of Obligations to Finance Redevelopment Project Costs

This Redevelopment Plan and Project will be completed on or before a date twenty-three (23) years from the adoption of the ordinance designating the Redevelopment Project Area. The City of Chicago expects that the redevelopment project will be completed sooner that the maximum time limit set by the Act, depending on the incremental property tax yield and other funds available to retire any obligations issued pursuant to implementation of the Redevelopment Plan and Project.

10. PROVISIONS FOR AMENDING THE PLAN

This Roosevelt/Canal Tax Increment Redevelopment Project and Plan may be amended pursuant to the provisions of the Tax Increment Allocation Redevelopment Act.

11. CITY OF CHICAGO COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION

As part of any Redevelopment Agreement entered into by the City and the private developer, both will agree to establish and implement an affirmative action program that serves appropriate sectors of the City of Chicago.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will countenance discrimination against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including hiring, upgrading and promotions, termination's, compensation, benefit programs and educational opportunities.

Anyone involved with employment or contracting activities for this Redevelopment Plan and Project will be responsible for conformance with this policy and the compliance requirements of applicable state and federal regulations.

The City and the private developers involved in the implementation of this Redevelopment Plan and Project will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level for the Project being undertaken in the Redevelopment Project Area. Any public/private partnership established for the development project in the Redevelopment Project Area will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals. The partnership will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner.

Underlying this policy is the recognition that successful affirmative action programs are important to the continued growth and vitality of the City of Chicago.

APPENDIX A: LEGAL DESCRIPTION OF THE ROOSEVELT/CANAL REDEVELOPMENT PROJECT AREA

A tract of land in the northwest quarter of Section 21, Township 39 North, Range 14 East of the Third Principal Meridian, said tract of land being more particularly described as follows:

Beginning at the intersection of the original centerline of West Roosevelt Road (being also the north line of said northwest quarter of Section 21) with the northward projection of the east line of South Canal Street;

Thence south along said northward projection and along said east line (crossing vacated West 12th Place, vacated West 13th Street, vacated Maxwell Street, vacated West Liberty Street, vacated West 14th Street, vacated West Barber Street, vacated West 14th Place and that part of West 14th Place dedicated for public street by Document Number 89191968, and vacated West 15th Street) to the southwest corner of Lot 3 in the subdivision of Lot 6 of Block 51 of Canal Trustee's New Subdivision;

Thence westward, crossing South Canal Street, to the southeast corner of Lot 18 in Samuel B. Chase's Subdivision of Lots 1, 2, 13, and 14 in Block 52 of Canal Trustee's New Subdivision;

Thence west along the south line of said Lot 18 to the southwest corner of said Lot;

Thence southwesterly crossing a 15 foot wide public alley to a southeast corner of the Central Terminal Railway Company's Subdivision in aforesaid Section 21;

Thence west along the south line of said Central Terminal Railway Company's Subdivision and along the westward extension thereof, to an intersection with the west line of South Jefferson Street;

Thence north along said west line of South Jefferson Street to an intersection with the north line of West 15th Street (east of South Jefferson Street) projected westward;

Thence east along said westward projection and along said north line and the eastward projection thereof to an intersection with a west line of the aforementioned Central Terminal Railway Company's Subdivision;

Thence north along said west line of the Central Terminal Railway Company's Subdivision to an intersection with a north line of said subdivision (said north line being also the south line of a 10 foot wide vacated public alley lying south of and adjacent to Lots 8 to 3 inclusive in John Nutt's Subdivision of Lots 4, 5 and 6 in Block 52 of the Canal Trustee's Subdivision);

Thence east along said north line of Central Terminal Railway Company's Subdivision to an intersection with a west line of said Subdivision;

Thence north along said west line and the northward extension thereof, to an intersection with the centerline of West 14th Place;

Thence east along said centerline to an intersection with the original centerline of South Clinton Street;

Thence north along said original centerline to an intersection with the centerline of West Maxwell Street;

Thence west along said centerline to an intersection with the southward extension of the west line of South Clinton Street;

Thence north along said southward extension and along said west line and the northward extension thereof, crossing a 12 foot wide vacated alley, vacated West 13th Street, a vacated 12 foot wide vacated alley, vacated West 12th Place, a vacated 12 foot wide alley and that portion of West Roosevelt Road lying south of the original centerline of said road to an intersection with said original centerline;

Thence east along said centerline to the point of beginning;

In Cook County, Illinois.

APPENDIX B: ELIGIBILITY REPORT FOR THE ROOSEVELT/CANAL REDEVELOPMENT PROJECT AREA

SUMMARY OF FINDINGS

The purpose of this study is to determine whether a portion of the City of Chicago located south of Roosevelt Road between Canal Street and Clinton Street qualifies for designation as a tax increment financing district within the definitions set forth under 65 ILCS 5/11-74.4 contained in the "Tax Increment Allocation Redevelopment Act" (65ILCS 5/11-74.1 et seq.), hereinafter referred to as the "Act". This legislation focuses on the elimination of blighted or rapidly deteriorating areas through the implementation of a redevelopment plan. The Act authorizes the use of tax increment revenues derived in a project area for the payment or reimbursement of eligible redevelopment project costs.

The findings in this report are based on surveys and analyses of the properties and public rights-of-way identified in Figure 1. Land within the study area was originally developed as a freight terminal for the Soo Line railroad. The primary study area is generally bounded by Roosevelt Road on the north, Canal Street on the east, Clinton Street on the west and 14th Street on the south. A secondary study area extends south of 14th Street and includes all of the block bounded by 14th Street, Clinton Street, Canal Street, and 14th Place and most of block bounded by 14th Place, Canal Street, Jefferson Street and 15th Place.

The approximately 23 acres of land contained within these boundaries will hereafter be referred to as the "study area." The study area includes five improved parcels and one vacant parcel. The study area includes only contiguous parcels and street right-of way and is not less than 1-1/2 acres in size. A legal description of the study area outlined in Figure 1 is included as Appendix A.

The evaluation of the eligibility of the study area for designation as a tax increment financing district included a visual condition survey of all buildings and structures in the study area, a parcel-by-parcel land use inventory, a field reconnaissance of the entire study area, and a review of pertinent reports.

Based on the analyses and evaluation which are described in this report, the study area was found to qualify for designation as a blighted area under the Act.

- Nine of the 14 factors set forth in the Act are found to be present in the study area. Five are required. These conditions are:
  1. Age
  2. Deleterious land use or layout
  3. Depreciation of physical maintenance
  4. Dilapidation
  5. Deterioration
  6. Excessive land coverage
  7. Excessive vacancies
  8. Lack of ventilation, light or sanitary facilities
  9. Obsolescence
- The blighting factors present are reasonably distributed throughout both the primary and secondary study area.
- All properties within the study area show the presence of blighting factors.

1. INTRODUCTION

The Tax Increment Allocation Redevelopment Act permits municipalities to induce redevelopment of eligible "blighted", "conservation" or "industrial park conservation areas" in accordance with an adopted redevelopment plan. The Act stipulates specific procedures which must be adhered to in designating a redevelopment project area. One of those procedures is the determination that the area meets the statutory eligibility requirements. By definition, a redevelopment project area is:

> "... an area designated by the municipality, which is not less in the aggregate than 1-1/2 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 combination of both blighted areas and conservation areas."

In adopting this legislation, the Illinois General Assembly found:

1. That there exists in many municipalities within the State blighted and conservation areas; and
2. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest.

The legislative findings were made on the basis that the presence of blight or conditions which lead to blight is detrimental to the safety, health, welfare and morals of the public. The Act specifies certain requirements which must be met before a municipality may proceed with implementing a redevelopment project in order to ensure that the exercise of these powers is proper and in the public interest.

Before the tax increment financing technique can be used, the municipality must first determine that the proposed redevelopment area qualifies for designation as a blighted area, conservation area, or an industrial park conservation area. The Act defines a "blighted area" as any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, because of a combination of factors, an improved area is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the taxing districts is impaired.

Blighted Areas

If the property under consideration is improved, a combination of five or more of the following 14 factors must be present for designation as a blighted area:

- Age
- Deleterious land use or layout
- Depreciation of physical maintenance
- Dilapidation
- Deterioration
- Excessive land coverage
- Illegal use of individual structures
- Excessive vacancies
- Inadequate utilities

- Lack of community planning
- Lack of ventilation, light or sanitary facilities
- Obsolescence
- Overcrowding of structures and community facilities
- Presence of structures below minimum code standards.

If the property is vacant, a combination of two or more of the following factors qualifies the area as blighted.

- Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
- Diversity of ownership of vacant land
- Flooding on all or part of such vacant land
- Obsolete platting of vacant land
- Tax or special assessment delinquencies on such land.

Vacant property also qualifies as "blighted" if any one of the following factors is present:

- The area qualified as blighted immediately before it became vacant
- The area consists of an unused quarry or quarries
- The area consists of unused railyards, tracks or rights-of-way
- The area consists of an unused disposal site containing debris from construction demolition, etc.
- The area is subject to chronic flooding which adversely impacts on real property in the area, and such flooding is substantially caused by one or more improvements in or near the area in existence for at least five years
- The area is 50 to 100 acres, 75 percent vacant, shows deleterious qualities and was designated as a town center before 1982, but not developed for that purpose.

Conservation Areas

Conservation areas are areas which are rapidly deteriorating and declining. Such areas are not yet blighted, but may soon become blighted areas if their decline is not checked. Establishing an area as a "conservation area" under the Act requires that 50 percent or more of the structures in the area must be 35 years of age or older, and the presence of three or more of the following 14 factors:

- Abandonment
- Deleterious land use or layout
- Deterioration
- Depreciation of physical maintenance
- Dilapidation
- Excessive land coverage
- Illegal use of individual structures
- Excessive vacancies
- Lack of community planning
- Lack of ventilation, light, or sanitary facilities
- Obsolescence
- Overcrowding of structures and community facilities
- Presence of structures below minimum code standards
- Inadequate utilities.

Industrial Park Conservation Area

In order to qualify for designation as an "industrial park conservation area", a redevelopment project area must meet all of the following conditions:

- Be within a labor surplus area (unemployment for the municipality for the last 6 months was higher than the national average and was also greater than 6 percent)
- Be within the territorial limits of the municipality or within 1-1/2 miles of the territorial limits of the municipality and is annexed and zoned as industrial
- Include both vacant land suitable for use as an industrial park and a blighted area or conservation area contiguous to such vacant land.

Although the Act defines blighted and conservation areas, it does not define when the factors present qualify an area for such designation. Therefore, it is necessary to establish reasonable and defensible criteria to support each local finding that serves to qualify an area as either a blighted or conservation area.

The presence and documentation of the minimum number of factors may be sufficient to establish eligibility for designation as a blighted or conservation area. However, this evaluation was made on the basis that such factors should be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. In other words, each factor identified should be present to a meaningful degree so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act. Similarly, blighting factors should be reasonably distributed throughout the study area so that basically good areas are not arbitrarily found to be blighted because of their proximity to areas which are blighted.

The test of eligibility of the study area is based on the conditions of the area as a whole. The Act does not require that eligibility be established for each and every property in the study area.

2. THE STUDY AREA

The study area is located on Chicago's near south side, about one mile southwest of the Loop. The property was originally developed as the Soo Line freight terminal, a four block long air rights development extending from Roosevelt Road on the north to 15th Place on the south. The primary study area consists of two parcels located in the area generally bounded by Roosevelt Road on the north, Canal Street on the east, Clinton Street on the west and 14th Street on the south. This property is expected to be the primary focus of the Roosevelt/Canal Redevelopment Plan and Project. The secondary study area includes the remaining portions of the original Soo Terminal facility and an adjacent vacant parcel. This portion of the study area extends south of 14th Street and includes all of the block bounded by 14th Street, Clinton Street, Canal Street, and 14th Place and most of the block bounded by 14th Place, Canal Street, Jefferson Street and 15th Place.

The six parcels included within the 23-acre study area are identified in Figure 1. A legal description of the study area outlined in Figure 1 is included as Appendix A. Five parcels are improved and one is vacant.

History

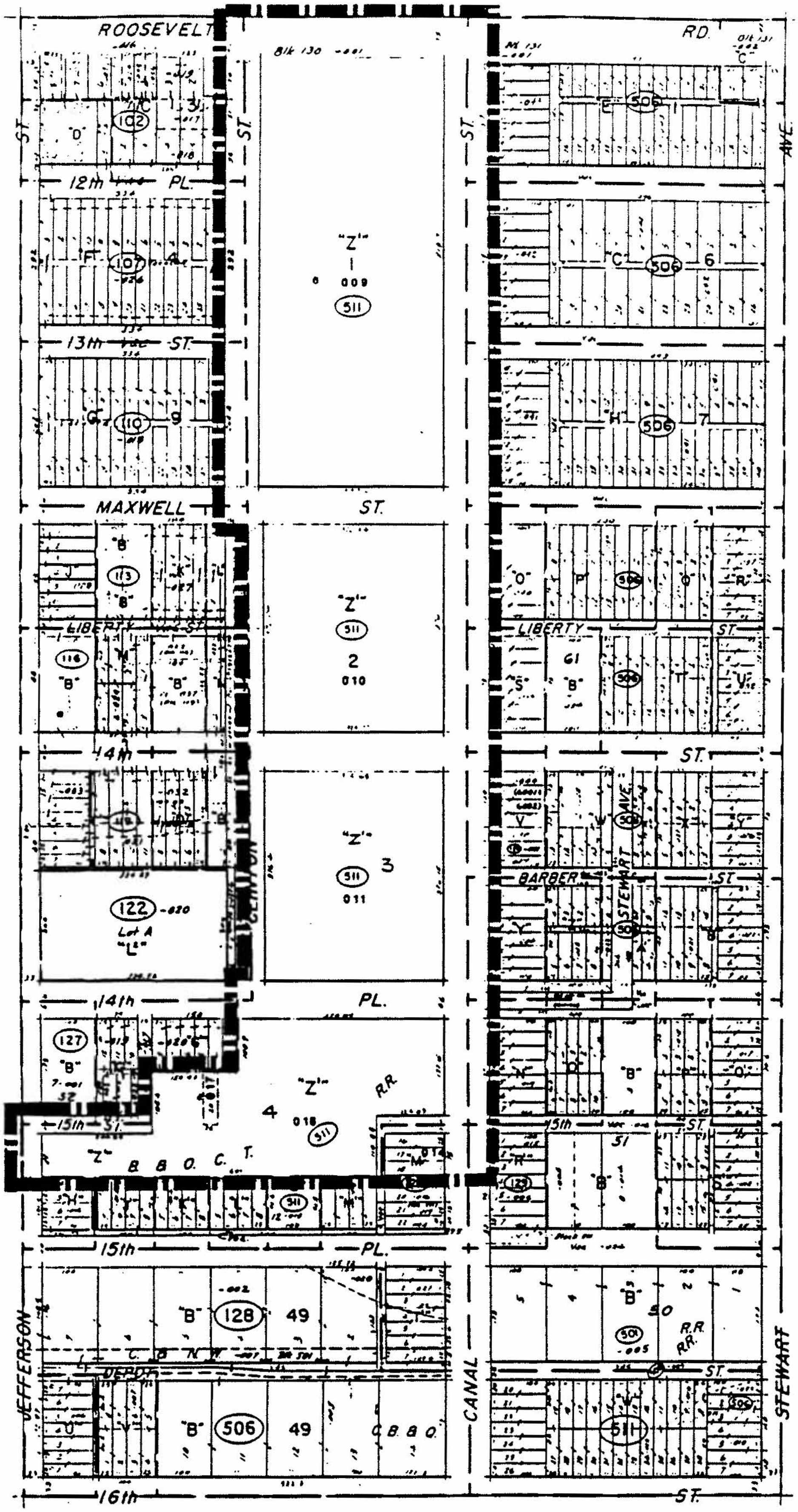
The land within the study area was originally developed for use as a freight terminal by the Minneapolis, St. Paul, and Sault Sainte Marie Railway Company (Soo Line). The Soo Terminal was built in 1913, and include all five of the improved parcels within the study area. In order to accommodate the track platform above street grade, the terminal was built as an elevated structure with an extensive network of massive support columns that bridged public streets with viaducts. The structure was used as a freight terminal until 1964. Ground level tracks are still visible in 14th Place under the viaduct.

The Soo Terminal property consists of four separate buildings that share a common roof platform. Three of the buildings take up entire city blocks. The fourth building follows the property lines and takes up most of a fourth block at the southern end of the study area. The original track area and railyard were located on the air rights platform above three southern buildings. These single-story open warehouse buildings were constructed with a reinforced concrete infrastructure and concrete block and brick walls.

A three-story reinforced concrete building with masonry exterior walls is located on the air rights platform at the north end of the site. This building served as the main office building. A two-story reinforced concrete warehouse building is also located on the upper level platform. The Roosevelt Road ground level frontage housed several commercial operations, including at one point a furniture store and most recently the South Loop Flea Market.

The Soo Terminal functioned primarily as a distribution center. The warehouse buildings on the upper level and warehouse space on the ground level were used to store paper products, automobile parts and food products. Since the Soo operations on the site were suspended, portions of the property have continued to be leased as warehouse, commercial and office space.

Figure 1.
Roosevelt/Canal
Tax Increment Redevelopment Project Study Area



NORTH

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In 1988, the property was sold to a developer who intended to renovate the ground floor space and construct new commercial space on the parking deck. Structural repairs were undertaken to extend the life of the platform structure, and the train tracks on the roof were removed. The roof platform was converted to an asphalt parking deck accessed by two ramps from street level. One ramp is located at the southeast corner of Roosevelt Road and Clinton Street and the other runs north from 14th Place between Clinton and Canal.

The redevelopment effort was unsuccessful and, given the limited remaining life of the roof structure, it has become uneconomic to attempt redevelopment within the study area without demolition and clearance of all of the Soo Terminal buildings. Given the expense involved in preparing the site for at-grade redevelopment, it is unlikely that redevelopment will proceed without public assistance.

The study area also includes a small vacant parcel which was not part of the original Soo Terminal facility. The parcel is approximately 8,288 square feet in size, and shows evidence of illegal dumping. Its size makes industrial development unlikely without consolidation with adjacent land to create a larger development parcel.

Occupancy

The property included within the study area boundaries contains approximately 670,000 square feet of net rentable space, not counting the roof-top parking deck which is used for parking on Sundays by the Maxwell Street Market and leased to other users.

Current tenants occupy approximately 55,000 square feet of space and include a radio station, plumbing contractor, the Chicago Board of Health and a tavern. This low level of occupancy has been consistently experienced with respect to this property since the Soo railroad ceased its operations on the site.

Surrounding Land Use

The study area is located in a mixed commercial and industrial area. Surrounding properties include industrial facilities, railroad properties and commercial/retail outlets.

Metra's metropolitan rail yard, completed in the late 1980's is located directly east of the study area. Amtrak's rail yard and the Chicago River are located just east of the Metra rail yard. Taken together, these land uses form a significant barrier between the study area and the residential neighborhoods east of the Chicago River. Railroad property is also found to the south of the study area.

Property between the Soo Terminal structure and 15th Street includes an elevated rail line which appears to be unused or abandoned; a concrete loading platform—portions of which are used for tractor-trailer storage; and an unpaved strip of land between Jefferson and Canal which appears to have originally been a rail track or spur (most of this track has been removed).

Land uses north of the study area include a mix of multi-story and single-story commercial and industrial buildings generally ranging in age from 20 to 70 years. Newer facilities located one to two blocks north of Roosevelt Road include back office facilities for Continental Bank and the Northern Trust.

The area immediately to the west of the study area contains a mix of nonresidential land uses. The Chicago Fire Department's Training and Physical Assessment Center is located immediately west of the study area at the southwest corner of Clinton and Maxwell Street. A 130,000 square foot retail strip center situated on a 5.6 acre site is located at Roosevelt and Jefferson. South of the retail center are a number of industrial and warehouse uses. United Parcel Service's distribution facility is also a dominant land use, occupying a site between Jefferson and I-90/94 that extends from 12th Place south beyond 15th Street, covering approximately three city blocks.

Zoning

MCPD No. 450, a Manufacturing-Commercial Planned Development, adopted by the Chicago City Council on May 5, 1988, sets forth the land uses permitted with respect to property within the study area. Permitted uses include general merchandise uses, retail drug stores, food stores, department stores, restaurants and service type business uses, parking and related uses, storage, warehousing and wholesale establishments. These uses are consistent with the zoning of property west of the study area along the Roosevelt Road commercial corridor, and establish a transition to the manufacturing districts that also abut the study area as shown in Figure 2. The small, vacant portion of the site is zoned M2-3.

Access

The study area is located between the Chicago River and the Dan Ryan Expressway. Roosevelt Road provides east-west access and an interchange with the Dan Ryan Expressway. Canal Street is one-way north, and Clinton Street is one-way south. Traffic signals are located along Roosevelt Road at Clinton and Canal.

Property Values

Property values for improved parcels within the study area have declined over the last three years as shown in the following assessment history for the Soo Terminal buildings. During this period, the assessed value of the vacant parcel in the study area has remained constant. This trend is significant in view of generally increasing assessed values for the City as a whole.

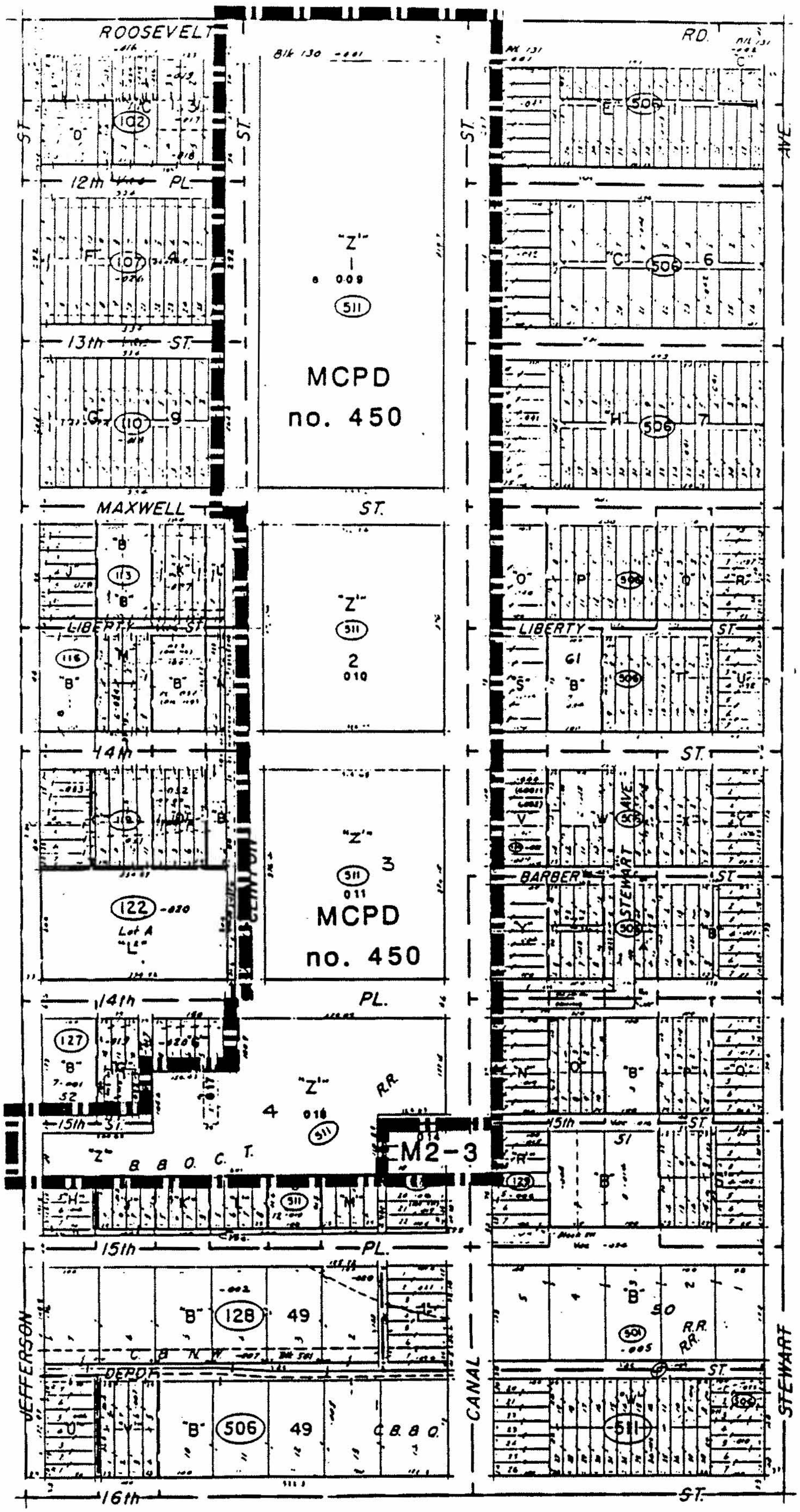
Table 1
IMPROVED PROPERTY ASSESSMENT HISTORY

PARCEL	*ASSESSED VALUE*		
	1993	*1994*	*1995*
17-21-511-009	$875,855	$448,503	$426,236
17-21-511-010	$359,686	$198,347	$189,719
17-21-511-011	$359,686	$198,781	$190,115
17-21-511-017	EXEMPT	EXEMPT	EXEMPT
17-21-511-018	$292,406	$190,892	$185,075
TOTAL	*$1,887,633*	*$1,036,523*	*$991,145*

The study area is located within the Near West Side Community Area. In 1995, ninety-five building permits were issued for new construction in the Near West Side with an estimated value of $30.3 million. In 1994, ninety permits were issued with an estimated value of $56.3 million. And in 1993, forty-seven permits were issued with and estimated value of $54.2 million. During these three years, no permits were issued for new construction within the sudy area. According to property management records, there have been no new tenants or improvements since the current property managers took over the old Soo Terminal property in May 1992.

Figure 2.

Roosevelt/Canal Study Area Zoning



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3. ELIGIBILITY STUDIES AND ANALYSIS

An analysis was undertaken to determine whether any or all of the blighting factors listed in the Act are present in the study area, and if so, to what extent and in which locations.

In order to accomplish this evaluation the following tasks were undertaken:

1. Exterior survey of the condition and use of each building.
2. General interior inspection of the unoccupied portions of selected structures in the study area.
3. Field survey of environmental conditions involving parking facilities, public infrastructure, site access, fences and general property maintenance.
4. Analysis of existing land uses and their relationships.
5. Comparison of surveyed buildings to zoning regulations.
6. Analysis of the current platting, building size and layout.
7. Analysis of building floor area and site coverage.
8. Review of previously prepared plans, studies, inspection reports and other data.
9. Analysis of real estate assessment data.
10. Review of available building permit records and property management information concerning tenant occupancy and improvements.

A statement that a factor is not present indicates that either no information was available or that no evidence was documented as a result of the various surveys and analyses. A factor described as being present to a limited extent indicates that the factor is present, but that the distribution or impact of the blighting condition is limited. Where a factor is described as being present to a major extent, the factor is present throughout major portions of the study area. The presence of such conditions have a major adverse impact or influence on adjacent and nearby development.

Each factor identified in the Act for determining whether an area qualifies as a blighted area is discussed below and a conclusion is presented as to whether or not the factor is present in the study area. These findings describe the conditions that exist and the extent to which each factor is present.

Age

The age of a structure is often a key indicator of the relative usefulness of a piece of property. Older structures frequently require extensive maintenance in order to maintain mechanical systems or maintain structural integrity. The costs involved in maintaining and upgrading aging buildings often create adverse impacts on existing users and create impediments to the marketability and reuse of industrial or commercial structures.

In establishing a conservation area under the Act, 35 years is used as an indication of the point at which age becomes a potentially blighting factor with respect to structures within a study area. For buildings intended for long-term occupancy, this is the point at which building systems can be expected to begin to fail, and building types may become obsolete as a result of changing technology or use. For buildings that are designed for a shorter life span, age can become a blighting factor even in relatively new buildings.

This factor is present to a major extent. The Soo freight terminal was built in 1913 and the buildings are now more than 80 years old. A structural engineering report, prepared in 1989, recommended a variety of structural improvements intended to extend the useful life of the structure for another 20 years, or until the year 2009. Although most of these improvements were carried out, the passage of time means that as of 1996, these structures have a remaining useful life of less than 15 years. Recent structural assessments confirm that the structures are approaching the end of their useful lives as evidenced by continuing deterioration despite the recent structural repairs.

Deleterious Land Use or Layout

Deleterious land uses include instances of incompatible land use relationships, single-purpose buildings converted to accommodate other activity, buildings occupied by inappropriate mixed uses, or uses which may be considered noxious, offensive, or environmentally unsuitable. This condition also exists if any of the following are present:

1. Platting does not conform to the current subdivision code with respect to lot size, configuration and public access;
2. Parcels are of inadequate size or shape for contemporary development;
3. There are land use conflicts with adjacent land uses;
4. Residential uses front on or near heavily traveled streets, thus causing susceptibility to noise, fumes and glare;
5. Structures are located in a 100 year flood plain; or
6. Environmental contamination is present which hampers reuse.

This factor is also strongly present within the study area. The facilities were designed to accommodate a freight terminal as an air rights development, with office and warehouse functions also oriented to the above grade platform. Ground level clearances are generally less than eleven feet. Subsequent adaptation of the ground level space for warehouse and other marginal uses, was not highly successful, as evidenced by the substantial portions of the ground level which remain unleased.

Low viaduct clearances provided by the platform roof structure also adversely affect traffic movement in the area. The Maxwell Street viaduct which is one-way west has a clearance of 10' 6". The 14th Street viaduct is restricted to cars only, reflecting a similarly low clearance. The 14th Place viaduct has a posted clearance of 13' 7".

Since the ground level has been entirely walled in with brick and concrete, interspersed with loading docks, the Soo Terminal structure represents a significant land use barrier that cannot be mitigated without demolition.

Depreciation of Physical Maintenance

This factor refers to the effects of deferred maintenance or lack of maintenance of buildings, improvements and grounds. This condition is present where buildings have unpainted or unfinished surfaces, peeling paint, loose or missing materials, broken windows, loose or missing gutters and downspouts and loose or missing shingles, or where parking areas exhibit an accumulation of trash or debris.

The entire study area strongly exhibits the presence of this factor. Since the Soo Line stopped using the structures as a freight terminal maintenance has been minimal. Interior spaces along Roosevelt Road, formerly occupied by retail uses, are full of debris from previous tenants. Construction debris from water line replacement and track removal are also evident within the study area.

Spalling concrete and rusting, exposed rebar is evident throughout the study area. Sidewalks along Roosevelt Road are deteriorated and peeling paint was observed on railings and windows on the main office building. Parking deck railings are rusted and in some areas completely missing.

Dilapidation

This factor reflects a substandard condition of a building's foundation, wall or roof elements where deterioration has occurred to such an extent that rehabilitation is not practical or economically feasible. Such structures typically exhibit major structural fatigue such as leaning or warped walls, bowed or sagging roofs, or cracked or missing foundation walls.

Structural analyses of the Soo Terminal structures, indicate that the structure had a remaining useful life of more than 20 years following a series of structural repairs completed in 1989. This work included installation of a protected waterproofing membrane system over the roof level deck, a new drainage system and new water tight expansion joint seals. A 1995 structural analysis concluded that the waterproofing system was not functioning properly since water penetration was occurring in previously repaired areas and that making the structural changes needed to accommodate new development on the parking deck platform would require a substantial investment.

Given the passage of time, the Soo Terminal buildings currently have a remaining useful life of less than 15 years. The useful life of any new commercial building would exceed the remaining life of the existing air rights platform. The impending loss of structural integrity, which cannot be repaired, is consistent with a finding of dilapidation.

Deterioration has caused the Soo Terminal structure to fall into partial ruin or decay, and in this sense, the buildings are dilapidated. Portions of the brick walls are caving in which also supports a finding of dilapidation. However, because the basic structure of the air rights platform is still generally sound, this factor is considered to be present only to a limited extent at this time.

Deterioration

This condition is present when there are physical deficiencies in buildings or site improvements requiring treatment or repair. Deterioration may be present in basically sound buildings that contain defects that can be corrected. Examples include loose or missing materials, or holes or cracks over limited areas. Deterioration that is not easily correctable and cannot be accomplished during the course of normal maintenance may also be evident. Deteriorating structures may be classified as major or minor depending on the degree or extent of the deficiencies. Such defects could involve either primary building components (foundations, frames, roofs) or secondary building components (doors, windows, porches, gutters and downspouts, fascia materials). All buildings classified as dilapidated are also deteriorating.

Deterioration is present to a major extent with respect to the buildings in the study area. Excessive settlement has resulted in severe cracking, tilting and bulging of the exterior, perimeter masonry walls. Holes were observed in masonry walls located under the viaducts. Exposed, rusting rebar is evident in concrete walls throughout the study area. Structural engineering reports indicated substantial settlement of slab-on-ground floor on the ground level and considerable settlement of the 12-inch thick brick firewalls separating interior spaces.

Excessive Land Coverage

This condition is present when buildings occupy all or most of the lot, leaving little or no space for off-street parking, off-street loading and open space amenities. Problem conditions include buildings that are improperly situated on the parcel or buildings that are located on parcels of inadequate size and shape in relation to contemporary standards of development, health or safety. The resulting inadequate conditions include insufficient provision for light and air, increased threat of the spread of fires due to the close proximity of nearby buildings, lack of adequate or proper access to a public right-of-way, lack of required off-street parking or inadequate provision for loading and service. Excessive land coverage frequently has an adverse or blighting influence on nearby development.

This factor is present to a major extent within the study area. The four buildings that make up the terminal structure cover 100 percent of their sites and bridge streets with viaducts.

Illegal Use of Individual Structures

Illegal use of individual structures refers to the presence of uses or activities which are not permitted by law. This condition also exists when the use of a structure does not conform to the requirements of the existing zoning code.

This factor is not present within the study area.

Excessive Vacancies

This condition is present when the occupancy or use level of a building is low for frequent or lengthy periods. The presence of buildings or sites which are unoccupied or underutilized generally represents an adverse influence on the area. Excessive vacancies include abandoned properties which evidence no apparent effort directed toward their occupancy or utilization.

This factor is present to a major extent. A review of the current rent roll indicates that 92% of the rentable space is vacant. Comments contained in the various structural analysis and environmental audit reports prepared since 1988 indicate that this condition has existed since the property was vacated by the Soo Line in 1964. The extensive periods of vacancy for most of these buildings has contributed to the interior deterioration present within the study area.

Inadequate Utilities

This factor exists in the absence of one or more of the following utilities serving the site: gas, electricity, water, sanitary sewer or storm sewer.

This factor is not present within the study area. The buildings that make up the Roosevelt/Canal property have been connected to local public utilities since their construction in 1913.

Lack of Community Planning

This factor is present if the proposed redevelopment area developed prior to or without the benefit and guidance of a community plan. Conditions resulting from a lack of community planning include the existence of incompatible land uses, the lack of proper development of vacant or improved sites, and the presence of inconsistent platting including parcels of small or irregular shapes.

Lack of community planning is also indicated when there are inadequate public utilities or plans for utility improvements that would allow the property to be developed in accordance with the intensity of use identified in the municipality's comprehensive plan or zoning ordinance or other economic development plans for the area. This factor is also present if public improvements serving the site including streets, streetlights and other utility systems do not meet current municipal standards. Similarly, lack of community planning is indicated if private improvements including parking lots, screening and organization of buildings within the site do not meet accepted community development standards.

Although the Soo freight terminal predates Chicago's first zoning ordinance, the historic land uses in the study area are consistent with land use patterns and plans for the surrounding area. Therefore, this factor in not judged to be present within the study area.

Lack of Ventilation, Light, or Sanitary Facilities

Conditions, such as lack of indoor plumbing or lack of adequate windows or other means of providing ventilation or light, can negatively influence the health and welfare of a building's residents or users. Typical requirements for ventilation, light, and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in rooms without windows such as bathrooms, and dust, odor, or smoke producing activity areas;

- Adequate natural light and ventilation by means of skylights or windows for interior rooms with proper window sizes and amounts by room area to window area ratios; and
- Adequate sanitary facilities, including garbage storage, bathroom facilities, hot water and kitchens.

This factor is present to a limited extent with respect to much of the vacant, ground level space in the study area. The buildings were enclosed for use as storage by solid walls without windows. Substantial areas of vacant warehouse space lack any type of mechanical ventilation or sanitary facilities for employees. Such facilities are typically provided during tenant buildout.

Obsolescence

Functional obsolescence is characterized by buildings designed for a single or specific purpose or use, buildings of inadequate size to accommodate alternative uses, or buildings using a type of construction which limits long term use and marketability. Site improvements such as water and sewer lines, public utility lines, roadways, parking areas, parking structures, sidewalks, curbs and gutters, and lighting may be obsolete in relation to contemporary standards for such improvements. Functional obsolescence includes poor design or layout, improper orientation of the building on the site, inadequate loading facilities, height, or other factors which detract from the overall usefulness or desirability of the property. As an inherent deficiency, functional obsolescence results in a loss in value of the property.

Economic obsolescence may be evidenced by a variety of factors including deterioration of the physical environment, streets of inadequate width or parcels of inadequate size or irregular shape which prevent reasonable development. This condition is often a result of adverse conditions which cause some degree of market rejection and, therefore, a depreciation of market values.

The results of this analysis indicate that obsolescence is present to a major extent within the study area. The buildings within the study area are functionally, economically and physically obsolete.

The Soo Terminal was a single purpose structure built to accommodate freight trains on the roof. The facility reflected early 1900's Chicago planning principles which called for train terminals to be located either below or above grade so that cross streets were not blocked by trains unloading either freight or passengers. While the facility probably reflected the state of the art for intermodal distribution centers in 1913, it is woefully inadequate as warehouse and distribution space for today's users.

The type of construction limits long term use and marketability of property within the study area. Solid walls and low viaduct clearances create barriers that impede access to and through the study area. Massive ground level support columns reduce the amount of net rentable space and hamper use of first floor interior spaces. Low viaduct clearances which may have been acceptable when the Soo Terminal was built are no longer provide adequate clearance for truck traffic. High ceilings, open spans, large loading docks and adequate bridge and viaduct clearances that are typical of new commercial and industrial areas are not present within the study area.

The Soo Terminal structure is more than 80 years old and is rapidly approaching the end of its useful life. Recent structural analyses have indicated that the platform structure, which could be used to accommodate roof level commercial development, has less than 20 years of remaining useful life, and that the rate of deterioration is accelerating. These conditions are indications of physical obsolescence.

The excessive vacancies which have characterized the study area for nearly three decades indicate that the buildings are economically obsolete since their value to potential users has historically been limited. Further, the remaining useful life of the air rights platform is too short to economically justify construction of new commercial development on the roof as envisioned under the current zoning of the study area. Indeed, the northern portion of the deck structure cannot accommodate new development without demolition of existing roof level buildings and structural modifications designed to allow new structures to be built at the same elevation as the existing parking deck.

Overcrowding of Structures and Community Facilities

This condition exists when a structure or community facility has reached a level of use beyond a designed or legally permitted level. Overcrowding is often found in buildings originally designed for a specific use and later converted to accommodate a more intensive use without adequately meeting requirements for minimum floor area, privacy, ingress and egress, loading and services, or the capacity of building systems.

This factor is not present in the study area since most of the rentable space is vacant.

Presence of Structures Below Minimum Code Standards

This factor is present when structures do not conform with local standards of building, fire, housing, zoning, subdivision or other applicable governmental codes. Structures below minimum code standards include all buildings which do not meet the standards of zoning, subdivision, building, housing, fire, property maintenance or other governmental codes applicable to the property. The principal purposes of such codes are to require that buildings be constructed in such a way that they can sustain the loads expected from the type of occupancy and are safe for occupancy against fire and similar hazards, and/or to establish minimum standards for safe and sanitary habitation. Buildings below minimum code are characterized by defects or deficiencies which threaten health and safety.

This factor does not appear to be present within the study area. The owner has not been notified of any code violations with respect to this property. Structural analyses indicate that the support structure is in generally good structural condition although the remaining useful life of the air rights platform is relatively short. Comments in the phase one environmental audit report indicated that insects and rodents were becoming increasingly prevalent in the buildings. Building vacancies and holes in exterior walls may at least partially explain this condition.

Vacant Land

The study area includes a small, vacant parcel which was not part of the original Soo Terminal facility. This parcel shows evidence of illegal dumping and volunteer tree growth. The parcel is approximately 8,288 square feet in size.

The parcel size makes industrial development unlikely without consolidation with adjacent land to create a larger development parcel. Therefore, this parcel meets the requirements for designation as blighted by virtue of the presence of the following factors:

- Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- Obsolete platting of vacant land.

4. DETERMINATION OF STUDY AREA ELIGIBILITY

Both the primary and secondary study areas meet the requirements of the Act for designation as a "blighted area". There is a reasonable presence and distribution of 9 of the 14 factors listed in the Act. Seven factors are present to a major extent. Two factors are present to a limited extent. These include:

- Age
- Deleterious land use or layout
- Depreciation of physical maintenance
- Dilapidation
- Deterioration
- Excessive land coverage
- Excessive vacancies
- Lack of ventilation, light or sanitary facilities
- Obsolescence

The distribution of blighting factors which qualify the improved portions of the study area as a "blighted area" are summarized in Table 2 and shown in Figure 3. The vacant parcel within the study area boundaries also qualifies as "blighted" based on the presence of the following factors:

- Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- Obsolete platting of vacant land.

The functional obsolescence of the buildings within the study area, coupled with their rapid deterioration and other related conditions, necessitates demolition and clearance prior to any private development efforts within the study area. The type of construction used for the original Soo Terminal building is among the factors which substantially increases redevelopment project costs to a degree that requires public assistance. Therefore, based on the conditions present, the area is not likely to be developed without the designation of all or part of the study area as a "blighted area" and the adoption of a tax increment redevelopment plan and project.

Table 2
BLIGHTING FACTORS PRESENT WITHIN THE ROOSEVELT/CANAL REDEVELOPMENT PROJECT STUDY AREA

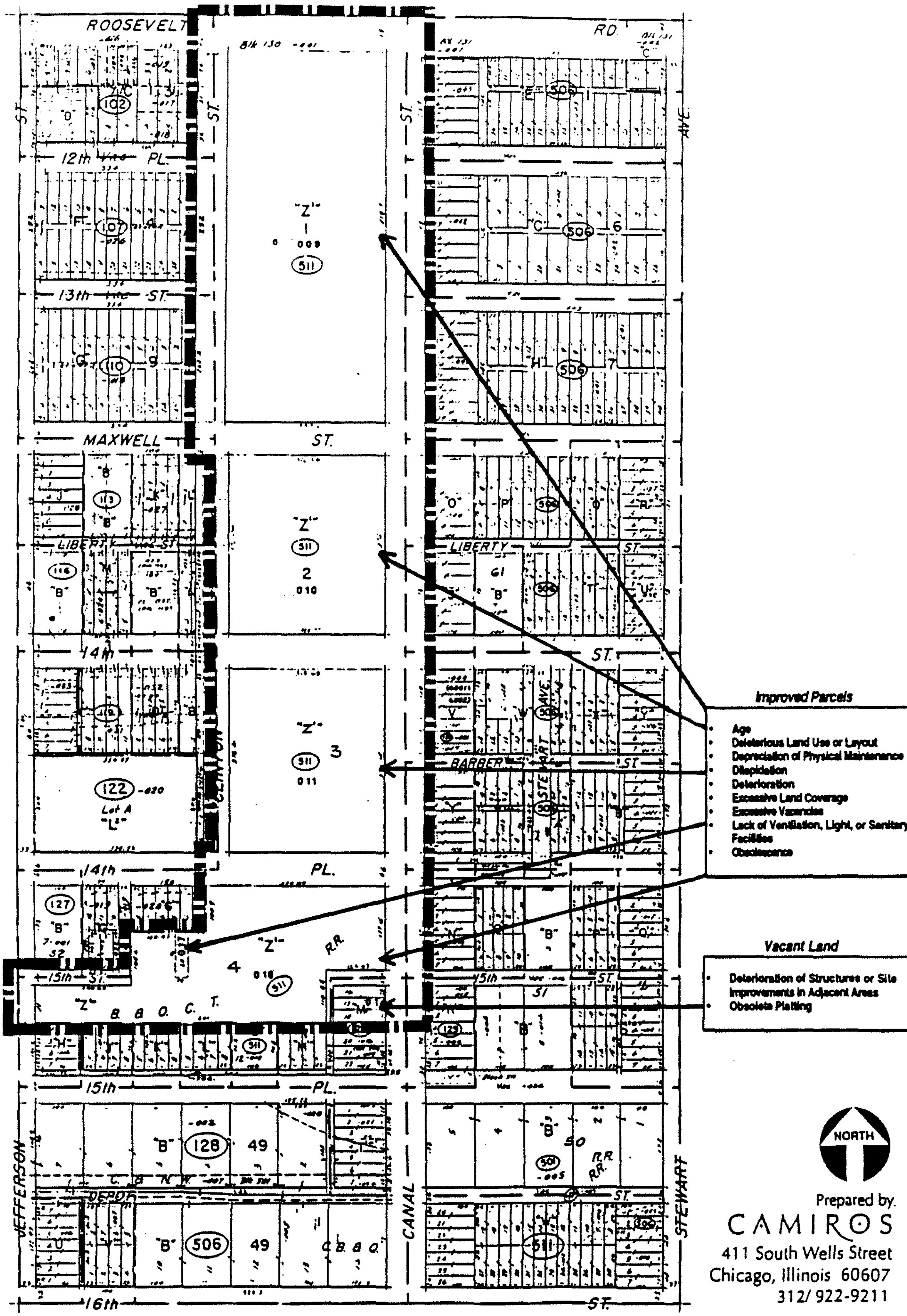
	Primary Study Area *Improved Parcels*			Secondary Study Area *Improved Parcels*		
Blighting Factors		*-009*	*-010*	*-011*	*-017*	*-018*
Age		•	•	•	•	•
Deleterious Land Use or Layout		•	•	•	•	•
Depreciation of Physical Maintenance		•	•	•	•	•
Dilapidation		◊	◊	◊	◊	◊
Deterioration		•	•	•	•	•
Excessive Land Coverage		•	•	•	•	•
Illegal Use of Individual Structures						
Excessive Vacancies		•	•	•	•	•
Inadequate Utilities						
Lack of Community Planning						
Lack of Ventilation, Light or Sanitary Facilities		◊	◊	◊	◊	◊
Obsolescence		•	•	•	•	•
Overcrowding of Structures & Community Facilities						
Presence of Structures Below Minimum Code Standards						

• = *present to a major extent*

◊ = *present to a limited extent*

Figure 3.

Distribution of Blighting Factors



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