
2002 Annual Report

Lakefront Redevelopment Project Area



Pursuant to 65 ILCS 5/11-74.4-5(d)

JUNE 30, 2003

June 30, 2003

Ms. Alicia Mazur Berg
Commissioner
Department of Planning and Development
121 N. LaSalle St.
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the Lakefront Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to Section 5(d) of the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended. The contents are based on information provided to us by Chicago Departments of Planning and Development, Finance, and Law. We have not audited, verified, or applied agreed upon accounting and testing procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

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

**Lakefront Redevelopment Project Area
2002 Annual Report**

TABLE OF CONTENTS

**ANNUAL REPORT – LAKEFRONT REDEVELOPMENT PROJECT AREA IN COMPLIANCE WITH
SECTION (d) OF 65 ILCS 5/11-74.4-5.**

	PAGE
LETTER TO STATE COMPTROLLER.....	1
1) DATE OF DESIGNATION OR TERMINATION	2
2) AUDITED FINANCIALS.....	3
3) MAYOR’S CERTIFICATION.....	4
4) OPINION OF LEGAL COUNSEL.....	5
5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND	6
6) DESCRIPTION OF PROPERTY.....	7
7) STATEMENT OF ACTIVITIES	8
8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE MUNICIPALITY	12
9) ANALYSIS OF DEBT SERVICE.....	13
10) CERTIFIED AUDIT REPORT	14
11) GENERAL DESCRIPTION AND MAP.....	15



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Alicia Mazur Berg
Commissioner

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June 30, 2003

The Honorable Daniel Hynes
Comptroller
State of Illinois
Office of the Comptroller
201 Capitol
Springfield, IL 62706

Dear Comptroller Hynes:

We have compiled the attached information for the Lakefront
Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-
74.4-5(d).

Sincerely,

Alicia Mazur Berg
Commissioner



Lakefront Redevelopment Project Area 2002 Annual Report

(1) DATE OF DESIGNATION AND TERMINATION - 65 ILCS 5/11-74.4-5(d)(1.5)

The Project Area was designated on March 27, 2002. The Project Area may be terminated no later than March 27, 2025.

Note: Incremental tax revenues levied in the 23rd tax year are collected in the 24th tax year. Although the Project Area will expire in Year 23 in accordance with 65 ILCS 5/11-74.4-3(n)(J)(3), the incremental taxes received in the 24th tax year will be deposited into the Special Tax Allocation Fund.

**THE LAKEFRONT
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

City of Chicago, Illinois

October 31, 2001

City of Chicago
Richard M. Daley, Mayor

Department of Planning and Development
Alicia Mazur Berg, Commissioner

**THE LAKEFRONT
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

City of Chicago, Illinois
Department of Planning and Development

This Redevelopment Plan is subject to review
and comment and may be revised
after comment and hearing.

October 31, 2001

Prepared by:
Trkla, Pettigrew, Allen & Payne, Inc.

TABLE OF CONTENTS

I.	INTRODUCTION	1
	A. LAKEFRONT TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AREA.....	1
	B. TAX INCREMENT FINANCING.....	4
	C. THE REDEVELOPMENT PLAN FOR THE LAKEFRONT TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AREA.....	5
II.	LEGAL DESCRIPTION AND PROJECT BOUNDARY	7
III.	ELIGIBILITY CONDITIONS.....	9
	A. SURVEYS AND ANALYSES CONDUCTED	9
	B. SUMMARY OF PROJECT AREA ELIGIBILITY	9
IV.	REDEVELOPMENT GOALS AND OBJECTIVES	12
	A. GENERAL GOALS	12
	B. REDEVELOPMENT OBJECTIVES.....	12
V.	REDEVELOPMENT PROJECT	14
	A. OVERALL REDEVELOPMENT CONCEPT.....	14
	B. LAND USE PLAN	14
	C. DEVELOPMENT AND DESIGN OBJECTIVES	16
	D. REDEVELOPMENT IMPROVEMENTS AND ACTIVITIES.....	17
	E. REDEVELOPMENT PROJECT COSTS	20
	F. SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS.....	23
	G. ISSUANCE OF OBLIGATIONS	24
	H. VALUATION OF THE PROJECT AREA.....	25
VI.	LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE.....	27
VII.	FINANCIAL IMPACT	28
VIII.	DEMAND ON TAXING DISTRICT SERVICES	29
IX.	CONFORMITY OF THE REDEVELOPMENT PLAN FOR THE PROJECT AREA TO LAND USES APPROVED BY THE PLANNING COMMISSION OF THE CITY.....	34
X.	PHASING AND SCHEDULING	35
XI.	PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN	36
XII.	COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN	37
XIII.	HOUSING IMPACT AND RELATED MATTERS	38

FIGURES

FIGURE 1. PROJECT AREA BOUNDARY.....	8
FIGURE 2. LAND USE PLAN.....	15
FIGURE 3. COMMUNITY FACILITIES	31

EXHIBIT I: LEGAL DESCRIPTION OF PROJECT BOUNDARY

EXHIBIT II: ESTIMATED REDEVELOPMENT PROJECT COSTS

EXHIBIT III: LAKEFRONT REDEVELOPMENT PROJECT AREA ELIGIBILITY REPORT

I. INTRODUCTION

This document is to serve as a redevelopment plan (the “Redevelopment Plan”) for an area located on the near south side of the City of Chicago (the “City”) approximately five miles immediately south of the City’s central business district (the “Loop”). The area is generally bounded by 40th Street on the north, the easterly line of tax parcel 20-02-109-037 on the east, 42nd Place on the south and Lake Park Avenue on the west. This area is referred to in this document as the Lakefront Tax Increment Financing Redevelopment Project Area (the “Project Area”). The Project Area is regionally accessible by Lake Shore Drive and is less than two miles from the Dan Ryan Expressway.

As part of a strategy to encourage managed growth and stimulate private investment within the Project Area, the City engaged Trkla, Pettigrew, Allen & Payne, Inc. (“TPAP”) to study whether the Project Area of approximately 31.2 acres qualifies as a “conservation area,” a “blighted area,” or a combination of both blighted areas and conservation areas under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended (the “Act”). The Project Area, described in more detail below as well as in the accompanying Eligibility Report, has not been subject to growth and development through investment by private enterprise and is not reasonably expected to be developed without the efforts and leadership of the City.

A. *Lakefront Tax Increment Financing Redevelopment Project Area*

The Project Area encompasses a total of approximately 31.2 acres and 54 tax parcels and is located in the Oakland community area. The Project Area consists of an improved area and a vacant area. Of the total 31.2 acres, approximately 7.1 acres, or 22.8 percent, is a vacant area that was formerly the site of three Chicago Housing Authority high-rise buildings. Prior to their demolition in 1998, these structures were characterized by dilapidation, obsolescence, deterioration, code violations, excessive vacancies, inadequate utilities, deleterious layout and the need for environmental clean-up. The improved part of the Project is approximately 8.3 acres, or 26.6 percent of the Project Area, and consists of 2 occupied public buildings, a public park and a vacant lot. The vacant lot in the improved part of the Project Area was the site of a fourth CHA high-rise, which was also demolished in 1998. Of the 31.2 acres in the Project Area, 50.6 percent is devoted to street, alley, and railroad rights-of-way. For a map depicting the boundaries and legal description of the Project Area, see Section II, *Legal Description and Project Boundary*.

The Oakland community area was first settled in the 1850s as a workers town serving the Sherman and Cottage Grove stockyards and industrial area. Growth of the area accelerated with the establishment of the 47th Street train station by the Illinois Central Railroad and the entire Oakland community was annexed to Chicago by 1889. With the extension of horse car and later streetcar service through the area, Oakland quickly changed to an affluent residential suburb and reached maturity by 1895. After the turn of the century, the community changed again with the influx of working class residents and the departure of wealthier residents to more prestigious communities. Larger homes were converted into smaller units and rooming houses which attracted more transient and working class residents to the area.

In the 1950s the Chicago Housing Authority began development of several housing projects within the Project Area. By 1970, the Oakland community had begun to experience serious economic

problems including rising unemployment and poverty rates. Planning efforts targeted toward improving the public housing conditions and presenting an overall redevelopment plan for the larger North Kenwood-Oakland area were initiated in the 1980s.

A Neighborhood Planning Committee (NPC) was formed in 1988 followed by a Community Assistance Panel (CAP) to generate a comprehensive community plan for the North Kenwood and Oakland communities. The work of these groups led to the formation of the North Kenwood-Oakland Conservation Plan (NKO Plan), which was adopted in 1992. Built on much of the work completed by the NPC and CAP, the NKO Plan sets forth goals for development, defines specific land uses for the community and identifies certain improved and unimproved property to be acquired in order to implement the NKO Plan.

Despite positive efforts by the community and the City, the overall demographic profile of Oakland still reveals major problems. For the Oakland community as a whole, the 1990 Census reported a 1989 median family income of \$5,909 and 70% of families reported incomes below the poverty line. Oakland has a highly skewed age structure in which a disproportionate number of people between the ages of 21-64 (42%) are attempting to support a larger number of people younger than 21 (48%).

Despite economic problems that were documented in the 1990 Census, the Project Area still boasts a number of considerable physical assets including the following features:

- Convenient access to and from the interstate highway system. Entrance/exit to Lake Shore Drive can be made via Oakland Boulevard, just one block north of the Project Area and the I-90/I-94 highway system (Dan Ryan Expressway) is accessible less than two miles west of the Project Area.
- Public transportation options include the Metra Illinois-Central Electric Rail Line and the CTA elevated service. The Metra station is located just four blocks south of the Project Area at 47th Street and Kenwood. CTA trains to the Loop and other locations are available via the Green Line and Red Line, located along Martin Luther King Jr. Drive and the Dan Ryan Expressway, respectively.
- Pedestrian access to the lakefront is available via Oakwood Boulevard and 47th Street and public beaches are located to the east approximately 1 mile north and south of the Project Area.
- Quayle Park, currently located within the Project Area, provides playground equipment and neighborhood park recreational opportunities. A variety of recreational opportunities are available at multiple locations within a half-mile of the Project Area including Oakland Park, Oakwood Beach, Chamberlain Triangle Park, Kennicott Park, Beech Park, Hyacinth Park, Holly Park, Mandrake Park and Ellis Park.

Although the Project Area enjoys strong community facilities and locational assets, the Project Area is likely to stagnate without reinvestment due to aging and inadequate utilities, and physical and economic barriers to marketability.

The Project Area on the whole has not been subject to growth and development through investment by private enterprise. Evidence of this lack of growth and development is detailed in *Section VI* and summarized below.

- In the five-year period between 1996 and 2001, four demolition permits were issued. No new construction has occurred in the Project Area in the last two decades.
- The vacant part of the Project Area has remained undeveloped since 1998.
- Prior to their demolition in 1998, the CHA high-rises within the Project Area had been vacant since 1985.
- Although located on prime land with a view of the Lakefront and minutes from the Loop, the Project Area does not generate taxable revenue since all properties within the Project Area are publicly owned and thus, tax-exempt.
- With a capacity for more than 1000 students, the Future Commons Multiplex High School, located in the improved part of the Project Area, currently operates with an enrollment of 133 students.

Without a comprehensive and area-wide effort by the City to promote investment, the Project Area will not likely be subject to sound growth and development through private investment. In spite of existing plans and City programs that support the revitalization and improvement of the Project Area, no new construction or private investment has occurred there. Today, the Project Area is characterized by vacant sites, aging and underutilized buildings, inadequate utilities, obsolescence, deterioration, deleterious land-use or layout, and a lack of community planning.

Due to the existence of a combination of blighted and conservation areas within the Project Area, there is an excessive and disproportionate expenditure of public funds, inadequate private investment, and unmarketability of property that impairs the value of private investments and threatens the sound growth and the tax base of taxing districts in the Project Area and threatens the health, safety, morals, and welfare of the public. The Project Area on the whole has not been subject to growth and development through investment by private enterprise and is not reasonably expected to be developed without the efforts and leadership of the City through this Redevelopment Plan.

Without the designation of the Project Area as a TIF District, the area will most likely continue to languish, buildings and sites will continue to go underutilized, prime real estate will remain off the tax rolls, and the area as a whole will continue to negatively influence surrounding properties and limit the potential for sound growth and development.

Small-scale or piecemeal redevelopment efforts might occur in limited portions of the Project Area. However the physical and economic barriers to development that are present in the Project Area and the surrounding community, coupled with the financial risk associated with a development project of this scale, are likely to preclude the revitalization of the Project Area on a scale sufficient to return the Project Area to a long-term sound condition without the intervention of the City.

Recognizing the Project Area's importance as a key development in the community's revitalization, the City is taking a proactive step toward the physical and economic renaissance of the Project Area. The City seeks to stabilize the surrounding neighborhoods and provide a high quality, mixed-

income residential development in the Oakland community. It seeks to encourage private investment and development activity through the use of tax increment financing.

The City believes that the Project Area should be revitalized on a coordinated, comprehensive and planned basis consistent with the highest quality standards of design and construction that are complementary to the adjacent neighborhoods and ensure continuity with the revitalization program of the larger Oakland community area. A coordinated and comprehensive redevelopment effort will allow the City, and other taxing districts to work cooperatively to prepare for the increased service demands that may arise from the conversion of underutilized land and buildings to more intensive uses. Such a comprehensive redevelopment plan will also encourage job training to prepare residents of surrounding and nearby neighborhoods for newly created job opportunities anticipated within the Project Area.

B. Tax Increment Financing

In January 1977, Tax Increment Financing (“TIF”) was authorized by the Illinois General Assembly through passage of the Act. The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible “redevelopment project costs” with incremental property tax revenues. “Incremental Property Tax” or “Incremental Property Taxes” are derived from the increase in the current Equalized Assessed Value (“EAV”) of real property within the redevelopment project area over and above the “Certified Initial EAV” of such real property. Any increase in EAV is then multiplied by the current tax rate, which results in Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, a municipality may issue obligations secured by Incremental Property Taxes to be generated within a project area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality; (d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

Tax increment financing does not generate tax revenues. This financing mechanism allows the municipality to capture, for a certain number of years, the new tax revenues produced by the enhanced valuation of properties resulting from the municipality's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. All taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid and such excess amounts are not otherwise pledged, earmarked or designated for future usage on other redevelopment projects. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid and the project area's term has expired or has been terminated.

C. The Redevelopment Plan for the Lakefront Tax Increment Financing Redevelopment Project Area

As evidenced in *Section VI*, the Project Area as a whole has not been subject to growth and development through private investment. Furthermore, it is reasonable to expect that the Project Area on the whole will not be redeveloped without the use of TIF.

TPAP has prepared the Lakefront Tax Increment Financing Redevelopment Plan and Project (the "Redevelopment Plan") and the related Eligibility Report. The Redevelopment Plan summarizes the analyses and findings of TPAP which, unless otherwise noted, are the responsibility of the consultant. The City is entitled to rely on: (i) the findings and conclusions of the Redevelopment Plan and the related Eligibility Report in proceeding with the designation of the Redevelopment Plan; and (ii) the fact that TPAP has obtained the necessary information so that the Redevelopment Plan and the related Eligibility Report will comply with the Act.

This Redevelopment Plan has been formulated in accordance with the provisions of the Act and is intended to guide improvements and activities within the Project Area in order to stimulate private investment in the Project Area. The goal of the City, through implementation of this Redevelopment Plan, is that the entire Project Area be revitalized on a comprehensive and planned basis to ensure that private investment in rehabilitation and new development occurs:

1. On a coordinated rather than piecemeal basis to ensure that land use, access and circulation, parking, public services and urban design are functionally integrated and meet present-day principles and standards;
2. On a reasonable, comprehensive and integrated basis to ensure that the factors of blight and conservation are eliminated; and
3. Within a reasonable and defined time period so that the Project Area may contribute productively to the economic vitality of the City.

Redevelopment of the Project Area will constitute a large and complex endeavor. The success of this redevelopment effort will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan enables the implementation of a comprehensive program for redevelopment of the Project Area. Through this Redevelopment Plan, the City will serve as the central force for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

This Redevelopment Plan sets forth the overall "Redevelopment Project" to be undertaken to accomplish the City's above-stated goal. During implementation of the Redevelopment Project, the City may, from time to time: (i) undertake or cause to be undertaken public improvements and activities; and (ii) enter into redevelopment agreements and intergovernmental agreements with private or public entities to construct, rehabilitate, renovate or restore private improvements on one or several parcels. Items (i) and (ii) are collectively referred to as "Redevelopment Projects."

This Redevelopment Plan specifically describes the Project Area and summarizes the conservation area factors that qualify the improved part of the Project Area as a "conservation area" and the blight factors that qualify the vacant part of the Project Area as a "blighted area" as defined in the Act.

Successful implementation of this Redevelopment Plan requires that the City utilize Incremental Property Taxes and other resources in accordance with the Act to stimulate the comprehensive and coordinated development of the Project Area. Only through the utilization of TIF will the Project Area develop on a comprehensive and coordinated basis, thereby eliminating the existing and blighted and conservation area conditions which have limited development of the Project Area by the private sector.

The use of Incremental Property Taxes will permit the City to direct, implement and coordinate public improvements and activities to stimulate private investment within the Project Area. These improvements, activities and investments will benefit the City, its residents, and all taxing districts having jurisdiction over the Project Area. These anticipated benefits include:

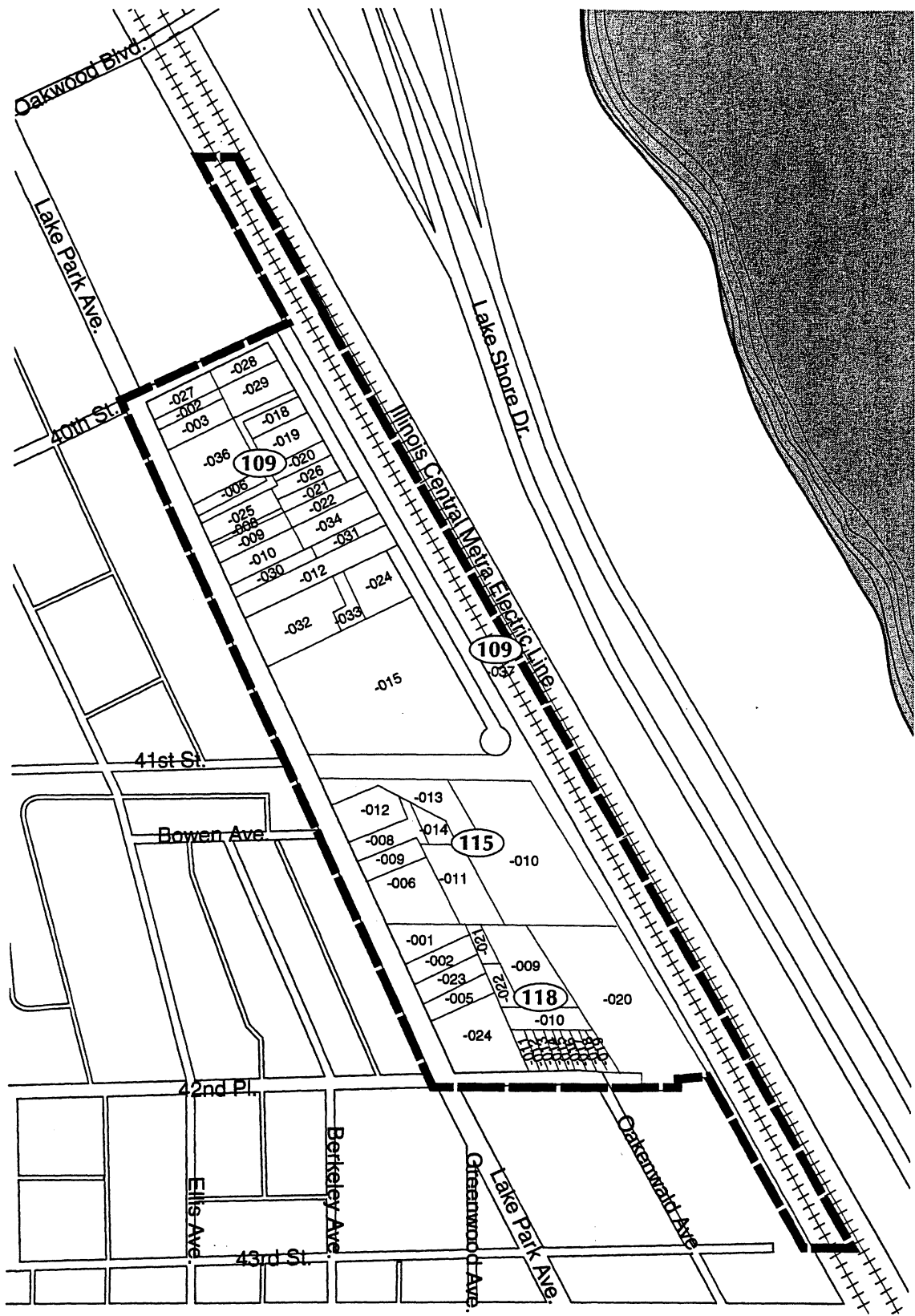
- Elimination of problem conditions in the Project Area;
- The construction of an improved system of roadways, utilities and other infrastructure that can adequately accommodate desired new development;
- Increased opportunities for affordable housing within the City; and
- A strengthened residential tax base for affected taxing districts.

II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

The boundaries of the Project Area have been drawn to include only those contiguous parcels of real property and improvements substantially benefited by the proposed Redevelopment Project to be undertaken as part of this Redevelopment Plan. The boundaries of the Project Area are shown in Figure 1, *Project Boundary*, and are generally described below:

The Project Area is generally bounded by 40th Street on the north, the easterly line of tax parcel 20-02-109-037 on the east, 42nd Place on the south, and Lake Park Avenue on the west.

The legal description of the Project Area is found in Exhibit I at the end of this report.






-  Project Area Boundary
-  Block Number
-  -010 Parcels



Figure 1
Project Area Boundary

III. ELIGIBILITY CONDITIONS

The results summarized in this section are more fully described in a separate report that presents the definition, application and extent of the conservation and blight factors in the Project Area. The report, prepared by TPAP, is entitled "Lakefront Redevelopment Project Area Eligibility Report" and is attached as Exhibit III to this Redevelopment Plan.

A. Surveys and Analyses Conducted

The blighted area and conservation area factors found to be present in the Project Area are based upon surveys and analyses conducted by TPAP. The surveys and analyses conducted for the Project Area include:

1. Exterior survey of the condition and use of all buildings and sites in the Project Area and in neighboring areas adjacent to the Project Area;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
4. Analysis of current parcel configuration and building size and layout; and
5. Comparison of current land use to current zoning ordinance and the current zoning map;
6. Analysis of original and current platting and building size and layout;
7. Analysis of vacant portions of the site and buildings;
8. Analysis of building floor area and site coverage;
9. Review of previously prepared plans, studies and data.
10. Review of CHA documents regarding the demolition of CHA buildings in the Project Area.
11. Review of Sewer Department and Water Department memoranda regarding the adequacy of utilities in the Project Area.
12. Review of City of Chicago Building Department records for the five-year period between January 1996 and January 2001.
13. Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area between the tax years of 1995 and 2000.

B. Summary of Project Area Eligibility

The Project Area consists of an improved area and a vacant area. A brief summary of the eligibility conditions present within each of these areas is presented below.

Improved Area

To meet the requirements under the Act for designation as a "conservation area," the improved area must meet the prerequisite that 50 percent or more of the structures in the area must be 35 years of age or more. In addition, a minimum of 3 factors from a total of 13 additional factors must be present in the area.

The improved portion of the Project Area is eligible as a conservation area within the requirements of the Act. Specifically:

- Of the 2 public buildings within the improved portion of the Project Area, 1 (50 percent) is 35 years of age or older. The age of the second could not be determined but was estimated at 30 years of age. The Project Area meets the conservation area prerequisite that 50 percent or more of the structures in the area must be 35 years of age or older.
- Of the 13 factors set forth in the Act for conservation areas, 6 are present in the improved part of the Project Area.
- The 6 factors are present to a meaningful extent and are reasonably distributed throughout the improved part of the Project Area.
- The Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project activities and improvements.

Vacant Area

The vacant area within the Project Area meets the criteria required for determination as a "vacant blighted area" as set forth in the Act. The vacant portion of the Project Area qualifies as a vacant blighted area under sections 11-74.4-3(a)(2) and 11-74.4-3(a)(3) of the Act. Vacant areas need only qualify under one of these sections.

1. The vacant part of the Project Area is impaired by a combination of 2 of the factors listed in section 11-74.4-3(a)(2) of the Act for qualification as vacant blighted area. Specifically,
 - The two factors present include obsolete platting of the vacant land and deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
 - The two factors are present to a meaningful degree and reasonably distributed throughout that part of the Project Area.
2. The vacant part of the Project Area is impaired by the presence of one of the criteria listed in section 11-74.4-3(a)(3) of the Act for qualification as a vacant blighted area. Specifically,
 - The area qualified as a blighted improved area immediately prior to becoming vacant, and there has not been substantial private investment in the immediately surrounding area.
 - Immediately prior to becoming vacant, the presence of 8 of the 13 factors required for qualification as an improved blighted area was documented in studies, reports and memoranda prepared for the CHA as part of the CHA Demolition Application.
 - Immediately prior to becoming vacant, the improved blighted area factors were documented as present to a meaningful degree and reasonably distributed throughout that part of the Project Area.

- There has not been substantial private investment in the immediately surrounding area. The immediately surrounding area is described as the properties directly adjacent to the vacant land. Field surveys of this area document that deterioration is present in 62.5% of the structures. City of Chicago building permit data indicate that only 6 permits were issued to 5 of the 23 properties in the immediately surrounding area between January 1996 and January 2001. The estimated cost of these permits totaled \$313,800. Two of the 6 permits, issued to a medical clinic on Greenwood Avenue, represent 73% of the total permit value. The remaining \$84,800 (27%) in estimated permit value was invested in the immediately surrounding area over the five-year period, averaging less than \$17,000 per year.

IV. REDEVELOPMENT GOALS AND OBJECTIVES

Comprehensive and coordinated area-wide investment in new public and private improvements and facilities is essential for the successful redevelopment of the Project Area and the elimination of conditions that have impeded redevelopment of the Project Area in the past. Redevelopment of the Project Area will benefit the City through improvements in the physical environment, an increased tax base, and an increase in the number and quality of affordable housing opportunities.

This section identifies the general goals and objectives adopted by the City for redevelopment of the Project Area. *Section V* presents more specific objectives for development and design within the Project Area and the redevelopment activities that the City plans to undertake to achieve the goals and objectives presented in this section.

A. General Goals

Listed below are the general goals adopted by the City for redevelopment of the Project Area. These goals provide overall focus and direction for this Redevelopment Plan.

1. An improved quality of life in the Project Area and the surrounding communities.
2. Elimination of the factors that qualified the Project Area as the combination of a blighted area and a conservation area.
3. An environment that will contribute more positively to the health, safety and general welfare of the Project Area and the surrounding community.
4. A community that is stable, economically and racially diverse, secure and beautiful.
5. New housing opportunities for all income groups.
6. New investment and development opportunities that will increase the real estate tax base of the City and other taxing districts having jurisdiction over the Project Area.

B. Redevelopment Objectives

Listed below are the redevelopment objectives which will guide planning decisions regarding redevelopment within the Project Area.

1. Create an environment that stimulates private investment in the Project Area.
2. Support the development of new mixed-income and mixed-density housing, including rental units for market rate, affordable, and low- and very low-income households and for sale units available at market rate and affordable prices.
3. Ensure that former residents of the Project Area are given priority in taking advantage of new housing opportunities.
4. Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Redevelopment Plan.

5. Strengthen the economic well being of the Project Area by returning vacant and underutilized properties to the tax rolls.
6. Encourage visually attractive buildings, rights-of-way and open spaces and encourage high standards of design and incorporate accessibility features for people with disabilities.
7. Encourage safe, efficient, and convenient transportation routes and access, including promoting pedestrian access wherever possible.
8. Create adequate off-street parking to meet existing and anticipated requirements in the Project Area.
9. Upgrade public utilities, infrastructure and streets, including streetscape and beautification projects.
10. Provide improvements and facilities in proper relationship to the projected demand for such facilities and in accordance with present-day design standards for such facilities.
11. Create job opportunities for City residents utilizing the most current hiring programs and appropriate job readiness and job training programs.
12. Provide opportunities for women-owned and minority-owned businesses to share in the redevelopment of the Project Area.

V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by private entities on behalf of the City in furtherance of this Redevelopment Plan. Previous plans, reports, and policies including the North Kenwood-Oakland Conservation Plan have been reviewed and form the basis for some of the recommendations presented in this Redevelopment Plan.

The Redevelopment Project described in this Redevelopment Plan and pursuant to the Act includes: a) the overall redevelopment concept; b) the land use plan; c) development and design objectives; d) a description of redevelopment improvements and activities; e) estimated redevelopment project costs; f) a description of sources of funds to pay estimated redevelopment project costs; g) a description of obligations that may be issued; and h) identification of the most recent EAV of properties in the Project Area and an estimate of future EAV.

A. Overall Redevelopment Concept

The Project Area should be redeveloped as a mixed income and mixed density residential development that will serve as the catalyst for new private development in the Oakland community. It should consist of residential uses and complimentary uses. The development should be characterized by cohesive urban design features that organize and provide focus to the Project Area.

The entire Project Area should be marked by improvements in infrastructure and the development of a new residential community that relates to the surrounding neighborhoods and stimulates revitalization of the community as a whole. Improvement projects should include: new residential development, street and infrastructure improvements; establishment of a community center, and the creation of parks and open space, landscaping, and other appearance enhancements.

The Project Area should be served by a street system that facilitates safe and efficient movement of vehicles and pedestrians and should continue to provide convenient access to public transportation via CTA buses, CTA rail lines and Metra commuter rail.

B. Land Use Plan

Figure 2 presents the Land-Use Plan that will be in effect upon adoption of this Redevelopment Plan.

The Project Area's strategic location along the lakefront with excellent access to Lake Shore Drive, the Dan Ryan Expressway, the Metra IC train, and CTA bus and elevated lines makes it a highly attractive location for residential uses. Consideration should be given to redeveloping the Project Area as a Planned Residential Development providing a range of housing types and densities with complementary open space amenities and public community facilities.

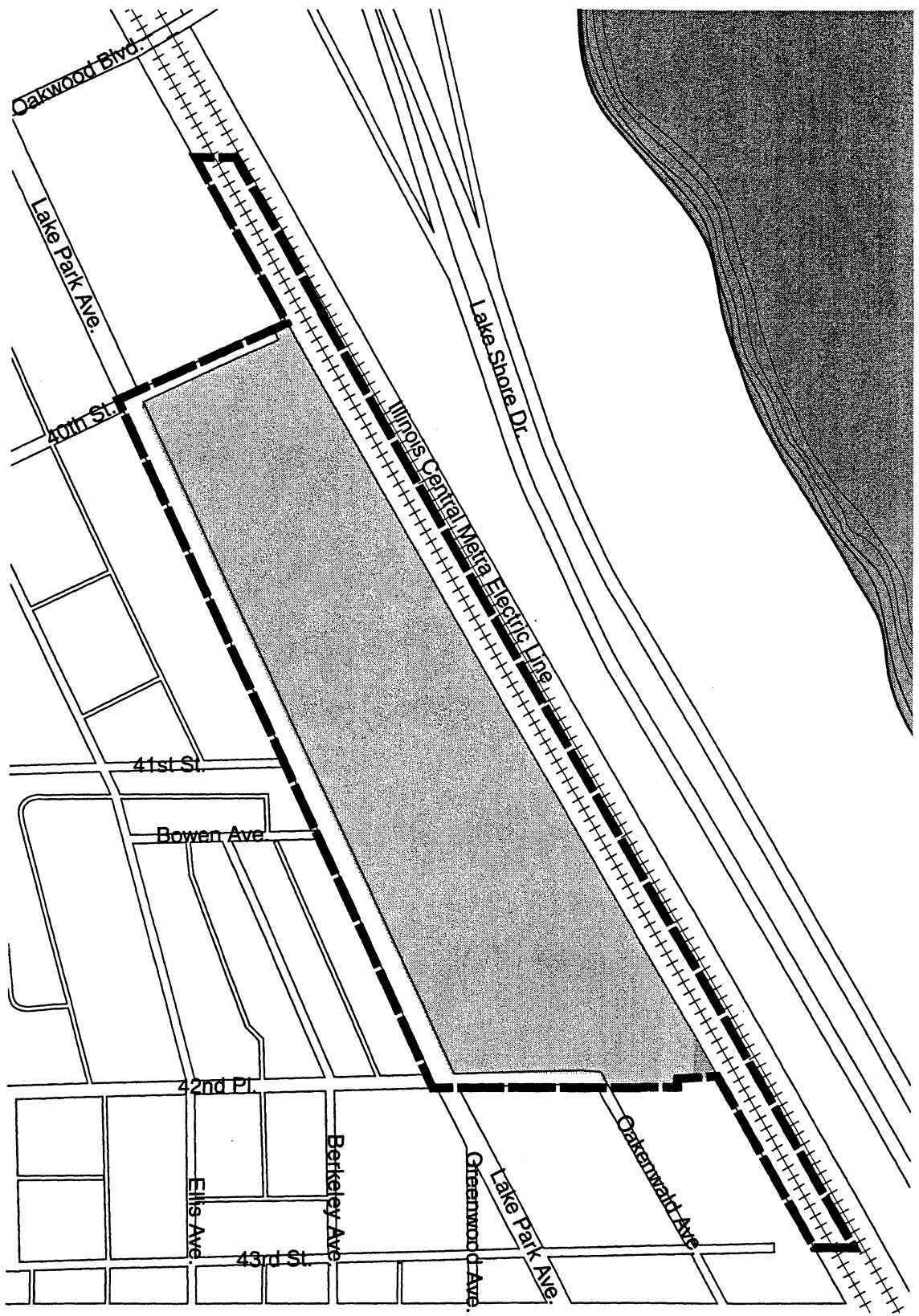


Figure 2
Land Use Plan

Existing non-residential buildings and sites within the Project Area are anticipated to be removed as part of the future land use plan. The primary land use within the Project Area is General Residential. Permitted uses allowable under the General Residential land use include those listed and described below:

- Dwellings, one-family, two-family, and multiple family attached or detached;
- Parks and playgrounds, publicly owned and operated; and
- Community centers, publicly owned and operated, and day care centers.

All development should comply with the Redevelopment Plan objectives set forth in *Section IV* above, the Chicago Zoning Ordinance, the Comprehensive Plan of Chicago, the NKO Conservation Plan and all other relevant City ordinances and development guidelines.

C. Development And Design Objectives

Listed below are Development and Design Objectives which will assist the City in directing and coordinating public and private improvement and investment within the Project Area in order to achieve the general goals and objectives identified in *Section IV* of this Redevelopment Plan.

The Development and Design Objectives are intended to help guide new residential development; foster a coordinated development pattern; and create an attractive and distinct identity for the Project Area.

a) Land Use

- Promote comprehensive redevelopment of the Project Area as a planned and cohesive urban neighborhood.
- Remove or minimize physical barriers and other impediments to unified development.
- Establish community facilities, including community centers, day care centers and parks at appropriate locations within the Project Area.

b) Building and Site Development

- Maintain Chicago's traditional neighborhood form which is characterized by a grid pattern of streets, buildings oriented toward the street, and a human scale that is attractive and inviting to pedestrians.
- Ensure that private development and redevelopment improvements to site and streetscapes are consistent with public improvement goals and plans.

c) Transportation, Circulation and Infrastructure

- Ensure safe and convenient access and circulation within the Project Area.

- Provide well-defined and safe pedestrian connections within the Project Area and between the Project Area and nearby destinations.
- Improve the street surface conditions, street lighting, and traffic signalization.
- Install or upgrade public utilities and infrastructure as required.
- Ensure that provision of off-street parking meets or exceeds the minimum requirements of the City.

d) Urban Design, Landscaping, and Open Space

- Promote high quality and harmonious architectural, landscape and streetscape design that contributes to and complements the surrounding neighborhoods.
- Provide new pedestrian-scale lighting where appropriate.
- Encourage streetscape features within the Project Area including street trees, benches, and trash receptacles.
- Screen active rail tracks for safety and appearance, as appropriate.
- Ensure that all landscaping and design materials comply with the City of Chicago Landscape Ordinance and reflect the existing ecological character of the area.
- Develop new neighborhood parks that are accessible to all residents within the Project Area and those from adjacent neighborhoods.
- Ensure that all open spaces are designed, landscaped and lighted to achieve a high level of security.

D. Redevelopment Improvements and Activities

The City proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques including, but not limited to, tax increment financing, to undertake some or all of the activities and improvements authorized under the Act, including the activities and improvements described below. The City also maintains the flexibility to undertake additional activities and improvements authorized under the Act, if the need for activities or improvements change as redevelopment occurs in the Project Area.

The City may enter into redevelopment agreements or intergovernmental agreements with public or private entities for the furtherance of this Redevelopment Plan to construct, rehabilitate, renovate or restore improvements for public or private facilities on one or several parcels or any other lawful purpose. Redevelopment agreements may contain terms and provisions that are more specific than the general principles set forth in this Redevelopment Plan and which include affordable housing requirements as described below.

Developers who receive TIF assistance for market-rate housing must set aside a minimum of 20 percent of the units to meet affordability criteria established by the City's Department of Housing.

Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 120 percent of the area median income, and affordable rental units should be affordable to persons earning no more than 80 percent of the area median income.

Property Assembly

Property acquisition and land assembly by the private sector in accordance with this Redevelopment Plan will be encouraged by the City. To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program and may be for the purpose of: (a) sale, lease or conveyance to private developers; or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties. As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and development.

In connection with the City exercising its power to acquire real property, including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan.

The City or a private developer may (a) acquire any historic structure (whether a designated City or State landmark or on, or eligible for, nomination to the National Register of Historic Places); (b) demolish any non-historic feature of such structure; (c) demolish portions, as allowed by laws, of historic structures, if necessary, to implement a project that meets the goals and objectives of the Redevelopment Plan; and (d) incorporate any historic structure or historic feature into a development on the subject property or adjoining property.

Relocation

Relocation assistance may be provided in order to facilitate redevelopment of portions of the Project Area and to meet other City objectives. Business or households legally occupying properties to be acquired by the City may be provided with relocation advisory and financial assistance as determined by the City and as may be required by the Act.

Provision of Public Works or Improvements

The City may provide public improvements and facilities that are necessary to service the Project Area in accordance with this Redevelopment Plan, the NKO Conservation Plan, and the comprehensive plan for development of the City as a whole. Public improvements and facilities may include, but are not limited to, the following:

Streets and Utilities

A range of roadway, utility and related improvement projects, from repair and resurfacing to major construction or reconstruction, may be undertaken.

Parks and Open Space

Improvements such as the development of future open spaces and public plazas may be provided, including the construction of pedestrian walkways, lighting, landscaping and general beautification improvements provided for the use of the general public.

Job Training and Related Educational Programs

Programs designed to increase the skills of the labor force that would take advantage of the employment opportunities within the Project Area may be implemented.

Day Care Services

Incremental Property Taxes may be used to cover the cost of day care services and centers within the Project Area for children of low-income employees of Project Area businesses.

Taxing Districts Capital Costs

The City may reimburse all or a portion of the costs incurred by certain taxing districts in the furtherance of the objectives of this Redevelopment Plan.

Interest Subsidies

Funds may be provided to redevelopers for a portion of interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

- (a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
- (b) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year;
- (c) if there are not sufficient funds available in the special tax allocation fund to make an interest payment, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
- (d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the: (i) total costs paid or incurred by a redeveloper for a redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and
- (e) Up to 75 percent of interest costs incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.

Affordable Housing

Funds may be provided to developers for up to 50 percent of the cost of construction, renovation and-or rehabilitation of all new low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low-and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act.

Analysis, Administration, Studies, Surveys, Legal, etc.

Under contracts that will run for three years or less (excluding contracts for architectural and engineering services which are not subject to such time limits) the City and/or private developers may undertake or engage professional consultants, engineers, architects, attorneys, etc. to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Redevelopment Plan.

E. Redevelopment Project Costs

The various redevelopment expenditures that are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated redevelopment project costs that are deemed to be necessary to implement this Redevelopment Plan (the "Redevelopment Project Costs").

Eligible Redevelopment Project Costs

Redevelopment project costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Redevelopment Plan pursuant to the Act. Such costs may include, without limitation, the following:

- a) 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, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
- b) The cost of marketing sites within the area to prospective businesses, developers and investors;
- c) 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, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- d) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project

the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;

- e) Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
- f) Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area and such proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the Oakland Community Area with particular attention to the needs of those residents who have previously experienced inadequate employment opportunities and development of job-related skills including residents of public and other subsidized housing and people with disabilities;
- g) 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 thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
- h) To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;
- i) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act (see Section V.D.2 above) or otherwise determines that the payment of relocation costs is appropriate;
- j) Payment in lieu of taxes, as defined in the Act;
- k) Costs of job training, retraining, 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, provided that such costs: (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38,

805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;

- l) Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 2. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 4. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total: (i) cost paid or incurred by the redeveloper for such redevelopment project, plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act; and
 5. Up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
- m) Unless explicitly provided in the Act, the cost of construction of new privately owned buildings shall not be an eligible redevelopment project cost;
- n) An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
- o) Up to 50 percent of the cost of construction, renovation and/or rehabilitation of all new low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act; and
- p) The cost of daycare services for children of employees from low-income families working for businesses located within the redevelopment project area and all or a portion of the cost of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families working in businesses located in the redevelopment project area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80 percent of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 *et. seq.* then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

Estimated Redevelopment Project Costs

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan. All estimates are based on 2001 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan.

Redevelopment Project Costs described in this Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Redevelopment Plan.

In the event the Act is amended after the date of the approval of this Redevelopment Plan by the City Council of Chicago to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/1-74.4-3(q)(11)), this Redevelopment Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as eligible costs under the Redevelopment Plan to the extent permitted by the Act. In the event of such amendment(s), the City may add any new eligible redevelopment project costs as a line item in Exhibit II or otherwise adjust the line items in Exhibit II without amendment of this Plan. In no instance, however, shall such additions or adjustments result in any increase in the total redevelopment project costs without a further amendment to this Redevelopment Plan.

F. Sources of Funds to Pay Redevelopment Project Costs

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the City may deem appropriate. The City may incur redevelopment project costs which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed from such costs from incremental taxes. Also, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers. Additionally, the City may utilize revenues, other than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received. The City may incur Redevelopment Project Costs which are paid from funds of the City other than incremental taxes, and the City may then be reimbursed from such costs from incremental taxes.

The Project Area may be contiguous to or separated by only a public right-of-way from other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or project areas separated only by a public right-of-way, and vice versa. The amount of revenue from the Project Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan.

The Project Area may become contiguous to, or be separated only by a public right-of-way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.6-1, et seq.). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right-of-way are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Project Area be made available to support any such redevelopment project areas. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Exhibit II of this Redevelopment Plan.

G. Issuance of Obligations

The City may issue obligations secured by Incremental Property Taxes pursuant to Section 11-74.4-7 of the Act. To enhance the security of a municipal obligation, the City may pledge its full faith and credit through the issuance of general obligation bonds. Additionally, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., assuming City Council approval of the Project Area and Redevelopment Plan in 2002), by December 31, 2026. Also, the final maturity date of any such obligations which are issued may not be later than 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. Obligations may be issued on a parity or subordinated basis.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled retirement of obligations, mandatory or optional redemptions, establishment of debt service reserves and bond sinking funds. To the extent that Incremental Property Taxes are not needed for these purposes, and are not otherwise required, pledged, earmarked or otherwise designated for the payment of Redevelopment Project Costs, any excess Incremental Property Taxes

shall then become available for distribution annually to taxing districts having jurisdiction over the Project Area in the manner provided by the Act.

H. Valuation of the Project Area

1. Most Recent EAV of Properties in the Project Area

The purpose of identifying the most recent equalized assessed valuation (“EAV”) of the Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The preliminary 2000 EAV of the Project Area is zero (0) due to the exempt status of each of the tax parcels. The total EAV amount by PIN is summarized in Table 1 below. The EAV is subject to finalization and verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by Cook County.

Table 1. 2000 EAV by Tax Parcel

<u>PIN</u>	<u>2000 EAV</u>	<u>PIN</u>	<u>2000 EAV</u>
1 20-02-109-002-0000	Exempt	29 20-02-115-008-0000	Exempt
2 20-02-109-003-0000	Exempt	30 20-02-115-009-0000	Exempt
3 20-02-109-006-0000	Exempt	31 20-02-115-010-0000	Exempt
4 20-02-109-008-0000	Exempt	32 20-02-115-011-0000	Exempt
5 20-02-109-009-0000	Exempt	33 20-02-115-012-0000	Exempt
6 20-02-109-010-0000	Exempt	34 20-02-115-013-0000	Exempt
7 20-02-109-012-0000	Exempt	35 20-02-115-014-0000	Exempt
8 20-02-109-015-0000	Exempt	36 20-02-118-001-0000	Exempt
9 20-02-109-018-0000	Exempt	37 20-02-118-002-0000	Exempt
10 20-02-109-019-0000	Exempt	38 20-02-118-005-0000	Exempt
11 20-02-109-020-0000	Exempt	39 20-02-118-009-0000	Exempt
12 20-02-109-021-0000	Exempt	40 20-02-118-010-0000	Exempt
13 20-02-109-022-0000	Exempt	41 20-02-118-011-0000	Exempt
14 20-02-109-024-0000	Exempt	42 20-02-118-012-0000	Exempt
15 20-02-109-025-0000	Exempt	43 20-02-118-013-0000	Exempt
16 20-02-109-026-0000	Exempt	44 20-02-118-014-0000	Exempt
17 20-02-109-027-0000	Exempt	45 20-02-118-015-0000	Exempt
18 20-02-109-028-0000	Exempt	46 20-02-118-016-0000	Exempt
19 20-02-109-029-0000	Exempt	47 20-02-118-017-0000	Exempt
20 20-02-109-030-0000	Exempt	48 20-02-118-018-0000	Exempt
21 20-02-109-031-0000	Exempt	49 20-02-118-019-0000	Exempt
22 20-02-109-032-0000	Exempt	50 20-02-118-020-0000	Exempt
23 20-02-109-033-0000	Exempt	51 20-02-118-021-0000	Exempt
24 20-02-109-034-0000	Exempt	52 20-02-118-022-0000	Exempt
25 20-02-109-035-0000	Exempt	53 20-02-118-023-0000	Exempt
26 20-02-109-036-0000	Exempt	54 20-02-118-024-0000	Exempt
27 20-02-109-037-0000	Exempt	Total	0
28 20-02-115-006-0000	Exempt		

2. Anticipated Equalized Assessed Valuation

By the tax year 2025 (collection year 2026) and following the substantial completion of potential Redevelopment Projects, the EAV of the Project Area is estimated to range between \$27.8 and \$32.8 million. The estimated range is based on several key assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2) an estimated 20 rowhouses; 3) an estimated 60 new for sale townhome units will be constructed; 4) approximately 170 condominium units in midrise and highrise buildings and 6 condominium units within a 6-flat building will be constructed in the Project Area; 5) approximately 254 apartment units in 3-flat, 6-flat, townhome and midrise buildings will be constructed in the Project Area; 6) Of the 510 unit development, approximately 120 units will be available for CHA public housing; 7) the development will occur over three phases and be occupied by 2007; 8) CHA land will be conveyed to private ownership for single-family for sale units; 9) an estimated annual inflation in EAV of 2 percent will be realized through 2025; and 10) the five year average state equalization factor of 2.1909 (tax years 1996 through 2000) is used in all years to calculate estimated EAV.

VI. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in *Section III* of this Redevelopment Plan, the Project Area as a whole is adversely impacted by the presence of numerous conservation and blight factors, and these factors are reasonably distributed throughout the Project Area. Conservation and blight factors within the Project Area are widespread and represent major impediments to sound growth and development.

The decline of, and the lack of private investment in, the Project Area are evidenced by the following:

- The vacant part of the Project Area has remained undeveloped since 1998.
- In the five-year period between 1996 and 2001, four demolition permits were issued.
- No new construction has occurred in the Project Area in the last two decades.
- Prior to their demolition, the four CHA high-rises, formerly located within the improved and vacant portions of the Project Area, had been vacant since 1985.
- Prior to their demolition, 33 building code violations were given to the four CHA structures between the period from January 1992 and February 1993.
- Although located on prime land with a view of the Lakefront and minutes from the Loop the Project Area does not generate taxable revenue since all properties within the Project Area are publicly owned and thus, tax-exempt.

In summary, the Project Area on the whole has not been subject to growth and development through investment by private enterprise. The Project Area would not reasonably be anticipated to be developed on a comprehensive and coordinated basis without the intervention of the City and the adoption of this Redevelopment Plan for the Project Area.

VII. FINANCIAL IMPACT

Without the adoption of the Redevelopment Plan and TIF, the Project Area is not reasonably expected to be redeveloped by private enterprise. In the absence of City-sponsored redevelopment initiatives, there is a prospect that conservation factors will continue to exist and spread, and the Project Area on the whole and adjacent properties will become less attractive for the maintenance and improvement of existing buildings and sites. In the absence of City-sponsored redevelopment initiatives, erosion of the assessed valuation of property in and outside of the Project Area could lead to a reduction of real estate tax revenue to all taxing districts.

Section V of this Redevelopment Plan describes the comprehensive, area-wide Redevelopment Project proposed to be undertaken by the City to create an environment in which private investment can occur. The Redevelopment Project will be staged over a period of years consistent with local market conditions and available financial resources required to complete the various redevelopment improvements and activities as well as Redevelopment Projects set forth in this Redevelopment Plan. Successful implementation of this Redevelopment Plan is expected to result in new private investment in rehabilitation of buildings and new construction on a scale sufficient to eliminate problem conditions and to return the area to a long-term sound condition.

The Redevelopment Project is expected to have significant short- and long-term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short-term, the City's effective use of TIF can be used to encourage the new private development that will return underutilized and vacant properties to the tax rolls. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from new EAV and tax revenues generated by redevelopment of previously tax-exempt properties to revenue-producing private development.

VIII. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes against properties located within the Project Area:

Cook County. The County has principal responsibility for the protection of persons and property, the provision of public health services and the maintenance of County highways.

Cook County Forest Preserve District. The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public.

Metropolitan Water Reclamation District of Greater Chicago. This district provides the main trunk lines for the collection of waste water from cities, villages and towns, and for the treatment and disposal thereof.

Chicago Community College District 508. This district is a unit of the State of Illinois' system of public community colleges, whose objective is to meet the educational needs of residents of the City and other students seeking higher education programs and services.

City of Chicago Library Fund. General responsibilities of the Library Fund include the provision, maintenance and operation of the City's library facilities. The Blackstone Branch at 4904 S. Lake Park Avenue is the nearest library facility.

City of Chicago. The City is responsible for the provision of a wide range of municipal services, including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; building, housing and zoning codes, etc.

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade. Two public school facilities, the Future Commons Multiplex High School and the State Pre-K Demonstration Center, are located within the Project Area. Other public schools located outside the Project Area include Ariel Community Academy (Shakespeare School); Price Elementary; Robinson Elementary; and Martin Luther King, Jr. High School.

Chicago Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. One public park, Quayle Park, is currently located within the Project Area. Other Park District facilities located outside the Project Area include Beech Park, Chamberlain Triangle Park, Ellis Park, Holly Park, Hyacinth Park, Kennicott Park, Mandrake Park, Oakland Park, and Oakwood Beach.

Chicago School Finance Authority. The Authority was created in 1980 to exercise oversight and control over the financial affairs of the Board of Education.

A. Impact of the Redevelopment Project

In 1994, the 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 Redevelopment Plan and a description of any program to address such financial impacts or increased demand. The replacement of vacant and underutilized properties with residential development may cause increased demand for services and/or capital improvements to be provided by the Metropolitan Water Reclamation District and the City. The estimated nature of these increased demands for services on these taxing districts are described below.

Metropolitan Water Reclamation District of Greater Chicago. The rehabilitation of or replacement of underutilized properties with new development may cause increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

City of Chicago. The redevelopment of vacant or underutilized properties with new residential development may increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc.

Board of Education. The redevelopment of vacant or underutilized properties with new residential development is likely to increase the demand for services and programs provided by the Board of Education. Two school facilities, including the Future Commons Multiplex High School and the State Pre-Kindergarten Demonstration Center are located within the boundaries of the Project Area. It is anticipated that both of these school facilities will be removed as part of the Project Area's redevelopment. Each of these public schools, as well as nearby schools are identified in *Figure 3, Community Facilities*.

Chicago Park District. The replacement or rehabilitation of underutilized properties with residential, commercial, business and other development is likely to increase the demand for services, programs and capital improvements provided by the Chicago Park District within and adjacent to the Project Area. These public services or capital improvements may include, but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. Quayle Park is the only public park located within the Project Area, although it is anticipated that this park will be removed as part of redevelopment. The nearest parks within approximately one-half mile are identified in *Figure 3, Community Facilities*.

City of Chicago Library Fund. The replacement or rehabilitation of underutilized properties with residential, commercial, business and other development is likely to increase the demand for services, programs and capital improvements provided by the City of Chicago Library Fund. The Blackstone Branch at 4904 S. Lake Park Avenue is the nearest library facility.

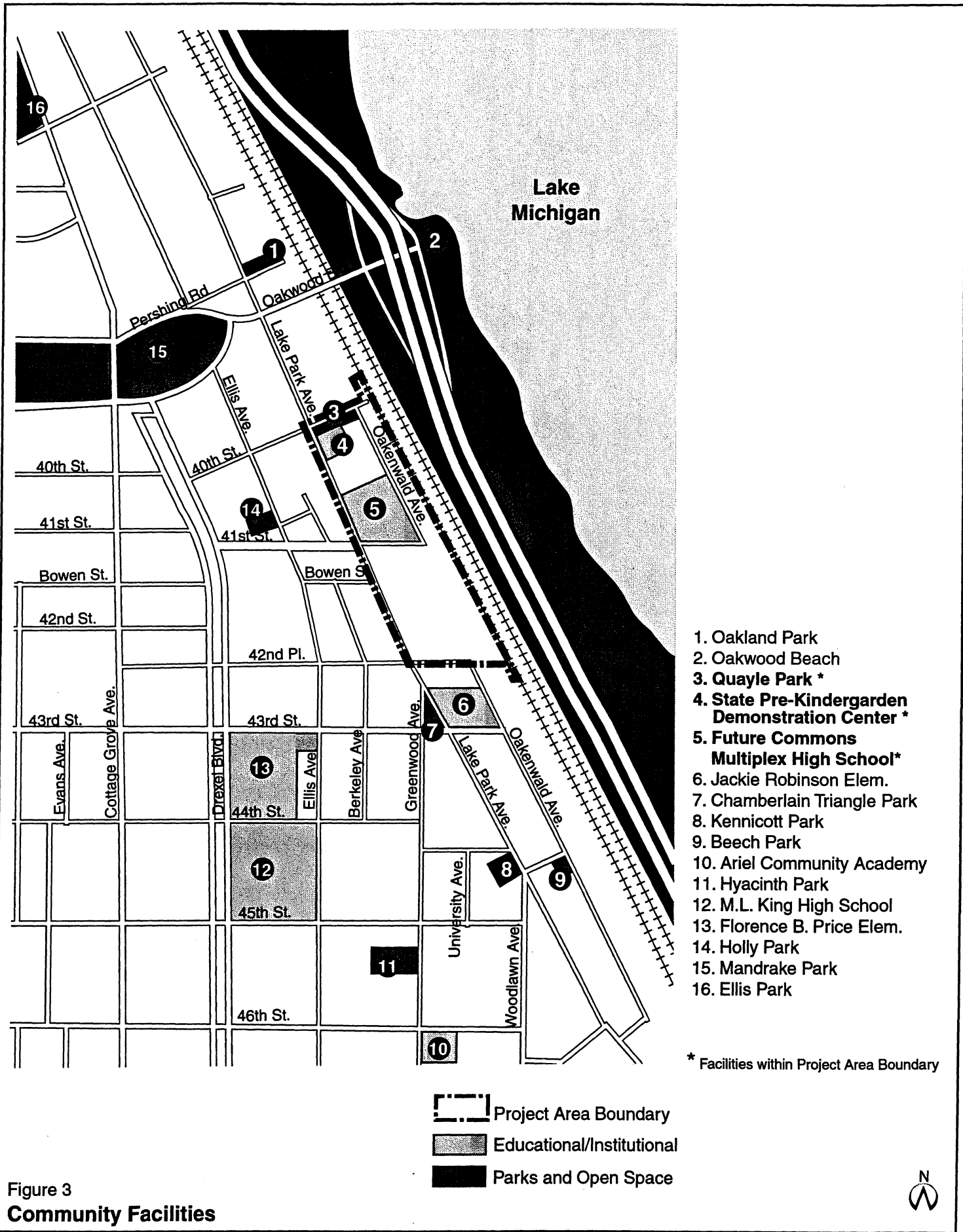


Figure 3
Community Facilities

B. Program to Address Increased Demand for Services or Capital Improvements

The City intends to monitor development in the areas and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

Metropolitan Water Reclamation District of Greater Chicago. As it is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Therefore, no special assistance is proposed for the Metropolitan Water Reclamation District.

City of Chicago. It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special program is proposed for the City.

Chicago Park District. It is expected that any increase in demand for Park District services and programs associated with the Project Area can be adequately handled by existing services and programs provided by the Park District. The development program for the Lakefront TIF includes provisions for parkland comparable in size and function to the existing Quayle Park. Quayle Park will be eliminated under the proposed redevelopment plan and replaced with new open space/park land. The new park area will be developed and constructed in accordance with Park District standards and is slated for Chicago Park District ownership and operation. No special program is proposed for the Chicago Park District.

Board of Education of the City of Chicago, and the Chicago School Finance Authority. It is expected that new residential development of vacant, underutilized, and non-residential uses will result in an increase in demand for services provided by the Board of Education. To determine this potential increase, the Ehlers & Associates' (formerly Illinois School Consulting Services) methodology for estimating school age children was utilized. Based on a proposed development of 510 new residential units ranging from single family to multi-family units, it is expected that the number of elementary school age children will increase by approximately 89 and the number of high school age children will increase by approximately 27.

Plans are already in place to relocate students currently served by the Future Commons Multiplex High School to Phillips High School, located at 244 E. Pershing Road. Phillips is operating well under capacity and could accommodate additional students beyond those projected. Martin Luther King High School is also operating well under capacity but is in

the process of transitioning to a magnet school which, while it may serve a more city-wide population, will be an educational option for new and existing families with high school age children.

Elementary schools near the Project Area such as Robinson, Price and Einstein are all operating under capacity and can adequately accommodate the additional students that may be generated by the new residential development.

It is expected that any increase in demand for Board of Education services and programs associated with the Project Area can be adequately handled by existing facilities. The City and the Board of Education will attempt to ensure that any increased demands for the services and capital improvements provided by the Board of Education are addressed in connection with any particular residential development in the Project Area.

Other Taxing Districts. It is expected that any increase in demand for Cook County, Cook County Forest Preserve District, and Chicago Community College District 508's services and programs associated with the Project Area can be adequately handled by existing services and programs maintained and operated by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts.

The City's program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Project occurring as anticipated in this Redevelopment Plan, (ii) the Redevelopment Project resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs; and (iii) the generation of sufficient Incremental Property Taxes to pay for the Redevelopment Project Costs in Exhibit II. In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise its program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

Exhibit II to this Redevelopment Plan illustrates the preliminary allocation of estimated Redevelopment Project Costs.

**IX. CONFORMITY OF THE REDEVELOPMENT PLAN FOR
THE PROJECT AREA TO LAND USES APPROVED BY THE
PLANNING COMMISSION OF THE CITY**

This Redevelopment Plan and the Redevelopment Project described herein include land uses which will be approved by the Chicago Plan Commission prior to the adoption of the Redevelopment Plan.

X. PHASING AND SCHEDULING

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Project Area.

It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of Incremental Property Taxes by the City.

The estimated date for completion of Redevelopment Projects is no later than the year 2025.

XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN

This Redevelopment Plan may be amended pursuant to the Act.

XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to this Redevelopment Plan:

- A) The assurance of equal opportunity in all personnel and employment actions, with respect to the Redevelopment Project, including, but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.
- B) Redevelopers must meet the City's standards for participation of 25% Minority Business Enterprises and 5% Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.
- C) This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
- D) Redevelopers will meet City standards for the prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

The City shall have the right in its sole discretion to exempt certain small businesses, residential property owners and developers from the above.

XIII. HOUSING IMPACT AND RELATED MATTERS

The Act states that if a redevelopment plan would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and no certification is made, then the City must prepare a housing impact study and incorporate the study in the redevelopment project and plan.

As described in earlier sections of this document, the Project Area contains 2 public buildings and does not include any residential properties.

Given that this Redevelopment Plan would not result in the displacement of residents from 10 or more inhabited residential units and the Project Area does not contain 75 or more inhabited residential units, the completion of a housing impact study is not required under the Act. The City, by its approval of this Redevelopment Plan, shall be deemed to certify that no displacement will occur.

EXHIBIT I:

Legal Description of Project Boundary

THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF THAT PART OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY TO THE SOUTH LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN TO THE WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY TO THE CENTER LINE OF VACATED EAST 42ND PLACE;

THENCE WEST ALONG SAID CENTER LINE OF VACATED EAST 42ND PLACE TO THE NORTHERLY EXTENSION OF THE WESTERLY LINE OF LOT 1 IN THE RESUBDIVISION OF BLOCKS 1 AND 2 OF REFORM SCHOOL PROPERTY, BEING THE SOUTH 25 ACRES OF THE NORTHWEST FRACTIONAL QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID WESTERLY LINE OF LOT 1 BEING ALSO THE EASTERLY LINE OF SOUTH OAKENWALD AVENUE;

THENCE SOUTHERLY ALONG SAID NORTHERLY EXTENSION TO THE SOUTH LINE OF EAST 42ND PLACE;

THENCE WEST ALONG SAID SOUTH LINE OF EAST 42ND PLACE TO THE WESTERLY LINE OF SOUTH LAKE PARK AVENUE;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF SOUTH LAKE PARK AVENUE TO THE POINT OF BEGINNING AT THE SOUTH LINE OF EAST BOWEN AVENUE.

ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

LAKEFRONT TIF

ALL THAT PART OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 11 IN FERRY, FARWELL, TURNER AND BOND'S RESUBDIVISION OF BLOCK 3 EXCEPT LOTS 21 AND 22 IN BAYARD AND PALMER ADDITION, BEING A SUBDIVISION OF THE 11.22 CHAINS NORTH OF AND ADJOINING THE SOUTH 25 RODS OF THE NORTHWEST FRACTIONAL QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN LYING WEST OF HYDE PARK AVENUE (EXCEPT THE NORTH 53 FEET 4 ¼ INCHES THEREOF), SAID NORTHEAST CORNER OF LOT 11 BEING ALSO THE POINT OF INTERSECTION OF THE SOUTHWESTERLY LINE OF SOUTH LAKE PARK AVENUE WITH THE SOUTH LINE OF EAST BOWEN AVENUE;

THENCE NORTHWEST ALONG SAID SOUTHWESTERLY LINE OF SOUTH LAKE PARK AVENUE TO THE WESTERLY EXTENSION OF THE SOUTHERLY LINE OF LOTS 18 AND 19 IN BLOCK 8 OF CLEAVERVILLE, BEING A SUBDIVISION OF THE NORTH PART OF FRACTIONAL SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE SOUTH PART OF FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTHERLY LINE OF LOTS 18 AND 19 BEING ALSO THE NORTHERLY LINE OF EAST 40TH STREET;

THENCE EASTERLY ALONG SAID WESTERLY EXTENSION AND THE NORTHERLY LINE OF EAST 40TH STREET AND ALONG THE EASTERLY EXTENSION THEREOF TO THE EASTERLY LINE OF SOUTH MICHIGAN AVENUE, SAID EASTERLY LINE BEING ALSO THE WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY TO THE NORTH LINE OF THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID NORTH LINE OF THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN TO THE EASTERLY LINE OF THAT PART THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY BEARING PIN 20-02-109-037, SAID EASTERLY LINE OF THAT PART OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY BEING ALSO A LINE 125 FEET SOUTHWESTERLY OF AND PARALLEL WITH THE SOUTHWESTERLY LINE OF BURNHAM PARK;

EXHIBIT II: Estimated Redevelopment Project Costs

LAKEFRONT TIF

ELIGIBLE EXPENSE	ESTIMATED COST
Analysis, Administration, Studies, Surveys, Legal, Marketing etc.	\$ 3,000,000
Property Assembly -Site Prep, Demolition, & Environmental Remediation	\$ 2,500,000
Public Works & Improvements^[1] -Streets and Utilities -Community Facilities -Open space and Landscaping	\$ 12,250,000
Taxing District's Capital Costs	\$ 1,000,000
Relocation Costs	\$ 1,000,000
Job Training, Retraining, Welfare-to-Work	\$ 250,000
Day Care Services	\$ 250,000
Construction of Low and Very Low Income Housing Units or Developer Interest Subsidy	\$ 4,000,000
TOTAL REDEVELOPMENT COSTS^{[2] [3]}	\$ 24,250,000^[4]

^[1] This category may also include paying for or reimbursing (i) elementary, secondary or unit school district's increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts impacted by the redevelopment of the Project Area. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all, or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.

^[2] Total Redevelopment Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs.

^[3] The amount of the Total Redevelopment Costs that can be incurred in the Project Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Project Area only by a public right of way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Project Area, but will not be reduced by the amount of redevelopment project costs incurred in the Project Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Project Area only by a public right of way.

^[4] Increases in estimated Total Redevelopment Project Costs of more than five percent, after adjustment for inflation from the date of the Plan adoption, are subject to the Plan amendment procedures as provided under the Act.

Additional funding from other sources such as federal, state, county, or local grant funds may be utilized to supplement the City's ability to finance Redevelopment Project Costs identified above.

EXHIBIT III:

Lakefront Redevelopment Project Area Eligibility Report

**LAKEFRONT
REDEVELOPMENT PROJECT AREA
ELIGIBILITY REPORT**

Prepared for the
Department of Planning and Development
City of Chicago

Prepared by:
Trkla, Pettigrew, Allen & Payne, Inc.

October 31, 2001

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
I. BASIS FOR REDEVELOPMENT.....	7
II. ELIGIBILITY ANALYSIS AND CONCLUSIONS.....	10
A. SURVEYS AND ANALYSES CONDUCTED	10
B. IMPROVED AREA	11
C. VACANT AREA	21
III. DETERMINATION OF PROJECT AREA ELIGIBILITY	31

FIGURES

FIGURE 1. PROJECT AREA BOUNDARY	2
FIGURE 2. EXISTING LAND USE.....	6
FIGURE 3. DISTRIBUTION OF FACTORS	33

EXECUTIVE SUMMARY

The purposes of this report entitled *Lakefront Redevelopment Project Area Eligibility Report* (the "Eligibility Report") are to: (i) document the blighting and conservation factors that are present within the Lakefront Redevelopment Project Area (the "Project Area"), and (ii) conclude whether the Project Area qualifies for designation as a conservation area, blighted area, or combination of conservation and blighted areas within the definitions set forth in the Tax Increment Allocation Redevelopment Act (the "Act"). The Act is found in Illinois Compiled Statutes, Chapter 65, Act 5, Section 11-74.4-1 *et. seq.*, as amended.

The findings and conclusions contained in this Eligibility Report are based on surveys, documentation, and analysis of physical conditions within the Project Area. These surveys and analyses were conducted by Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP"). The City of Chicago is entitled to rely on the findings and conclusions of this Eligibility Report in designating the Project Area as a redevelopment project area under the Act. TPAP has prepared this Eligibility Study and the related Redevelopment Plan with the understanding that the City would rely on (i) the findings and conclusions of this Eligibility Study and the related Redevelopment Plan in proceeding with the designation of the Redevelopment Plan, and (ii) the fact that TPAP has obtained the necessary information so that the Eligibility Study and the related Redevelopment Plan will comply with the Act. The determination of whether the Project Area qualifies for designation as a conservation area or a blighted area, or a combination of both, pursuant to the Act is made by the City of Chicago (the "City") after careful review and consideration of the conclusions contained in this Eligibility Report.

The Project Area

The Project Area is approximately 31.2 acres in size, located approximately five miles south of the Chicago Loop in the Oakland community area. The Project Area is situated between 40th Street and 42nd Place with the Illinois Central Rail Line (Metra) right-of-way extending south to 43rd Street and from Lake Park Avenue to the IC Railroad. The boundaries of the Project Area are illustrated in Figure 1, *Project Area Boundary*.

The Project Area is made up of 3 tax blocks which have been laid out as two superblocks with a railroad parcel running parallel to the Project Area on the east. The Project Area consists of both vacant and improved areas. The southern portion of the Project Area, which is now vacant, is the former site of the Chicago Housing Authority (CHA) complex known as Lake Michigan Homes. This area contained three residential high-rise buildings that were vacated in 1985 and demolished in 1998. Following the demolition of the buildings the site was cleared, graded, and grass planted. It has been generally maintained with only scattered presence of weed growth and uncovered earth. North of 41st Street is the improved area which includes two public school buildings, a park and a vacant parcel.

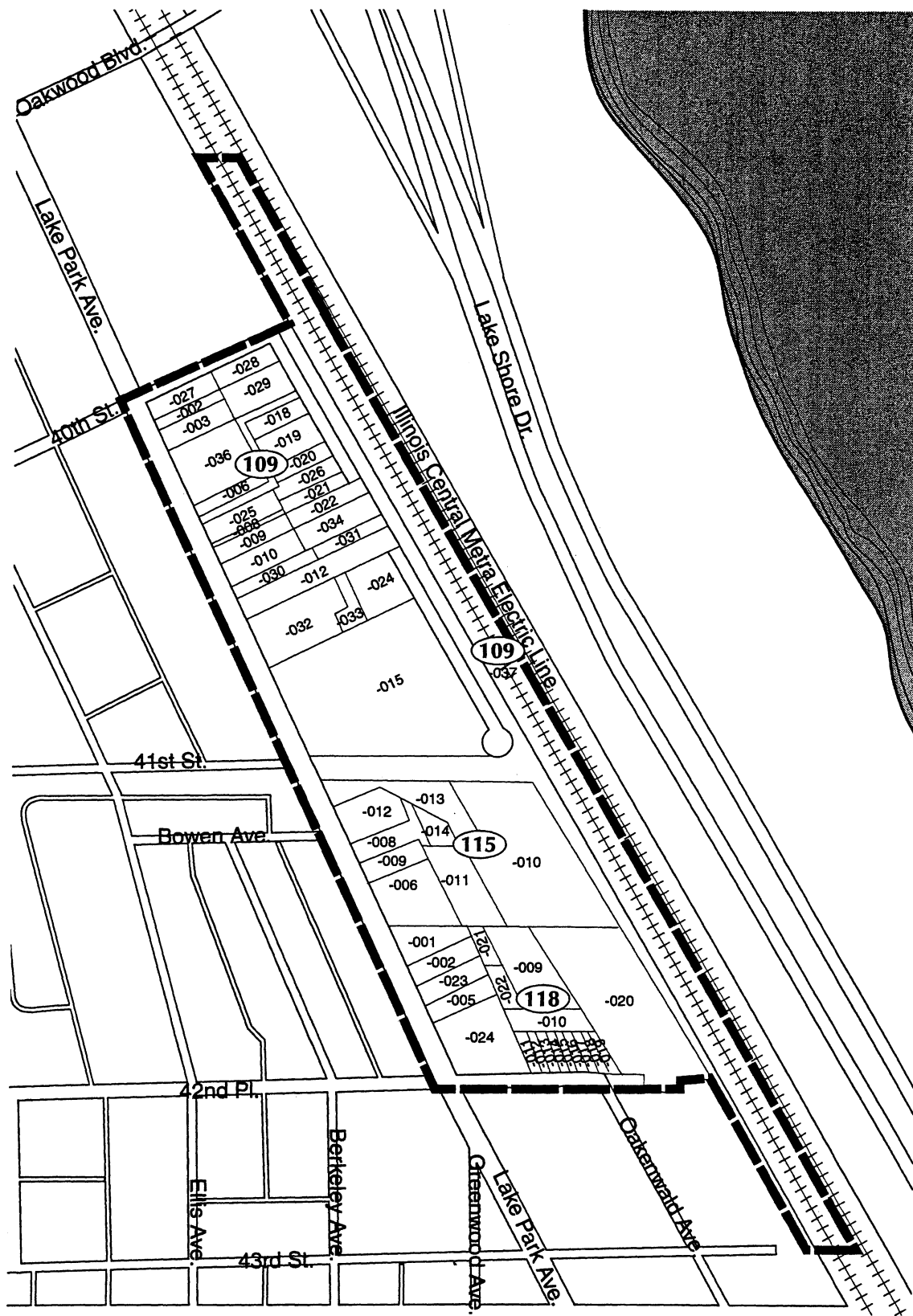


Figure 1
Project Area Boundary

Within the improved area, the vacant site was formerly occupied by another CHA residential high-rise that was part of the Washington Park Homes development. This building was demolished in 1998 and the site cleared in 1999 along with the Lake Michigan Homes properties. The improved area is characterized by obsolescence and deterioration of the buildings and sites, underutilization of the larger school building, inadequate utilities, deleterious land-use or layout of parcels, streets, and alleys, and a general lack of community planning. Existing land uses are illustrated in Figure 2, *Existing Land Use*.

The Project Area is found to be eligible as a combination of a blighted area and a conservation area within the definitions set forth in the Act. The improved portion of the Project Area qualifies as a conservation area and the vacant area qualifies as a blighted area.

The basis for designating an area as a redevelopment project area and adopting the use of tax increment financing ("TIF") is described in Section II, *Eligibility Analysis and Conclusions*, and summarized briefly below. The summary that follows is limited to (i) a discussion of the approach taken to evaluate the presence of eligibility factors in the Project Area and (ii) the conclusions derived from the evaluation.

Eligibility Evaluation

The approach taken to evaluate the presence of eligibility factors within the Project Area is listed below.

1. Survey the Project Area and document the physical conditions of buildings, site improvements and vacant areas.
2. Document and analyze existing land uses and their relationship with one another, and the size, configuration and layout of buildings and parcels.
3. Review supporting secondary and previously prepared plans and documents.
4. Delineate improved and vacant areas within the Project Area.
5. Tabulate and map the extent and distribution of blighted and conservation area factors that exist within the improved and vacant areas.
6. Evaluate the extent and distribution of eligibility factors within each of the vacant and improved areas, and conclude whether the extent and distribution of the factors are sufficient to qualify the areas for designation as a redevelopment project area.
7. Review Chicago Housing Authority documentation of the four CHA buildings and sites for the presence of blighted area factors as required by the Act.
8. Review and analysis of City building permit data to assess the level of private investment in the area immediately surrounding the Project Area.

Conclusions

The Project Area is found to be eligible as a combination of a conservation area and a blighted area within the definitions set forth in the Act. This conclusion is made on the basis that conservation area and blighted area factors are (i) present to a meaningful extent and (ii) reasonably distributed throughout the Project Area.

Eligibility of Improved Area

The surveys and analyses indicate that the improved area qualifies as a conservation area. A conservation area means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the factors listed in the Act for a conservation area is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area.

The surveys and analyses indicate that within the conservation area 50% of the structures in the area are 35 years of age or older, and the area is not yet a blighted area but, because of the presence of 6 of the 13 conservation area factors listed in the Act, is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area. These factors include:

1. *Obsolescence*
2. *Deterioration*
3. *Excessive vacancies*
4. *Inadequate utilities*
5. *Deleterious land use or layout*
6. *Lack of community planning*

Eligibility of Vacant Area

The surveys and analyses indicate that the vacant area qualifies as a blighted area. The vacant portion of the Project Area qualifies as a vacant blighted area under section 11-74.4-3(a)(2) and 11-74.4-3(a)(3) of the Act. Vacant areas need only qualify under one of these sections. The two criteria under which the vacant area qualifies as a blighted area are presented as follows:

1. The vacant part of the Project Area is impaired by a combination of 2 of the factors listed in section 11-74.4-3(a)(2) of the Act for qualification as vacant blighted area. Specifically,
 - The two factors present include obsolete platting of the vacant land and deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
 - The two factors are present to a meaningful degree and reasonably distributed throughout that part of the Project Area

2. The vacant part of the Project Area is impaired by the presence of one of the criteria listed in section 11-74.4-3(a)(3) of the Act for qualification as a vacant blighted area. Specifically, *the area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.*
 - Based on CHA records, the area prior to becoming vacant exhibited the presence of 8 of 13 factors required for qualification as an improved blighted area. These factors include:
 1. *Dilapidation*
 2. *Obsolescence*
 3. *Deterioration*
 4. *Structures below code*
 5. *Excessive vacancies*
 6. *Inadequate utilities*
 7. *Deleterious layout*
 8. *Need for environmental clean-up*
 - Further, there has not been substantial private investment in the immediately surrounding area. The immediately surrounding area is described as the properties directly adjacent to the vacant land. Field surveys of the area document that deterioration is present in 62.5% of the structures. City of Chicago building permit data indicate that only 6 permits were issued to 5 of the 23 properties in the immediately surrounding area between January 1996 and January 2001. The estimated cost of these permits totaled \$313,800. Two of the 6 permits, issued to a medical clinic on Greenwood Avenue, represent 73% of the total permit value. The remaining \$84,800 (27%) in estimated permit value was invested in the immediately surrounding area over the five-year period, averaging less than \$17,000 per year.

The conclusions of the eligibility analyses indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social stability of the City. The combination of factors present indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be developed without public action, including designating the Project Area as a combination of a conservation area and a blighted area pursuant to the Act.

The following sections contain a description of the physical surveys conducted within the Project Area and the conclusions of the eligibility analyses undertaken to assist the City in determining whether the Project Area qualifies for designation as a conservation area and vacant blighted area, or combination thereof, pursuant to the Act.

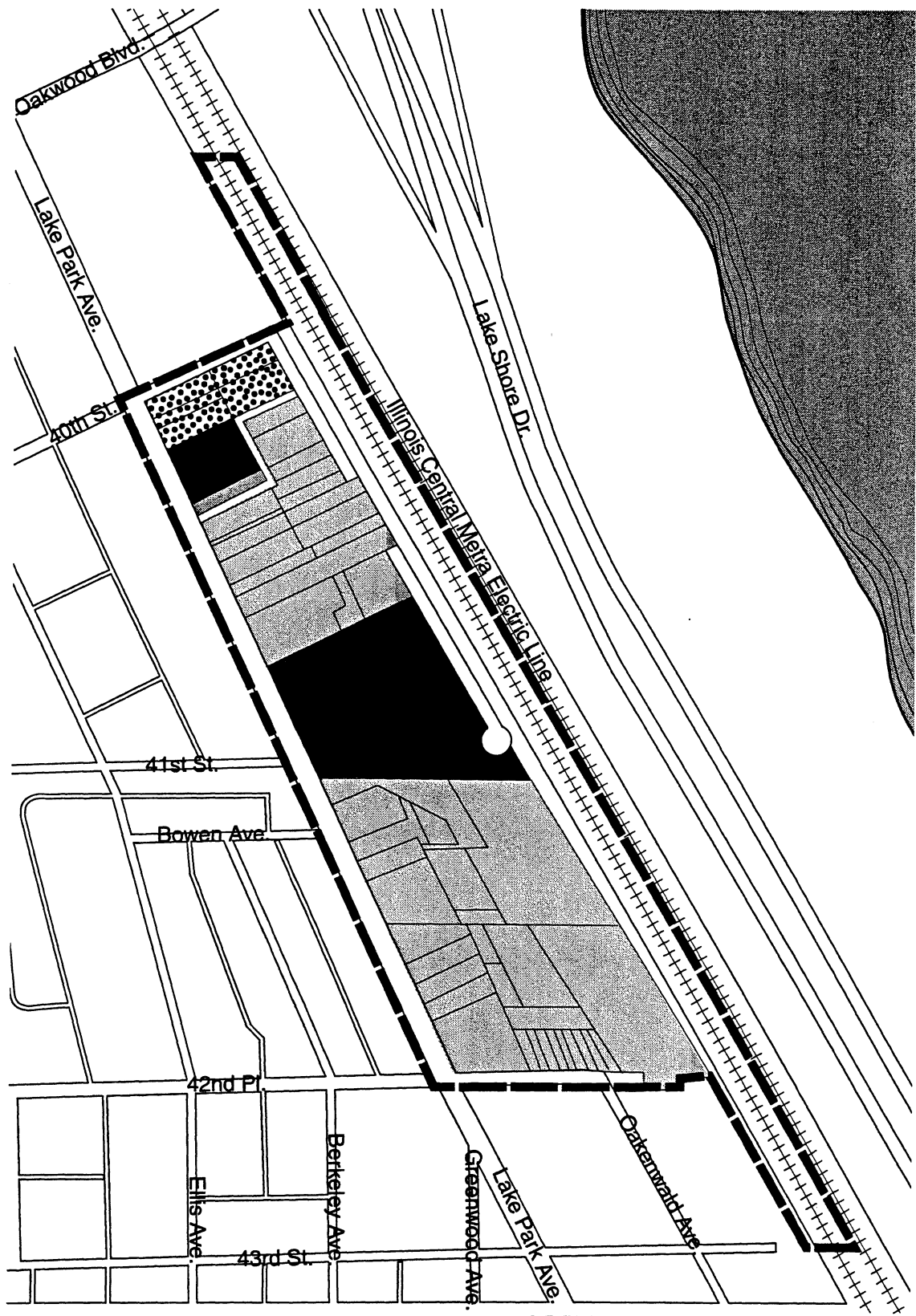


Figure 2
Existing Land Use

- Project Area Boundary
- Public/ Institutional
- Parks
- Vacant Land



I. BASIS FOR REDEVELOPMENT

The Illinois General Assembly made two key findings in adopting the Act:

1. That there exists in many municipalities within the State of Illinois, 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.

These conclusions were made on the basis that the presence of blight or conditions which lead to blight are detrimental to the safety, health, welfare and morals of the public.

To ensure that the exercise of these powers is proper and in the public interest, the Act also specifies certain requirements that must be met before a municipality can proceed with implementing a redevelopment project. One of these requirements is that the municipality must demonstrate that a prospective redevelopment project qualifies either as a "blighted area" or as a "conservation area," or a combination of both, within the definitions for each set forth in the Act (in Section 11-74.4-3). These definitions are described below.

As set forth in the Act, a "redevelopment project area" means an area designated by the municipality which is not less in the aggregate than 1½ acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or a combination of both blighted and conservation areas. The Project Area exceeds the minimum acreage requirements of the Act.

A. ELIGIBILITY OF A CONSERVATION AREA

A conservation area is an improved area in which 50 percent or more of the structures in the area have an age of 35 years or more and there is a presence of a combination of three or more of the thirteen factors defined in the Act and listed below. Such an area is not yet a blighted area, but because of a combination of three or more of these factors, the area may become a blighted area.

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies
7. Lack of ventilation, light, or sanitary facilities
8. Inadequate utilities

9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land-use or layout
11. Environmental clean-up costs have been incurred or are required
12. Lack of community planning
13. Declining or lagging rate of growth of total equalized assessed valuation

B. ELIGIBILITY OF A BLIGHTED AREA

A blighted area may be either improved or vacant. If the area is *improved* (e.g., with industrial, commercial and residential buildings or improvements), a finding may be made that the area is blighted because of the presence of a combination of five or more of the following thirteen factors:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies
7. Lack of ventilation, light, or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land-use or lay-out
11. Environmental clean-up
12. Lack of community planning
13. Declining or lagging equalized assessed valuation

If the area is *vacant*, it may be found to be eligible as a blighted area based on the finding that the sound growth of the taxing districts is impaired by the following:

1. A combination of 2 or more of the following factors:
 - a. Obsolete platting of the vacant land;
 - b. Diversity of ownership of such land;
 - c. Tax and special assessment delinquencies on such land;
 - d. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land;
 - e. The area has incurred or is in need of significant environmental remediation costs;
 - f. The total equalized assessed valuation has declined or lagged behind the City.
2. The presence of one of the following factors:
 - a. The area consists of an unused quarry or unused quarries.

9. Excessive Land Coverage and Overcrowding of Structures and Community Facilities

As defined in the Act, "excessive land coverage and overcrowding of structures and community facilities" refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonable required off-street parking, or inadequate provision for loading and service.

While play area space at the high school is used for parking and access to the site, building set back from the perimeter of the property is sufficient and does not constitute excessive land coverage.

Conclusion: Excessive land coverage and overcrowding of structures and community facilities is not present.

10. Deleterious Land Use or Layout

As defined in the Act, "deleterious land-use or layout refers to the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area. Deleterious layout includes evidence of improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to meet contemporary development standards. It also includes evidence of improper layout of buildings on parcels and in relation to other buildings.

Improper Platting of Streets/Layout

The improved portion of the Project Area contains an assortment of parcels of varying size including sixteen small parcels less than 40 feet in width. One narrow parcel is a vacated street that is still owned by the City. An irregular alley and small parcel with no access to the street remain as part of the current platting configuration. Michigan Terrace, which runs parallel to and alongside the Illinois Central railroad tracks, is a narrow roadway with only a 40-foot width compared to the normal 66-foot width for local streets. This street also terminates into the school property and does not connect to 41st Street.

While the ownership consists of public entities, it remains under four separate entities (City of Chicago, Chicago Housing Authority, Board of Education and Chicago Park District) and would require assembly and conveyance to a single ownership for proper development. The existing platting and configuration of the area does not satisfy contemporary standards and would limit potential development by private means.

In addition to the fragmented platting and block layout, the school building is inappropriately located at the far edge of the neighborhood and does not adequately serve the residents from a central location in the neighborhood.

A block in which 20% or more of all properties exhibit deleterious land use or layout is indicated as characterized by the presence of deleterious land use or layout to a major extent. A block in which less than 20% of the properties exhibit deleterious land use or layout is indicated as characterized by the presence of deleterious land use or layout to a limited extent.

Conclusion: The factor of deleterious land-use or layout is present to a meaningful extent within the improved portion of the Project Area.

11. Lack of Community Planning

As defined in the Act, "lack of community planning" means that the proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The Project Area's block, parcel and street configuration, limited lot sizes, placement of buildings and the location of a public school at the far edge of the neighborhood, with limited provisions for off-street parking, loading and service all occurred prior to the development of the North Kenwood-Oakland Plan or guidelines for development of the Project Area.

Conclusion: Lack of community planning as a factor is present to a meaningful extent in the Project Area.

12. Environmental Remediation

As defined in the Act, "environmental remediation" means that the area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

The factor of environmental remediation was not investigated for the purposes of this report.

13. Declining or Lagging Equalized Assessed Valuation

As defined in the Act, a “declining or lagging equalized assessed valuation” means that the total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.

Conclusion: The factor of Declining or Lagging EAV does not apply. The buildings and land in the improved part of the Project Area are publicly owned and do not have an assessed value for taxing purposes.

Summary Conclusions – Improved Area

On the basis of the above review of current conditions, the improved part of the Project Area meets the criteria for qualification as a Conservation Area. The area meets the threshold requirement that 50% or more of the area must be 35 years of age or more. Additionally, the Project Area exhibits the presence of 6 of the 13 conservation area factors. These factors include obsolescence, deterioration, excessive vacancies, inadequate utilities, deleterious land-use or layout, and a lack of community planning. Only three factors are required to qualify as a Conservation Area under the Act. The 6 conservation area factors are present to a meaningful extent and reasonably distributed throughout the improved part of the Project Area.

C. VACANT AREA

The vacant area encompasses the southern half of the Project Area, generally located between 41st Street and 42nd Place and between Lake Park Avenue and the Illinois Central Railroad right-of-way. Until 1998, the vacant part of the Project Area was the site of three residential high-rise structures owned and operated by the Chicago Housing Authority (CHA). A fourth high-rise, located in the improved part of the Project Area, was also CHA owned and operated. The three buildings in the vacant area were part of the Lake Michigan Homes development and one building, located in the improved area, was part of the Washington Park Homes development. Together these four structures are known as the Lakefront Properties.

The vacant area within the Project Area meets the criteria required for determination as a "vacant blighted area" as set forth in the Act. The vacant part of the Project Area qualifies under two criteria listed in the Act. Only one is required for qualification as a vacant blighted area.

1. Combination of Two or More Factors

Vacant areas within the Project Area may qualify for designation as part of a redevelopment project area, if the sound growth of the redevelopment project area is impaired by a combination of 2 or 6 factors listed in section 11-74.4-3(a)(2) of the Act, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the

factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

(1) *Obsolete Platting*

Pursuant to the Act, obsolete platting means the "...platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities."

Obsolete platting is present to a major extent and impacts the entire vacant portion of the Project Area. Factors contributing to this obsolescence include numerous small parcels, parcels of irregular and inconsistent configuration, and several land-locked parcels. The size and configuration of the current parcels were intended for single-purpose uses. Consequently, the platting and subdivision of the Project Area is obsolete by present-day standards

Conclusion: *The factor of obsolete platting is present to a meaningful extent throughout the vacant portion of the Project Area.*

(2) *Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Area*

Pursuant to the Act, this factor means: "Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land." The criteria used for evaluating the deterioration of structures and site improvements in neighboring areas is presented in greater detail in Section II.B.1 of the Eligibility Study.

The factor of deterioration of structures or site improvements in neighboring areas adjacent to the vacant land is present to a major extent and impacts the entire vacant portion of the Project Area.

Deterioration of Structures

Fifteen buildings and one structure are present in the improved areas adjacent to the vacant land. Of these sixteen structures,

- 6 buildings were classified as structurally sound;
- 7 buildings were classified as minor deficient (deteriorating);
- 2 buildings were classified as major deficient (deteriorating); and
- 1 structure was classified as structurally substandard (dilapidated).

Deterioration of Sites

There are seven vacant sites adjacent to the vacant land. One of these sites, a large vacant site at Lake Park Avenue and Oakenwald Avenue has been subject to fly dumping. Deterioration of site improvements is present to a limited degree in the area adjacent to the vacant land.

Conclusion: Deterioration is present to a meaningful extent in the sites and site improvements within neighboring areas adjacent to the vacant land.

2. Blighted Immediately Prior To Becoming Vacant

Vacant areas within the Project Area may qualify for designation as part of a redevelopment project area, if the sound growth of the redevelopment project area is impaired by the following factor listed in section 11-74.4-3(a)(3) of the Act:

The area qualified as a blighted improved area immediately prior to becoming vacant and there has not been substantial private investment in the immediately surrounding area.

An Application for Partial Demolition of Low-Income Public Housing – Lakefront Properties (the “CHA Demolition Application”) was submitted July 26, 1995 and approved in September of 1995. All four buildings were demolished in December 1998. The problem conditions documented in the CHA Demolition Application are the basis used to determine whether the area qualified as a blighted improved area immediately prior to becoming vacant.

A summary evaluation of each of the thirteen blight factors for improved areas, as they relate to the vacant part of the Project Area prior to becoming vacant, is presented below in order of their listing in the Act.

1. Dilapidation

As defined in the Act, Dilapidation refers to an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

As part of the CHA Demolition Application, an independent cost estimate for repair of existing conditions was prepared for the Lakefront Properties. This report, prepared in July 1995, estimated that the total cost for capital repair and improvements was \$58,188,859. While this figure includes the cost for correction of some deficiencies, it did not cover upgrades to meet current building code and architectural deficiencies evidenced over the years. In order to return these structures to a livable condition, a total of \$71.7 million in funding would have been needed by the CHA. This amount is in excess of the 1994 Total Development Cost allotted for these types of high-rise structures.

These buildings were constructed with unenclosed lobbies with immediate access to the elevators and open air galleries on each floor. The design exacerbated structural decay and was a major cause of elevator breakdown. Installation of an exterior wall to enclose the galleries was required to prevent further damage. However, a 1992 structural analysis, prepared by Salse Engineering, noted structural deficiencies in the gallery slabs and deterioration of concrete in other areas of the building would not be able to support a new exterior wall. It was determined by the CHA that the structural defects and requisite repairs were so extensive that rehabilitation of the structures was infeasible.

Conclusion: Based on this determination and the conditions that existed prior to demolition of the structures, Dilapidation is documented as having been present in this part of the Project Area prior to becoming vacant.

2. Obsolescence

As defined in the Act, "obsolescence" refers to the condition or process of falling into disuse. Structures have become ill suited for the original use.

As part of the CHA Demolition Application, a Physical Needs Assessments and Modernization Cost Estimates Report (the "A/E report") was prepared for the Lakefront Properties. Assessments of the following systems were provided: site systems; site-wide facilities; mechanical rooms; building mechanical and electrical systems; building architectural systems; and dwelling units.

The A/E report indicated that a number of systems were obsolete by today's standards. The central heating system that served the entire complex was costly to maintain, unreliable, and energy inefficient. The electrical service required an upgrade in order to comply with City of Chicago Building Code and the dwelling units, common areas and elevators of each of the buildings required handicapped accessibility modifications for the mobility, visually and hearing impaired.

In addition, the A/E report indicated that all units in each of the buildings required comprehensive modernization.

Conclusion: Based on the obsolete and inadequate function of these major systems as well as the extensive modernization needed among the units, Obsolescence is documented as having been present in this part of the Project Area prior to becoming vacant.

3. Deterioration

As defined in the Act, "deterioration" refers to, with respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.

The A/E report and structural analysis report each document deterioration of various components of buildings. Concrete spalling (i.e. breaking or splitting) was identified on the gallery slab and beam surfaces in the gallery areas. Floors in common areas evidenced minor deterioration and both stairwells and elevator shafts suffered from significant deterioration. The roof structure was built of concrete and was in need of replacement. Exterior lighting fixtures and storm/screen doors on each unit were in need of replacement.

Site deterioration, evidenced by front and rear weed growth and broken pavement, was also documented in City of Chicago building code violation reports included in the CHA Demolition Application.

Conclusion: Based on the existence of both building and site deterioration, it has been concluded that Deterioration is documented as having been present in this part of the Project Area prior to becoming vacant.

4. Presence of Structures Below Minimum Code Standards

As defined in the Act, the “presence of structures below minimum code standards” refers to all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

In the period between January 1992 and February 1993, the City of Chicago Department of Buildings cited the Lakefront Properties with 32 building code violations. In addition to these building code violations, the A/E report submitted as part of the CHA Demolition Application indicated that the electrical system in place at the time (the study was conducted in September and October of 1990) was not in compliance with the City of Chicago Building Code.

Conclusion: Based on the citations given and the condition of the electrical system at the time, it is concluded that the presence of Structures Below Minimum Code Standards is documented as having been present in this part of the Project Area prior to becoming vacant.

5. Illegal Use of Individual Structures

As defined in the Act, the “illegal use of individual structures” refers to the use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

The factor of Illegal Use Of Individual Structures has not been documented as present in this part of the Project Area prior to becoming vacant.

6. Excessive Vacancies

As defined in the Act, “excessive vacancies” refers to the presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

As reported in the CHA Demolition Application, the four buildings known as the Lakefront Properties had a year end vacancy rate of 16.4% in 1985. The average vacancy rate for the CHA during the same time period was 8.3%. The vacancy rate of Lakefront Properties, nearly twice that of the CHA’s average at the time, was exacerbated by a lack of funding to rehabilitate vacant

units and acts of vandalism, which included the gutting of vacant units for copper tubing and other usable and saleable parts.

Vacancies were also documented in building code violation notices issued in 1992 and 1993. Vacant and unoccupied space was noted in each of the buildings on multiple inspections.

Due to deplorable conditions in the buildings and threats to residents' health and safety, the buildings were vacated in 1985. The properties remained vacant until their demolition in 1998.

Conclusion: Based on the vacancies identified in 1985, 1992 and 1993 it is concluded that Excessive Vacancies has been documented as having been present to a meaningful extent in this part of the Project Area prior to becoming vacant.

7. Lack of Ventilation, Light or Sanitary Facilities

As defined in the Act, lack of ventilation, light, or sanitary facilities refers to the absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

The factor of Lack of Ventilation, Light, or Sanitary Facilities has not been documented as present in this part of the Project Area prior to becoming vacant.

8. Inadequate Utilities

As defined in the Act, "inadequate utilities" refers to underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

The City of Chicago's Water Department and Sewer Department have conducted an assessment of the infrastructure in the Project Area and have identified some inadequacies in the vacant part of the Project Area. The City's Water Department has indicated that the Project Area, and particularly the vacant part of the Project Area, is inadequately served by water. The 8-inch water mains along Lake Park Avenue south of 41st Street are over 100 years old and are scheduled to be replaced with 12-inch mains. New mains are needed along 42nd Place and along the east side of the vacant area, alongside the Illinois Central Rail Line (also referred to as Oakenwald Ave.).

The City's Sewer Department indicates that sewer lines are needed at several locations within the vacant part of the Project Area. Relief sewers are needed along the vacated extension of

Oakenwald; sewer enlargement/replacement is needed along 42nd Street; and investigation/lining of existing lines is needed along 42nd Place and portions of Lake Park Avenue. The cost for sewer improvements in the vacant part of the Project Area is estimated at nearly \$650,000.

Conclusion: Based on the reports provided by the City's water and sewer departments, it is concluded that the presence of Inadequate Utilities is documented as having been present in this part of the Project Area prior to becoming vacant. Further, this condition remains present to a meaningful extent in the vacant part of the Project Area.

9. Excessive Land Coverage/Overcrowding of Structures and Community Facilities

As defined in the Act, "excessive land coverage and overcrowding of structures and community facilities" refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonable required off-street parking, or inadequate provision for loading and service.

The factor of Excessive Land Coverage/Overcrowding of Structures and Community Facilities has not been documented as present in this part of the Project Area prior to becoming vacant.

10. Deleterious Land Use or Layout

As defined in the Act, "deleterious land-use or layout refers to the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.

Based on the definition given above, examples of deleterious layout include evidence of improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to meet contemporary development standards. It also includes evidence of improper layout of buildings on parcels and in relation to other buildings.

The site design of the Lakefront Properties was particularly detrimental to the health, safety and well being of the residents. Unlike the traditional grid pattern of the City, the development lacked through streets. Instead, a maze of dead end streets isolated residents from the larger community and contributed to criminal activity.

Prior to demolition of the four CHA structures, the density of the Lakefront Properties was 66.27 units per acre. The CHA stated in its Demolition Application that "...the demolition of the

selected portions of the development in order to reduce density is essential to ensure the long-term viability of the development of the [C]HA.” The report also indicates that:

The Authority has found that isolating public housing residents in densely populated, segregated, economically and socially disadvantaged housing has adverse affects on the residents as well as the broader community. In past experience, the Authority has found that high concentration of public housing units in one site is a major contributor to crime and further exacerbates limited modernization and maintenance funds.

Conclusion: Based on the discussion above, it is concluded that Deleterious Land-Use or Layout has been documented as having been present to a meaningful extent in this part of the Project Area prior to becoming vacant.

11. Environmental Clean-Up

As defined in the Act, “environmental clean-up” means that the area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

As part of the CHA Demolition Application, an independent study was conducted to determine whether the Lakefront Properties contain asbestos and/or lead. It was found that all four structures contained asbestos materials throughout the structures and lead was found in three of the four structures. The cost to remove and property dispose of the asbestos and lead-containing materials was estimated at more than \$1.7 million.

Conclusion: Based on the environmental reports included in the CHA Demolition Application, it is concluded that the need for Environmental Remediation was present to a meaningful extent in the Lakefront Properties prior to their demolition.

12. Lack of Community Planning

As defined in the Act, “lack of community planning” means that the proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area’s development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

Conclusion: The factor of Lack of Community Planning has not been documented as present in this part of the Project Area prior to becoming vacant.

13. Declining or Lagging EAV

As defined in the Act, a “declining or lagging equalized assessed valuation” means that the total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.

Conclusion: The factor of Declining or Lagging EAV does not apply. The buildings and land are owned by the CHA and are tax-exempt.

Lack of Substantial Private Investment

As defined in the Act, the vacant part of the Project Area may qualify as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area. To quantify the amount of private investment, City of Chicago building permit data for the last five years were reviewed for the immediately surrounding area. In addition field surveys were conducted to determine the physical condition of properties in this area.

The immediately surrounding area, described as the properties directly adjacent to the vacant land, includes 16 structures and 7 vacant sites. Based on a field survey of the physical conditions of properties in the immediately surrounding area, 10 of the 16 structures (62.5%) exhibit visible deterioration.

In the five-year period from January 1996 to January 2001, 6 permits were issued to 5 of the 23 properties in the immediately surrounding area. The permit activity represents investment in approximately 21% of the properties in the immediately surrounding area. Four permits (66.6%) were issued for repairs and alterations to existing structures, 1 permit was issued for new garage construction (16.6%) and 1 permit was issued for a new building addition (16.6%). In that same five year period, seven vacant sites remained undeveloped.

The estimated cost of these permits totaled \$313,800. Two of the 6 permits, including the new building addition and one repair, were issued to the medical clinic on Greenwood Avenue and represent 73% of the total permit value. The remaining \$84,800 (27%) in estimated permit value was invested in the immediately surrounding area over the five-year period, which averages less than \$17,000 per year.

Based on the physical conditions of properties, number and distribution of permits issued and the amount of private investment spent over the five year period between 1996 and 2001, it is clear that substantial private investment in the immediately surrounding area as a whole has not occurred.

Summary Conclusions – Vacant Area

On the basis of the above review of current conditions and conditions documented prior to becoming vacant, the vacant part of the Project Area meets the criteria for qualification as a Vacant Blighted Area. Prior to becoming vacant the area exhibited 8 of the 13 factors listed in the Act for qualification as a Blighted Area. The extent and distribution of these factors was present to a meaningful extent such that their presence led to the demolition of the Lakefront Properties in December 1998. Further, there has not been substantial private investment in the immediately surrounding area as documented by City of Chicago building permit data for the last five years.

III. DETERMINATION OF PROJECT AREA ELIGIBILITY

The Project Area meets the requirements of the Act for designation as combination “conservation area” and “blighted area.” The summary of conservation factors and vacant blighted area factors present in the Project Area are illustrated in Figure 3.

Improved Area

The improved area exhibits the reasonable presence and distribution of 6 of the 13 factors required under the Act for conservation areas. These include:

1. Obsolescence
2. Deterioration
3. Excessive vacancies
4. Inadequate utilities
5. Deleterious land-use or layout
6. Lack of community planning

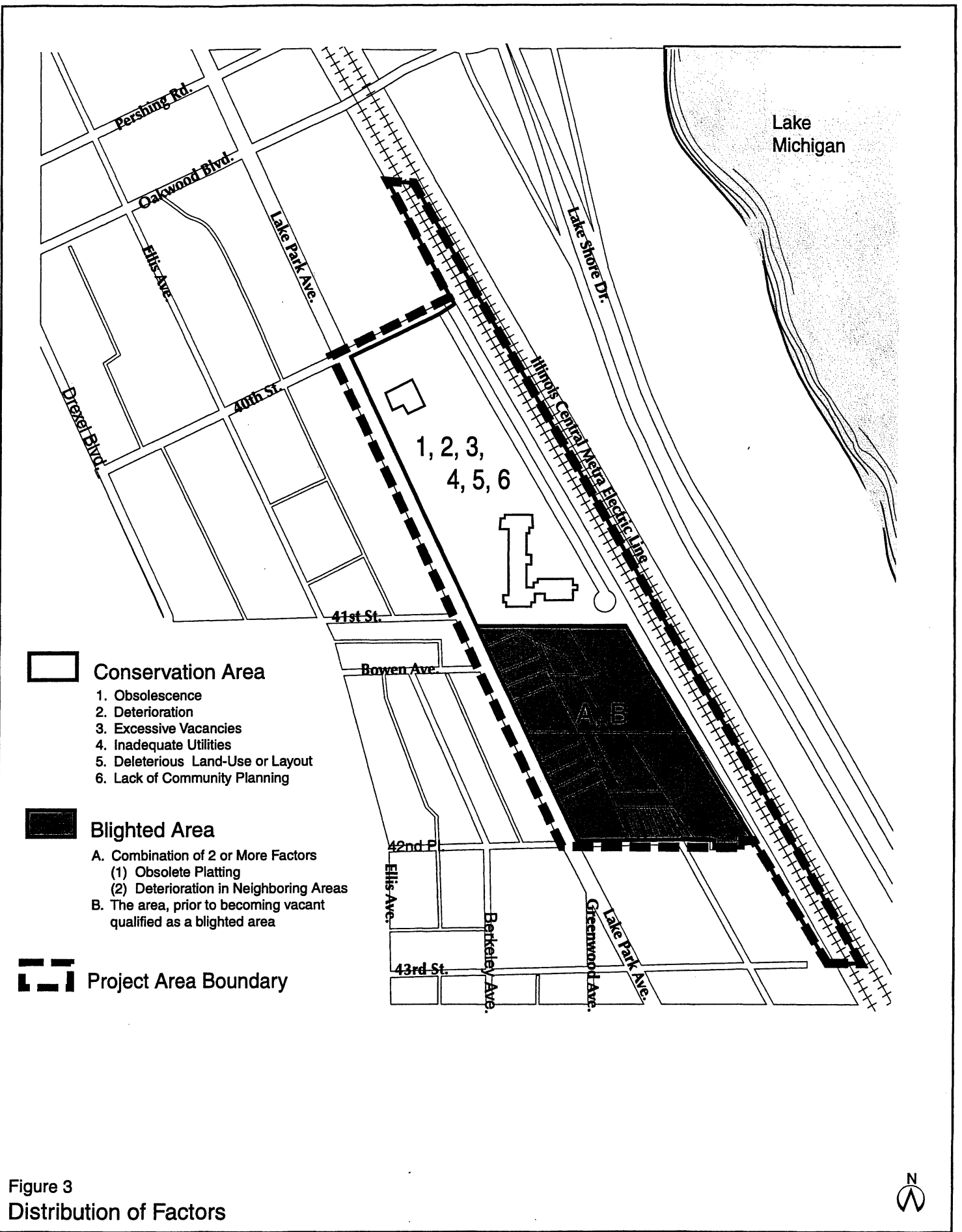
Vacant Area

The vacant area qualifies under both section 11-74.4-3(a)(2) and 11-74.4-3(a)(3) of the Act. Vacant areas need only qualify under one of these sections. Summarized below are the two criteria under which the vacant area qualifies as a blighted area.

1. The vacant part of the Project Area is impaired by a combination of 2 of 6 factors listed in section 11-74.4-3(a)(2) of the Act for qualification as vacant blighted area. Specifically,
 - The two factors present include obsolete platting of the vacant land and deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
 - The two factors are present to a meaningful degree and reasonably distributed throughout that part of the Project Area
2. The vacant part of the Project Area is impaired by the presence of one of the criteria listed in section 11-74.4-3(a)(3) of the Act for qualification as a vacant blighted area. Specifically,
 - The area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.
 - Documentation of the area prior to becoming vacant exhibited 8 of the 13 factors required for qualification as an improved blighted area. These include:
 - (1) Dilapidation
 - (2) Obsolescence
 - (3) Deterioration
 - (4) Structures below code
 - (5) Excessive vacancies
 - (6) Inadequate utilities

- (7) Deleterious layout
- (8) Need for environmental clean-up
- The immediately surrounding area has not experienced substantial private investment as evidenced by the physical deterioration of structures, the insubstantial number and distribution of buildings permits issued by the City and an overall lack of private investment in the area immediately surrounding the vacant land.

The eligibility findings presented in this report indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well-being of the City. The Project Area contains properties and buildings of various sizes and design that are advancing in obsolescence and deterioration and decline of physical condition. Existing vacancies, insufficient off street parking, loading and service areas in addition to other blighting factors as identified above, indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be restored to full active redevelopment without public action.



**Lakefront Redevelopment Project Area
2002 Annual Report**

(2) AUDITED FINANCIALS - 65 ILCS 5/11-74.4-5(d)(2)

During 2002, no financial activity or cumulative deposits over \$100,000 occurred in the Project Area. Therefore, no audited statements were prepared pertaining to the Special Tax Allocation Fund for the Project Area.

**Lakefront Redevelopment Project Area
2002 Annual Report**

(3) MAYOR'S CERTIFICATION - 65 ILCS 5/11-74.4-5(d)(3)

Please see attached.

STATE OF ILLINOIS)
)
COUNTY OF COOK)

CERTIFICATION

TO:

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: Carol Reckamp, Director of Local
Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

Gwendolyn Clemons, Director
Cook County Department of Planning &
Development
69 West Washington Street, Room 2900
Chicago, Illinois 60602
Attn: Jackie Harder

Kim Feeney, Comptroller
Forest Preserve District of Cook County
69 West Washington Street, Room 2060
Chicago, Illinois 60602

Martin J. Koldyke, Chairman
Chicago School Finance Authority
135 South LaSalle Street, Suite 3800
Chicago, Illinois 60603

David Doig, General Superintendent & CEO
Chicago Park District
541 North Fairbanks Court, 7th Floor
Chicago, Illinois 60611

Arne Duncan, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603
Attn: Linda Wrightsell

Mary West, Director of Finance
Metropolitan Water Reclamation District of
Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611
Attn: Joe Rose

Lawrence Gulotta, Treasurer
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. K. Lime

I, RICHARD M. DALEY, in connection with the annual report (the "Report") of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq., (the "Act") with regard to the Lakefront Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

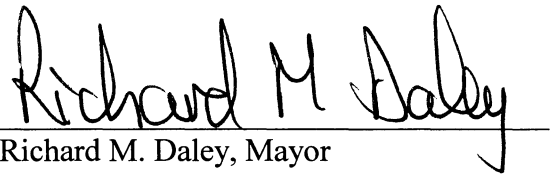
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2002, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

3. In giving this Certification, I have relied on the opinion of the Corporation Counsel of the City furnished in connection with the Report.

4. This Certification may be relied upon only by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 30th day of June, 2003.

A handwritten signature in black ink that reads "Richard M. Daley". The signature is written in a cursive style and is positioned above a horizontal line.

Richard M. Daley, Mayor
City of Chicago, Illinois

**Lakefront Redevelopment Project Area
2002 Annual Report**

(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)

Please see attached.



City of Chicago
Richard M. Daley, Mayor

Department of Law

Mara S. Georges
Corporation Counsel

City Hall, Room 600
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<http://www.ci.chi.il.us>

June 30, 2003

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: Carol Reckamp, Director of Local
Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

Gwendolyn Clemons, Director
Cook County Department of Planning &
Development
69 West Washington Street, Room 2900
Chicago, Illinois 60602
Attn: Jackie Harder

Kim Feeney, Comptroller
Forest Preserve District of Cook County
69 West Washington Street, Room 2060
Chicago, Illinois 60602

Martin J. Koldyke, Chairman
Chicago School Finance Authority
135 South LaSalle Street, Suite 3800
Chicago, Illinois 60603

David Doig, General Superintendent &
CEO
Chicago Park District
541 North Fairbanks Court, 7th Floor
Chicago, Illinois 60611

Arne Duncan, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603
Attn: Linda Wrightsell

Mary West, Director of Finance
Metropolitan Water Reclamation District
of Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611
Attn: Joe Rose

Lawrence Gulotta, Treasurer
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. K. Lime

Re: Lakefront
Redevelopment Project Area (the "Redevelopment Project
Area")

Dear Addressees:

I am Corporation Counsel of the City of Chicago, Illinois (the "City"). In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.



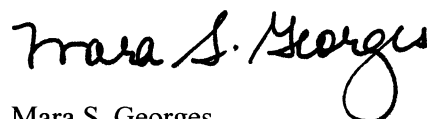
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Planning and Development, Department of Housing, Department of Finance and Office of Budget and Management, have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,



Mara S. Georges
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

**Lakefront Redevelopment Project Area
2002 Annual Report**

(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

During 2002, there was no financial activity in the Special Tax Allocation Fund.

**Lakefront Redevelopment Project Area
2002 Annual Report**

(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)

During 2002, the City did not purchase any property in the Project Area.

Lakefront Redevelopment Project Area 2002 Annual Report

(7) STATEMENT OF ACTIVITIES - 65 ILCS 5/11-74.4-5(d)(7)

- (A)** Projects implemented in the preceding fiscal year.
- (B)** A description of the redevelopment activities undertaken.
- (C)** Agreements entered into by the City with regard to disposition or redevelopment of any property within the Project Area.
- (D)** Additional information on the use of all Funds received by the Project Area and steps taken by the City to achieve the objectives of the Redevelopment Plan.
- (E)** Information on contracts that the City's consultants have entered into with parties that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.
- (F)** Joint Review Board reports submitted to the City.
- (G)** Project-by-project review of public and private investment undertaken from 11/1/99 to 12/31/02, and of such investments expected to be undertaken in Year 2003; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/02, and an estimated ratio of such investments as of the completion of each project and as estimated to the completion of the redevelopment project.

SEE TABLES AND/OR DISCUSSIONS ON FOLLOWING PAGES.

Lakefront Redevelopment Project Area 2002 Annual Report

(7)(A) - 65 ILCS 5/11-74.4-5(d)(7)(A)

During 2002, no projects were implemented.

(7)(B) - 65 ILCS 5/11-74.4-5(d)(7)(B)

Redevelopment activities undertaken within this Project Area during the year 2002, if any, have been made pursuant to i) the Redevelopment Plan for the Project Area, and ii) any Redevelopment Agreements affecting the Project Area, and are set forth on Table 5 herein by TIF-eligible expenditure category.

(7)(C) - 65 ILCS 5/11-74.4-5(d)(7)(C)

During 2002, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.

Lakefront Redevelopment Project Area 2002 Annual Report

(7)(D) - 65 ILCS 5/11-74.4-5(d)(7)(D)

The Project Area has not yet received any increment.

(7)(E) - 65 ILCS 5/11-74.4-5(d)(7)(E)

During 2002, no contracts were entered into by the City's tax increment advisors or consultants with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.

**Lakefront Redevelopment Project Area
2002 Annual Report**

(7)(F) - 65 ILCS 5/11-74.4-5(d)(7)(F)

Joint Review Board Reports were submitted to the City. See attached.

(7)(G) - 65 ILCS 5/11-74.4-5(d)(7)(G)

TABLE 7(G)
PROJECT BY PROJECT REVIEW OF PUBLIC AND PRIVATE INVESTMENT
AND RATIO OF PRIVATE TO PUBLIC INVESTMENT *

Projects Estimated To Be Undertaken During 2003	Private Investment Undertaken	Public Investment Undertaken	Ratio Of Private/Public Investment
Project 1: Lakefront Associates I, LLC; Lakefront Crescent Associates 1, LP	\$35,106,000	\$594,000	59:1

* Each actual or estimated Public Investment reported here is, to the extent possible, comprised only of payments financed by tax increment revenues. In contrast, each actual or estimated Private Investment reported here is, to the extent possible, comprised of payments financed by revenues that are not tax increment revenues and, therefore, may include private equity, private lender financing, private grants, or other local, state or federal grants or loans.

CITY OF CHICAGO
JOINT REVIEW BOARD

Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on December 7, 2001, at 10:30 a.m.
City Hall, 121 N LaSalle Street, Room 1003,
Chicago, Illinois, and presided over by
Mr. Gary Gordon.

PRESENT:

MR. GARY GORDON, CHAIRMAN
MR. PETER SKOSEY
MR. MATT WOS
MS. KAY KOSMAL
MS. DOLORES JAVIER

REPORTED BY: Accurate Reporting Service
200 N. LaSalle Street
Chicago, Illinois
By: Jack Artstein, C.S.R.

1 MR. GORDON: Begin the meeting with
2 the introduction of the members.

3 Gary Gordon, representative from
4 the Chicago Park District.

5 MS. KOSMAL: Kay Kosmal,
6 representing Gwenn Clones from Cook County.

7 MR. WOS: Matt Wos, for the City of
8 Chicago representing John McCormick,
9 substitute.

10 MR. SKOSEY: Peter Skosey, public
11 member representing Mary Sue Barrett.

12 MR. GORDON: For the record my name
13 is Gary Gordon, I'm a representative of the
14 Chicago Park District, which, under section
15 11-74.4-5 of the Tax Increment Allocation
16 Redevelopment Act, is one of the statutorily
17 designated members of the Joint Review
18 Board. Until election of a Chairperson, I
19 will moderate the Joint Review Board
20 meetings.

21 For the record there will be two
22 meetings of the Joint Review Board. One to
23 review the proposed Lakefront Tax Increment
24 Finance District, and one to review the

1 proposed 47th and King Drive Tax Increment
2 Financing District.

3 The first meeting will be for the
4 proposed Lakefront Tax Increment Financing
5 District. The date of this meeting was
6 announced at and set by the Community
7 Development Commission of the City of
8 Chicago at its meeting of November 13, 2001.
9 Notice of the meeting of the Joint Review
10 Board was also provided by certified mail to
11 each of the Taxing Districts represented on
12 the Board, which includes the Chicago Board
13 of Education, the Chicago Community College
14 District 508, the Chicago Park District,
15 Cook County, and the City of Chicago and the
16 public member. Public notice of this meeting
17 was also posted as of Wednesday, December
18 5th, 2001 at various locations throughout
19 City Hall.

20 Our first order of business is to
21 elect a Chairperson for this Joint Review
22 Board, are there any nominations?

23 MS. KOSMAL: I nominate Gary Gordon.

24 MR. GORDON: Is there a second to the

1 nomination?

2

3 MR. WOS: I second.

4 MR. GORDON: All right. All in favor
5 of the nomination, please signify by saying
6 aye. (Chorus of ayes.)

7 MR. GORDON: Let the record reflect,
8 that Gary Gordon has been elected as
9 Chairperson, and will now serve as the
10 Chairperson for the remainder of the
11 meeting.

12 As I mentioned, at this meeting
13 we will be reviewing a plan for the Lakefront
14 TIF District proposed by the City of Chicago.
15 Staff of the City's Department of Planning
16 and Development and Law and other
17 departments have reviewed this plan, which
18 was introduced to the City's Community
19 Development Commission on November 13th,
20 2001.

21 We will listen to a presentation
22 by the consultant on the plan. Following the
23 presentation we can address any questions
24 that the members might have with the

1 consultant or City Staff. The recent
2 amendment to the TIF Act requires us to base
3 our recommendation, to approve or disapprove
4 the Lakefront Plan and the designation of the
5 Lakefront TIF Area on the basis of the area
6 in the plan satisfying the plan requirement,
7 the eligibility criteria defining the TIF
8 Act and the objectives of the TIF Act.

9 If the Board approves the plan
10 and the designation of the area, the Board
11 will then issue an advisory non-binding
12 recommendation by the vote of the majority of
13 those members present and voting. Such
14 recommendations will be submitted to the
15 City within 30 days after the Board Meeting.
16 Failure to submit such recommendation shall
17 be deemed to constitute approval by the
18 Board.

19 If the Board disapproves the plan
20 and the designation of the area, the Board
21 must issue a written report describing why
22 the plan and area failed to meet one or more
23 of the objectives to the TIF Act above the
24 full requirements in the eligibility

1 criteria of the TIF Act. The city will then
2 have 30 days to resubmit a revised plan. The
3 Board of the City must also confer during
4 this time to try to resolve the issues that
5 led to the Board's disapproval.

6 If such issues can not be
7 resolved or if the revised plan is
8 disapproved, the City may proceed with the
9 plan, but the plan can be approved only with
10 a 3/5th vote of the City Council, excluding
11 positions of members that are vacant and
12 those members that are ineligible to vote
13 because of conflicts of interest. With that,
14 I turn it over to the City for the
15 presentation of Lakefront TIF.

16 (Pause.)

17 MS. MARONEY: Good morning,
18 everyone. My name is Ann Maroney, I'm with
19 the firm of Trkla, Pettigrew, Allen and
20 Paine. We were hired to assist the city in
21 conducting an eligibility study and
22 preparing a Redevelopment Plan for the
23 proposed Lakefront TIF District.

24 Now the Lakefront TIF District,

1 if you look at the project area boundary map
2 here, extends from 40th street,
3 approximately 40th Street on the north to
4 42nd Place on the south; from Lake Park
5 Avenue on the west to the IC Tracks on the
6 east. That area contains 31.2 acres of which
7 about 50 percent is right-of-way, that's a
8 street, alley and train tracks. This
9 includes 3 tax blocks and 54 tax parcels.

10 And for purpose of evaluation, we
11 separated the area into an improved area and
12 a vacant area. The improved area is located,
13 if you look at the existing land use map
14 here, is located from approximately 41st
15 Street north and this contains approximately
16 8.3 acres, and contains two public
17 buildings, a park site and a vacant lot that
18 was formally occupied by a CHA high-rise.
19 The vacant area located from 41st street
20 south is approximately 7.1 acres and is the
21 former site of three CHA high-rise
22 buildings.

23 As part of our study we
24 documented the eligibility conditions

1 through a number of surveys and analyses.
2 These included exterior building conditions
3 and land use survey, a survey of site and
4 infrastructure conditions, a vacant building
5 and vacant site analysis, an analysis of the
6 existing uses and their relationships, an
7 analysis of building, floor area and site
8 coverage. A review of previously prepared
9 plans, studies and data. A review of CHA
10 records for the high-rises that were present
11 prior to their demolition. An analysis of
12 City of Chicago building and permit data for
13 the last five years.

14 Our findings show that the project
15 area qualifies as a combination of a
16 conservation area and a blighted area. The
17 improved area to the north qualifies as a
18 conservation area. To qualify as a
19 conservation area you need three of some
20 thirteen factors. What we found was that the
21 area --

22 This is another graphic. It
23 shows you the distribution of factors. We
24 found that conservation area contained six

1 of the thirteen factors required for
2 qualification. This includes obsolescence,
3 deterioration, excessive vacancies,
4 inadequate utilities, -- land use, layout
5 and lack of community planning.

6 The vacant area south of 41st
7 street we found qualifies as a blighted area.
8 There are two criteria that a vacant area can
9 qualify under, only one is required. We
10 found that the vacant area qualifies under
11 both of these criteria. The first criteria,
12 requires a combination of two or more of some
13 six factors be present. We found that two
14 factors were indeed present, obsolete
15 platting, as you can see from the tax parcel
16 line there, and deterioration of neighboring
17 areas. So we looked at areas adjacent to the
18 vacant area and found that a large percentage
19 of the buildings were deteriorating.

20 We also found that the area
21 qualifies under criteria two, which says
22 that if one of some additional six factors
23 are present then the area qualifies as
24 vacant, or as blighted area. What we found

1 that the area did in fact qualify under one
2 of these six factors and that is the area,
3 prior to becoming vacant, was qualified as
4 improved blighted area. So that means that
5 when the CHA high-rise buildings were there,
6 conditions were present that would qualify
7 that as an improved blighted area.

8 Now in addition to these
9 eligibility factors, we found evidence of
10 disinvestment was also present. No new
11 construction has occurred in project area in
12 two decades, the vacant part of the project
13 area has remained undeveloped since 1998.
14 Prior to demolition of the CHA high-rises
15 that were formerly located in the project
16 area, the buildings were vacant since 1985.
17 And prior to demolition, 33 building code
18 violations were found or given to the CHA
19 buildings in a one-year time period.

20 And then finally although
21 located on a prime location or prime land
22 with a Lakefront view and within minutes from
23 the Loop, this entire project area does not
24 generate taxable revenue because every

1 single property is publicly owned and
2 therefore tax exempt.

3 Now the redevelopment plan also
4 includes a land use plan, which we have here.
5 It generally calls for general residential
6 uses, which include permitted uses such as a
7 mix of residential uses with dwelling units.
8 It also allows for public, publicly owned and
9 maintained parks and playgrounds and it also
10 allows for publicly owned and maintained
11 community centers or day care centers.

12 In order to pay for the
13 improvements and activities we have
14 estimated the costs by line item. The total
15 budget is estimated at \$24,500,000, and line
16 items for this budget include analysis,
17 administration studies, etc., approximately
18 \$3 million. Property assembly including
19 acquisition and site prep demolition and
20 environmental remediation of \$2.5 million.
21 Public works and improvements including
22 streets and utilities, parks, open space and
23 community facilities \$12 million, tax and
24 district capital costs \$1 million.

1 Relocation costs \$1 million, job training
2 and welfare work \$250,000, day care services
3 \$250,000, and interest subsidy, \$4 million.
4 Now the sources of funds that will pay for
5 these project costs are going to be generated
6 by the potential development, potential
7 residential development proposed here.

8 The current EAV, as I indicated
9 before, that all of the properties are
10 publicly owned, so the current EAV is zero.
11 However, with the construction of a proposed
12 510 mixed income, mixed unit development,
13 the anticipated EAV of the project area at
14 the conclusion of the TIF is estimated at
15 27.8 to 32.8 million dollars by 2025. Total
16 estimated tax revenues are conservatively
17 estimated to raise from \$762,000 in year
18 three of the TIF, to approximately
19 \$2,000,000 in year 23 of the TIF.

20 Now as part of the redevelopment
21 plan we assessed the need for a housing
22 impact. There are no residential uses or
23 units in the project area, so a housing
24 impact was not required and therefore not

1 conducted. If there's any questions I'd be
2 happy to answer.

3 MR. GORDON: I have a question. You
4 mentioned, and the study mentions, that the
5 goals include the development of parks and
6 open space, but if you read the details it
7 talks about eliminating the only park within
8 this space. So, maybe you or someone from
9 Planning could speak to the elimination of
10 that park and what your plan is for
11 relocation?

12 MS. MARONEY: Preliminary, I think
13 the developer is in the preliminary stage. I
14 don't think they've submitted anything to
15 the City yet, in any sort of formal way.
16 there is some discussion of replacing that
17 park. And I know that they have been in
18 discussions with the park district on
19 replacing it in a comparable size and
20 quality.

21 MR. GORDON: Peter.

22 MR. SKOSEY: If you could comment a
23 little bit further on the lack of growth and
24 development to investment by private

1 enterprise, your findings and conclusions on
2 that. As I read the document there's, you
3 point out that of the 100 percent of the
4 land, 50 percent is rights-of-way, about a
5 quarter of it is occupied or has buildings on
6 it about a quarter of it's vacant and the
7 large majority of it, a vast majority of it
8 is owned by the CHA. What, in order to, what
9 has the CHA done to even facilitate or allow
10 private investment on the site over the last
11 say ten years? Did they have it on the
12 market and nobody bought it? Did they try to
13 finance redevelopment and weren't able to
14 get money for it? What, can you just
15 describe that a little bit more?

16 MS. MARONEY: That may be a good
17 question for the City of Chicago actually. I
18 am not aware of any marketing or efforts
19 they've done. I notice they have been in
20 discussion for awhile amongst themselves
21 about preparing a plan to centralize their
22 high-rise development and be part of their
23 larger plan.

24 MR. WILSON: Peter, for the record,

1 my name is James Wilson, I'm with the
2 Department of Planning and Devolvment, I'm
3 the project manager for the Department of
4 Planning. The Alderman -- Habitat was the
5 receiver for CHA, and the community planned
6 this area about four, maybe five years ago to
7 be a residential development, so it was
8 always known that it was going to be a plan
9 for a larger plan overall and it would be
10 used for residential usage only. So, the CHA
11 knew that this would be for residential uses.
12 So, I don't think they actively marketed the
13 land to sell the land for development.

14 MR. SKOSEY: My question --

15 MR. WILSON: It was, pardon?

16 MR. SKOSEY: Let me just clarify,
17 then you can respond to it, because I think
18 you have the answer. My question would be
19 if, to make a finding of lack of private
20 investment it would seem to me that private
21 investment would have to at least have the
22 ability to, that the private market would at
23 least have to have the ability to invest in
24 the site. And I'm wondering whether or not

1 that ability was even presented over the last
2 decade?

3 MR. WILSON: Well there were four
4 buildings on the site up until 1998, and we
5 imploded the buildings in, I think, November
6 of 1998. And shortly after that, an RFP was
7 issued for the redevelopment of the land.

8 MR. SKOSEY: And the response to the
9 RFP was not sufficient enough to warrant any
10 of those private developers doing the land or
11 developing the land?

12 MR. WILSON: Susan, would you be able
13 to speak?

14 MS. KRULL: Yes, my name is Susan
15 Krull, I'm with the Finance, Development
16 Finance Division. Yes, there have been
17 responses to the RFP and it is clear from the
18 responses that there is significant, there's
19 a significant gap between what private
20 development, private developer can pay for
21 and the challenges of this site. As Ann
22 pointed out there are very strangely platted
23 lots with foundations and all kinds of
24 underground problems. Utilities that were

1 installed a hundred years ago that need to be
2 removed, relocated, streets that need to be
3 removed and relocated, and rebuilt. So, it
4 would appear that there's no way this area is
5 going to be redeveloped without the benefit
6 of taxes.

7 MR. SKOSEY: Okay, thank you very
8 much.

9 MR. GORDON: Any further questions
10 from the board? Introduce and have a new
11 member join us to the board.

12 MS. JAVIER: And I apologize for
13 being late, I just got of the City Colleges
14 of Chicago Board Meeting. I am Dolores
15 Javier.

16 MR. GORDON: Okay, if there are no
17 further questions, I will entertain a motion
18 that this Joint Review Board find that the
19 proposed Redevelopment Planned Lakefront Tax
20 Increment Financing Redevelopment Project
21 Area satisfies the Redevelopment Plan
22 requirements under the TIF Act, the
23 eligibility criteria to find in Section 11-
24 74.4-3 of the TIF Act and the objectives of

1 the TIF Act, and that based on such findings
2 approve such proposed plan and the
3 designation of such area as a Redevelopment
4 Project under the TIF Act.

5 Is there a motion?

6 MR. WOS: So moved.

7 MR. GORDON: Is there a second to the
8 motion?

9 MS. KOSMAL: Second.

10 MR. GORDON: All those in favor
11 signify by saying, Aye.

12 (Chorus of Ayes.)

13 MR. GORDON: All those opposed
14 please vote by saying, no.

15 (No response.)

16 MR. GORDON: Let the record reflect
17 that the Joint Review Board's approval of the
18 proposed Lakefront Redevelopment Plan and
19 the designation of the Lakefront TIF
20 Increment Financing Redevelopment Project
21 Area as a Redevelopment Project under the TIF
22 Act.

23 Is there a motion to adjourn this
24 meeting of the Lakefront TIF Act?

1 MR. WOS: So moved.

2 MS. KOSMAL: Second.

3 MR. GORDON: All in favor signify by
4 saying, aye.

5 (Chorus of Ayes.)

6 MR. GORDON: Meeting adjourned.

7 (Whereupon the meeting for the
8 above-mentioned TIF was
9 adjourned.)

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**Lakefront Redevelopment Project Area
2002 Annual Report**

**(8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE
MUNICIPALITY - 65 ILCS 5/11-74.4-5(d)(8)(A)**

During 2002, there were no obligations issued for the Project Area.

**Lakefront Redevelopment Project Area
2002 Annual Report**

(9) ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)

During 2002, there were no obligations issued for the Project Area.

**Lakefront Redevelopment Project Area
2002 Annual Report**

(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)

During 2002, there were no tax increment expenditures or cumulative deposits over \$100,000 within the Project Area. Therefore, no compliance statement was prepared.

Lakefront Redevelopment Project Area 2002 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The Lakefront Redevelopment Project Area is generally bounded by 40th Street on the north, the easterly line of tax parcel 20-02-109-037 on the east, 42nd Place on the south, and Lake Park Avenue on the west. 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.

