

**TAX INCREMENT FINANCING
Ten (10) Year Status Report
2004-2012**

**83rd/STEWART
Redevelopment Project Area
Designated March 31, 2004**



November 19, 2013

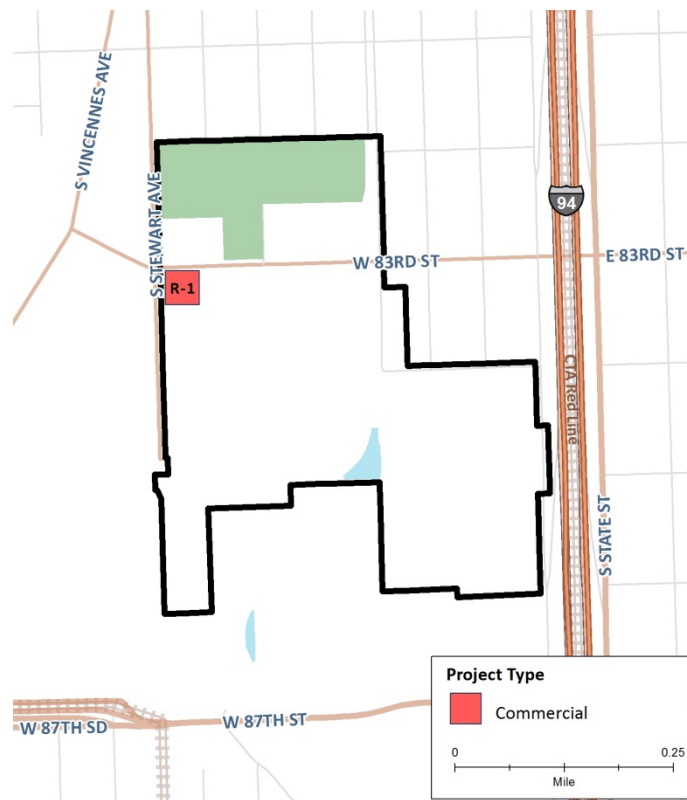
Pursuant to 65 ILCS 5/11-74.4-5

Prepared by
**CITY OF CHICAGO DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT
AND
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TABLE OF CONTENTS

- Executive Summary..... 1
- 1. Redevelopment Project Area Information..... 3
 - Project Area Context and Background..... 3
 - Conditions at Time of TIF Creation 4
 - Goals and Objectives for the RPA 5
 - Estimated Redevelopment Project Costs and Allocations..... 6
- 2. Redevelopment Project Area Revenues and Expenditures 8
 - Growth in EAV and Revenue Generated within 83rd/Stewart RPA..... 8
 - Transfers of TIF Funds 9
 - City Expenditures within the RPA 9
 - Declaration of Surplus Funds 9
- 3. Redevelopment Project Area Accomplishments 10
 - RPA Project Profiles – Major Accomplishments 10
 - Additional Performance Metrics..... 14
 - Status of Planned Activities, Goals and Objectives..... 15
 - Progress toward Achieving Goals and Objectives..... 17

Executive Summary



83rd/STEWART REDEVELOPMENT PROJECT AREA

- Designated: March 31, 2004
- Expires: December 31, 2028
- 102.8 acres
- 69 parcels at time of designation

Located on the south side of Chicago, the 102.8-acre 83rd/Stewart Redevelopment Project Area (“RPA”) contains a mix of commercial, industrial, manufacturing, park and open space uses. The RPA was established to stimulate private investment on a comprehensive and planned basis to ensure that new development is coordinated to maximize land use, pedestrian access, vehicular circulation and parking. Approximately half of the RPA contained a 60-year-old steel processing facility occupied by Ryerson Tull prior to its closing in 2002. The RPA is also intended to help assemble and prepare the Ryerson Tull complex and other sites into viable development locations that support a mix of commercial and residential uses. The plan specifically targets residential projects around West Chatham Park, large-format and specialty stores along 83rd Street, and industrial and residential uses, where appropriate.

83rd/Stewart RPA Activity 2004 - 2012

INVESTMENT SUMMARY

- \$81.9 million in total private development value
- \$26.1 million in TIF Funds leveraged \$55.8 million in other financing

PROPERTY VALUE

- Equalized Assessed Value - Compound annual growth rate of 15.7 percent

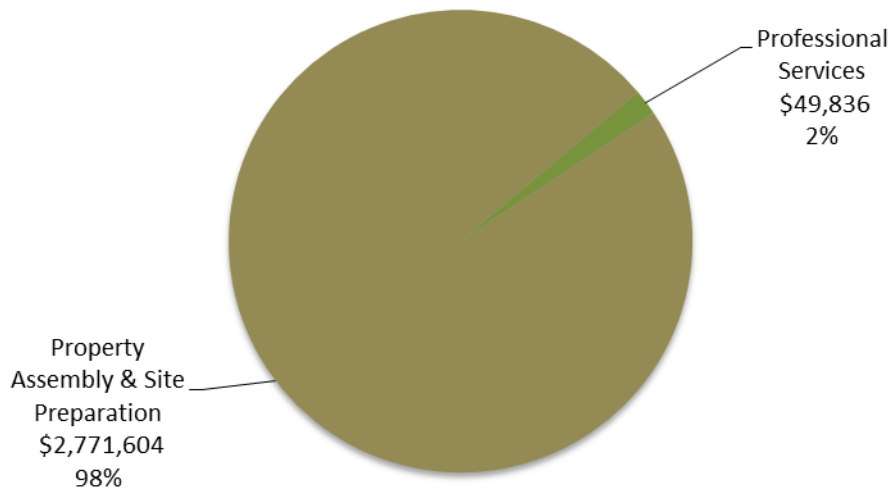
DEVELOPMENT

- 362,000 square feet of commercial development

JOB CREATION

- Construction Jobs – Estimated 425 one-year full-time equivalent (“FTE”) construction jobs created

DISTRIBUTION OF TIF-ELIGIBLE EXPENDITURES THROUGH 2012 [1]



[1] Additional detail on expenditures provided in Exhibit 2.

1. Redevelopment Project Area Information

In July 2010, the Tax Increment Financing (“TIF”) Allocation Redevelopment Act 65 ILCS 5/11-74.4-5-1, et seq. (“TIF Act”) was amended to require municipalities to assemble a status report covering the history and performance of TIF districts that have been in existence for 9 to 10 years. The Act requires the report to detail:

1. The amount of revenue generated within the district;
2. Expenditures made for the Redevelopment Project Area (“RPA”), including TIF fund expenditures;
3. Status of planned activities, goals and objectives, including new and planned construction;
4. The amount of public and private investment within the TIF district; and
5. Other relevant evaluation or performance data.

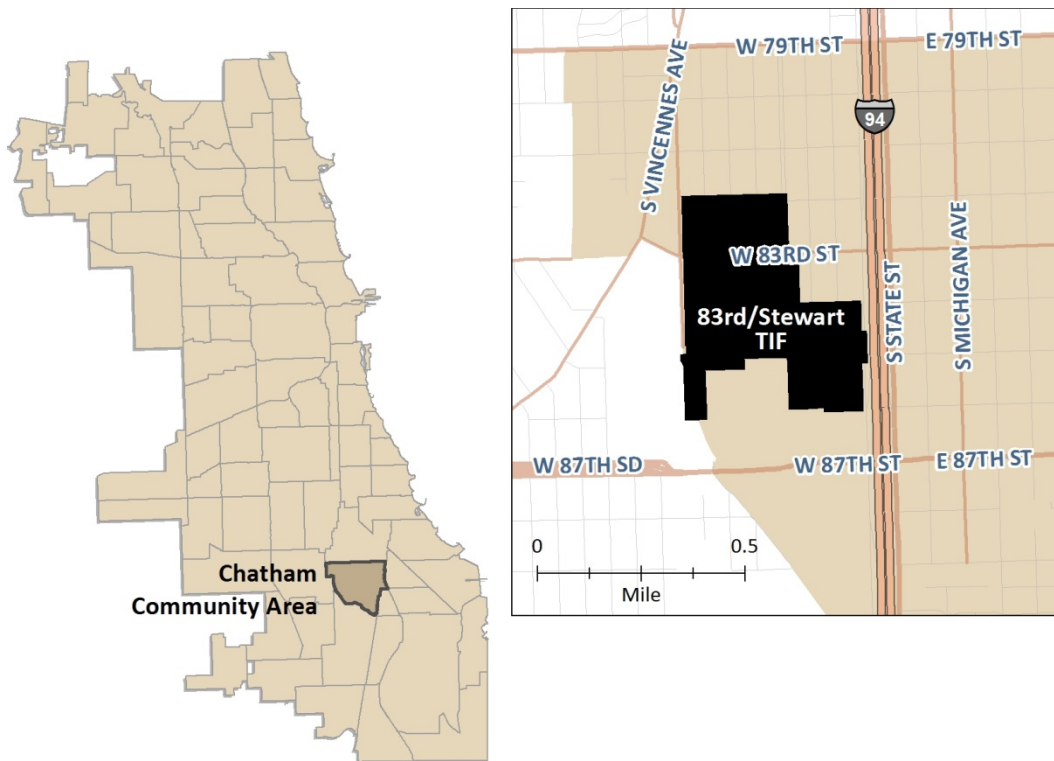
The information summarized herein is for the reporting period from the TIF district’s inception through the end of the 2012 calendar year and the 2011 tax year.

Detailed data on the 83rd/Stewart RPA was compiled to meet reporting requirements under the TIF Act and is presented in this Ten (10) Year Status Report (the “Report”). The Report contains various data from City of Chicago (“City”) departments, including audited financial statements, Redevelopment Agreements, Intergovernmental Agreements, capital improvement expenditures, and TIF-funded program databases (Small Business Improvement Fund, Neighborhood Improvement Program, and TIFWorks) to track financial and programmatic performance. Data sources are referenced throughout this Report.

Project Area Context and Background

The approximately 102.8-acre 83rd/Stewart RPA is located in the Chatham community area approximately 12 miles south of the City’s central business district (“the Loop”). The RPA is an irregular shape, roughly bounded by 82nd Street to the north- as extended between Wentworth Avenue and Stewart Avenue, Wentworth Avenue and Lafayette Avenue to the east, 87th Street to the south, and Stewart Avenue to the west. The RPA boundary is shown in **Exhibit 1** on the following page.

The 83rd/Stewart RPA was designated as a TIF district on March 31, 2004, and is expected to expire no later than December 31, 2028. There have been no major or minor amendments to the 83rd/Stewart Tax Increment Financing Redevelopment Plan and Project (the “TIF Plan”) as of December 31, 2012.

Exhibit 1. 83rd/Stewart RPA**Conditions at Time of TIF Creation**

The 83rd/Stewart RPA was determined to be eligible for TIF designation as a “conservation area” and a “blighted vacant area” under the TIF Act. Designation as “conservation area” requires at least 50 percent of buildings be 35 years of age or older, and a minimum of three additional eligibility factors be present to a meaningful extent and reasonably distributed throughout the RPA. Designation as a “blighted vacant area” under the two-factor test requires a minimum of two eligibility factors for vacant land to be present to a meaningful extent and reasonably distributed throughout the RPA.

The following eligibility factors were described in the 83rd/Stewart TIF Plan for its designation as a “conservation area”:

- 94 percent of structures were found to be at least 35 years of age or older
- The following nine factors were found to be present to a major extent:
 - Dilapidation
 - Obsolescence
 - Deterioration
 - Presence of structures below minimum code standards.
 - Excessive vacancy
 - Inadequate utilities
 - Deleterious land use or layout
 - Environmental clean-up
 - Lack of growth in EAV

The following eligibility factors were described in the 83rd/Stewart TIF Plan for its designation as a “blighted vacant area” under the two-factor test:

- Three vacant land factors present to a major extent:
 - Diversity of ownership
 - Adjacent deterioration
 - Lack of growth in EAV

- Minor supporting factors:
 - Obsolete platting
 - Environmental contamination

The RPA was established to stimulate private investment on a comprehensive and planned basis to ensure that new development is coordinated to maximize land use, pedestrian access, vehicular circulation and parking. Approximately half of the 102.8-acre district includes a 60-year-old steel processing facility occupied by Ryerson Tull prior to its closing in 2002. The RPA is also intended to help assemble and prepare the complex and other sites into viable development locations that support a mix of commercial and residential uses. The plan specifically targets residential projects around West Chatham Park, large-format and specialty stores along 83rd Street, and industrial and residential uses, where appropriate.

Goals and Objectives for the RPA

The overall goal of the 83rd/Stewart RPA is to redevelop the entire RPA on a comprehensive and planned basis in order to ensure that new development occurs. Primary goals include strengthening the City’s economy, eliminating the conditions that qualified the RPA for designation, creating employment opportunities, and increasing the real estate tax base.

In furtherance of these goals, the following eight (8) objectives were outlined in the TIF Plan:

1. **Strengthen the economic well-being of the RPA and the City** by increasing business activity, the property tax base and job opportunities;
2. **Encourage high standards of design and quality appearance** for new, rehabilitated and reconstructed buildings, rights-of-way, and open spaces;
3. **Assemble land into parcels of sufficient shape and size** for disposition and redevelopment in accordance with the Plan and contemporary development needs and standards;
4. **Stimulate growth and development** through the implementation of the 83rd/Stewart TIF Plan, private investment, and the use of TIF;
5. **Improve, reconstruct and extend, where necessary, utilities and roadways** to facilitate and enhance the developability and accessibility of sites;

6. **Achieve development that is integrated both functionally and aesthetically with new and existing improvements, and which contains a complementary mix of uses within the Project Area;**
7. **Provide public works improvements and public facilities** that respond to the demand for such facilities and are designed in accordance with present-day design standards for such facilities; and
8. **Provide needed incentives** to encourage a broad range of improvements.

Estimated Redevelopment Project Costs and Allocations

The estimated Redevelopment Project Costs outlined in the 83rd/Stewart TIF Plan total \$62.5 million. Through 2012, \$2.8 million has been expended on TIF-supported projects within the RPA, representing 4.5 percent of estimated total Redevelopment Project Costs. **Exhibit 2** on the following page displays the estimated eligible costs of the 83rd/Stewart TIF Plan by statutory cost category.

Exhibit 2. Total TIF-Eligible Project Costs and Expenditures through 2012

Permissible Cost Category	Eligible Cost Description	Estimated Project Costs	Project Costs Expended Through 2012	
			Expenditures	Percent of Total
1. Professional Services	Costs of studies, surveys, administration and professional services	\$3,500,000 [1]	\$49,836	1.4%
2. Marketing of Sites	Cost of marketing sites within RPA to prospective businesses, developers, investors	[1]	\$0	N/A
3. Property Assembly & Site Preparation	Property assembly costs, including acquisition, demolition, site preparation and environmental site improvement costs	\$25,500,000 [2]	\$2,771,604	10.9%
4. Rehabilitation of Existing Public or Private	Costs of rehabilitation, reconstruction, repair or remodeling, and replacement of existing public	\$2,500,000 [3]	\$0	0.0%
5. Public Works or Improvements	Costs of construction of public works and improvements	\$26,500,000 [4]	\$0	0.0%
6. Job Training and Retraining	Cost of job training and retraining implemented by businesses or other taxing bodies, including "welfare-to-work" programs, advanced vocational or career education	\$500,000	\$0	0.0%
7. Financing Costs	Financing costs, including interest and issuance costs	[5]	\$0	N/A
8. Capital Costs	Taxing districts' capital costs resulting from redevelopment project	[4]	\$0	N/A
9. Increased Education Costs	Costs of reimbursing school districts for their increased costs attributable to TIF-assisted housing projects	[4]	\$0	N/A
10. Relocation Costs	Relocation costs	\$250,000	\$0	0.0%
11. Interest Costs	Costs of reimbursing developers for interest costs on redevelopment projects	\$3,500,000	\$0	0.0%
12. Affordable Housing Construction	Costs of construction, renovation, rehabilitation of housing for low-income and very low-income households	[3]	\$0	N/A
13. Day Care Reimbursements	Costs of day care services and operational costs of day care centers for low-income families in RPA	\$250,000	\$0	0.0%
TOTAL REDEVELOPMENT PROJECT COSTS [6]		\$62,500,000	\$2,821,440	4.5%

Source: 83rd/Stewart TIF Plan, dated October 22, 2003 (revised January 13, 2004) and TIF Annual Reports: Section (2) in 2004-2009 reports; Attachment K in 2010-2012 reports.

[1] Professional Services category may also include Marketing of Sites, as indicated in TIF Plan.

[2] Source: City of Chicago. Correct expenditure amount does not appear in Section (2) of the 2009 TIF Annual Report.

[3] Rehabilitation of Existing Public or Private Buildings category may also include Affordable Housing Construction, as indicated in TIF Plan.

[4] Public Works or Improvements category may also include paying for reimbursing (i) an elementary, secondary or unit school district's increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts affected by the redevelopment of the RPA.

[5] Total Redevelopment Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with issuance of obligations and optional redemptions.

[6] All costs may be increased by the rate of inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U. S. Department of Labor.

2. Redevelopment Project Area Revenues and Expenditures

This chapter provides information on the incremental property tax revenue generated and associated expenditures within the 83rd/Stewart RPA from its inception through December 31, 2012. A summary of non-TIF City funds expended in support of projects through the 2012 calendar year is also presented.

Growth in EAV and Revenue Generated within 83rd/Stewart RPA

Incremental property tax revenues are generated based on the growth in equalized assessed value (EAV) that arises during the TIF district's existence, as compared to the initial EAV at the time of the TIF's original adoption. The RPA's initial EAV as of March 31, 2004 was \$10,618,689.¹ As of December 31, 2012, the total taxable EAV (for tax year 2011) of the RPA was \$18,002,169, representing growth of 70% from the initial EAV.²

Exhibit 3. Growth in EAV: Tax Year 2002 – 2011

Year	EAV	% Increase from Initial EAV
2002 - Initial EAV [1]	\$10,618,689	--
2011 - Current EAV	\$18,002,169	70%

Source: Cook County Clerk.

[1] The 83rd/Stewart RPA was designated in 2004 with initial EAV from tax year 2002.

This growth in EAV in the RPA generated a total of \$1.9 million in incremental property tax revenue from 2004 through the end of 2012, as displayed in **Exhibits 4 and 5** on the following page. Property tax is collected in the year after taxes are levied, therefore these exhibits cover the period through tax year 2011, for which property taxes were collected in calendar year 2012.

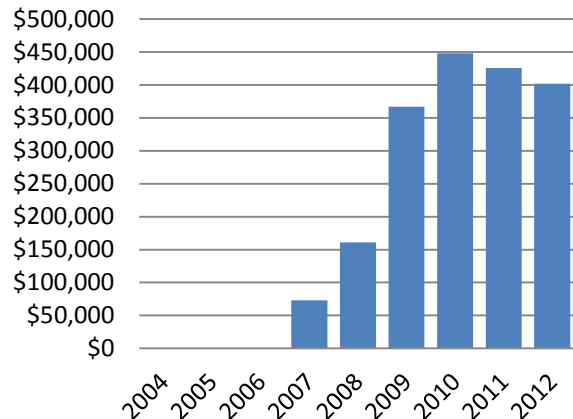
¹ Office of the Cook County Clerk, Certificate of Initial Equalized Assessed Valuation. Initial EAV is from tax year 2002, the most recent EAV available at time of designation.

² Office of the County Clerk Tax Increment Agency Distribution Summary, Tax Year 2011.

Exhibit 4. Incremental Property Tax Revenue Collected, 2004 - 2012

Calendar Year	Incremental Property Tax Collected
2004	\$0
2005	\$0
2006	\$0
2007	\$72,787
2008	\$161,091
2009	\$367,165
2010	\$448,089
2011	\$425,972
2012	\$401,956
TOTAL INCREMENTAL PROPERTY TAX COLLECTED, 2004-2012	\$1,877,060

Exhibit 5. Annual Incremental Property Tax Revenue Collected



Source: TIF Annual Reports: Section (7)(D) in 2004-2009 reports; Section 3.1 in 2010-2012 Reports. Property tax increment deposited in special tax allocation fund.

Transfers of TIF Funds

No funds were transferred (or “ported”) into or out of the 83rd/Stewart special tax allocation fund from or to adjacent TIF districts through December 31, 2012.

City Expenditures within the RPA

From 2004 to 2012, \$2.8 million in incremental property tax revenue was expended in support of projects within the 83rd/Stewart RPA. Expenditures of TIF revenue over this period are presented in **Exhibit 2** (see page 7) by TIF-eligible cost categories outlined in the TIF Act.

No additional non-TIF City investments were made between 2004 and 2012, as displayed in **Exhibit 6** below.

Exhibit 6. Non-TIF City Investments in TIF-Supported Projects, 2004-2012

Non-TIF City investments were not made through December 2012.

Source: City of Chicago Capital Management System database, 2004-2012; City’s RDA and IGA database dated November 6, 2012.

Declaration of Surplus Funds

No surplus funds have been declared in the 83rd/Stewart special tax allocation fund during the reporting period.

3. Redevelopment Project Area Accomplishments

This chapter provides information on the status of TIF project activity, goals and objectives outlined in the TIF Plan. Detailed information on TIF-supported projects within the 83rd/Stewart RPA is provided, followed by a discussion of additional performance metrics relevant to the TIF district.

RPA Project Profiles – Major Accomplishments

Project profiles for TIF-supported projects within the 83rd/Stewart RPA that are underway or have been completed, as of December 31, 2012, are provided in **Exhibits 8 through 12** on the following pages (see pages 11 – 13).

Key project information presented includes total project costs, TIF investment (to date and expected), public-to-private investment ratio, and additional community impacts resulting from or expected to result from these projects. The tables include projects receiving TIF investment through Redevelopment Agreements (“RDAs”).

TIF investments made via Redevelopment Agreements within the RPA, as reported in **Exhibits 8 and 9**, are displayed in **Exhibit 7** below.

Exhibit 7. TIF-Funded Project Map

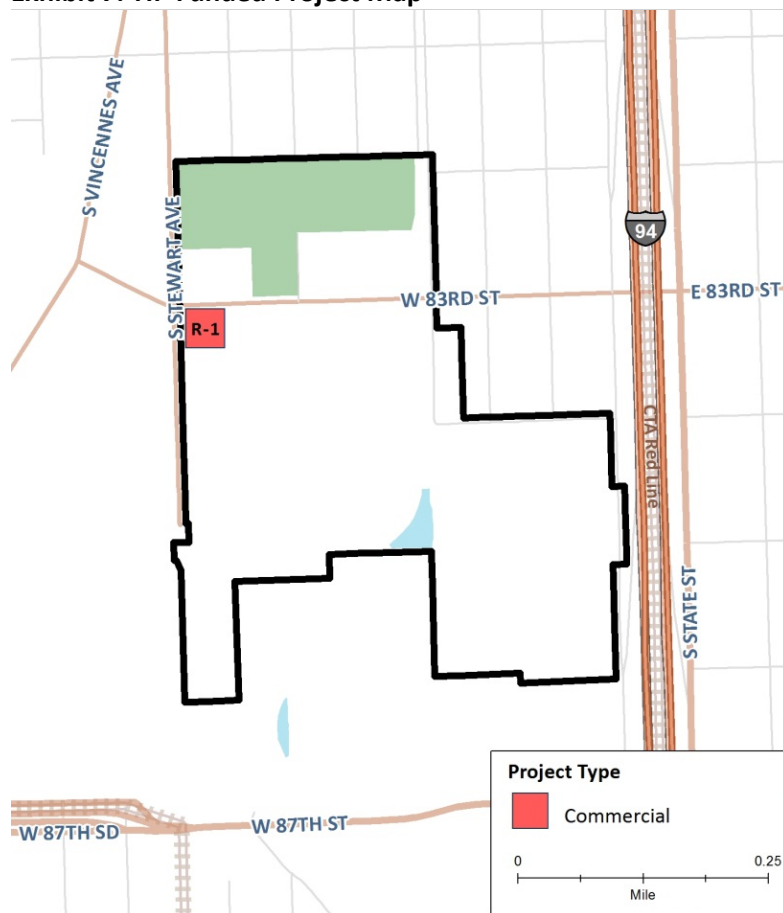


Exhibit 8. Redevelopment Agreement Projects

Map ID	Project	Status [1]	Total Project Cost [2]	TIF Funding Approved [3]	TIF Investment to Date [4]	Total Non-TIF Investment Expected [5]	Other City-Controlled Sources		Ratio Non-TIF to TIF Invest.
							Source	Funding Amount	
COMMERCIAL									
R-1	Chatham Market	In Progress	\$81,933,000	\$26,100,000	\$2,771,604	\$55,833,000	--	\$0	2.1:1
TOTAL			\$81,933,000	\$26,100,000	\$2,771,604	\$55,833,000		\$0	2.1:1

[1] "Complete" projects are those listed as "Complete" in 2012 TIF Annual Report and/or with Certificate of Completion noted in the City's RDA and IGA database, dated November 6, 2012. "In Progress" projects are those indicated in TIF Annual Reports as being in progress as of December 31, 2012.

[2] Source: Redevelopment Agreement.

[3] Maximum TIF allocation from City Funds as specified in the Redevelopment Agreement, excluding interest and financing costs.

[4] 11/1/1999 to 12/31/2012, as noted in 2012 TIF Annual Report.

[5] "Total Project Costs" less "TIF Funding Approved."

Exhibit 9. Redevelopment Agreement Projects: Community Impacts

Project	Project Address	Commercial Project Square Footage	RDA-Required Permanent Jobs [1]	Number of Housing Units	Affordability Level (Percent of AMI) [2]	Additional Expected Community Impacts
COMMERCIAL						
Chatham Market	8300 S. Stewart Ave.	362,000	0	--	--	New construction of 362,000-square-foot shopping center anchored by a home improvement retailer and a discount retailer and grocer. The project also includes design and construction of public improvements, including a right-in access road from W. 87th St. to S. Holland Rd., including removal of a single-track railroad bridge and crossing and construction of a retaining wall, and other street improvements along W. 85th St. and S. Holland Ave. RDA requires minimum occupancy level of 70% for 10 years.
TOTAL		362,000	0	0	0	

Source: Redevelopment Agreements, Affordable Housing Quarterly Progress Reports, Community Development Commission project summaries.

[1] Minimum threshold required in the Redevelopment Agreement, if applicable.

[2] AMI: Area Median Income, as defined by the U.S. Department of Housing and Urban Development for the Chicago-Joliet-Naperville, IL area.

Exhibit 10. Intergovernmental Agreement Projects

No Intergovernmental Agreement Projects have received TIF funding through December 2012.

Source: City's RDA and IGA database, dated November 6, 2012, and IGAs provided by the City.

Exhibit 11. TIF-Funded Programs

No TIF-Funded Programs have received financing in the RPA through December 2012.

Source: City's RDA and IGA database dated November 6, 2012, SBIF Grant Agreements provided by the City, TIFWorks Grant Agreements provided by the City, Housing Quarterly Reports.

Exhibit 12. Public Infrastructure Projects

No public infrastructure projects have received TIF funding in the RPA through December 2012.

Source: Capital Management System database, 2004-2012; City of Chicago. Projects listed as Complete or Active.

Additional Performance Metrics

Additional performance metrics associated with the RPA, including construction and permanent job creation, and change in equalized assessed value over time, are presented below.

CONSTRUCTION JOB CREATION

425 one-year full-time equivalent construction jobs

Temporary construction employment associated with projects receiving TIF assistance through RDAs has been estimated for this Report. For consistency, estimates for all projects were developed using IMPLAN, an economic impact modeling program, which incorporates local employment and economic data from the U.S. Bureau of Labor Statistics (“BLS”) and Bureau of Economic Analysis (“BEA”). The inputs for the IMPLAN analysis were derived from the actual project budgets, as presented in the RDA.

Based on this methodology, an **estimated 425 one-year full-time equivalent (“FTE”) construction jobs** were created as a result of the Chatham Market project between 2004 and 2012.

PERMANENT JOB CREATION

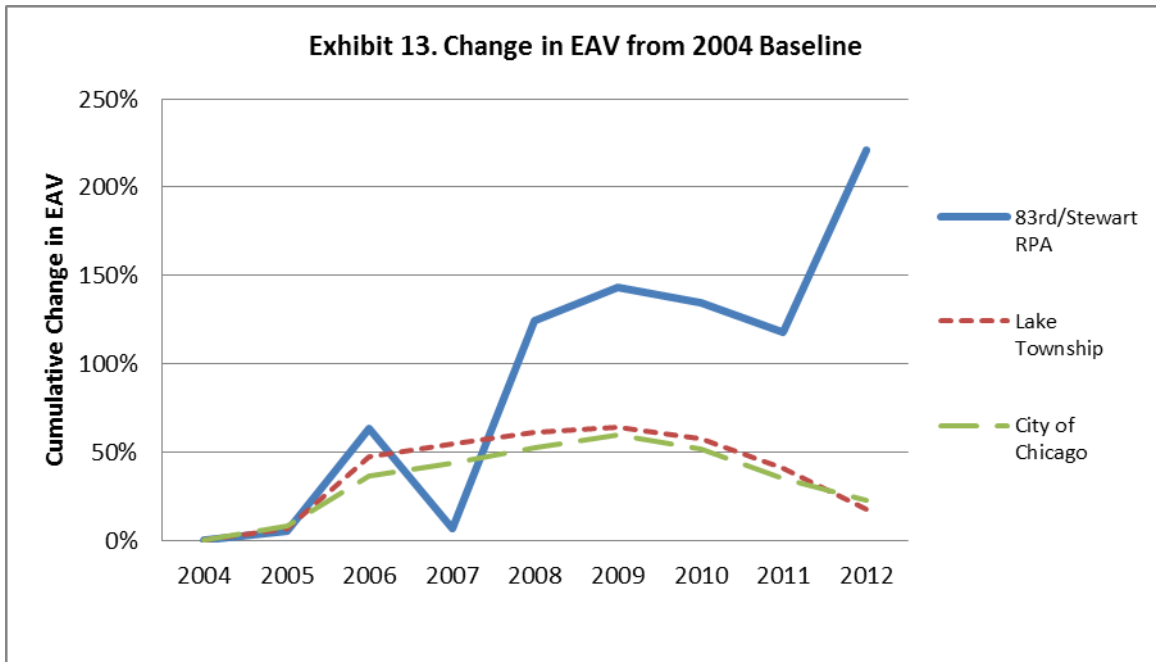
In some cases, RDAs require private, TIF-supported projects to create or retain a certain number of permanent jobs as a condition of receiving TIF funding. Furthermore, permanent job creation associated with private, non-residential TIF-supported projects can be estimated using industry benchmarks and other available sources. However, as there have been no completed RDAs to date within the 83rd/Stewart RPA, permanent job creation has not been estimated.

CHANGE IN EQUALIZED ASSESSED VALUE

A comparison of the change in equalized assessed value (EAV) over time in the 83rd/Stewart RPA to larger geographies is one indication of the relative growth in property values in the RPA. Growth in property values from the creation of the RPA is one metric of the relative economic health of the RPA. The cumulative growth in total EAV for the 83rd/Stewart RPA, Lake Township, and the City of Chicago, overall, is displayed in **Exhibit 13** on the following page for tax years 2004 through 2012.

Property values within the 83rd/Stewart RPA have grown at a **compound annual growth rate (CAGR) of 15.7 percent** over the last nine years³ while EAV in Lake Township and the City of Chicago has grown at a CAGR of 2.1 percent and 2.6 percent, respectively.

³ 2004 EAV before exemptions data was not available at the time of preparing this report. The CAGR for the RPA technically reflects the growth rate between EAV after exemptions in 2004 and EAV before exemptions in 2012. There do not appear to be any exemptions in the RPA.



[1] Source: Cook County Assessor's Office, EAV before exemptions. EAV before exemptions was unavailable from the Assessor's Office for 2004 and 2005; therefore, EAV after exemptions from the Cook County Clerk's Office was used for those years. There do not appear to be any exemptions in the RPA.

Status of Planned Activities, Goals and Objectives

PLANNED ACTIVITIES

The projects presented in **Exhibits 8 through 12** include only those TIF-supported projects for which TIF funds have been expended through December 31, 2012. Planned projects are defined as those that have met substantial approval criteria for receiving TIF funds as of December 2012, but as of December 2012 had not received any TIF funding. These planned projects consist of:

- Projects with an executed RDA, or with an RDA under negotiation following approval by the Community Development Commission ("CDC");
- IGAs that have received City Council approval but without TIF expenditures through 2012;
- TIF-funded programs for which funding has been approved but no TIF dollars expended; and
- Public infrastructure projects with prior approval but no expenditures through 2012, or projects included in the City's 2013-2017 TIF Projection Reports as "potential projects."

Information on the planned projects in the RPA is presented in **Exhibit 14** on the following page.

Exhibit 14. Planned Projects

There are no planned projects in the RPA as of December 2012.

Source: Redevelopment Agreements, Intergovernmental Agreements, CDC reports, TIF Projection Reports 2013-2017.

Progress toward Achieving Goals and Objectives

The TIF Act requires that progress toward achieving goals and objectives outlined in the TIF Plan be addressed in the Report. **Exhibit 15** below presents a summary of the relevant projects and their progress in addressing the goals and objectives outlined in the 83rd/Stewart TIF Plan through 2012.

Exhibit 15. Progress toward Achieving Goals and Objectives Outlined in 83rd/Stewart TIF Plan

Map ID	Project	Relevant Goals and Objectives Addressed
R-1	Chatham Market	1, 4, 8

Source: Redevelopment Agreements, Intergovernmental Agreements, City of Chicago TIF Program Tracking Data, Capital Management System database.

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