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**1998 Annual Report**  
**26<sup>TH</sup>-Kostner**  
**Redevelopment Project Area**



**Pursuant to Mayor's  
Executive Order 97-2**

*JUNE 30, 1999*

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City of Chicago  
Richard M. Daley, Mayor

Department of Planning  
and Development

Christopher R. Hill  
Commissioner

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Chicago, Illinois 60602  
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June 30, 1999

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

Ladies and Gentlemen:

The attached information for the 26<sup>th</sup>- Kostner Redevelopment Project Area, along with 63 other individual reports, is presented pursuant to the Mayoral Executive Order 97-2 (Executive Order) regarding annual reporting on the City's tax increment financing (TIF) districts. The City's TIF program has been used to finance neighborhood and downtown improvements, leverage private investment, and create and retain jobs throughout Chicago.

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

Sincerely,

Christopher R. Hill  
Commissioner  
Department of Planning and Development

Walter K. Knorr  
Chief Financial Officer



June 30, 1999

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

Commissioner Hill:

Enclosed is the required annual report for the 26<sup>th</sup>- Kostner Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to the Mayor's Executive Order 97-2. The contents are based on information provided to us by the Chicago Departments of Planning and Development, Finance, and Law Department. We have not audited, verified, or applied agreed upon procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

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

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

Very truly yours,

*Ernst & Young LLP*

Ernst & Young LLP

# 26<sup>th</sup>-Kostner Redevelopment Project Area 1998 Annual Report

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### **Purpose of Report:**

The purpose of the Annual Report for the 26<sup>th</sup>- Kostner Redevelopment Project Area (Report) is to provide information regarding the City of Chicago (City) tax increment financing (TIF) districts in existence on December 31, 1998, as required by the Mayor's Executive Order 97-2 (Executive Order). This Report covers the 26<sup>th</sup>- Kostner Redevelopment Project Area (Project Area).

### **Methodology:**

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

#### **(a) General Description**

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

#### **(b) Date of Designation and Termination**

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

#### **(c) Copy of Redevelopment Plan**

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

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### **(d) Description of Intergovernmental and Redevelopment Agreements**

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

### **(e) Description of TIF Projects**

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

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

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### **(f) Description of all TIF Debt Instruments**

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

- 1) the principal dollar amount of TIF debt instruments;
- 2) the date, dollar amount, interest rate, and security of each sale of TIF debt instruments and type of instrument sold;
- 3) the underwriters and trustees of each sale;
- 4) the amount of interest paid from tax increment during the prior calendar year (1998);
- 5) the amount of principal paid from tax increment during the prior calendar year (1998).

### **(g) Description of City Contracts**

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

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

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### **(h) Summary of Private and Public Investment Activity**

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

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

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

### **(i) Description of Property Transactions**

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

- 1) every property acquisition by the City through expenditure of TIF funds, including the location, type and size of property, name of the transferor, date of transaction, the compensation paid, and a statement whether the property was acquired by purchase or by eminent domain;
- 2) every property transfer by the City as part of the redevelopment plan for the Project Area, including the location, type and size of property, name of the transferee, date of transaction, and the compensation paid;
- 3) every lease of real property to the City if the rental payments are to be made from TIF funds. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental, and the rental amount;



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

### **(j) Financial Summary Prepared by the City Comptroller**

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

- 1) the balance in the fund for the Project Area at the beginning of the prior calendar year;
- 2) cash receipts by source and transfers deposited into the fund during the prior calendar year;
- 3) transfer credits into the fund for the Project Area during the prior calendar year;
- 4) expenditures and transfers from the fund, by statutory category, for the Project Area during the prior calendar year;
- 5) the balance in the fund for the Project Area at the conclusion of the prior calendar year.

### **(k) Description of Tax Receipts and Assessment Increments**

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

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

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- 2) for a utility tax Project Area, the municipal utility tax increment and the net state utility tax increment amount deposited in the special allocation fund during the prior calendar year;
- 3) for a property tax Project Area, (A) the total initial equalized assessed value of property within the Project Area as of the date of designation of the area, and (B) the total equalized assessed value of property within the Project Area as of the most recent property tax year;
- 4) the dollar amount of property taxes on property within the Project Area attributable to the difference between items (3)(A) and (3)(B) above.

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

### **(l) Certain Contracts of TIF Consultants**

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

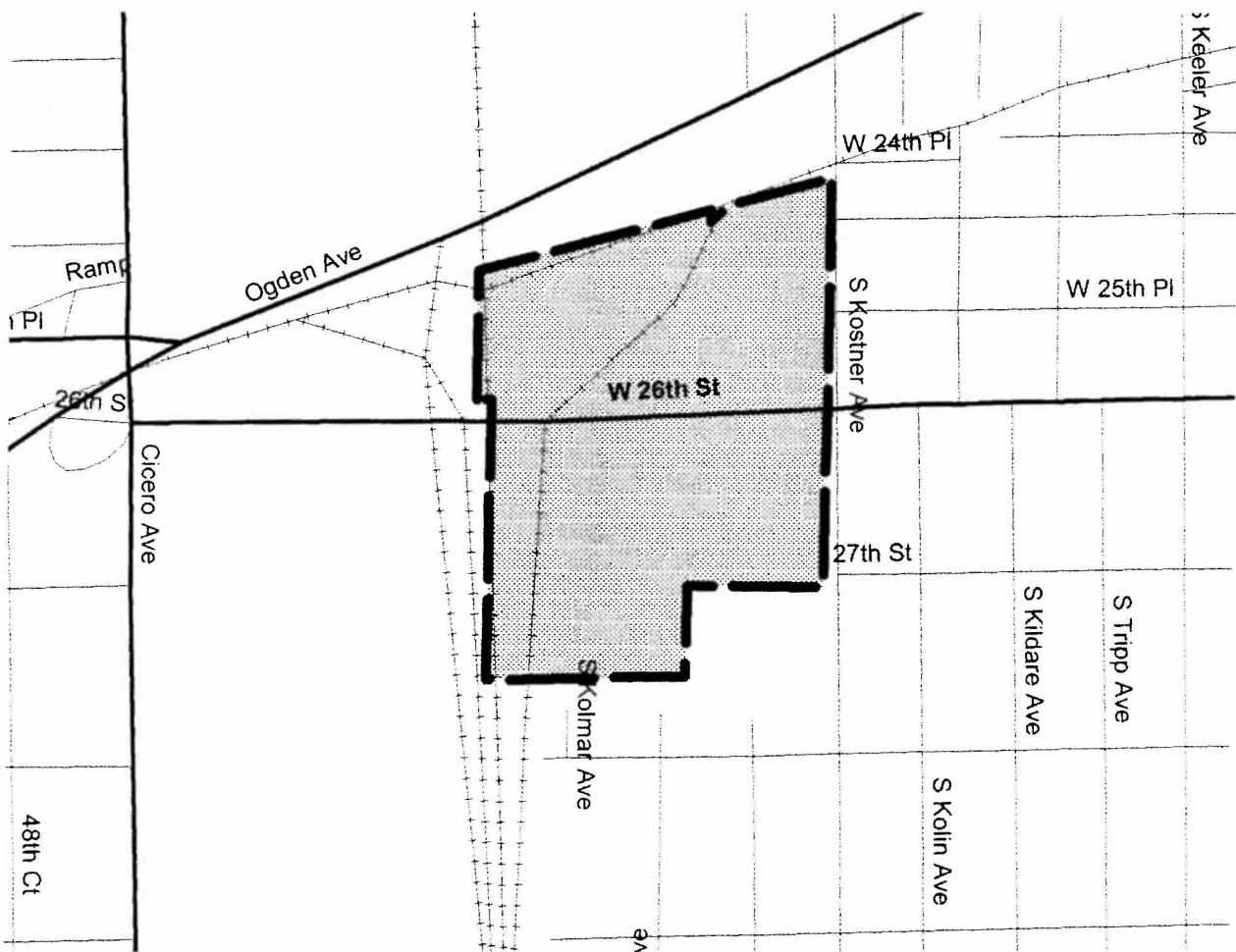
### **(m) Compliance Statement Prepared by an Independent Public Accountant**

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

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## (a) GENERAL DESCRIPTION

The Project Area is generally bounded on the north by the Chicago, Burlington & Quincy Railroad, on the east by Kostner Avenue, on the west by the Chicago & Western, Indiana Belt Line Railroad rights-of-way and on the south generally by 27<sup>th</sup> Street and 28<sup>th</sup> Street. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan (Attachment).



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**(b) DATE OF DESIGNATION AND TERMINATION**

The Project Area was designated by the Chicago City Council on April 29, 1998. The Project Area may be terminated no later than April 29, 2021.

**(c) COPY OF REDEVELOPMENT PLAN**

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

**(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS**

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

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**(e) DESCRIPTION OF TIF PROJECT(S)**

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

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**(f) DESCRIPTION OF TIF DEBT INSTRUMENTS**

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

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**(g) DESCRIPTION OF CITY CONTRACTS**

During 1998, there were no City contracts relating to the Project Area.

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**(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY**

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



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### **(i) DESCRIPTION OF PROPERTY TRANSACTIONS**

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

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**(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER**

During 1998, no financial activity occurred in the Project Area. Therefore, no audited statements were prepared pertaining to the Special Tax Allocation Fund for the Project Area.

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**(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS**

**TABLE K  
DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS**

<u>YEAR</u>	<u>MUNICIPAL SALES TAX INCREMENT</u>	<u>STATE SALES TAX INCREMENT</u>	<u>MUNICIPAL UTILITY TAX INCREMENT</u>	<u>NET STATE UTILITY TAX INCREMENT</u>	<u>INITIAL EAV</u>	<u>TOTAL 1997 EAV</u>	<u>TOTAL INCREMENTAL PROPERTY TAXES 1997</u>
1998	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)	\$2,834,583 (2)	N.A. (3)	N.A. (3)

(1) N.A. - not applicable.

(2) Source - 26th-Kostner Redevelopment Plan and Project.

(3) N.A. - not available. As of December 31, 1998, the certified EAV had not been established. Therefore, incremental property taxes could not be calculated.

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**(I) CERTAIN CONTRACTS OF TIF CONSULTANTS**

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

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**(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC  
ACCOUNTANT**

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

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**ATTACHMENT  
REDEVELOPMENT PLAN**

**CITY OF CHICAGO**

**26TH-KOSTNER REDEVELOPMENT PROJECT AREA**

**TAX INCREMENT FINANCE PROGRAM**

**REDEVELOPMENT PLAN AND PROJECT**

**CITY OF CHICAGO  
RICHARD M. DALEY  
MAYOR**

**NOVEMBER 1997**

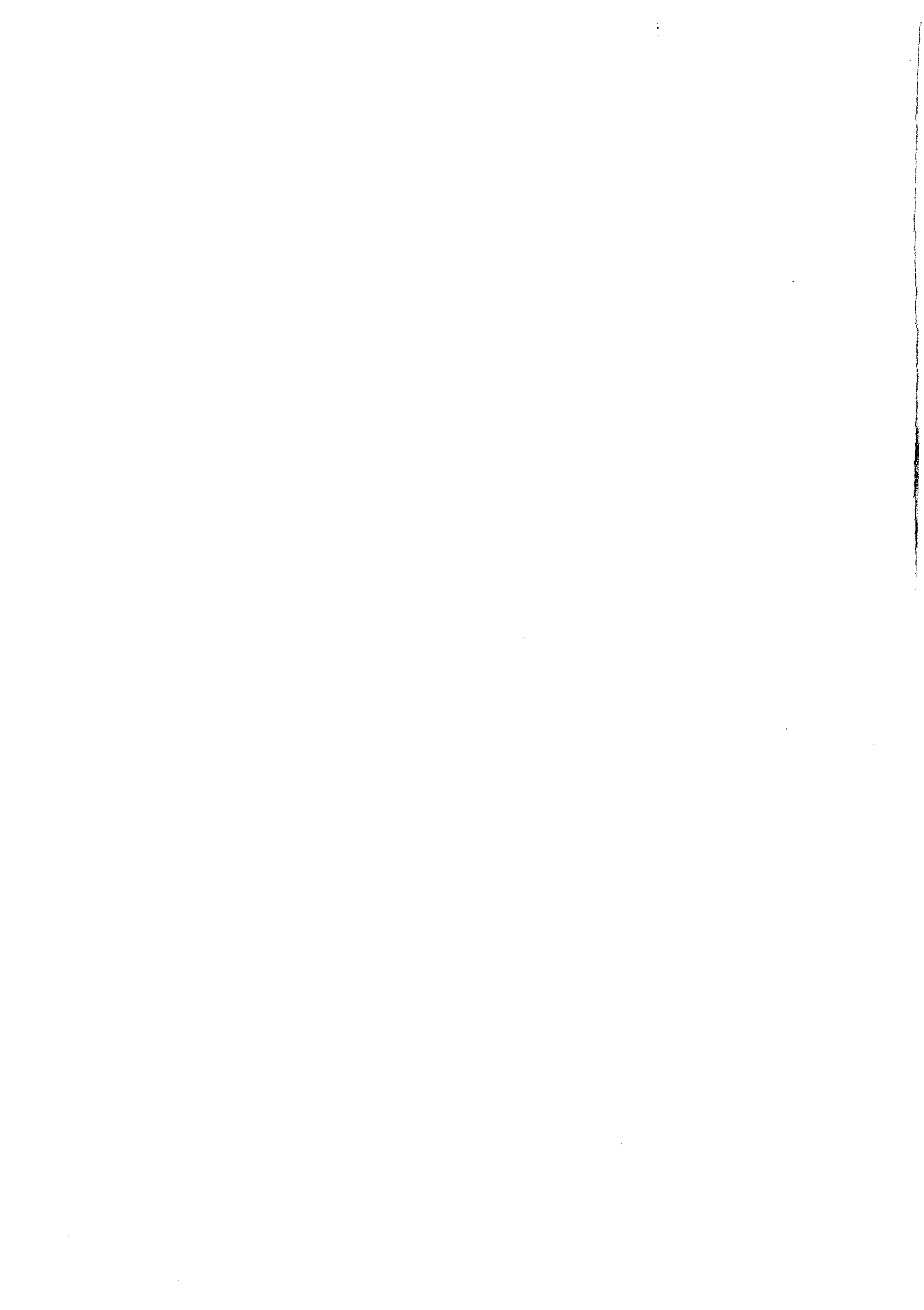
**PREPARED BY  
LOUIK/SCHNEIDER & ASSOCIATES, INC.**

**REDEVELOPMENT PLAN AND PROJECT FOR  
26TH-KOSTNER REDEVELOPMENT PROJECT AREA  
TAX INCREMENT FINANCING PROGRAM**

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## I. INTRODUCTION

The 26th-Kostner Redevelopment Project Area (hereafter referred to as the "Redevelopment Project Area") is located on the southwest side of the City of Chicago, approximately 3.25 miles south and 5.5 miles west of the central business district. The Redevelopment Project Area is comprised of approximately 48 acres and includes two (2) full blocks. The Redevelopment Project Area is bounded on the north by the Chicago, Burlington & Quincy Railroad, on the east by Kostner Avenue, on the west by the Chicago & Western, Indiana Belt Line Railroad rights-of-way and on the south generally by 27th Street and 28th Street. The boundaries of the Redevelopment Project Area are shown on Map 1, Project Boundary Map.

The Redevelopment Project Area is located within the broader South Lawndale community area of Chicago that contains predominantly residential with commercial uses. West 26th Street, for example, serves as a commercial nucleus for the Mexican - American community in what is known as Little Village. Within the Redevelopment Project Area itself, however, the existing land uses are predominantly industrial and commercial in nature. The majority of the Redevelopment Project Area is zoned for light to medium industrial uses; additionally, the portion of the Redevelopment Project Area located south of 26th Street is situated within a commercial planned development (CPD No. 511) which is located north of 28th Street, west of Kostner Avenue and south of 26th Street and east of the Belt Line railroad.

The location of this smaller existing industrial area, characterized by several vacant buildings which have remained "for sale" in the industrial marketplace for a number of years, places it in direct conflict with the surrounding residential and commercial uses. In the broader South Lawndale community area residential development with commercial/retail uses along major streets tends to predominate. Without the use of tax increment financing, this trend toward vacancy, deterioration, obsolescence and other blighting characteristics within the Redevelopment Project Area will continue.

The Redevelopment Project Area is well-suited to residential/commercial mixed-use development, and its close proximity to an excellent local and regional transportation network makes the area accessible to shoppers and residents. The Redevelopment Project Area is accessible to the Stevenson (I-55) and the Eisenhower (I-290) Expressways. Local access to the Redevelopment Project Area is provided by 26th Street, Kostner Avenue, Ogden Avenue, Cicero Avenue (State Route 50) and Pulaski Road.

The Redevelopment Project Area is characterized by a significant number of old deteriorated, obsolete and vacant industrial buildings, parcels of varying sizes and configuration, a generally poor arrangement of buildings on sites, and a general lack of maintenance of properties. Much of the Redevelopment Project Area is characterized by:

- deteriorated and dilapidated buildings and site improvements;

- vacant and underutilized buildings;
- obsolescence;
- inadequate infrastructure; and
- other blighting characteristics.

The purpose of this 26th-Kostner Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project (hereafter the "Plan") is to create a mechanism to allow for the planning and financing of a mixed-use development containing retail uses, single- and multi-family housing and institutional uses/community facilities.

This Plan also builds upon two previous attempts to redevelop the portion of the area south of 26th Street into commercial and commercial/industrial areas. The consultants have attended numerous community and public meetings since 1991 and have incorporated many of the community inputs within the Plan. This Plan summarizes the analyses and findings of the consultants' work, which, unless otherwise noted, is the responsibility of Louik/Schneider & Associates, Inc. The City of Chicago is entitled to rely on the findings and conclusions of this Plan in designating the Redevelopment Project Area as a redevelopment project area under the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (the "Act"). Louik/Schneider & Associates, Inc. has prepared this Plan and the related eligibility study with the understanding that the City would rely 1) on the findings and conclusions of the Plan and the related eligibility study in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Plan, and 2) on the fact that Louik/Schneider & Associates, Inc. has obtained the necessary information so that the Plan and the related eligibility study will comply with the Act.

#### **A. AREA HISTORY**

The South Lawndale Community Area is bounded by the Chicago, Burlington and Quincy Railroad on the north, the Stevenson Expressway on the south, the Chicago, Burlington and Quincy Railroad on the east, and the Chicago and Northwestern Railroad on the west.

South Lawndale was undeveloped prairie land until the early 1850's when a land boom accompanied construction of the Illinois-Michigan Canal in 1848. The Chicago, Burlington and Quincy Railroad entered the area in 1863, further facilitating growth. Today, the Stevenson Expressway which was built over the canal is the southern limit of the community area.

In 1869 the eastern portion of the community was annexed to the City of Chicago. The western portion (west of Pulaski Road) was annexed into the City in 1889. At the turn of the century, the community began to experience accelerated growth as industry was built to the north, in North Lawndale Community and to the west in the Town of Cicero. Among the major industries located in nearby communities were Western Electric, Sears Roebuck and Company, International Harvester, along with numerous other smaller firms.

By 1914, South Lawndale had reached residential maturity. By 1960, however, the population had fallen from nearly 80,000 persons to less than 61,000 and has become primarily Hispanic (primarily Mexican - Americans). The 1988 estimated population for the South Lawndale area, as prepared by the City of Chicago Department of Planning, was 78,313 persons (of which 78% are Hispanic).

Little Village, as this part of South Lawndale Community Area is now called, has a distinct Mexican flavor which has attracted tourists and residents to its ethnic restaurants, shops, music and entertainment. West 26th Street serves as a nucleus for the Mexican community in the City of Chicago.

## **B. EXISTING LAND USE AND ZONING CHARACTERISTICS**

The north part of the Redevelopment Project Area (north of west 26th Street) continues to reflect industrial land use patterns. At the present time, the existing land uses are predominantly commercial and industrial in nature and contain vacant and underutilized buildings. A portion of property within the Redevelopment Project Area is zoned for light to medium industrial uses, M2-2. Additionally, a large amount of the Redevelopment Project Area is situated within a commercial planned development (CPD No. 511) located north of west 28th Street, west of south Kostner and south of west 26th Street and east of the Belt Line railroad. This PUD was approved during a prior attempt to redevelop the portion of the area south of 26th Street. At one time, one of the industrial users south of the Redevelopment Project Area was interested in expanding its facilities. The Original 26th-Kostner Redevelopment Plan dated February 1991, at that time was modified to include industrial uses on the south perimeter of the Redevelopment Project Area in order to accommodate such expansion. The company is no longer interested in expanding its facilities and this Redevelopment Plan and Project reflects such changes in intended uses and now calls for commercial, residential uses south of 26th Street.

## **C. TAX INCREMENT ALLOCATION REDEVELOPMENT ACT**

An analysis of conditions within this area indicates that it is appropriate for designation as a Redevelopment Project Area under the Act. The Redevelopment Project Area is characterized by conditions which warrant its designation as an improved "Blighted Area" within the definitions set forth in the Act.

The Act provides a means for municipalities, after the approval of a "Redevelopment Plan and Project," to redevelop blighted and conservation areas by pledging the increase in tax revenues generated by public and private redevelopment. This increase in tax revenues is used to pay for upfront costs that are required to stimulate private investment in new redevelopment and rehabilitation, or to reimburse private developers for eligible costs incurred in connection with any redevelopment. Municipalities may issue obligations to be repaid from the stream of real property tax increment revenues that are generated within the tax increment financing district.

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed value (EAV) or the Certified EAV Base for all taxable real estate located within the district and the current year EAV. The EAV is the assessed value of the property multiplied by the state multiplier. Any increase in EAV is then multiplied by the current tax rate, which determines the incremental real property tax.

This Plan has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private action in the Redevelopment Project Area. In addition to describing the objectives of redevelopment, the Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the "Redevelopment Project."

This Plan also specifically describes the Redevelopment Project Area. This area meets the eligibility requirements of the Act (see 26th-Kostner Tax Increment Finance Program - Eligibility Study attached as Exhibit 4). The Redevelopment Project Area boundaries are described in the introduction of this Plan and shown in Map 1, Boundary Map.

After approval of the Plan, the City Council may then formally designate the Redevelopment Project Area.

The purpose of this Plan is to ensure that new development occurs:

1. On a coordinated rather than a piecemeal basis to ensure that the land use, vehicular access, parking, service and urban design systems will meet modern-day principles and standards;
2. On a reasonable, comprehensive and integrated basis to ensure that blighted area factors are eliminated; and
3. Within a reasonable and defined time period.

Revitalization of the Redevelopment Project Area is a large and complex undertaking and presents challenges and opportunities commensurate to its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government.

Regardless of when the Redevelopment Plan and Project is adopted, it will include land uses that have already been approved by the Chicago Plan Commission.

There has been no major investment in the Redevelopment Project Area for at least the last five years. The adoption of the Plan will make possible the implementation of a logical program to stimulate redevelopment in the Redevelopment Project Area, an area which cannot reasonably be anticipated to be developed without the adoption of this Plan. Public investments will create the appropriate environment to attract the level of private investment required for rebuilding the area.

Successful implementation of the Redevelopment Project requires that the City of Chicago take advantage of the real estate tax increment revenues attributed to the Redevelopment Project Area as provided in accordance with the Act.

## II. REDEVELOPMENT PROJECT AREA AND LEGAL DESCRIPTION

The Redevelopment Project Area is located on the southwest side of the City of Chicago, approximately 3.25 miles south and 5.5 miles west of the central business district. The Redevelopment Project Area is comprised of approximately 48 acres and includes 2 full blocks. The Redevelopment Project Area is bounded on the north by the Chicago, Burlington & Quincy Railroad, on the east by Kostner Avenue, on the west by the Chicago & Western, Indiana Belt Line Railroad rights-of-way and on the south generally by 27th Street and 28th Street. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map, and the existing land uses are identified on Map 2. The Redevelopment Project Area includes only those contiguous parcels of real property that are expected to be substantially benefited by the Plan.

The legal description of the Redevelopment Project Area is attached to this plan as Exhibit 1 - Legal Description.

### III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

Comprehensive goals and objectives are included in this Plan to guide the decisions and activities that will be undertaken to facilitate the redevelopment of the Redevelopment Project Area. Many of them can be achieved through the effective use of local, state and federal mechanisms.

These goals and objectives generally reflect existing City policies affecting all or portions of the Redevelopment Project Area as identified in the following plans and regulations:

- *City of Chicago Capital Improvements Program: 1996 - 2000*
- *1996 Chicago Zoning Ordinance*

Certain goals and objectives of these plans and regulations are listed below.

#### GENERAL GOALS

In order to redevelop the Redevelopment Project Area in a planned manner, the establishment of goals is necessary. The following goals are meant to guide the development and/or the review of all future projects that will be undertaken in the Redevelopment Project Area.

- Improve the quality of life in Chicago by enhancing the local tax base through the improvement of the Redevelopment Project Area's economic vitality.
- Encourage sound community and economic development in the Redevelopment Project Area.
- Create an environment within the Redevelopment Project Area that will contribute to the health, safety and general welfare of the City, and preserve or enhance the value of properties in the area.
- Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing home ownership, real estate values and the local tax base.
- Create a suitable location for residential and commercial development that may bring new dollars into the community from surrounding locations.
- Encourage the participation of minorities and women in the redevelopment of the Redevelopment Project Area.



- Enhance the Redevelopment Project Area's tax base.
- Create and preserve job opportunities in the Redevelopment Project Area.
- Employ residents within and surrounding the Redevelopment Project Area in jobs in the Redevelopment Project Area and in adjacent redevelopment project areas.
- Create an environment for new educational and other institutional facilities to serve the surrounding community.
- Provide open space for parks.

### **REDEVELOPMENT OBJECTIVES**

To achieve the general goals of this Plan, the following redevelopment objectives have been established.

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Blighted Area.
- Encourage private investment, through incentives, in new commercial and residential development.
- Facilitate the development of vacant land, and the redevelopment of underutilized properties for commercial/residential/institutional uses.
- Provide public infrastructure improvements necessary to the successful creation of this new mixed-use development.
- Establish job-training and job-readiness programs to provide residents within and surrounding the Redevelopment Project Area with the skills necessary to secure jobs and secure commitments from employers in the Redevelopment Project Area.
- Secure commitments from employers in the Redevelopment Project Area and adjacent areas to interview graduates of the Redevelopment Project Area's job readiness and job training programs.

### **DESIGN OBJECTIVES**

Although overall goals and redevelopment objectives are important in the process of redeveloping such a mixed-use area, the inclusion of design guidelines is necessary to ensure that redevelopment activities result in an attractive new neighborhood environment. The following design objectives give a generalized and directive approach to the development of specific redevelopment projects.

- Establish a pattern of land use activities to increase efficiency of operation and economic relationships in a compact area.
- Encourage coordinated development of parcels and structures to achieve attractive and efficient building design, unified off-street parking, adequate truck and service facilities, and appropriate access to nearby arterial streets.
- Achieve development integrated functionally and aesthetically with adjacent and nearby existing development.
- Ensure a safe and functional traffic circulation pattern, adequate ingress and egress, and capacity in the Redevelopment Project Area.
- Encourage high standards of building and streetscape design to ensure the high quality appearance of buildings, rights-of-way and open spaces.
- Ensure that necessary security, screening, and buffering devices are attractively designed and are compatible with the overall design of the Redevelopment Project Area.

#### IV. BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

The Act states that a "Blighted Area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of five or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; or lack of community planning, is detrimental to the public safety, health, morals or welfare. All factors must indicate that the area on the whole has not been subject to growth and development through investments by private enterprise, and will not be developed without action by the City.

Based upon surveys, site inspections, research and analysis by Louik/Schneider & Associates, Inc., the Redevelopment Project Area qualifies as an improved Blighted Area as defined by the Act. A separate report, entitled "City of Chicago 26th-Kostner Tax Increment Finance Program Eligibility Study" dated November 1997 (the "Eligibility Report"), is attached as Exhibit 4 to this Plan and describes in detail the surveys and analyses undertaken and the basis for the finding that the Redevelopment Project Area qualifies as an improved Blighted Area.

The Redevelopment Project Area is characterized by the presence of nine (9) blighted area eligibility factors as listed in the Act. Summarized below are the findings of the Eligibility Report.

##### SUMMARY OF ELIGIBILITY FACTORS

The Redevelopment Project Area (also referred to in this Plan as the "Study Area") consists of two (2) full blocks and 12 parcels. There are 12 buildings in the Redevelopment Project Area of which 11 (91.7%) are used as industrial buildings. The Redevelopment Project Area contains five (5) parking lots and one (1) vacant lot.

Throughout the Redevelopment Project Area, eight (8) of the 14 blighted area eligibility criteria are present to a major extent and one (1) is present to a minor extent. The nine (9) factors that have been identified in the Redevelopment Project Area are as follows:

- |              |   |                         |
|--------------|---|-------------------------|
| Major extent | • | age                     |
|              | • | dilapidation            |
|              | • | obsolescence            |
|              | • | deterioration           |
|              | • | excessive vacancies     |
|              | • | excessive land coverage |

- deleterious land use or layout
  - depreciation of physical maintenance
- Minor extent
- structures below minimum code standards

The conclusions for each of the factors that are present within the Redevelopment Project Area are summarized below.

#### 1. AGE

Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures which are at least 35 years old. In the Redevelopment Project Area, age is **present to a major extent** and was present in 11 of the 12 (91.7%) buildings and in both blocks.

#### 2. DILAPIDATION

Dilapidation refers to an advanced state of disrepair of buildings and improvements. In the Redevelopment Project Area, dilapidation is **present to a major extent** and was found in six (6) of the 12 (50.0%) buildings which are severely damaged and/or neglected, are structurally substandard and may require demolition. Dilapidation is present in one (1) of the two (2) blocks.

#### 3. OBSOLESCENCE

Obsolescence, both functional and economic, includes vacant and dilapidated structures and industrial buildings that are difficult to reuse by today's standards. In the Redevelopment Project Area, obsolescence is **present to a major extent** in 10 of the 12 (83.3%) buildings, six (6) of the 12 (50.0%) parcels and in both blocks.

#### 4. DETERIORATION

Deterioration is present in structures with physical deficiencies or site improvements requiring major treatment or repair. In the Redevelopment Project Area, deterioration is **present to a major extent** and was found in 10 of the 12 (83.3%) buildings, eight (8) of the 12 (66.7%) parcels and in both blocks.

#### 5. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS

Structures below minimum code standards are **present to a minor extent**. Structures below minimum code standards have been identified in four (4) of the 12 (33.3%) buildings in the Redevelopment Project Area.

#### 6. EXCESSIVE VACANCIES

Excessive vacancy refers to buildings or sites, a large portion of which are unoccupied or underutilized and which exert an adverse influence on the area because of the frequency,

duration or extent of vacancy. In the Redevelopment Project Area, excessive vacancies are **present to a major extent** and were found in 9 of the 12 (75%) buildings and in both blocks.

#### **7. EXCESSIVE LAND COVERAGE**

Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. In the Redevelopment Project Area, excessive land coverage is **present to a major extent** and was found in three (3) of the six (6) (50.0%) parcels with buildings/structures and in both blocks.

#### **8. DELETERIOUS LAND USE OR LAYOUT**

Deleterious land uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses which may be considered noxious, offensive or environmentally unsuitable. In the Redevelopment Project Area, deleterious land use and layout is **present to a major extent** and was found in five (5) of the 12 (41.6%) parcels, and in both blocks.

#### **9. DEPRECIATION OF PHYSICAL MAINTENANCE**

Depreciation of physical maintenance refers to the effects of deferred maintenance and the lack of maintenance of buildings, parking areas and public improvements, including alleys, walks, streets and utility structures. In the Redevelopment Project Area, depreciation of physical maintenance is **present to a major extent** and was found in all of 12 buildings, all of the parcels, and in both blocks.

#### **CONCLUSION**

The conclusion of Louik/Schneider & Associates, Inc. is that the number, degree and distribution of factors as documented in this report warrant the designation of the Redevelopment Project Area as an improved Blighted Area as set forth in the Act. Specifically:

- Of the 14 eligibility factors for a Blighted Area set forth in the Act, eight (8) are present to a major extent and one (1) is present to a minor extent in the Redevelopment Project Area, of which five (5) are necessary for designation.
- The eligibility factors that are present are reasonably distributed throughout the Redevelopment Project Area.
- All areas within the Redevelopment Project Area show the presence of Blighted Area eligibility factors.

The eligibility findings indicate that the Redevelopment Project Area contains factors which qualify it as a Blighted Area in need of revitalization and that designation as a redevelopment project area will contribute to the long-term well being of the City. The distribution of Blighted Area eligibility factors throughout the Redevelopment Project Area must be reasonable so that

a basically good area is not arbitrarily found to be a Blighted Area simply because of proximity to an area with Blighted Area eligibility factors.

Additional research indicates that the Redevelopment Project Area on the whole has not been subject to growth and development as a result of investments by private enterprise, and will not be developed without action by the City. Specifically:

- Exhibit 2 - Building Permit Requests contains a summary of the building permit requests for new construction and major renovation submitted to the City of Chicago. There were only two building permit requests for new construction and renovation for the Redevelopment Project Area from 1993-October 1997 totaled \$6,000. On an annual basis for the time period 1992-1996, no permits were issued in the Redevelopment Project Area. Two (2) permits were issued in 1997 for minor repairs that benefited one building within the Redevelopment Project Area.
- The Redevelopment Project Area is primarily comprised of industrial uses and commercially zoned land along with some interspersed parcels of vacant land. The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation (EAV) of all the property in the Redevelopment Project Area. The EAV for all property in the City of Chicago increased from \$27,964,127,826 in 1992 to \$30,773,301,521 in 1996, a total of 10.5% or an average of 2.51% per year. Over the last four years, from 1992 to 1996, the Redevelopment Project Area has experienced an overall decrease of 9.02% from \$3,115,619 in 1992 to \$2,834,583 in 1996, an average decrease of 2.26% per year.

The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc.

The surveys, research and analysis conducted include:

1. Exterior surveys of the conditions and use of the Redevelopment Project Area;
2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Comparison of current land uses to current zoning ordinance and the current zoning maps;
4. Historical analysis of site uses and users;
5. Analysis of original and current platting and building size layout;

6. Review of previously prepared plans, studies and data;
7. Analysis of building permits from 1993-October 1997 and building code violations from 1992 - October 1997 requested from the Department of Buildings for all parcels in the Redevelopment Project Area; and
8. Evaluation of the equalized assessed values in the Redevelopment Project Area from 1992 to 1996.

Based upon the findings of the Eligibility Study for the Redevelopment Project Area, the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of this Plan.

## V. 26TH-KOSTNER REDEVELOPMENT PROJECT

### A. GENERAL LAND USE PLAN

The Land Use Plan, Map 3, identifies the uses that will be in effect upon adoption of this Plan. The major land use categories for the Redevelopment Project Area currently include commercial and industrial. However, the majority of the industrial zoned property located north of 26th Street currently contains vacant and/or underutilized buildings and vacant land. The commercial zoned property located south of 26th Street contains archaic industrial buildings that have been for sale for industrial type uses for the more than 5 years. The age, condition, and construction of these buildings have been a major hindrance to their sale for industrial uses.

The 26th Street (Little Village) commercial area bisects the Redevelopment Project Area. The land use along 26th Street (a major arterial road) east of the Redevelopment Project Area is commercial with residential along the north and south side streets. The location of all major thoroughfares and major street rights-of-way are subject to change and modification as specific redevelopment projects are undertaken.

This Plan and the proposed land uses described herein will be approved by the Chicago Plan Commission prior to its adoption by the City Council. The proposed land uses and a discussion of the rationale supporting its determination are as follows:

#### MIXED USE COMMERCIAL/RESIDENTIAL/INSTITUTIONAL

The proposed land uses for the Redevelopment Project Area are commercial, residential and institutional. The concept for this mixed-use designation allows for development of commercial/retail, single-family and multi-family housing, along with area for the development of institutional purposes (elementary school, parks and community center). Redevelopment of this property for the commercial/ residential/institutional uses is not only compatible with the surrounding land use patterns and history of the neighborhood but allows for the expansion of those land uses west to the city limits of Chicago.

The Plan supports the existing 26th business corridor by creating a western anchor to this commercial strip.

### B. REDEVELOPMENT PROJECT

The purpose of this Plan is to create a planning and programming mechanism that also provides the financial vehicle to allow for the redevelopment of properties within the Redevelopment Project Area. The Plan contains specific redevelopment objectives addressing both private actions and public improvements which are to assist in the overall redevelopment of the Redevelopment Project Area. Implementation of the Plan will be undertaken on a phased basis



and will help to eliminate those existing conditions which make the Redevelopment Project Area susceptible to blight.

The Plan includes three components to assist in creating the needed synergy for redevelopment of the Redevelopment Project Area. The commercial component of the plan allows for a retail center. The residential component allows for the construction of mixed-income housing units. The institutional component allows for the construction of a public elementary school, public parks, and community facilities. Additionally, the Plan proposes construction of appropriate access, public improvements such as utilities and sidewalks, an internal street system, and screening and buffering.

The proposed Plan will create a major anchor at the City Limits and will be a gateway to the Little Village commercial strip shopping area along 26th Street.

The Plan for the 26th-Kostner Redevelopment Project Area incorporates the use of tax increment funds to stimulate and stabilize not only the Redevelopment Project Area but also the properties in the surrounding area through the planning and programming of public and private improvements. The underlying Plan strategy is to use tax increment financing, as well as other funding sources available to the City to reinforce and encourage further private investment. The City may enter into redevelopment agreements with developers which will generally provide for the City to provide funding for activities permitted by the Act. The funds for these improvements will come from the incremental increase in tax revenues generated from the Redevelopment Project Area, or the City's issuance of bonds to be repaid from the incremental increase. A developer or user will undertake the responsibility for the required site improvements, and will further be required to build any agreed to improvements required for the project. Under a redevelopment agreement, the developer may also be reimbursed (to the extent permitted by the Act) for all or a portion of the costs of required site improvements from incremental tax revenues.

The Redevelopment Project will allow the City to attract commercial investment in this neighborhood, stimulate residential investment and develop public schools and public parks and other institutional uses within the Redevelopment Project Area. It is also anticipated that the commercial component of the Plan will give City residents a place to shop and attract suburban shoppers who are located directly west of the Redevelopment Project Area and as a result bring increased sales tax dollars to the City of Chicago. Additionally, the Redevelopment Project will eliminate blighting conditions within the Redevelopment Project Area.

### **C. ESTIMATED REDEVELOPMENT PROJECT ACTIVITIES AND COSTS**

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing, and by undertaking certain activities and incurring certain costs. Such activities may include some or all of the following:

1. **ANALYSIS, ADMINISTRATION, STUDIES, LEGAL, ET AL.** Funds may be used by the City or provided for activities including the long-term management of the Redevelopment Project as well as the costs of establishing the program and designing its components. Funds may be used by the City or provided for costs of studies, surveys, development of plans, and specifications, implementation and administration of the plan, including but not limited to staff and professional service costs for architectural, engineering, legal, marketing, financial, planning, environmental or other services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected.
  
2. **ASSEMBLAGE OF SITES.** To achieve the renewal of the Redevelopment Project Area, the City of Chicago is authorized to acquire property, clear the property of any and all improvements, if any, engage in other site preparation activities and either (a) sell, lease or convey such property for private redevelopment or (b) sell, lease or dedicate such property for construction of public improvements or facilities. Land assemblage by the City may be by purchase, exchange, donation, lease or eminent domain. The City may pay for a private developer's cost of acquiring land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land. Acquisition of land for public rights-of-way may also be necessary for the portions of said rights-of-way that the City does not own.  
  
As a necessary part of the redevelopment process, the City may hold and secure property which it has acquired and place it in temporary use until such property is scheduled for disposition and redevelopment. Such uses may include, but are not limited to, project office facilities, parking or other uses the City may deem appropriate.  
  
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 Plan, the City will follow its customary and otherwise required 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.
  
3. **REHABILITATION COSTS.** The costs for rehabilitation, reconstruction or repair or remodeling of existing public or private buildings or fixtures including, but not limited to, provision of facade improvements for the purpose of improving the facades of privately held properties may be funded.
  
4. **PROVISION OF PUBLIC IMPROVEMENTS AND FACILITIES.** Adequate public improvements and facilities may be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:
  - a. Provision for streets, public rights-of-ways and public transit facilities
  - b. Provision of utilities necessary to serve the redevelopment
  - c. Public landscaping

- d. Public landscape/buffer improvements, street lighting and general beautification improvements
  - e. Public schools
  - f. Public open space
5. **JOB TRAINING AND RELATED EDUCATIONAL PROGRAMS.** Funds may be used by the City available for programs to be created for Chicago residents so that they may take advantage of the employment opportunities in the Redevelopment Project Area.
  6. **FINANCING COSTS.** Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto, may be funded.
  7. **CAPITAL COSTS.** All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Project, to the extent the municipality by written agreement accepts and approves such costs, may be funded.
  8. **PROVISION FOR RELOCATION COSTS.** Funds may be used by the City or made available for the relocation expenses of public facilities and for private property owners and tenants of properties relocated or acquired by the City or a developer for redevelopment purposes.
  9. **PAYMENT IN LIEU OF TAXES.**
  10. **COSTS OF JOB TRAINING.** Funds may be provided for costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs a) 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 companies located in a redevelopment project area; and b) 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 (as defined

in the Act) and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code (as defined in the Act).

- 11. INTEREST COSTS.** Funds may be provided to developers or redevelopers for a portion of interest costs incurred in the construction of a redevelopment project. Interest costs incurred by a developer or redeveloper related to the construction, renovation or rehabilitation of a redevelopment project may be funded 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 developer or the redeveloper with regard to the redevelopment project during that year;
  - c) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amounts due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
  - d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total of 1) costs paid or incurred by the developer or redeveloper for the redevelopment project plus 2) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act.
- 12. NEW CONSTRUCTION COSTS.** Funds may not be used by the City for the construction of new privately-owned buildings.
- 13. REDEVELOPMENT AGREEMENTS.** The City may enter into redevelopment agreements with private developers or redevelopers, which may include but not be limited to, terms of sale, lease or conveyance of land, requirements for site improvements, public improvements, job training and interest subsidies. In the event that the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed improvements.

The City requires that developers who receive TIF assistance for market rate housing set aside 20% of the units to meet affordability criteria established by the City's Department of Housing. Generally, this means that the affordable for-sale units should be priced at a level that they may be purchased by 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 median income.

To undertake these activities, redevelopment project costs will be incurred. "Redevelopment project costs" (hereafter referred to as the "Redevelopment Project Costs") mean the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Plan pursuant to the Act.

The estimated Redevelopment Project Costs are shown in Table 1. The total Redevelopment Project Costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, interest and other financing costs). Within this limit, adjustments may be made in line items without amendment to this Plan. The costs represent estimated amounts and do not represent actual City commitments or expenditures.

Table 1 - (Estimated Redevelopment Project Costs) represents those eligible project costs in the Act. These upper limit expenditures are potential costs to be expended over the maximum 23-year life of the Redevelopment Project Area. These funds are subject to the amount of projects and incremental tax revenues generated and the City's willingness to fund proposed projects on a project by project basis.

**TABLE 1 - ESTIMATED REDEVELOPMENT PROJECT COSTS**

<u>Program Action/Improvements</u>	<u>Costs</u>
Planning, Legal, Professional, Administration	\$ 650,000
Assemblage of Sites	\$ 6,000,000
Public Improvements	\$10,000,000 (1)
Job Training	\$ 350,000
Site Preparation/Environmental Remediation/Demolition	\$ 5,000,000
 <b>TOTAL REDEVELOPMENT PROJECT COSTS*</b>	 <b>\$22,000,000 (2)(3)</b>

\*Exclusive of capitalized interest, issuance costs and other financing costs.

(1) This category may also include reimbursing capital costs of taxing districts impacted by the redevelopment of the Project Area. As permitted by the Act, the City may pay, or reimburse all, or a portion of the Board of Education's and the Park District's capital costs resulting from the Redevelopment project pursuant to a written agreement by the City accepting and approving such costs.

(2) All costs are 1997 dollars. In addition to the above stated costs, each issue of bonds issued to finance a phase of the project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations. Adjustments to the estimated line item costs above are expected and may be made by the municipality without amendment to the Plan. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs as a result of changed redevelopment costs and needs.

(3) The total estimated Redevelopment Project Costs amount do not include private redevelopment costs. Total Redevelopment Project Costs are inclusive of redevelopment project costs incurred in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes generated in the Redevelopment Project Area, but do not include project costs incurred in the Redevelopment Project Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated only by a public right of way.

#### **D. SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS**

Funds necessary to pay for Redevelopment Project Costs are to be derived principally from tax increment revenues, proceeds of municipal obligations which are secured principally by tax increment revenues, and/or possible tax increment revenues from adjacent redevelopment projects areas created under the Act. There may be other sources of funds that the City may elect to use to pay for Redevelopment Project Costs or other obligations issued to pay for such costs; these sources include, but are not limited to, state and federal grants, developer contributions and land disposition proceeds generated from the Redevelopment Project Area.

The tax increment revenue that may be used to secure municipal obligations or pay for eligible Redevelopment Project Costs shall be the incremental real property tax revenue. Incremental real property tax revenue is attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Without the use of such tax incremental revenues, the Redevelopment Project Area would not reasonably be anticipated to be developed.

The Redevelopment Project Area may become contiguous to other redevelopment project areas created under the Act. If the City finds that the goals, objectives and financial success of contiguous redevelopment project areas are interdependent, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Act that revenues from each such redevelopment project area be made available to support the other. The City therefore proposes to utilize incremental revenues received from the Redevelopment Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in another contiguous redevelopment project areas, and vice versa. The amount of revenue from the 26th-Kostner Redevelopment Project Area made available to support such contiguous redevelopment project areas, when added to all amounts used to pay eligible Redevelopment Project Costs within the 26th-Kostner Redevelopment Project Area, shall not at any time exceed the total Redevelopment Project Costs described in Table 1 of this Redevelopment Plan.

#### **E. ISSUANCE OF OBLIGATIONS**

To finance Redevelopment Project Costs, the City may issue general obligation bonds or obligations secured by the anticipated tax increment revenue generated within the Redevelopment Project Area, or the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers to secure such obligations. In addition, a the City may pledge toward payment of such obligations any part or any combination of the following: 1) net revenues of all or part of any redevelopment project; 2) taxes levied and collected on any or all property in the the City; 3) the full faith and credit of the the City; 4) a mortgage on part or all of the Redevelopment Project Area; or 5) any other taxes or anticipated receipts that the the City may lawfully pledge.

All obligations issued by the City pursuant to this Plan and the Act shall be retired within 23 years (by the year 2021) from the adoption of the ordinance approving the Redevelopment Project Area. 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 Plan. The amounts payable in any year as principal and interest on all obligations issued by the City pursuant to the Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

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

#### **F. MOST RECENT EQUALIZED ASSESSED VALUATION OF PROPERTIES IN THE REDEVELOPMENT PROJECT AREA**

The total 1996 equalized assessed valuation for the entire Redevelopment Project Area is \$2,834,583. After verification by the County Clerk of Cook County, this amount will serve as the "Initial Equalized Assessed Valuation" from which all incremental property taxes in the Redevelopment Project Area will be calculated by the County. The 1996 EAV of the Redevelopment Project Area is summarized by permanent index number (PIN) in Table 2 - 1996 Equalized Assessed Valuation of this Plan.

#### **G. ANTICIPATED EQUALIZED ASSESSED VALUATION**

By the year 2003 when it is estimated that the projected development, based on currently known information, will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at between \$22,000,000 and \$27,000,000. These estimates are based on several key assumptions, including: 1) all currently projected development will be completed in 2003; 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Redevelopment Project; 3) the most recent State Multiplier of 2.1517 as applied to 1996 assessed values will remain unchanged; 4) for the duration of the project, the tax rate for the entire Redevelopment Project Area is assumed to be the same and will remain unchanged from the 1996 level; and 5) growth from reassessments of existing properties will be at a rate of 2.5% per year with a reassessment every three years. Although development in the Redevelopment Project Area may occur after 2003, it is not possible to estimate with



accuracy the effect of such future development on the EAV for the Redevelopment Project Area. In addition, as described in Section N of the Plan, "Phasing and Scheduling of Redevelopment", public improvements may be necessary in furtherance of the Plan throughout the 23 year period that the Plan is in effect.

#### **H. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE**

As described in Section IV - Blighted Area Conditions Section of the Redevelopment Plan, the Redevelopment Project Area as a whole is adversely impacted by the presence of numerous factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. The Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise. The lack of private investment is evidenced by continued existence of the factors referenced above and the lack of new development projects initiated or completed within the Redevelopment Project Area.

The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation (EAV) of all the property in the Redevelopment Project Area. The EAV for all property in the City of Chicago increased from \$27,964,127,826 in 1992 to \$30,773,301,521 in 1996, a total of 10.5% or an average of 2.51% per year. Over the last four years, from 1992 to 1996, the Redevelopment Project Area has experienced an overall decrease of 9.02%, from \$3,115,619 in 1992 to \$2,834,583 in 1996, an average decrease of 2.26% per year.

A summary of the building permit requests for new construction and major renovation from the City of Chicago is found in Exhibit 2 - Building Permit Requests. Building permit requests for new construction and renovation for the Redevelopment Project Area from 1993 - October 1997 totaled \$6,000. On an annual basis for the time period 1993-1996, no permits were issued in the Redevelopment Project Area. Two (2) permits were issued in 1997 for minor repairs that benefited one building within the Redevelopment Project Area.

It is clear from the study of this area that private investment in revitalization and redevelopment has not occurred to overcome the Blighted Area conditions that currently exist. The Redevelopment Project Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Plan.

#### **I. FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT**

Without the adoption of this Plan and tax increment financing, the Redevelopment Project Area is not reasonably expected to be redeveloped by private enterprise. There is a real prospect that the Blighted Area conditions will continue and are likely to spread, and the surrounding area will become less attractive for the maintenance and improvement of existing buildings and sites. The possible erosion of the assessed value of property, which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment, could lead to a

reduction of real estate tax revenue to all taxing districts. If successful, the implementation of the Plan may enhance the values of properties within and adjacent to the Redevelopment Project Area.

Subsections A, B, & C of Section V of this Plan describe the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can occur. The Redevelopment Project will be staged with various developments taking place over a period of years. If the Redevelopment Project is successful, various new private projects will be undertaken that will assist in alleviating the blighting conditions which caused the Redevelopment Project Area to qualify as a Blighted Area under the Act, creating new jobs and promoting development in the Redevelopment Project Area.

The Redevelopment Project is expected to have minor financial impacts on the taxing districts affected by the Plan. During the period when tax increment financing is utilized in furtherance of this Plan, real estate tax increment revenues (from the increases in EAV over and above the certified initial EAV established at the time of adoption of this Plan) will be used to pay eligible redevelopment project costs for the Redevelopment Project Area. Incremental revenues will not be available to these taxing districts during this period. When the Redevelopment Project Area is no longer in place, the real estate tax revenues will be distributed to all taxing districts levying taxes against property located in the Redevelopment Project Area.

#### **J. DEMAND ON TAXING DISTRICT SERVICES**

The following major taxing districts presently levy taxes on properties located within the Redevelopment Project Area: City of Chicago; Chicago Board of Education District 299; Chicago School Finance Authority; Chicago Park District; Chicago Community College District 508; Metropolitan Water Reclamation District of Greater Chicago; County of Cook; and Cook County Forest Preserve District.

In addition to the major taxing districts summarized above, the City of Chicago Library Fund has taxing jurisdiction over part or all of the Project Area. The City of Chicago Library Fund, (formerly a separate taxing district from the City) no longer extends taxing levies but continues to exist for the purpose of receiving delinquent taxes.

The proposed Redevelopment Project involves the assemblage of vacant and underutilized land, and new construction of commercial and residential buildings. Any proposed new residential development in this area could result in an increased need for more schools, parks and additional community services. Accordingly, 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 for schools and open lands are addressed in connection with any particular residential development. Proposed residential development could also require some additional police and fire protection. However, since these residential structures will be built to the City's

latest and most current building codes and standards, it would be anticipated that these new structures would have a minimal of fire service calls.

Non-residential development, such as the proposed commercial uses should not cause increased demand for services or capital improvements on any of the taxing districts named above except for the Metropolitan Water Reclamation District and the City of Chicago. Replacement of vacant and underutilized land with active and more intensive uses will result in additional demands on services and facilities provided by the Metropolitan Water Reclamation District. However, it is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Redevelopment Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Any additional cost to the City of Chicago for police, fire protection and sanitation services should be minimal since commercial and other mixed-use developments will privately pay for the majority of the costs of these services (i.e., sanitation services).

#### **K. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS**

As described in detail in prior sections of this Plan, the complete scale and amount of development in the Redevelopment Project Area cannot be predicted with complete certainty and the demand for services provided by the affected taxing districts cannot be quantified. As a result, the City has not developed, at present, a specific plan to address the impact of the Redevelopment Project on taxing districts.

As indicated in Section V, subsection C and Table 1, Estimated Redevelopment Project Costs of the Redevelopment Project, the City may provide public improvements and facilities to service the Redevelopment Project Area. Potential public improvements and facilities provided by the City may mitigate some of the additional service and capital demands placed on taxing districts as a result of the implementation of this Redevelopment Project.

#### **L. PROVISION FOR AMENDING ACTION PLAN**

The 26th-Kostner Redevelopment Project Area Tax Increment Finance Program Redevelopment Project may be amended pursuant to the provisions of the Act.

#### **M. FAIR EMPLOYMENT PRACTICES, AFFIRMATIVE ACTION PLAN AND PREVAILING WAGE AGREEMENT**

The City is committed to and will affirmatively implement the following principles with respect to the Redevelopment Project Area.

1. 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.

2. Redevelopers will meet City of Chicago standards for participation of Minority Business Enterprise and Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in Redevelopment Agreements.
3. This commitment to affirmative action and non discrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
4. Redevelopers will meet City of Chicago standards for the prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

#### **N. PHASING AND SCHEDULING OF REDEVELOPMENT**

A phased implementation strategy will be used to achieve a timely and orderly redevelopment of the Redevelopment Project Area. It is expected that over the 23 years that this Plan is in effect for the Redevelopment Project Area, numerous public/private improvements and developments can be expected to take place. The specific time frame and financial investment will be staged in a timely manner. Development within the Redevelopment Project Area intended to be used for housing and commercial purposes will be staged consistently with the funding and construction of infrastructure improvements, and private sector interest in new industrial facilities. City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers. The estimated completion date of the Redevelopment Project shall be no later than 23 years from the adoption of the ordinance by the City Council approving the Redevelopment Project Area.

**APPENDIX**

**TABLE 1 - ESTIMATED REDEVELOPMENT PROJECT COSTS**

<u>Program Action/Improvements</u>	<u>Costs</u>
Planning, Legal, Professional, Administration	\$ 650,000
Assemblage of Sites	\$ 6,000,000
Public Improvements	\$10,000,000 (1)
Job Training	\$ 350,000
Site Preparation/Environmental Remediation/Demolition	\$ 5,000,000
<b>TOTAL REDEVELOPMENT PROJECT COSTS*</b>	<b>\$22,000,000 (2)(3)</b>

\*Exclusive of capitalized interest, issuance costs and other financing costs

(1) This category may also include reimbursing capital costs of taxing districts impacted by the redevelopment of the Project Area. As permitted by the Act, the City may pay, or reimburse all, or a portion of the Board of Education's and the Park District's capital costs resulting from the Redevelopment project pursuant to a written agreement by the City accepting and approving such costs.

(2) All costs are 1997 dollars. In addition to the above stated costs, each issue of bonds issued to finance a phase of the project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations. Adjustments to the estimated line item costs above are expected and may be made by the municipality without amendment to the Plan. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs as a result of changed redevelopment costs and needs.

(3) The total estimated Redevelopment Project Costs amount do not include private redevelopment costs. Total Redevelopment Project Costs are inclusive of redevelopment project costs incurred in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes generated in the Redevelopment Project Area, but do not include project costs incurred in the Redevelopment Project Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated only by a public right of way.

**TABLE 2 - 1996 EQUALIZED ASSESSED VALUATION**

<b>PERMANENT INDEX NUMBER</b>	<b>EAV</b>
16 27 104 011	\$409,391
16 27 104 012	\$91,977
16 27 104 013	\$89,715
16 27 104 014	\$326,015
16 27 104 015	\$506,921
16 27 301 002	\$33,446
16 27 301 025	\$276,291
16 27 301 027	\$158,972
16 27 301 029	\$217,651
16 27 301 030	\$188,790
16 27 301 031	\$12,426
16 27 301 034	\$522,988
<b>Total:</b>	<b>\$2,834,583</b>

**EXHIBIT 1 - LEGAL DESCRIPTION**

THAT PART OF THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, ALSO A PARCEL OF LAND COMPRISED OF LOTS 1 TO 19 INCLUSIVE IN LAWNSDALE INDUSTRIAL DISTRICT, BEING A SUBDIVISION IN PART OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, TOGETHER WITH A PORTION OF THE UNSUBDIVIDED LAND IN SAID NORTHEAST 1/4 OF THE SOUTHWEST 1/4, LYING WESTERLY OF AND ADJOINING SAID LAWNSDALE INDUSTRIAL DISTRICT, ALSO THE PORTION OF RIGHT OF WAY OF WEST 26TH STREET ADJACENT TO THE ABOVE DESCRIBED PROPERTIES AND THE PORTION OF RIGHT OF WAY OF SOUTH KOSTNER AVENUE, LYING EASTERLY OF AND ADJOINING SAID PROPERTIES, TAKEN AS ONE PARCEL OF LAND IS BOUNDED AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION WITH A LINE WHICH IS 44.00 FEET SOUTHERLY FROM, PARALLEL TO AND MEASURED AT RIGHT ANGLES TO THE SOUTHERLY RIGHT OF WAY OF THE CHICAGO, BURLINGTON AND QUINCY RAILROAD WITH THE WEST RIGHT OF WAY LINE OF SOUTH KOSTNER AVENUE; THENCE SOUTH 89 DEGREES 56 MINUTES 07 SECONDS EAST, A DISTANCE OF 60.56 FEET TO A POINT OF INTERSECTION WITH THE EASTERLY SIDE OF BACK OF CURB; THENCE ALONG SAID EASTERLY SIDE OF BACK OF CURB AND BACK OF CURB LINES EXTENDED THE FOLLOWING FIVE COURSES;

- 1.) SOUTH 04 DEGREES 03 MINUTES 19 SECONDS WEST, A DISTANCE OF 11.66 FEET;
- 2.) SOUTH 03 DEGREES 16 MINUTES 41 SECONDS WEST, A DISTANCE OF 20.11 FEET;
- 3.) SOUTH 00 DEGREES 03 MINUTES 48 SECONDS WEST, A DISTANCE OF 977.69 FEET;
- 4.) SOUTH 01 DEGREES 33 MINUTES 57 SECONDS WEST, A DISTANCE OF 148.54 FEET;
- 5.) SOUTH 00 DEGREES 05 MINUTES 01 SECONDS WEST, A DISTANCE OF 406.32 FEET;

THENCE NORTH 89 DEGREES 56 MINUTES 07 SECONDS WEST, A DISTANCE OF 54.63 FEET TO A POINT OF INTERSECTION WITH SAID WEST RIGHT OF WAY LINE OF SOUTH KOSTNER AVENUE; THENCE NORTH 89 DEGREES 36 MINUTES 52 SECONDS WEST, A DISTANCE OF 460.00 FEET TO A POINT; THENCE SOUTH 00 DEGREES 03 MINUTES 53 SECONDS WEST, A DISTANCE OF 343.00 FEET TO A POINT; THENCE NORTH 89 DEGREES 36 MINUTES 52 SECONDS WEST, ALONG THE SOUTHWEST 1/4 OF SAID SECTION 27, A DISTANCE OF 745.59 FEET TO A POINT OF INTERSECTION WITH A LINE 87.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG SAID PARALLEL LINE, A DISTANCE OF 1064.55 FEET TO A POINT OF INTERSECTION WITH THE SOUTH RIGHT OF WAY LINE OF WEST 26TH STREET; THENCE NORTH 89 DEGREES 44 MINUTES 57 SECONDS WEST, ALONG SAID SOUTH RIGHT OF WAY LINE OF WEST 26TH STREET, A DISTANCE OF 54.00 FEET TO A POINT OF INTERSECTION WITH A LINE WHICH IS 33.00 FEET EAST OF AND PARALLEL



WITH THE WEST LINE OF SAID NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG SAID LINE WHICH IS 33.00 FEET EAST OF AND PARALLEL WITH SAID WEST LINE OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27 AND THE WEST LINE OF THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 27, A DISTANCE OF 487.87 FEET TO A POINT OF INTERSECTION WITH SAID LINE WHICH IS 44.00 FEET SOUTHERLY FROM, PARALLEL TO AND MEASURED AT RIGHT ANGLES TO THE SOUTHERLY RIGHT OF WAY LINE OF THE CHICAGO, BURLINGTON AND QUINCY RAILROAD; THENCE NORTH 74 DEGREES 39 MINUTES 03 SECONDS EAST, ALONG SAID LINE, A DISTANCE OF 899.17 FEET TO A POINT; THENCE SOUTH 00 DEGREES 03 MINUTES 53 SECONDS WEST, ALONG A LINE BEING PARALLEL WITH THE NORTH AND SOUTH CENTER LINE OF SAID SECTION 27, A DISTANCE OF 43.72 FEET TO A POINT; THENCE NORTH 47 DEGREES 26 MINUTES 15 SECONDS EAST, A DISTANCE OF 92.17 FEET TO A POINT OF INTERSECTION WITH SAID LINE WHICH IS 44.00 FEET SOUTHERLY FROM, PARALLEL TO AND MEASURED AT RIGHT ANGLES TO THE SOUTHERLY RIGHT OF WAY LINE OF THE CHICAGO, BURLINGTON AND QUINCY RAILROAD; THENCE NORTH 74 DEGREES 39 MINUTES 03 SECONDS EAST, ALONG SAID LINE, A DISTANCE OF 338.87 FEET TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

**EXHIBIT 2 - BUILDING PERMIT REQUESTS**

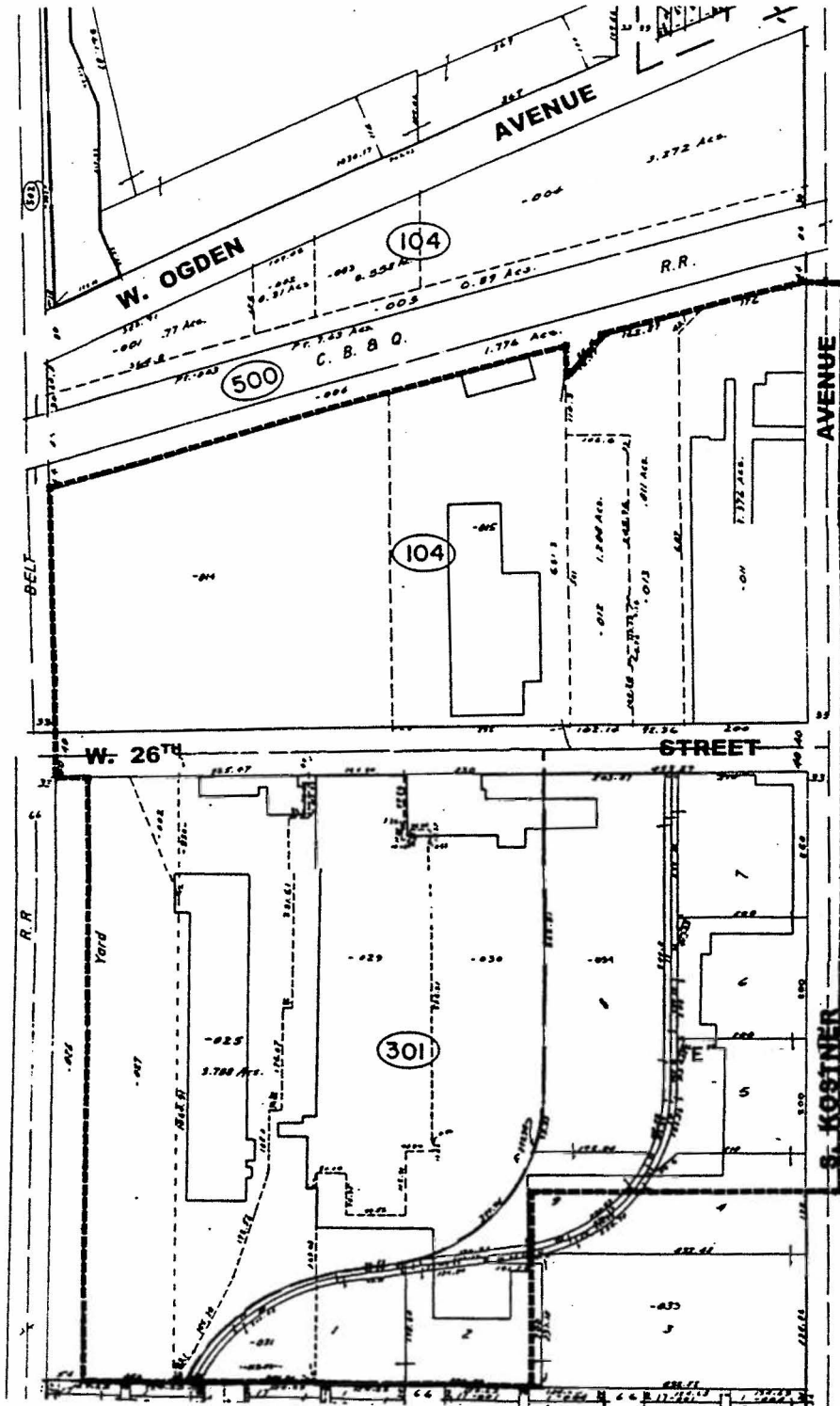
**NEW CONSTRUCTION/INVESTMENT PERMITS**

<b>PERMIT #</b>	<b>DATE</b>	<b>ADDRESS</b>	<b>INVESTMENT</b>
850560	7/7/97	4418 W. 26th Street	\$3,500
853971	8/4/97	4418 W. 26th Street	\$2,500

**EXHIBIT 3 - MAP LEGEND**

MAP 1	REDEVELOPMENT PROJECT BOUNDARY
MAP 2	EXISTING LAND USE
MAP 3	PROPOSED LAND USE
MAP 4	AREA MAP

# 26th / KOSTNER TAX INCREMENT FINANCING DISTRICT



----- Project Boundary



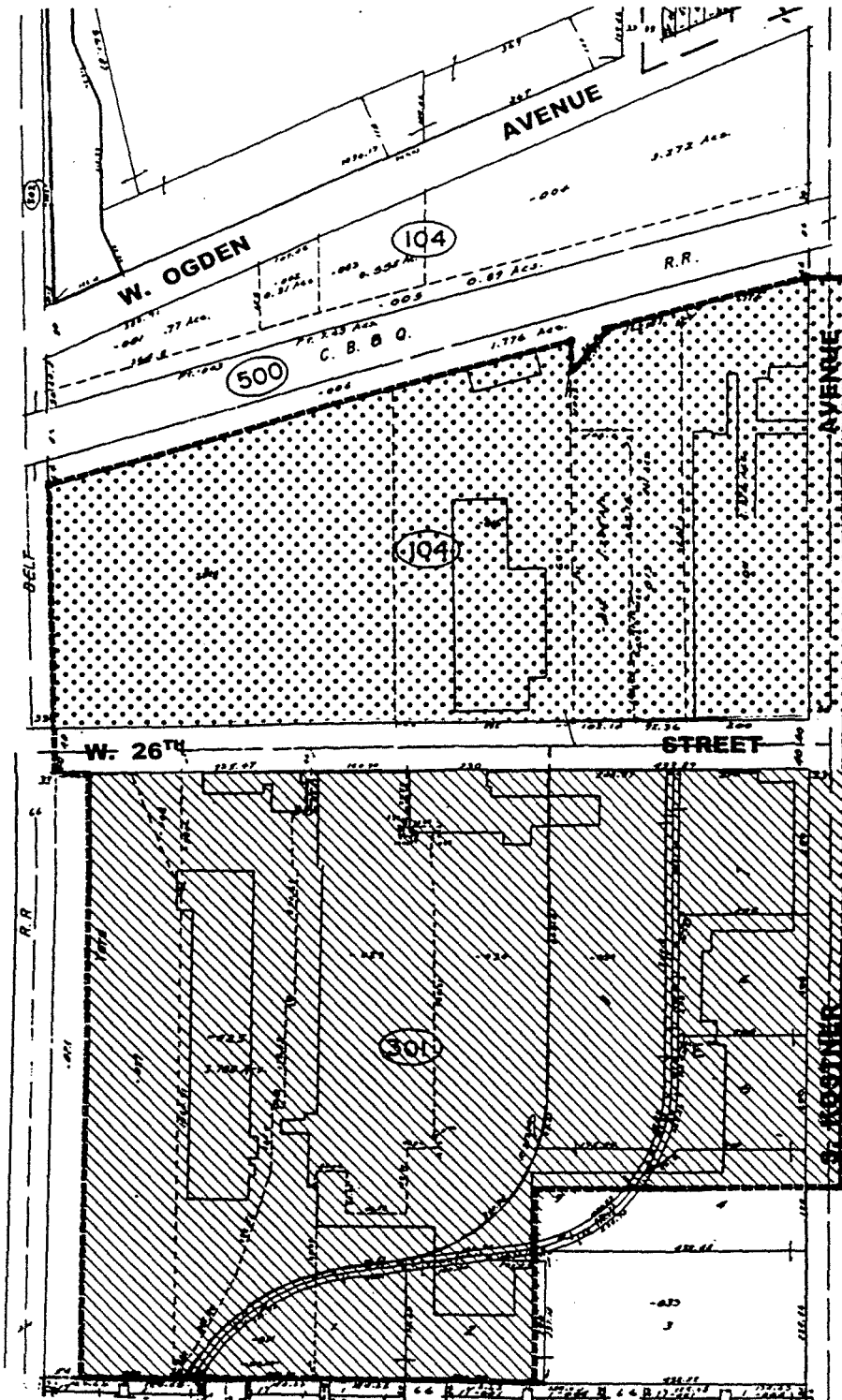
## REDEVELOPMENT PLAN - MAP 1

UNITED SURVEY SERVICE CO.  
8033 CHURCHILL, NILES IL 60714 PH : (847) 581-0040

LOUIK / SCHNEIDER  
& ASSOCIATES, INC.

CITY OF CHICAGO  
10-8-97

# 26th / KOSTNER TAX INCREMENT FINANCING DISTRICT



**Existing Land Use**



Industrial



Commercial P.U.D.

## REDEVELOPMENT PLAN - MAP 2

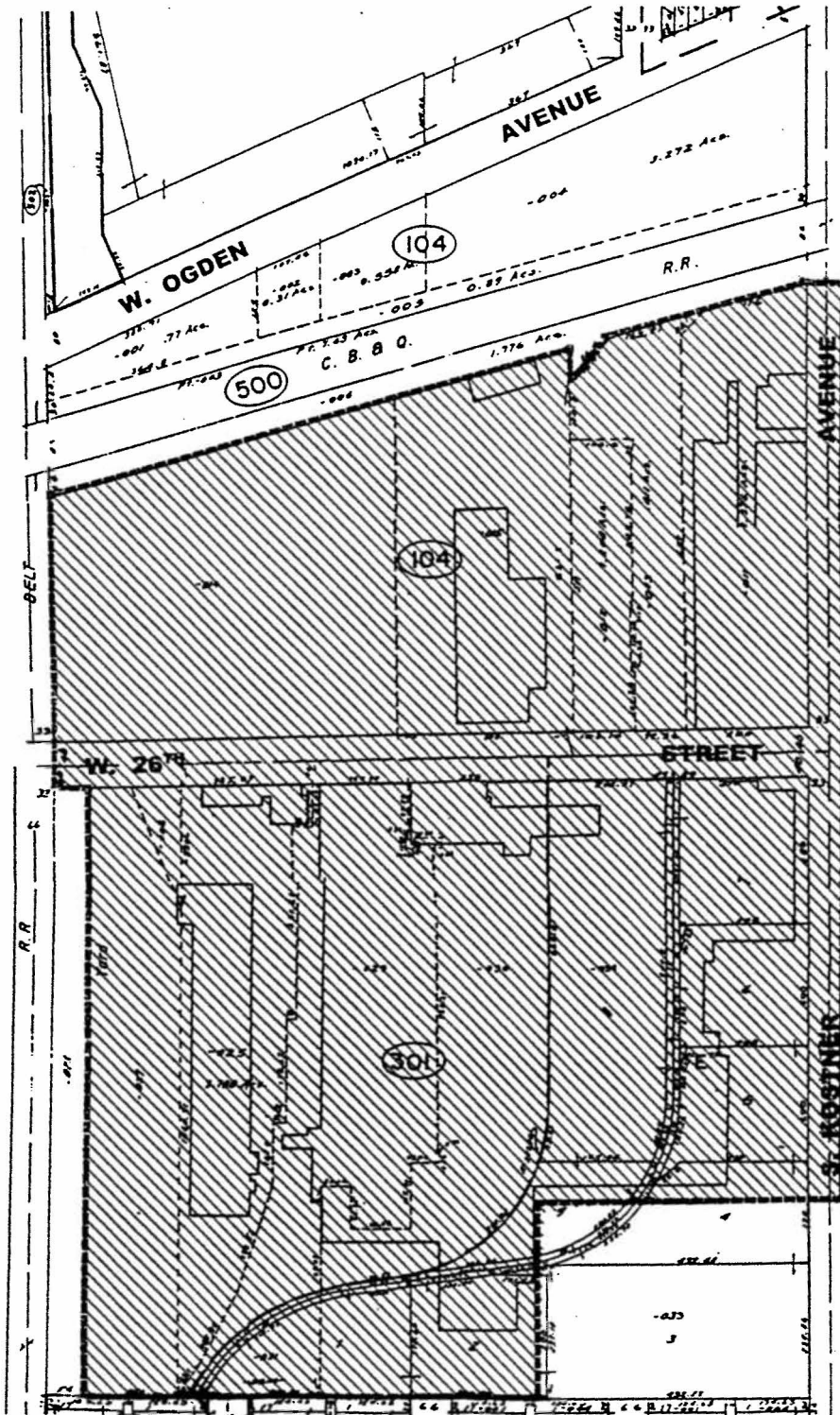


UNITED SURVEY SERVICE CO.  
8033 CHURCHILL, NILES IL 60714 PH: (847) 581-0040

**LOUIK / SCHNEIDER  
& ASSOCIATES, INC.**

CITY OF CHICAGO  
10-8-97

# 26th / KOSTNER TAX INCREMENT FINANCING DISTRICT



**Proposed Land Use**



Mixed Use - Commercial / Residential / Institutional



## REDEVELOPMENT PLAN - MAP 3

UNITED SURVEY SERVICE CO.  
8033 CHURCHILL, NILES IL 60714 PH : (847) 581-0040

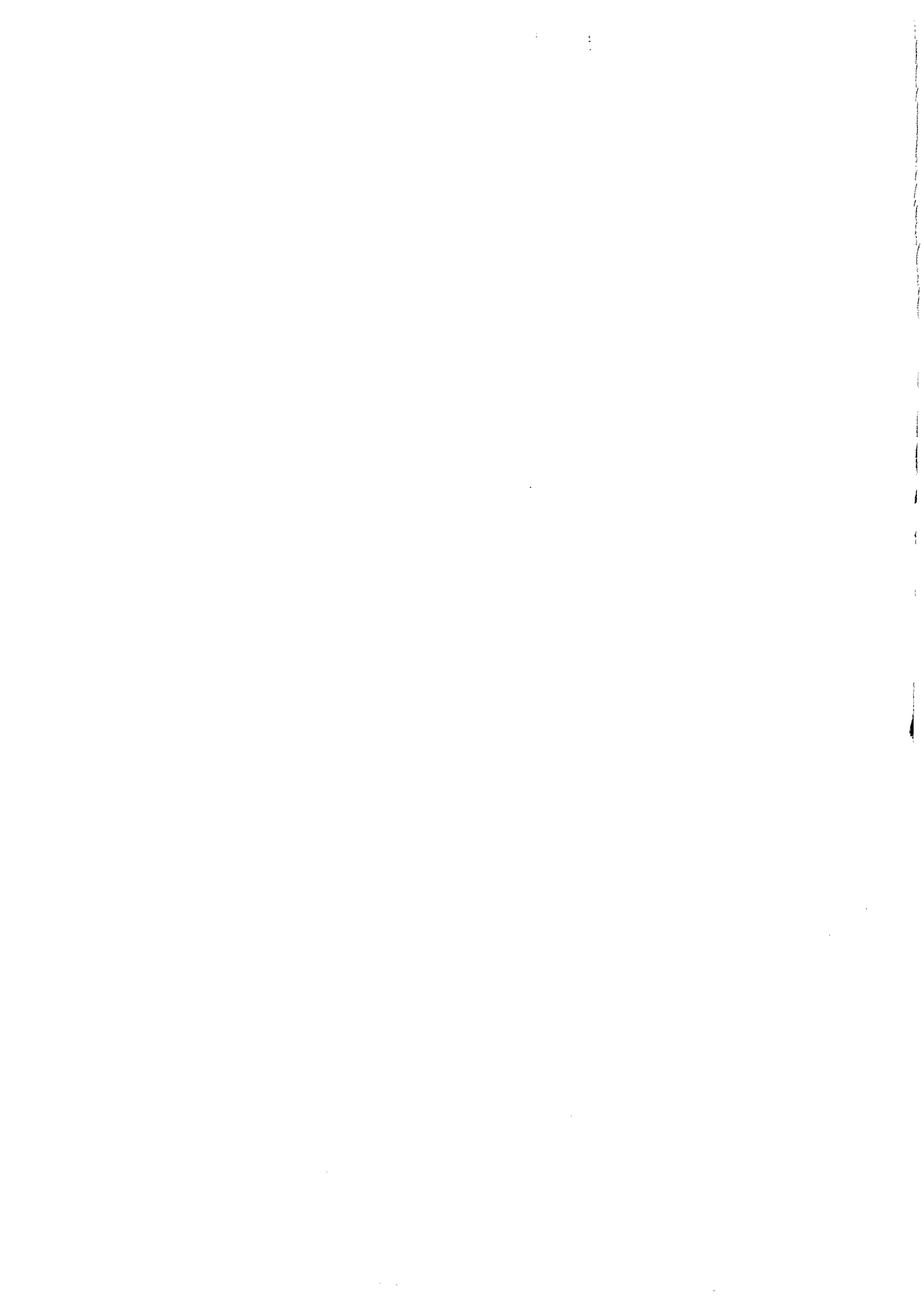
**LOUIK / SCHNEIDER  
& ASSOCIATES, INC.**

CITY OF CHICAGO  
10-8-97



**EXHIBIT 4 - ELIGIBILITY STUDY**





**CITY OF CHICAGO**

**26TH-KOSTNER**

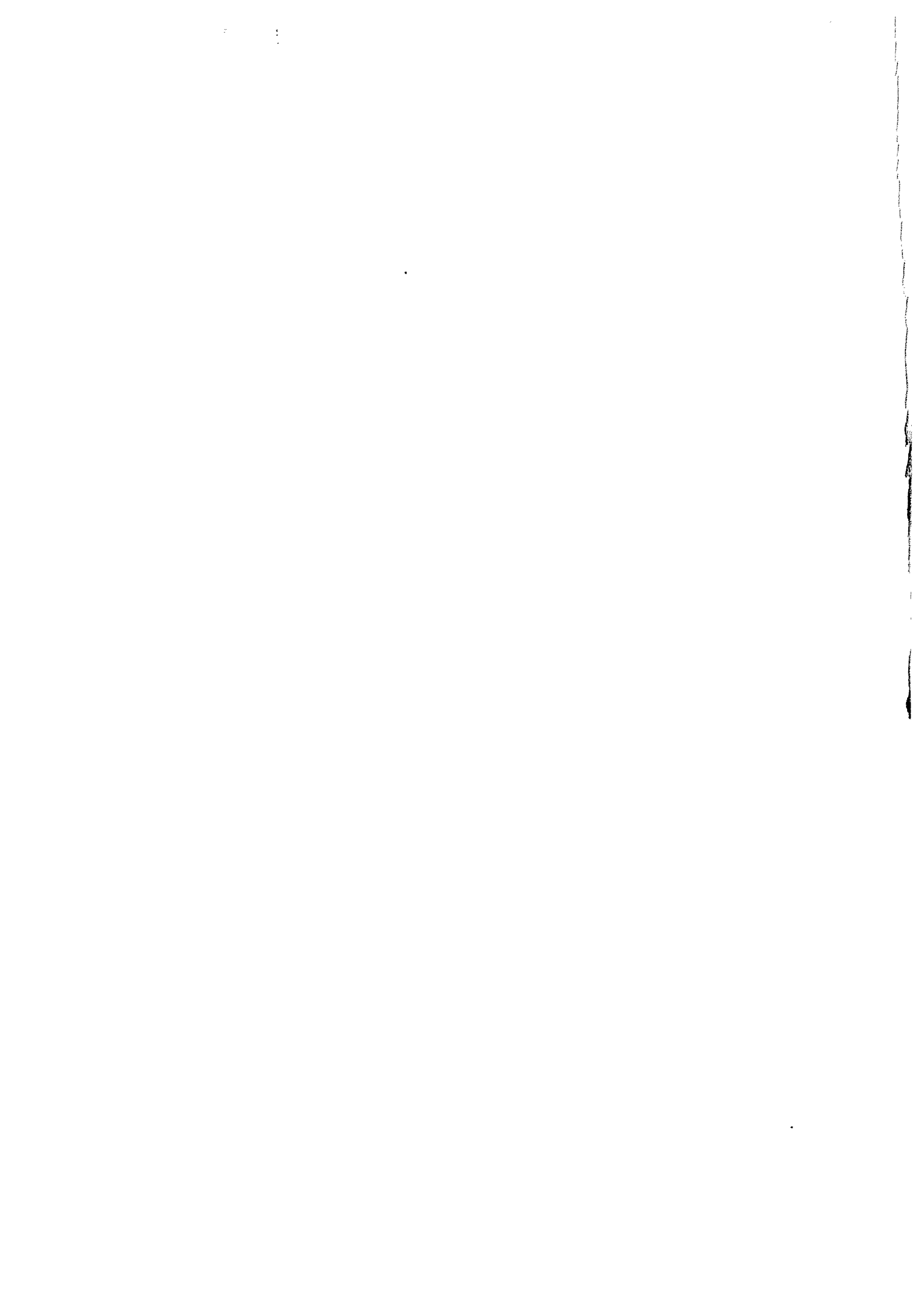
**TAX INCREMENT FINANCE PROGRAM**

**ELIGIBILITY STUDY**

**CITY OF CHICAGO  
RICHARD M. DALEY  
MAYOR**

**NOVEMBER 1997**

**PREPARED BY  
LOUIK/SCHNEIDER & ASSOCIATES, INC.**



**ELIGIBILITY STUDY**  
**26TH-KOSTNER**  
**TAX INCREMENT FINANCE PROGRAM**

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## I. INTRODUCTION

Louik/Schneider & Associates, Inc. has been retained by Urban Investment Trust, Inc. to conduct an independent initial study and survey of the proposed redevelopment area known as the 26th-Kostner Area, Chicago, Illinois (the "Study Area"). The purpose of the study is to determine whether the Study Area qualifies for designation as a "Blighted Area" for the purpose of establishing a tax increment financing district, pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et. seq., as amended (the "Act"). This report summarizes the analyses and findings of the consultants' work, which is the responsibility of Louik/Schneider & Associates, Inc. Louik/Schneider & Associates, Inc. has prepared this report with the understanding that the City would rely 1) on the findings and conclusions of this report in proceeding with the designation of the Study Area as a redevelopment project area under the Act, and 2) on the fact that Louik/Schneider & Associates, Inc. has obtained the necessary information to conclude that the Study Area can be designated as a redevelopment project area in compliance with the Act.

Following this introduction, Section II presents background information of the Study Area including the area location, description of current conditions and site history. Section III explains the Building Condition Assessment and documents the qualifications of the Study Area as a Blighted Area under the Act. Section IV, Summary and Conclusions, presents the findings.

This report was jointly prepared by Myron D. Louik, John P. Schneider, Lori T. Healey, Tricia Marino Ruffolo and Sandy Plisic of Louik/Schneider & Associates, Inc.

## II. BACKGROUND INFORMATION

### A. LOCATION

The 26th-Kostner Study Area (hereafter referred to as the "Study Area") is located on the southwest side of the City of Chicago, approximately 3.25 miles south and 5.5 miles west of the central business district. The Study Area is comprised of approximately 48 acres and includes two (2) full blocks. The Study Area is bounded on the north by the Chicago, Burlington & Quincy Railroad, on the east by Kostner Avenue, on the west by the Chicago & Western, Indiana Belt Line Railroad rights-of-way and on the south generally by 27th Street and 28th Street.

The Study Area is located within the South Lawndale community area of Chicago which has excellent transportation access to the metropolitan area. The Study Area is approximately one and one-half miles north of the Stevenson Expressway (I-55) and two miles south of the Eisenhower Expressway (I-290). Access to the Study Area is provided by 26th Street, Kostner Avenue, Ogden Avenue, Cicero Avenue (State Route 50) and Pulaski Road. The boundaries of the Study Area are shown on Map 1, Project Boundary Map, and the existing land uses are identified on Map 2, Existing Land Uses.

### B. DESCRIPTION OF CURRENT CONDITIONS

The Study Area consists of two (2) full blocks and 12 parcels. There are 12 buildings in the Study Area of which 11 (91.7%) are used as industrial buildings. There are five (5) parking lots and one (1) vacant lot.

Much of the Study Area is in need of redevelopment, rehabilitation and revitalization and is characterized by:

- deteriorated and dilapidated buildings and site improvements;
- difficult and inadequate ingress and egress;
- current and past obsolescence;
- inadequate infrastructure; and
- other blighting characteristics.

Additionally, a lack of growth and investment by the private sector is evidenced by 1) the number and dollar amount of building permit requests for the Study Area, and 2) the overall decrease of equalized assessed valuation ("EAV") of the property in the Study Area during the period from 1992 to 1996. Specifically:

- Exhibit 2 - Building Permit Requests contains a summary of the building permit requests for new construction and major renovation from the City of Chicago. Building permit requests for new construction and renovation for the Study Area from 1993 - October 1997 totaled \$6,000. On an annual basis for the time period 1992-1996, no permits were issued in the

Study Area. Two (2) permits were issued in 1997 for minor repairs that benefited one building within the Study Area.

- The Study Area is primarily comprised of industrial uses with some interspersed parcels of vacant land. The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation (EAV) of all the property in the Study Area. The EAV for all property in the City of Chicago increased from \$27,964,127,826 in 1992 to \$30,773,301,521 in 1996, a total of 10.5% or an average of 2.51% per year. Over the last four years, from 1992 to 1996, the Study Area has experienced an overall decrease of 9.02%, from \$3,115,619 in 1992 to \$2,834,583 in 1996, an average decrease of 2.26% per year.

It is clear from the study of this area that private investment in revitalization and redevelopment has not occurred to overcome the Blighted Area conditions that currently exist. The Study Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of the Redevelopment Plan and Project.

### **C. AREA HISTORY AND PROFILE**

The South Lawndale Community Area is bounded by the Chicago, Burlington and Quincy Railroad on the north, the Stevenson Expressway on the south, the Chicago, Burlington and Quincy Railroad on the east, and the Chicago and Northwestern Railroad on the west. Today, the Stevenson Expressway, which was built over the Illinois-Michigan Canal, is the southern limit of the community area.

South Lawndale was undeveloped prairie land until the early 1850's when a land boom accompanied construction of the Illinois-Michigan Canal in 1848. The Chicago, Burlington and Quincy Railroad entered the area in 1863, further facilitating growth.

In 1869, the eastern portion of the community was annexed to the City of Chicago. The western portion (west of Pulaski Road) was annexed into the City in 1889. At the turn of the century, the community began to experience accelerated growth as industry was built to the north, in the North Lawndale Community, and to the west in the Town of Cicero. Among the major industries located in nearby communities were Western Electric, Sears Roebuck and Company, International Harvester, along with numerous other smaller firms.

Little Village, as this part of South Lawndale Community Area is now called, has a distinct ethnic flavor which has attracted tourists and shoppers seeking ethnic restaurants, shops, music and entertainment. West 26th Street serves as a nucleus for the Mexican Community in the City of Chicago.



#### **D. EXISTING LAND USE AND ZONING CHARACTERISTICS**

The northern portion of the Study Area (north of 26th Street) continues to reflect industrial land use patterns. At the present time, the existing land uses are predominantly industrial and commercial in nature. The majority of property within the Study Area is zoned for light to medium industrial uses, M2-2. Additionally, a large amount of the Study Area is situated within a commercial planned development (CPD No. 511) which is located north of 28th Street, west of Kostner Avenue and south of 26th Street and east of the Belt Line railroad, the M3-4 Heavy Manufacturing District. (See Map 2 - Existing Land Uses)

### III. QUALIFICATION AS A BLIGHTED AREA

#### A. ILLINOIS TAX INCREMENT ACT

The Act authorizes Illinois municipalities to redevelop locally designated deteriorated areas through tax increment financing. In order for an area to qualify as a tax increment financing district, it must first be designated as a Blighted Area, a Conservation Area (or a combination of the two) or an Industrial Park.

As set forth in the Act, a "Blighted Area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of five or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; or lack of community planning, are detrimental to the public safety, health, morals or welfare". The Act also states that, "all factors must indicate that the area on the whole has not been subject to growth and development through investments by private enterprise", and will not be developed without action by the City.

On the basis of this approach, the 26th-Kostner Study Area will be considered eligible for designation as a Blighted Area within the requirements of the Act.

#### B. SURVEY, ANALYSIS AND DISTRIBUTION OF ELIGIBILITY FACTORS

Exterior surveys were conducted of all of the 12 parcels located within the Study Area; additional interior studies were completed on all buildings located south of 26th Street. An analysis was made of each of the Blighted Area eligibility factors contained in the Act to determine their presence in the Study Area. This exterior survey examined not only the condition and use of buildings but also included conditions of streets, sidewalks, curbs, gutters, lighting, vacant land, underutilized land, parking facilities, landscaping, fences and walls, and general maintenance. In addition, an analysis was conducted of existing site coverage and parking, land uses, zoning and their relationship to the surrounding area.

A block-by-block analysis of the two (2) blocks was conducted to identify the eligibility factors (see Exhibit 4-Distribution of Criteria Matrix). Each of the factors is present to a varying degree. The following three levels are identified:

- **Not present** - indicates that either the condition did not exist or that no evidence could be found or documented during the survey or analyses.

- **Present to a minor extent** - indicates that the condition did exist, but its distribution or impact was limited.
- **Present to a major extent** - indicates that the condition did exist and was present throughout the area (block-by-block basis) and was at a level to influence the Study Area and adjacent and nearby parcels of property.

### **C. BUILDING EVALUATION PROCEDURE**

This section will identify how the buildings within the Study Area are evaluated.

#### **HOW BUILDING COMPONENTS AND IMPROVEMENTS ARE EVALUATED**

During the field survey, all components of and improvements to the subject buildings were examined to determine whether they were in sound condition or had minor, major or critical defects. These examinations were completed to determine whether conditions existed to evidence the presence of any of the following related factors: dilapidation, deterioration or depreciation of physical maintenance.

Building components and improvements examined were of two types:

##### **PRIMARY STRUCTURAL COMPONENTS**

These include the basic elements of any building or improvement including foundation walls, load bearing walls and columns, roof and roof structure.

##### **SECONDARY COMPONENTS**

These are components generally added to the primary structural components and are necessary parts of the building and improvements, including porches and steps, windows and window units, doors and door units, facade, chimneys, and gutters and downspouts.

Each primary and secondary component and improvement was evaluated separately as a basis for determining the overall condition of the building and surrounding area. This evaluation considered the relative importance of specific components within the building and the effect that deficiencies in components and improvements have on the remainder of the building.

Once the buildings are evaluated, they are classified as identified in the following section.

#### **BUILDING COMPONENT AND IMPROVEMENT CLASSIFICATIONS**

The four categories used in classifying building components and improvements and the criteria used in evaluating structural deficiencies are described as follows:

##### **1. SOUND**

Building components and improvements which contain no defects, are adequately maintained, and require no treatment outside of normal ongoing maintenance.

## **2. REQUIRING MINOR REPAIR -- DEPRECIATION OF PHYSICAL MAINTENANCE**

Building components and improvements which contain defects (loose or missing material or holes and cracks over a limited area) which often may be corrected through the course of normal maintenance. Minor defects have no real effect on either primary or secondary components and improvements and the correction of such defects may be accomplished by the owner or occupants, such as pointing masonry joints over a limited area or replacement of less complicated components and improvements. Minor defects are not considered in rating a building as structurally substandard.

## **3. REQUIRING MAJOR REPAIR -- DETERIORATION**

Building components and improvements which contain major defects over a widespread area and would be difficult to correct through normal maintenance. Buildings and improvements in this category would require replacement or rebuilding of components and improvements by people skilled in the building trades.

## **4. CRITICAL -- DILAPIDATED**

Building components and improvements which contain major defects (bowing, sagging, or settling to any or all exterior components, for example) causing the structure to be out-of-plumb, or broken, loose or missing material and deterioration over a widespread area so extensive that the cost of repair would be excessive.

## **D. BLIGHTED AREA ELIGIBILITY FACTORS**

A finding may be made that the Study Area is a Blighted Area based on the fact that the area exhibits the presence of five (5) or more of the blighted area eligibility factors described in Section A. This section examines each of the blighted area eligibility factors.

### **1. AGE**

Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems are a function of time, temperature and moisture, structures that are 35 years or older typically exhibit more problems than more recently constructed buildings.

There are 11 of the 12 (91.7%) buildings in the Study Area that are at least 35 years of age or older. Age is present to a major extent in both blocks.

### **CONCLUSION**

Age is *present to a major extent* in the Study Area. Age is present in 11 of the 12 (91.7%) buildings in the Study Area. The results of the analysis of age are shown in Map 3.

### **2. DILAPIDATION**

Dilapidation refers to an advanced state of disrepair of buildings and improvements. In July of 1997, Louik/Schneider & Associates, Inc. conducted an exterior survey of all the structures and

the condition of each of the buildings in the Study Area. The analysis of building dilapidation is based on the survey methodology and criteria described in the preceding section on "How Building Components and Improvements are Evaluated."

Based on exterior building surveys, it was determined that many buildings are dilapidated and exhibit major structural problems making them structurally substandard. These buildings are all in an advanced state of disrepair. Major masonry wall work is required where water and lack of maintenance has allowed buildings to incur structural damage. Since wood elements require the most maintenance of all exterior materials, these are the ones showing the greatest signs of deterioration.

Dilapidated buildings exist throughout the Study Area. A high concentration of dilapidated buildings can be found in block 16-27-301. These buildings are either vacant and deteriorated, or in an advanced state of disrepair.

Dilapidation is present in six (6) of the 12 (50.0%) buildings. Dilapidation is present to a major extent in one (1) of the two (2) blocks.

#### **CONCLUSION**

Dilapidation is *present to a major extent* in the Study Area. Dilapidation is present in six (6) of the 12 (50.0%) buildings and in one (1) of the two (2) blocks. The results of the dilapidation analysis are presented in Map 4.

### **3. OBSOLESCENCE**

Webster's New Collegiate Dictionary defines "obsolescence" as "being out of use; obsolete." "Obsolete" is further defined as "no longer in use; disused" or "of a type or fashion no longer current." These definitions are helpful in describing the general obsolescence of buildings or site improvements in the proposed Study Area. In making findings with respect to buildings and improvements, it is important to distinguish between *functional obsolescence* which relates to the physical utility of a structure, and *economic obsolescence* which relates to a property's ability to compete in the marketplace.

- **FUNCTIONAL OBSOLESCENCE**

Structures historically have been built for specific uses or purposes. The design, location, height and space arrangement are intended for a specific occupancy at a given time. Buildings and improvements become obsolete when they contain characteristics or deficiencies which limit the use and marketability of such buildings and improvements after the original use ceases. The characteristics may include loss in value to a property resulting from an inherent deficiency existing from poor design or layout, the improper orientation of the building on its site, etc., which detracts from the overall usefulness or desirability of a property.

- **ECONOMIC OBSOLESCENCE**

Economic obsolescence is normally a result of adverse conditions which cause some degree of market rejection and, hence, depreciation in market values. Typically, buildings classified as dilapidated and buildings that contain vacant space are characterized by problem conditions which may not be economically curable, resulting in net rental losses and/or depreciation in market value.

Site improvements, including sewer and water lines, public utility lines (gas, electric and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of obsolescence may include inadequate utility capacities, outdated designs, etc.

Obsolescence, as a factor, should be based upon the documented presence and reasonable distribution of buildings and site improvements evidencing such obsolescence.

**OBSOLETE BUILDING TYPES**

Obsolete buildings contain characteristics or deficiencies which limit their long-term sound use or reuse for the purpose for which they were built. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse effect on nearby and surrounding developments and detract from the physical, functional and economic vitality of the area.

These structures are characterized by conditions indicating that they are incapable of efficient or economic use according to contemporary standards. These conditions include:

- Multistory industrial buildings with large floor plates and antiquated building systems;
- An inefficient exterior configuration of the structures, including insufficient width, low ceiling heights and small size;
- Inadequate access for contemporary systems of delivery and service, including both exterior building access and interior vertical systems;
- Single-purpose industrial use; or
- Multi buildings on a single lot allowing for no ingress/egress or direct access to individual buildings from streets or alleys.

Obsolescence of building types is present in 10 of the 12 (83.3%) buildings in the Study Area.

**OBSOLETE PLATTING**

Obsolete platting includes parcels of irregular shape, narrow or small size, and parcels improperly platted within the Study Area blocks. Development of the individual parcels is not possible without the development of the surrounding parcels.

Obsolescence is present in six (6) of the 12 (50.0%) parcels in the Study Area.

#### **OBSOLETE SITE IMPROVEMENTS**

Site improvements, including sewer and water lines, public utility lines (gas, electric and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of obsolescence may include inadequate utility capacities, outdated designs, etc.

Obsolescence of site improvements is present to a major extent in one (1) of the two (2) blocks and to a minor extent in one (1) of the two blocks.

#### **CONCLUSION**

Obsolescence is *present to a major extent* in the Study Area. Obsolescence is present in 10 of the 12 (83.3%) buildings, six (6) of the 12 (50.0%) parcels and both of the two (2) blocks. The results of the obsolescence analysis are presented in Map 5.

#### **4. DETERIORATION**

Deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring major treatment or repair.

- Deterioration which is not easily correctable and cannot be repaired in the course of normal maintenance may be evident in buildings. Such buildings and improvements may be classified as requiring major or many minor repairs, depending upon the degree or extent of defects. This would include buildings with defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.), and defects in primary building components (e.g., foundations, frames, roofs, etc.), respectively.
- All buildings and site improvements classified as dilapidated are also deteriorated.

#### **DETERIORATION OF BUILDINGS**

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "How Building Components and Improvements Are Evaluated." There are 10 of the 12 (83.3%) buildings in the Study Area that are deteriorated.

The deteriorated buildings in the Study Area exhibit defects in both their primary and secondary components. For example, the primary components exhibiting defects include walls, roofs and foundations with loose or missing materials (mortar, shingles), and holes and/or cracks in these components. The defects of secondary components include damage to windows, doors, stairs and/or porches; missing or cracked tuckpointing and/or masonry on the facade, chimneys, etc.; missing parapets, gutters and/or downspouts; foundation cracks or settling; and other missing structural components.

Deteriorated structures exist throughout the Study Area due to the combination of their age and advanced state of disrepair. The need for masonry repairs and tuckpointing is predominant, closely followed by deteriorating doors, facades, and secondary elements in the buildings. The entire Study Area contains deteriorated buildings and most of the parcels with buildings are impacted by such deterioration.

#### **DETERIORATION OF PARKING AND SURFACE AREAS**

Field surveys were also conducted to identify the condition of the parcels without structures, of which six (6) contain improved lots with no buildings (i.e. parking and vacant lots). Of these six (6) parcels, two (33.3%) were classified as deteriorated. These parcels are characterized by uneven surfaces with insufficient gravel, vegetation growing through the parking surface, depressions and standing water, absence of curbs or guardrails, falling or broken fences and extensive debris.

Deterioration can be found in eight (8) of the 12 (66.7%) parcels. It is found to be present to a major extent in both of the two (2) blocks of the Study Area.

#### **CONCLUSION**

Deterioration is *present to a major extent* in the Study Area. Deterioration is present in 10 of the 12 (83.3%) buildings, in eight (8) of the 12 (66.7%) parcels and in both of the two (2) blocks. The results of the deterioration analysis are presented in Map 6.

#### **5. ILLEGAL USE OF INDIVIDUAL STRUCTURES**

Illegal use of individual structures refers to the presence of uses or activities which are not permitted by law.

#### **CONCLUSION**

A review of the Chicago Zoning Ordinance indicates that there are no illegal uses of the structures or improvements in the Study Area.

#### **6. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS**

Structures below minimum code standards include all structures which do not meet the standards of zoning, subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are 1) to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy, 2) to make buildings safe for occupancy against fire and similar hazards, and 3) to establish minimum standards essential for safe and sanitary habitation.

From January of 1992 through June of 1997, four (4) of the 12 (33.3%) buildings have been cited for building code violations by the City of Chicago's Department of Buildings.



## **CONCLUSION**

Structures below minimum code standards are **present to a minor extent** in the Study Area. Structures below minimum code standards are present in four (4) of the 12 buildings (33.3%), four (4) of the 12 (33.3%) parcels and in both of the two (2) blocks. The results of the analysis of structures below minimum code standards are shown in Map 7.

## **7. EXCESSIVE VACANCIES**

Excessive vacancy refers to buildings which are unoccupied or underutilized and that exert an adverse influence on the area because of the frequency, duration or extent of vacancy.

Excessive vacancies occur in varying degrees throughout the Study Area. A building is considered to have excessive vacancies if at least 50% of the building is vacant or underutilized. There are vacancies in the following building types: single/purpose industrial buildings and related office structures. There are six (6) of the 12 (50.0%) buildings in the Study Area that are totally or partially vacant (over 50%) covering six (6) parcels. Three (3) additional buildings are also partially vacant (less than 50%). Excessive vacancies are present to a major extent in both of the two (2) blocks.

## **CONCLUSION**

Excessive vacancies are **present to a major extent** in the Study Area. Excessive vacancies can be found in nine (9) of the 12 (75%) buildings and both of the two (2) blocks of the Study Area. The results of the analysis of excessive vacancies are shown in Map 8.

## **8. OVERCROWDING OF STRUCTURES AND COMMUNITY FACILITIES**

Overcrowding of structures and community facilities refers to utilization of public or private buildings, facilities, or properties beyond their reasonable or legally permitted capacity. Overcrowding is frequently found in buildings and improvements originally designed for a specific use and later converted to accommodate a more intensive use of activities without adequate provision for minimum floor area requirements, privacy, ingress and egress, loading and services, capacity of building systems, etc.

## **CONCLUSION**

There is no evidence of overcrowding of structures and community facilities within the Study Area.

## **9. Lack of Ventilation, Light or Sanitary Facilities**

Lack of ventilation, light or sanitary facilities refers to substandard conditions which adversely affect the health and welfare of building occupants, e.g., residents, employees or visitors. Typical requirements for ventilation, light and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in spaces/rooms without windows, (i.e., bathrooms), and dust, odor or smoke-producing activity areas;
- Adequate natural light and ventilation by means of skylights or windows or interior rooms/spaces, and proper window sizes and amounts by room area to window area ratios; and
- Adequate sanitary facilities, i.e., garbage storage/enclosure, bathroom facilities, hot water, and kitchens.

#### **CONCLUSION**

Based on the exterior surveys and analyses undertaken within the Study Area, there is no evidence of lack of ventilation, light or sanitary facilities.

#### **10. INADEQUATE UTILITIES**

Inadequate utilities refer to deficiencies in the capacity or condition of the infrastructure which services a property or area, including, but not limited to, storm drainage, water supply, electrical power, streets, sanitary sewers, gas and electricity.

#### **CONCLUSION**

Based on the exterior surveys and analyses undertaken within the Study Area, there is no evidence of inadequate utilities. However, existing utilities may need to be relocated or upgraded to adequately serve new development.

#### **11. EXCESSIVE LAND COVERAGE**

Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Problem conditions include buildings either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety. The resulting inadequate conditions include such factors as insufficient provision for light and air, increased threat of spread of fires due to close proximity to nearby buildings, lack of adequate or proper access to a public right-of-way, lack of required off-street parking, and inadequate provision for loading and service. Excessive land coverage conditions have an adverse or blighting effect on nearby development.

Excessive land coverage occurs in three (3) of the six (6) (50.0%) parcels with structures/buildings in the Study Area. Many of the individual parcels have more than one building and these buildings have been built from property line to property line, leaving no area for parking, open space or other amenities. Because these buildings cover virtually the entire parcel, there is an inadequate amount of space for off-street loading for employees, customers and/or residents. Excessive land coverage can be found to a major extent in one (1) of the two (2) blocks and to a minor extent in one (1) of the two (2) blocks of the Study Area.

## CONCLUSION

Excessive land coverage is **present to a major extent** in the Study Area. Excessive land coverage is present in three (3) of the six (6) parcels (50.0%) with buildings and both of the two (2) blocks. The results of the excessive land coverage analysis are presented in Map 9.

## 12. DELETERIOUS LAND USE OR LAYOUT

Deleterious land uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed uses, or uses which may be considered noxious, offensive or environmentally unsuitable. It also includes residential uses which front on or are located near heavily traveled streets, thus causing susceptibility to noise, fumes and glare. 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 poor layout of buildings on parcels and in relation to other buildings.

In the Study Area, deleterious land use or layout is identified in five (5) of the 12 (41.6%) parcels, including the three (3) parcels exhibiting excessive land coverage with insufficient room for parking and/or loading.

Deleterious land use and layout is present to a major extent in one (1) of the two (2) blocks and to a minor extent in one (1) of the two (2) blocks.

## CONCLUSION

Deleterious land use and layout is **present to a major extent** in the Study Area. Deleterious land use and layout is present in five (5) of the 12 (41.6%) parcels, and in both of the two (2) blocks. The results of the deleterious land use and layout analysis are presented in Map 10.

## 13. DEPRECIATION OF PHYSICAL MAINTENANCE

Depreciation of physical maintenance refers to the effects of deferred maintenance and the lack of maintenance of buildings, parking areas and public improvements, including alleys, walks, streets and utility structures. The analysis of depreciation of physical maintenance is based on survey methodology and criteria described in the preceding section "How Building Components and Improvements Are Evaluated."

The entire Study Area is affected by lack of physical maintenance. All of the 12 parcels, representing buildings, parking/storage areas and vacant land, evidence the presence of this factor.

All of the 12 (100%) buildings in the Study Area are affected by depreciation of physical maintenance. All of the buildings (commercial, industrial, residential and mixed use) exhibit problems including items such as unpainted or unfinished surfaces, peeling paint, loose or missing materials, broken windows, loose or missing gutters or downspouts, loose or missing shingles, overgrown vegetation and general lack of maintenance, etc. Missing downspouts, lack of painting, accumulation of trash and debris, broken fences and other missing elements

or materials from the walls of the buildings are examples of the degrees of depreciation that exist.

Depreciation of physical maintenance is present to a major extent in both of the two (2) blocks of the Study Area.

**CONCLUSION**

Depreciation of physical maintenance is *present to a major extent* in the Study Area. Depreciation of physical maintenance is present in all the buildings, all the parcels, and in both blocks. The results of the depreciation of physical maintenance analysis are presented in Map 11.

**14. LACK OF COMMUNITY PLANNING**

Lack of community planning may be a factor if the proposed redevelopment area was developed prior to or without the benefit of a community plan. This finding may be amplified by other evidence which shows the deleterious results of the lack of community planning, including adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, and parcels of inadequate size or shape to meet contemporary development standards.

**CONCLUSION**

There was insufficient evidence to determine that the area was developed prior to or without the benefit of a community plan. Therefore, lack of community planning is not a factor in the Study Area.

**SUMMARY**

Eight (8) blighted area eligibility criteria are present to a major extent and one (1) blighted area eligibility criteria is present to a minor extent in the Study Area. The nine (9) blighted area eligibility factors that have been identified in the Study Area are as follows:

- |              |   |
|--------------|---|
| Major extent | <ul style="list-style-type: none"><li>• age</li><li>• dilapidation</li><li>• obsolescence</li><li>• deterioration</li><li>• excessive vacancies</li><li>• excessive land coverage</li><li>• deleterious land use or layout</li><li>• depreciation of physical maintenance</li></ul> |
| Minor extent | <ul style="list-style-type: none"><li>• structures below minimum code standards</li></ul>   |

#### IV. SUMMARY AND CONCLUSION

The conclusion of the consultant team is that the number, degree and distribution of Blighted Area eligibility factors as documented in this report warrant the designation of the Study Area as a Blighted Area as set forth in the Act. Specifically:

- Of the 14 blighting factors set forth in the Act, eight (8) are present to a major extent and one (1) is present to a minor extent, and only five (5) are necessary for designation.
- The Blighted Area factors that are present are reasonably distributed throughout the Area.
- All the blocks within the Study Area exhibit the presence of Blighted Area eligibility factors.

While it may be concluded that the mere presence of the stated eligibility factors in Section III may be sufficient to make a finding of qualification as a Blighted Area, this evaluation was made on the basis that the factors must be present to an extent that would lead reasonable persons to conclude that public intervention is appropriate or necessary. In addition, the distribution of Blighted Area eligibility factors throughout the Study Area must be reasonable so that a basically good area is not arbitrarily found to be a Blighted Area simply because of proximity to an area which exhibits Blighted Area factors. All blocks in the Study Area evidence the presence of some of the eligibility factors.

Additional research indicates that the area on the whole has not been subject to growth and development as a result of investments by private enterprise, and will not be developed without action by the City. Specifically:

- Exhibit 2 - Building Permit Requests contains a summary of the building permit requests for new construction and major renovation from the City of Chicago. Building permit requests for new construction and renovation for the Study Area from 1993 - October 1997 totaled \$6,000. On an annual basis for the time period 1992-1996, no permits were issued in the Study Area. Two (2) permits were issued in 1997 for minor repairs that benefited one building within the Study Area.
- The Study Area is primarily comprised of industrial uses with some interspersed parcels of vacant land. The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation (EAV) of all the property in the Study Area. The EAV for all property in the City of Chicago increased from \$27,964,127,826 in 1992 to \$30,773,301,521 in 1996, a total of 10.5% or an average of 2.51% per year. Over the last four years, from 1992 to 1996, the Study Area has experienced an overall decrease of 9.02%, from \$3,115,619 in 1992 to \$2,834,583 in 1996, an average decrease of 2.26% per year.

The conclusions presented in this report are those of the consulting team. The local governing body should review this report and, if satisfied with the summary of findings contained herein, adopt a resolution making a finding of a Blighted Area and making this report a part of the public record. The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc. The surveys, research and analysis conducted include:

1. Exterior surveys of the conditions and use of the Study Area;
2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Comparison of current land uses to current zoning ordinance and the current zoning maps;
4. Historical analysis of site uses and users;
5. Analysis of original and current platting and building size layout;
6. Review of previously prepared plans, studies and data;
7. Analysis of building permits from 1993- October 1997 and building code violations from 1992-1997 requested from the Department of Buildings for all parcels in the Study Area; and
8. Evaluation of the EAV's in the Study Area from 1992 to 1996.

The study and survey of the Study Area indicate that requirements necessary for designation as a Blighted Area are present.

Therefore, the Study Area is qualified as a Blighted Area to be designated as a redevelopment project area and eligible for Tax Increment Financing under the Act (see Exhibit 4 - Matrix of Blighted Factors).

## APPENDIX

**EXHIBIT 1 - LEGAL DESCRIPTION**

THAT PART OF THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, ALSO A PARCEL OF LAND COMPRISED OF LOTS 1 TO 19 INCLUSIVE IN LAWNSDALE INDUSTRIAL DISTRICT, BEING A SUBDIVISION IN PART OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, TOGETHER WITH A PORTION OF THE UNSUBDIVIDED LAND IN SAID NORTHEAST 1/4 OF THE SOUTHWEST 1/4, LYING WESTERLY OF AND ADJOINING SAID LAWNSDALE INDUSTRIAL DISTRICT, ALSO THE PORTION OF RIGHT OF WAY OF WEST 26TH STREET ADJACENT TO THE ABOVE DESCRIBED PROPERTIES AND THE PORTION OF RIGHT OF WAY OF SOUTH KOSTNER AVENUE, LYING EASTERLY OF AND ADJOINING SAID PROPERTIES, TAKEN AS ONE PARCEL OF LAND IS BOUNDED AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION WITH A LINE WHICH IS 44.00 FEET SOUTHERLY FROM, PARALLEL TO AND MEASURED AT RIGHT ANGLES TO THE SOUTHERLY RIGHT OF WAY OF THE CHICAGO, BURLINGTON AND QUINCY RAILROAD WITH THE WEST RIGHT OF WAY LINE OF SOUTH KOSTNER AVENUE; THENCE SOUTH 89 DEGREES 56 MINUTES 07 SECONDS EAST, A DISTANCE OF 60.56 FEET TO A POINT OF INTERSECTION WITH THE EASTERLY SIDE OF BACK OF CURB; THENCE ALONG SAID EASTERLY SIDE OF BACK OF CURB AND BACK OF CURB LINES EXTENDED THE FOLLOWING FIVE COURSES;

- 1.) SOUTH 04 DEGREES 03 MINUTES 19 SECONDS WEST, A DISTANCE OF 11.66 FEET;
- 2.) SOUTH 03 DEGREES 16 MINUTES 41 SECONDS WEST, A DISTANCE OF 20.11 FEET;
- 3.) SOUTH 00 DEGREES 03 MINUTES 48 SECONDS WEST, A DISTANCE OF 977.69 FEET;
- 4.) SOUTH 01 DEGREES 33 MINUTES 57 SECONDS WEST, A DISTANCE OF 148.54 FEET;
- 5.) SOUTH 00 DEGREES 05 MINUTES 01 SECONDS WEST, A DISTANCE OF 406.32 FEET;

THENCE NORTH 89 DEGREES 56 MINUTES 07 SECONDS WEST, A DISTANCE OF 54.63 FEET TO A POINT OF INTERSECTION WITH SAID WEST RIGHT OF WAY LINE OF SOUTH KOSTNER AVENUE; THENCE NORTH 89 DEGREES 36 MINUTES 52 SECONDS WEST, A DISTANCE OF 460.00 FEET TO A POINT; THENCE SOUTH 00 DEGREES 03 MINUTES 53 SECONDS WEST, A DISTANCE OF 343.00 FEET TO A POINT; THENCE NORTH 89 DEGREES 36 MINUTES 52 SECONDS WEST, ALONG THE SOUTHWEST 1/4 OF SAID SECTION 27, A DISTANCE OF 745.59 FEET TO A POINT OF INTERSECTION WITH A LINE 87.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG SAID PARALLEL LINE, A DISTANCE OF 1064.55 FEET TO A POINT OF INTERSECTION WITH THE SOUTH RIGHT OF WAY LINE OF WEST 26TH STREET; THENCE NORTH 89 DEGREES 44 MINUTES 57 SECONDS WEST, ALONG SAID SOUTH RIGHT OF WAY LINE OF WEST 26TH STREET, A DISTANCE OF 54.00 FEET TO A POINT OF INTERSECTION WITH A LINE WHICH IS 33.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG SAID LINE



WHICH IS 33.00 FEET EAST OF AND PARALLEL WITH SAID WEST LINE OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27 AND THE WEST LINE OF THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 27, A DISTANCE OF 487.87 FEET TO A POINT OF INTERSECTION WITH SAID LINE WHICH IS 44.00 FEET SOUTHERLY FROM, PARALLEL TO AND MEASURED AT RIGHT ANGLES TO THE SOUTHERLY RIGHT OF WAY LINE OF THE CHICAGO, BURLINGTON AND QUINCY RAILROAD; THENCE NORTH 74 DEGREES 39 MINUTES 03 SECONDS EAST, ALONG SAID LINE, A DISTANCE OF 899.17 FEET TO A POINT; THENCE SOUTH 00 DEGREES 03 MINUTES 53 SECONDS WEST, ALONG A LINE BEING PARALLEL WITH THE NORTH AND SOUTH CENTER LINE OF SAID SECTION 27, A DISTANCE OF 43.72 FEET TO A POINT; THENCE NORTH 47 DEGREES 26 MINUTES 15 SECONDS EAST, A DISTANCE OF 92.17 FEET TO A POINT OF INTERSECTION WITH SAID LINE WHICH IS 44.00 FEET SOUTHERLY FROM, PARALLEL TO AND MEASURED AT RIGHT ANGLES TO THE SOUTHERLY RIGHT OF WAY LINE OF THE CHICAGO, BURLINGTON AND QUINCY RAILROAD; THENCE NORTH 74 DEGREES 39 MINUTES 03 SECONDS EAST, ALONG SAID LINE, A DISTANCE OF 338.87 FEET TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

**EXHIBIT 2 - BUILDING PERMIT REQUESTS**

**NEW CONSTRUCTION/INVESTMENT PERMITS**

<b>PERMIT #</b>	<b>DATE</b>	<b>ADDRESS</b>	<b>INVESTMENT</b>
850560	7/7/1997	4418 W. 26th Street	\$3,500
853971	8/4/1997	4418 W. 26th Street	\$2,500

**EXHIBIT 3 - BUILDING CODE VIOLATIONS**

1. 4400 W. 26th Street 4/23/92
2. 4517 S. 26th Street 3/05/93
3. 4544 W. 26th Street 3/16/93
4. 2600 S. Kostner Ave. 9/20/95

**EXHIBIT 4 - DISTRIBUTION OF CRITERIA MATRIX**

BLOCK	1	2	3	4	5	6	7	8	9	10	11	12	13	14
16 27 104	X		P	X		P	X				P	P	X	
16 27 301	X	X	X	X		P	X				X	X	X	

**Key**

- X Present to a Major Extent
- P Present
- Not Present

**Criteria**

- 1 AGE
- 2 DILAPIDATION
- 3 OBSOLESCENCE
- 4 DETERIORATION
- 5 ILLEGAL USE OF INDIVIDUAL STRUCTURES
- 6 PRESENCE OF STRUCTURES BELOW MINIMUM CODE
- 7 EXCESSIVE VACANCIES
- 8 OVERCROWDING
- 9 LACK OF VENTILATION, LIGHT OR SANITARY FACILITIES
- 10 INADEQUATE UTILITIES
- 11 EXCESSIVE LAND COVERAGE
- 12 DELETERIOUS LAND USE OR LAYOUT
- 13 DEPRECIATION OF PHYSICAL MAINTENANCE
- 14 LACK OF COMMUNITY PLANNING

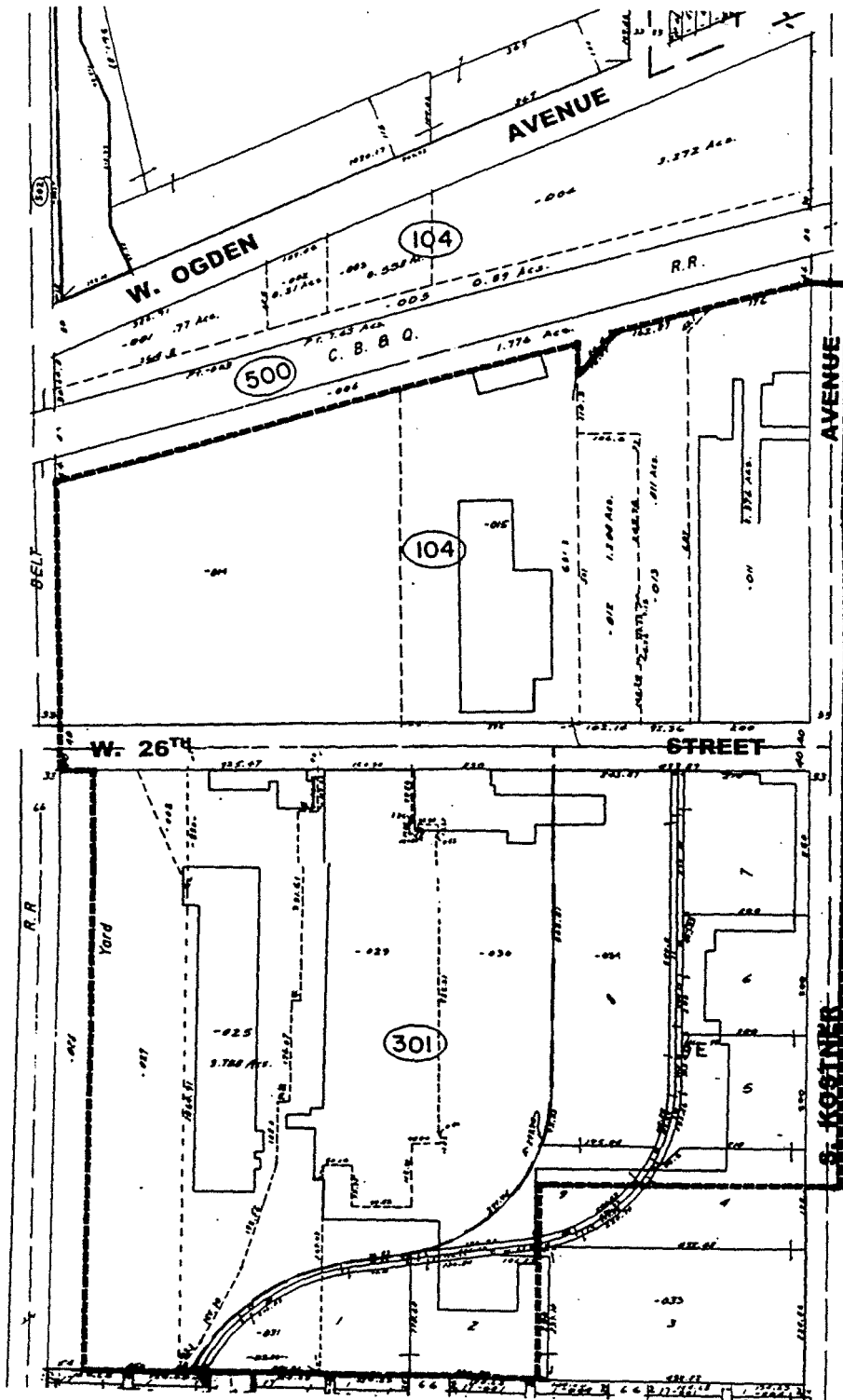
**EXHIBIT 5 - MATRIX OF BLIGHTED FACTORS**

<b>A. Block Number</b>	<b>104</b>	<b>301</b>
<b>B. Number of Buildings</b>	<b>3</b>	<b>9</b>
<b>C. Number of Parcels</b>	<b>5</b>	<b>7</b>
1. Number of buildings 35 years or older	2	9
2. A. Number of buildings showing decline of physical maintenance	3	9
2. B. Number of parcels with site improvements exhibiting decline of physical maintenance	5	7
3. A. Number of deteriorated buildings	2	8
3. B. Number of parcels with site improvements that are deteriorated	4	4
4. A. Number of dilapidated buildings	0	6
4. B. Number of parcels with site improvements that are dilapidated	0	4
5. A. Number of obsolete buildings	1	9
5. B. Number of parcels with site improvements that are obsolete	1	5
6. Number of buildings below minimum code	2	2
7. Number of buildings lacking ventilation, light, or sanitation facilities	0	0
8. Number of buildings with illegal uses	0	0
9. Number of buildings with excessive vacancies	3	6
10. Number of parcels with excessive vacancies	3	4
11. Total number of eligibility factors represented in block	8	9

**EXHIBIT 6 - MAP LEGEND**

MAP 1	PROJECT BOUNDARY
MAP 2	EXISTING LAND USE
MAP 3	AGE
MAP 4	DILAPIDATION
MAP 5	OBSOLESCENCE
MAP 6	DETERIORATION
MAP 7	STRUCTURES BELOW MINIMUM CODE
MAP 8	EXCESSIVE VACANCIES
MAP 9	EXCESSIVE LAND COVERAGE
MAP 10	DELETERIOUS LAND USE/LAYOUT
MAP 11	DEPRECIATION OF PHYSICAL MAINTENANCE

# 26th / KOSTNER TAX INCREMENT FINANCING DISTRICT



----- Project Boundary

## ELIGIBILITY STUDY - MAP 1

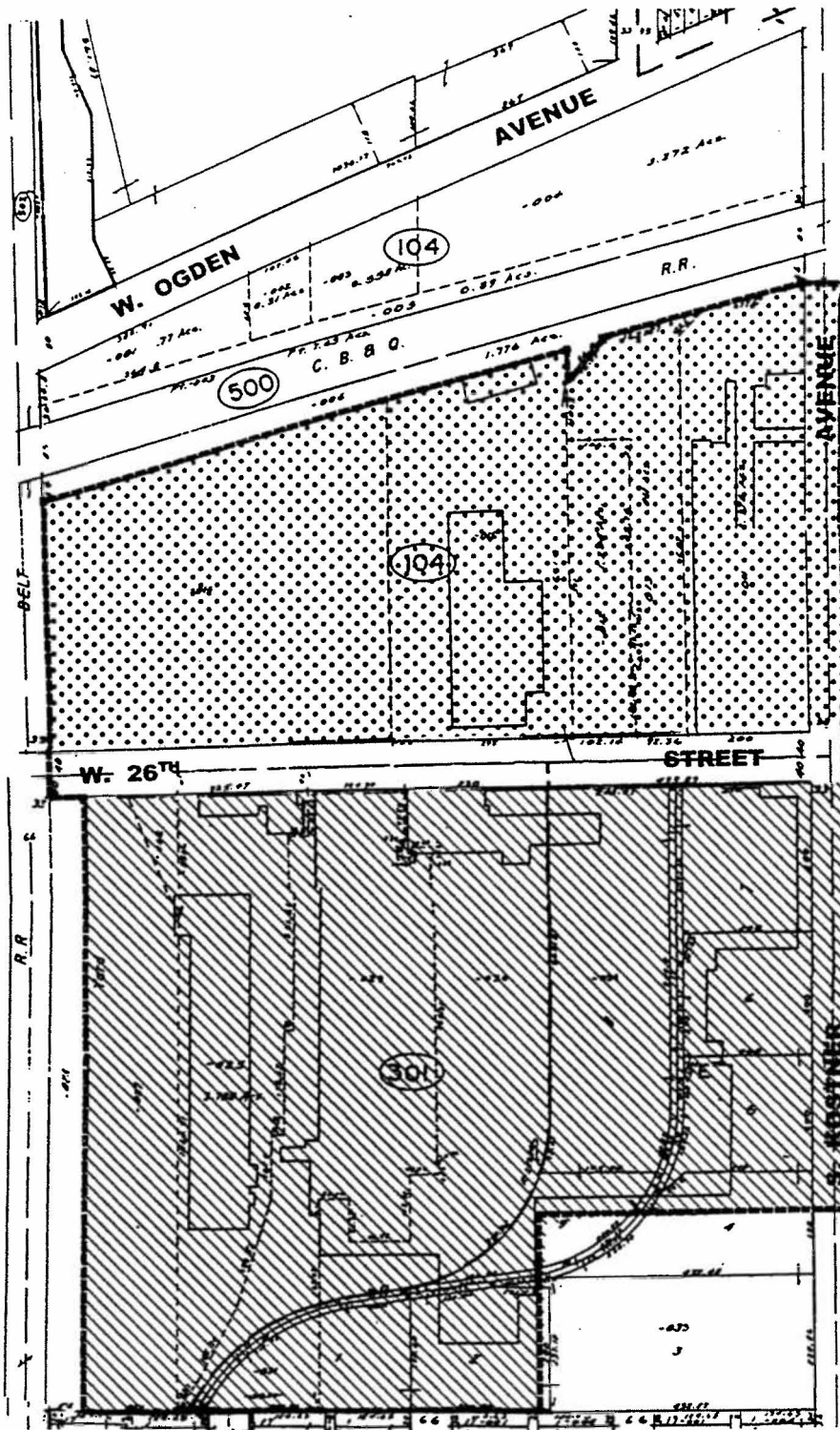


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10-8-97

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Existing Land Use



Industrial



Commercial P.U.D.

## ELIGIBILITY STUDY - MAP 2



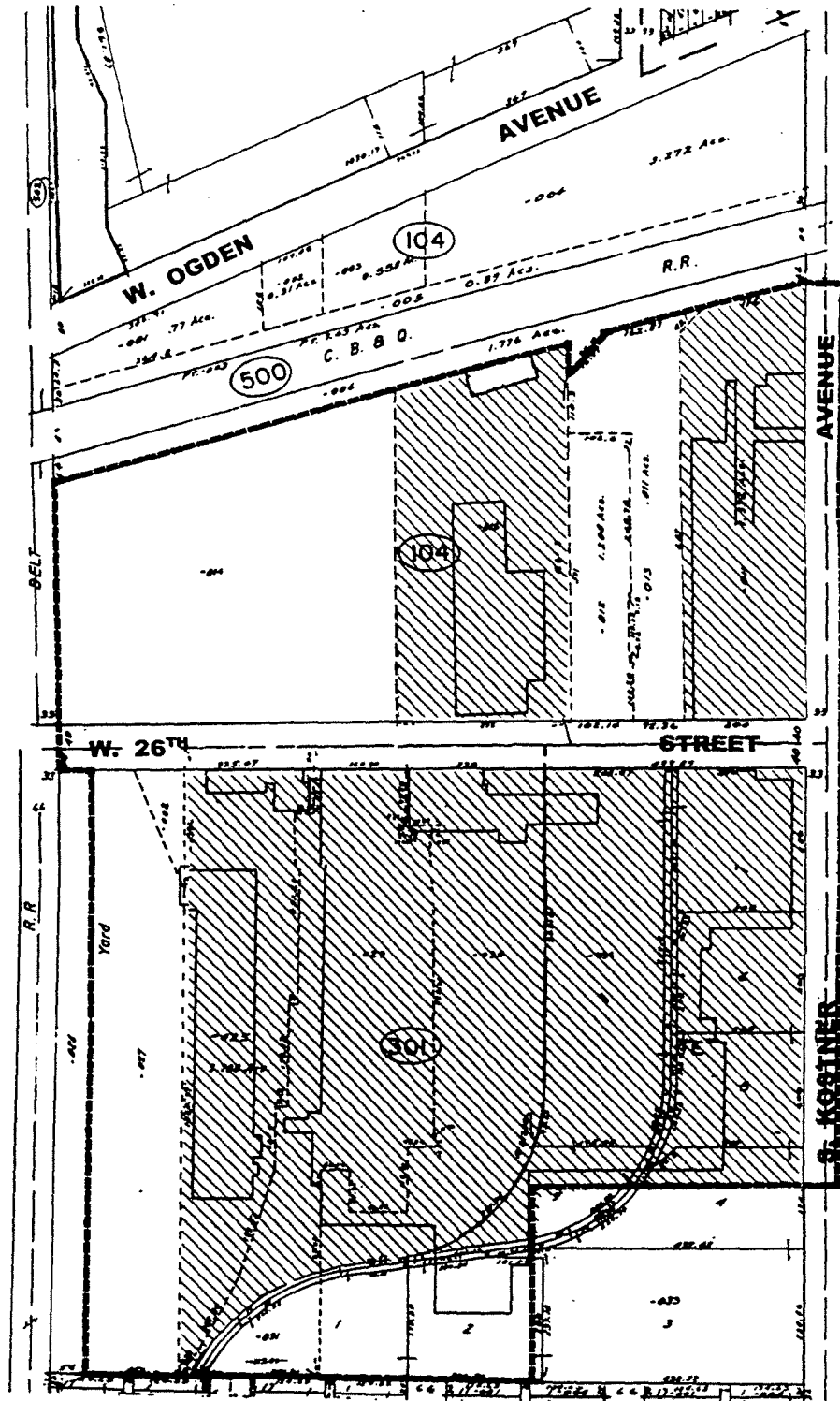
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Age



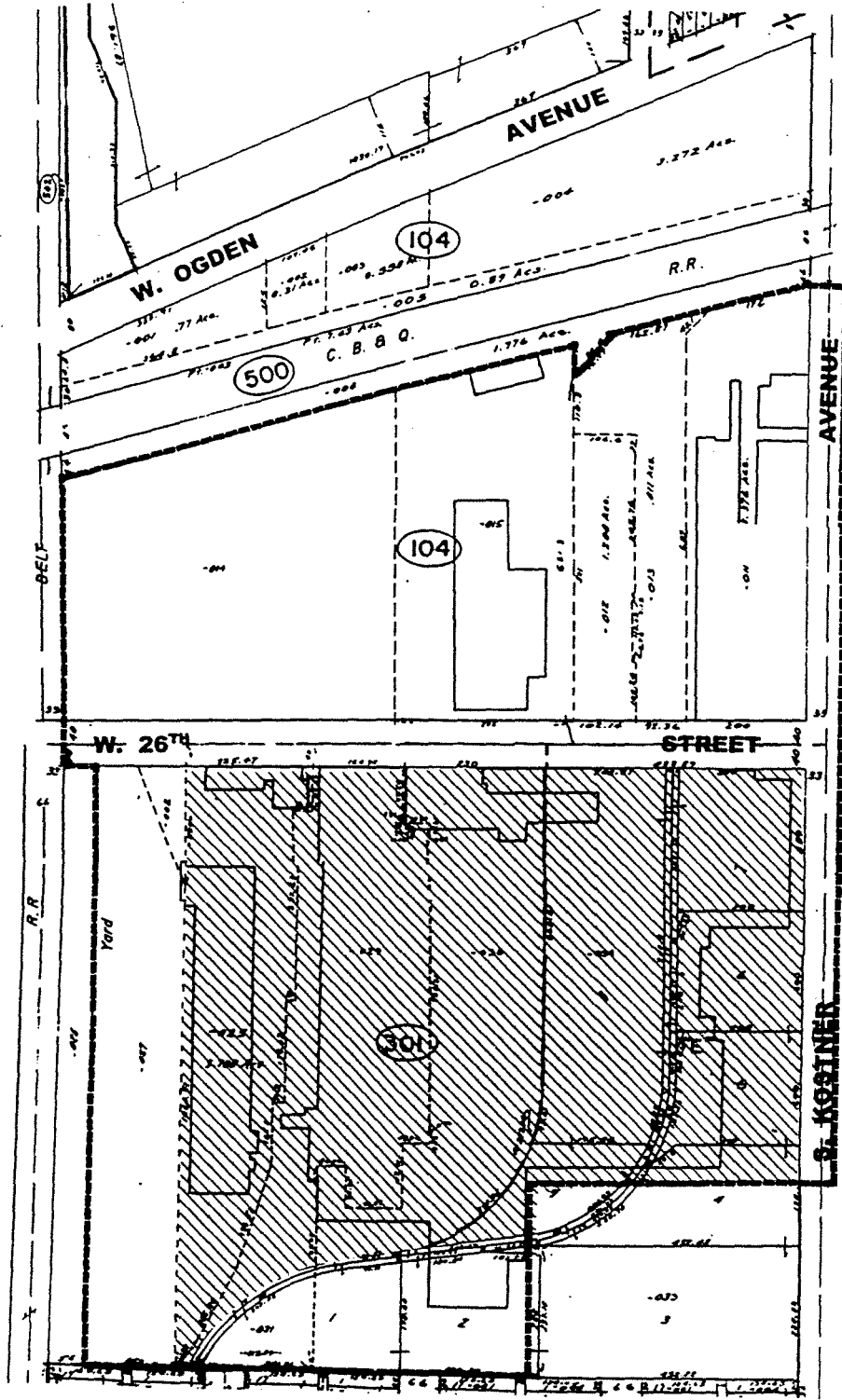
## ELIGIBILITY STUDY - MAP 3

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Dilapidation



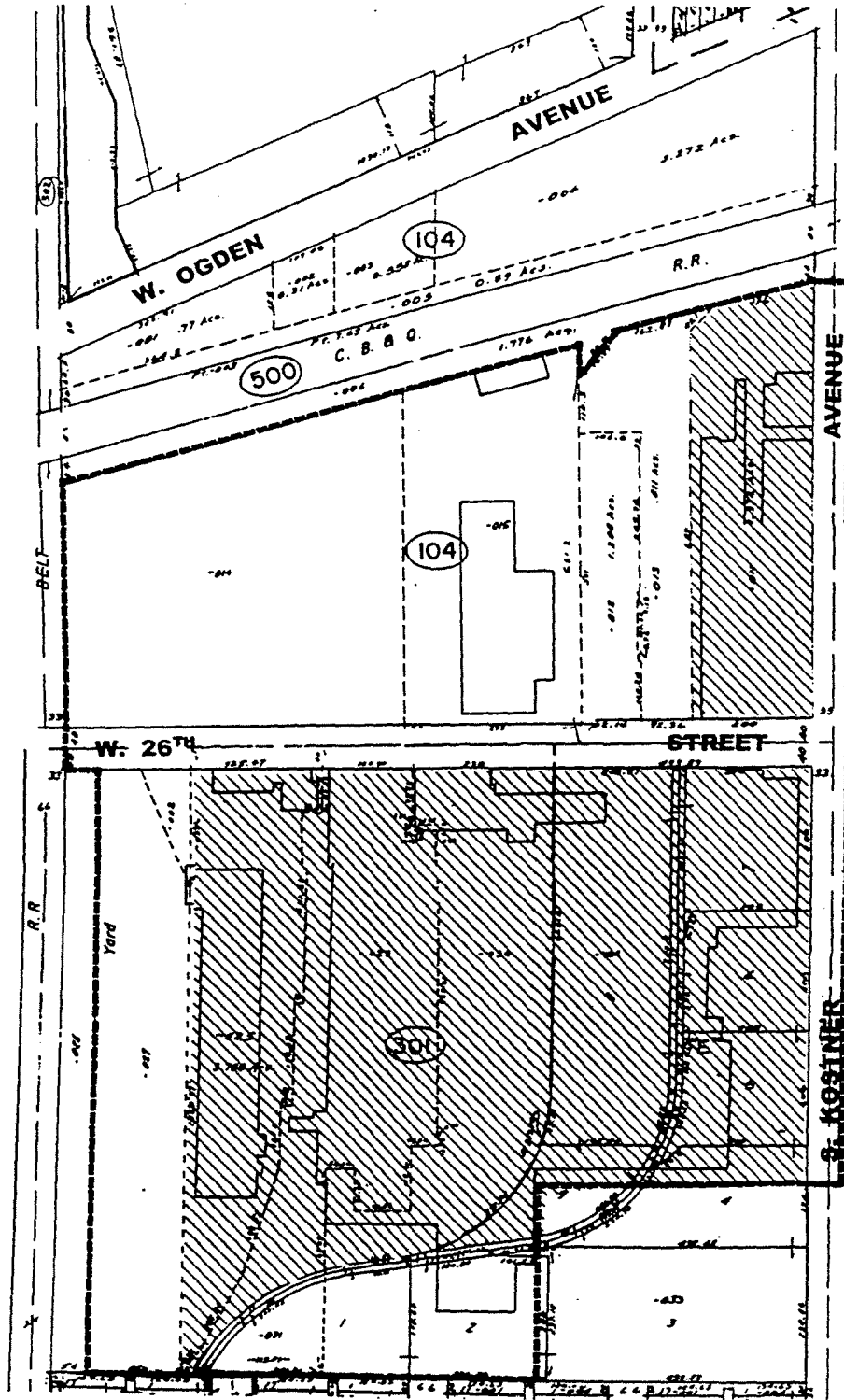
## ELIGIBILITY STUDY - MAP 4

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Obsolescence



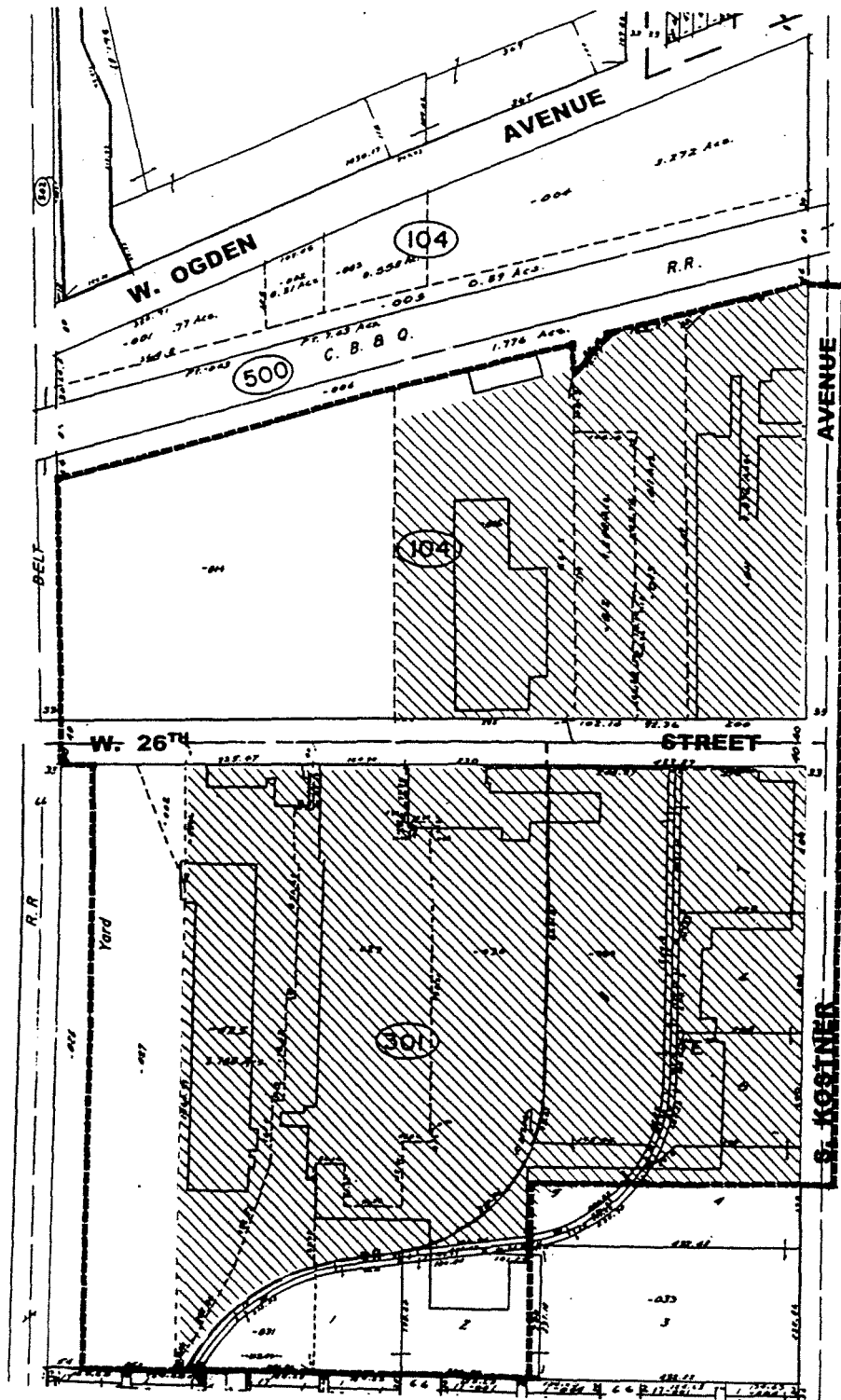
## ELIGIBILITY STUDY - MAP 5

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Deterioration



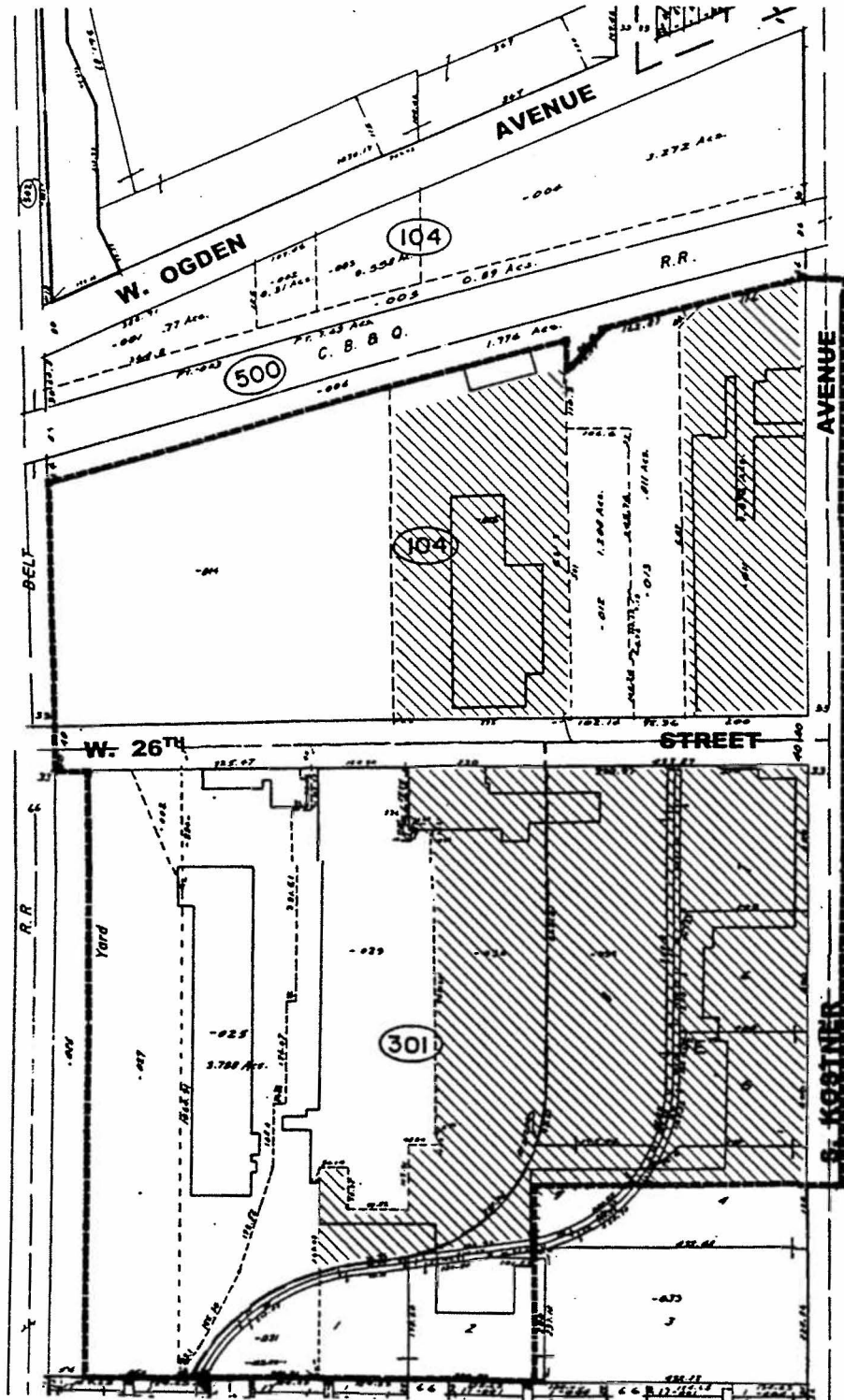
## ELIGIBILITY STUDY - MAP 6

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Structures Below Minimum Code



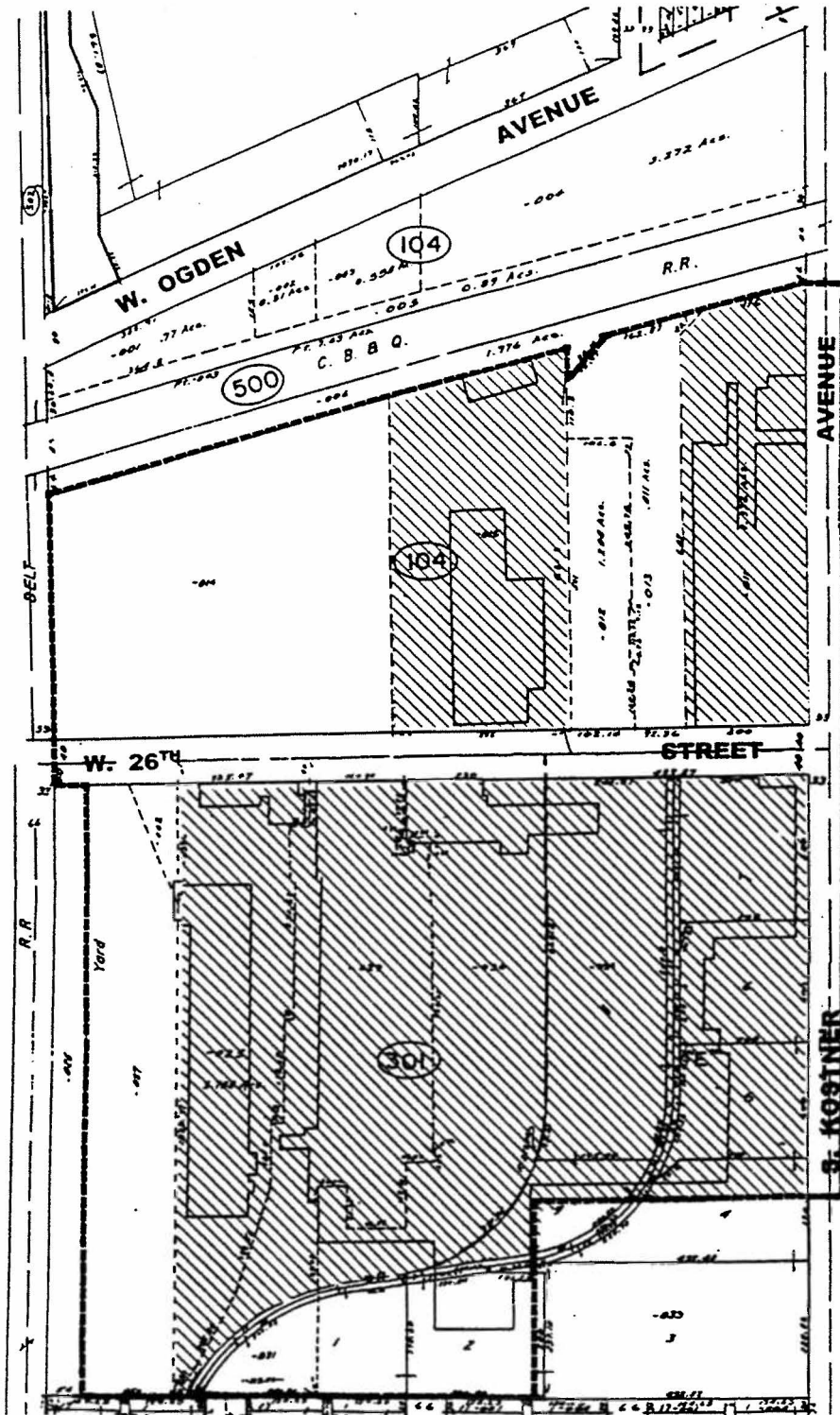
## ELIGIBILITY STUDY - MAP 7

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Excessive Vacancies



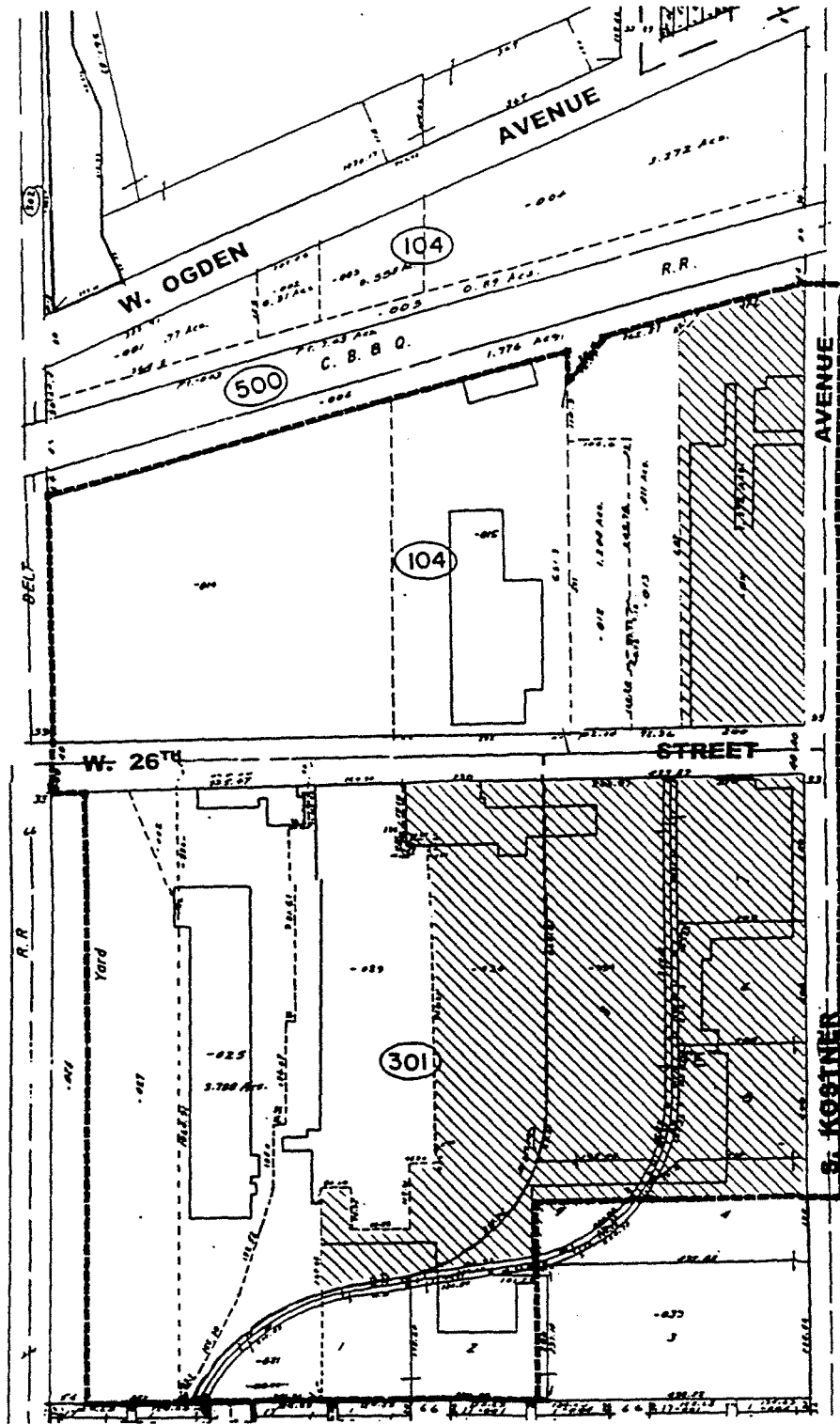
## ELIGIBILITY STUDY - MAP 8

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Excessive Land Coverage

ELIGIBILITY STUDY - MAP 9

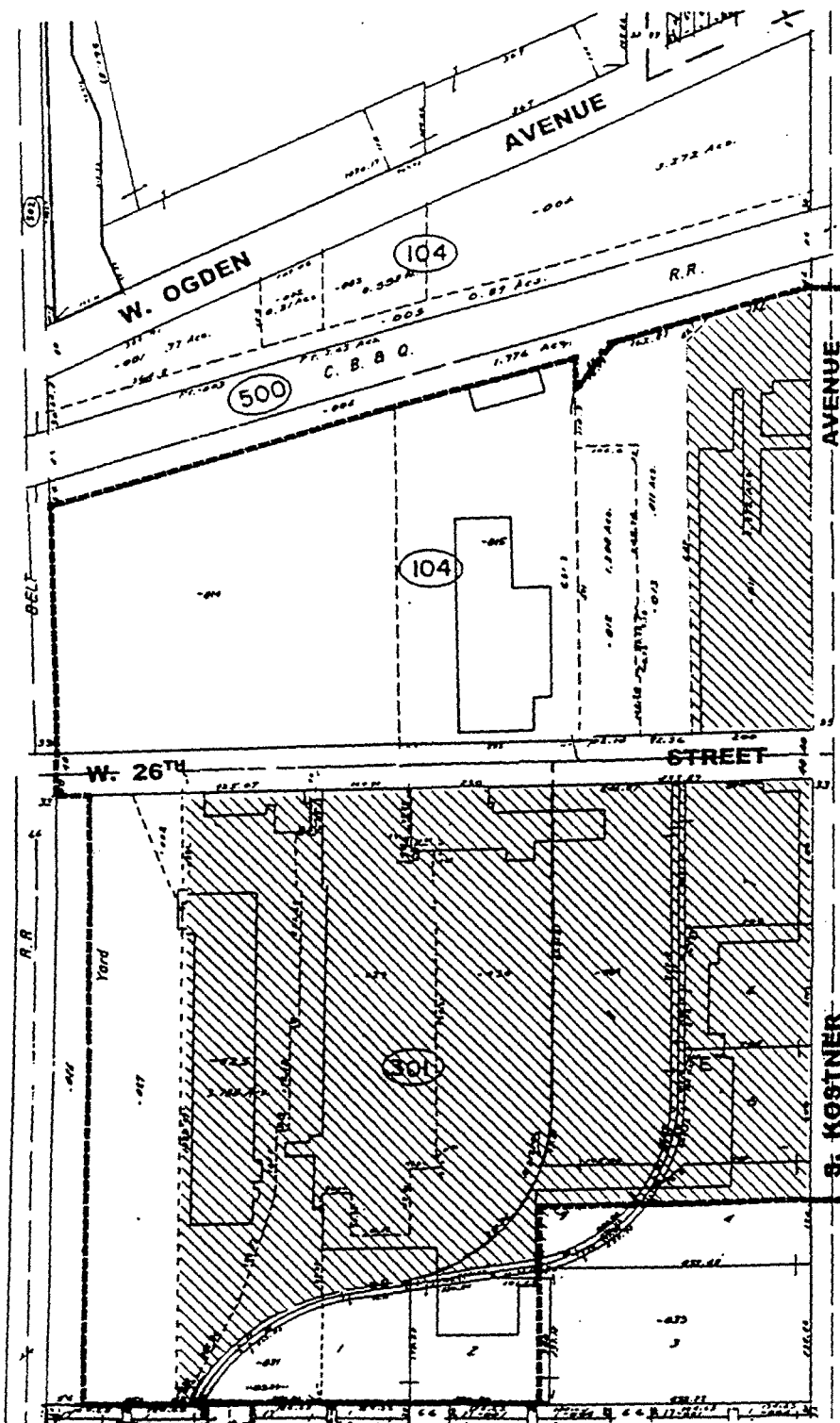


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Deleterious Land Use / Layout



## ELIGIBILITY STUDY - MAP 10

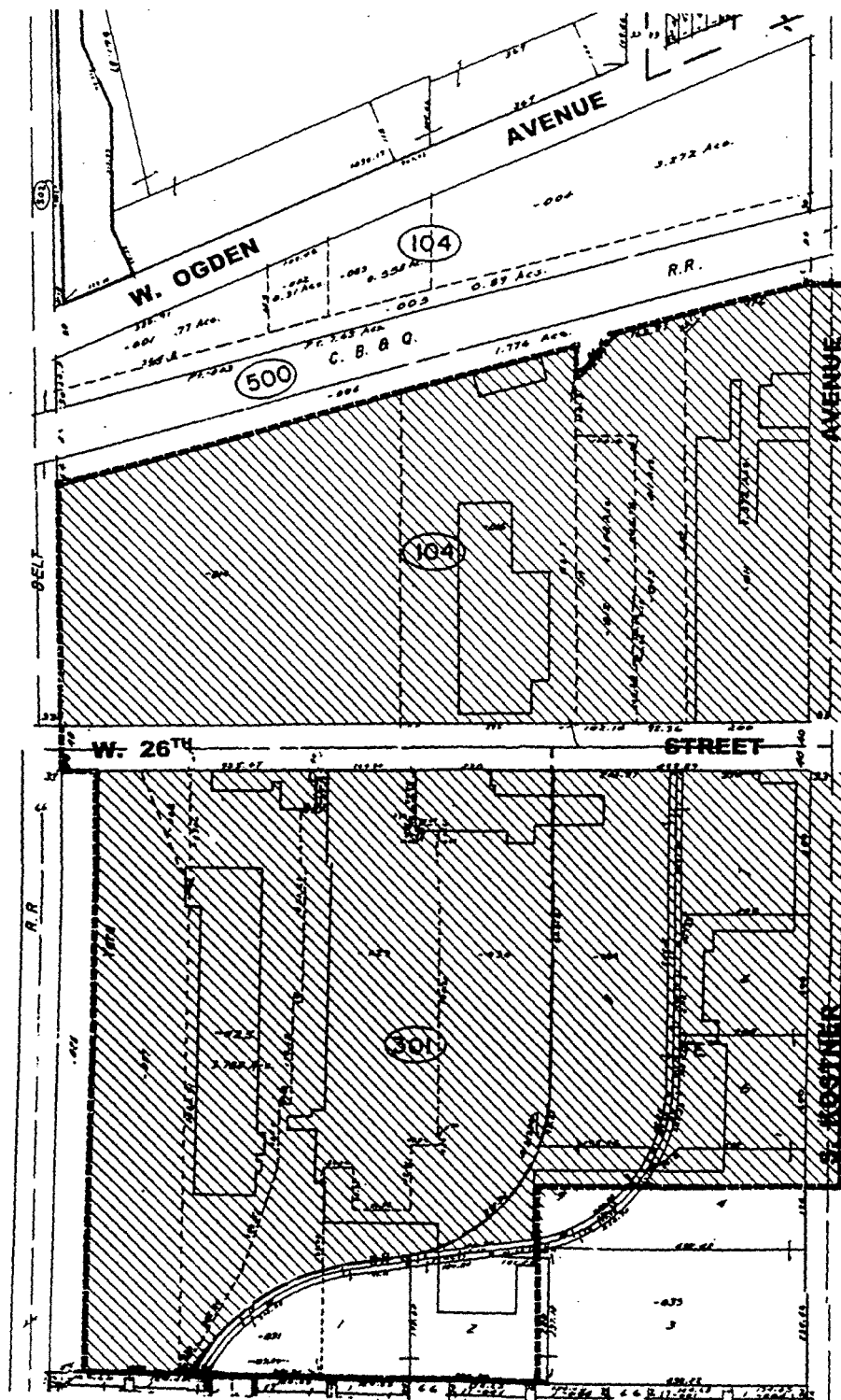
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Depreciation of Physical Maintenance



## ELIGIBILITY STUDY - MAP 11

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