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This agreement was prepared by
and after recording return to:
Adam R. Walker
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

REDEVELOPMENT AGREEMENT

between

CITY OF CHICAGO

and

HILLIARD HOMES II LIMITED PARTNERSHIP

Certified to be a true and correct copy of that original
document recorded 5/13, 2005,
as Document # 0513304159 in the office of the
Recorder of Deeds, Cook County, Illinois.

Date: 5/13/05 Title Services, Inc.
By Mary Garry

8001338

Box 430

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* Will be recorded with the Agreement

Will not be included in the ordinance packet

This agreement was prepared by and
after recording return to:
Adam R. Walker
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

REDEVELOPMENT AGREEMENT

This Redevelopment Agreement (the "Agreement") is made as of May 1, 2005, between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Housing ("DOH"), and Hilliard Homes II Limited Partnership, an Illinois limited partnership (the "Developer").

RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the authority to promote the health, safety and welfare of the City and its inhabitants, to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax

Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act"), to finance the redevelopment of blighted areas.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on July 21, 1999: (1) "An Ordinance of the City of Chicago, Illinois, Approving a Redevelopment Plan and Project for the 24th/Michigan Redevelopment Project Area;" (2) "An Ordinance of the City of Chicago, Illinois, Designating the 24th/Michigan Redevelopment Project Area a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act;" and (3) "An Ordinance of the City of Chicago, Illinois, Adopting Tax Increment Allocation Financing for the 24th/Michigan Redevelopment Tax Increment Financing Project." Collectively, these ordinances shall be referred to herein as the "TIF Ordinances." The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto.

On March 9, 2005, the City Council adopted an ordinance ("Hilliard II Enabling Ordinance") authorizing the execution of this Agreement.

D. The Project: The Developer will acquire a leasehold interest in the land and a fee interest (subject to the lease) in the buildings upon the land from the Chicago Housing Authority that expires in the year 2101 in the site located in the Redevelopment Area with street addresses of 2030 South State Street and 30 West Cermak Road and legally described on Exhibit B (the "Property"). The Property, together with the site being used for Phase I (as defined herein), consists approximately of the area bounded by State Street on the east, Clark Street on the west, Cermak Road to the south and Cullerton Street to the north. Within the time frames set forth in Section 3.01 hereof, the Developer shall commence and complete the following activities (the "Project"): renovation of two residential structures on the Property having, in the aggregate, 327 one, two, three and four bedroom apartment units, and all of which will be subject to affordability restrictions, as follows:

(a) all of the units may be rented only to households earning not greater than 60% of the median income for the City of Chicago, (b) all of the units may be rented only to households qualifying under the applicable restrictions pertaining to the low-income housing tax credits generated by the Project, and (c) 152 units may be rented to certain tenants who qualify as "public housing" tenants under and subject to the terms and provisions of a certain Regulatory and Operating Agreement (the "Regulatory and Operating Agreement") between the Developer and the Chicago Housing Authority ("CHA").

In addition, that portion of the Property consisting of the building located at 30 West Cermak Road will be operated by Developer as housing for (1) eligible families whereby one family member is sixty-two years of age or older; or (2) disabled residents that resided in the building prior to commencement of the Project and are eligible to reside in the building once such work is completed.

In addition to the dwelling units, the Project also includes landscaping and other site work, the construction of approximately 122 on-site parking spaces for use by tenants of the Project, and renovation/construction of office space and laundry areas.

The parties anticipate that the Property and Project definitions herein may later be amended pursuant to Section 18.01 herein if the Outlots and ROW Parcels, or any portions thereof (as such terms are defined in the Hilliard II Enabling Ordinance), later are conveyed to the CHA or to an affiliate of the Developer.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago 24th/Michigan Tax Increment Financing Redevelopment Project and Plan (the "Redevelopment Plan") attached hereto as Exhibit C. Among the objectives of the Redevelopment Plan are the revitalization of the Redevelopment Area and the promotion of housing types that accommodate a diverse mix of households and income levels.

F. Lender Financing: The City acknowledges that other financing for the Project, including other financing provided by the City, is to be provided as set forth in Exhibit D attached hereto (collectively, the "Lender Financing"). The terms of certain portions of the Lender Financing include requiring the Developer to enter into various occupancy and use restrictions including, but not limited to, the Regulatory Agreement (as defined below).

G. City Financing: Pursuant to the terms and conditions of this Agreement, the City will pay or reimburse the Developer for the TIF-Eligible Costs (as defined below) from Available Incremental Revenues (the "City Funds") in the manner set forth in the TIF Ordinances (as defined below).

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this Agreement by reference.

SECTION 2. DEFINITIONS

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

"Act" shall have the meaning set forth in Paragraph B of the Recitals hereto.

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with the Developer.

"Available Incremental Revenues" shall mean those Incremental Taxes for Tax Year 2005 and thereafter that are attributable to the Property.

"Bridge Loans" shall have the meaning set forth in Paragraph 1 of Exhibit D hereto.

"Certificate" shall mean the Certificate of Completion described in Section 8 hereof.

"City Funds" shall have the meaning set forth in Paragraph G of the Recitals hereto.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall be deemed to be on or as of the day and year first above written.

"Corporation Counsel" shall mean the City's Office of Corporation Counsel.

"Employer(s)" shall have the meaning set forth in Section 11 hereof.

"Environmental Laws" shall mean the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree now or hereafter in force regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Material, as now or at any time hereafter in effect.

"Event of Default" shall have the meaning set forth in Section 16 hereof.

"FHA-Insured Loan" shall have the meaning set forth in Paragraph 1 of Exhibit D hereto.

"Financial Statements" shall mean complete audited financial statements of the Developer prepared by a certified public accountant in accordance with generally accepted accounting principles and practices.

"First Mortgagee" shall mean PNC MultiFamily Finance, Inc. ("PNC"), a Delaware corporation (or a financial institution or other entity acceptable to the Commissioner of DOH), or the then holder of the FHA-Insured Loan if PNC is not then such holder.

"General Contractor" shall mean Linn-Mathes, Inc., or other entity acceptable to the Commissioner of DOH.

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as

such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

"HUD" shall mean the United States Department of Housing and Urban Development.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Ordinances and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by Treasurer into the Incremental Taxes Fund.

"Incremental Taxes Fund" shall mean the 24th/Michigan Redevelopment Project Area Special Tax Allocation Fund created pursuant to the TIF Ordinances.

"Lender Financing" shall have the meaning set forth in paragraph F of the Recitals.

"Lenders" shall mean the providers of the Lender Financing.

"MBE(s)" or minority-owned business enterprise shall mean a business enterprise identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority business enterprise.

"Other Funds" shall mean those funds set forth in paragraph 2 of Exhibit D.

"Permitted Liens" shall mean those liens and encumbrances against the Property set forth on Exhibit J.

"Phase I" shall mean the rehabilitation of the two residential structures located at 2031 S. Clark Street and 2111 S. Clark Street, each in Chicago, Illinois, including renovation/construction of community rooms, office space and laundry areas, the performance of related landscaping and other site work, and construction of parking spaces.

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and specifications for the Project prepared by Lisec & Biederman, Ltd., or other entity acceptable to the Commissioner.

"Project" shall have the meaning set forth in Paragraph D of the Recitals.

"Project Budget" shall mean the budget for the Project, attached hereto as Exhibit F.

"Project Costs" shall mean all of the costs incurred in connection with the Project.

"Property" shall have the meaning set forth in Paragraph D of the Recitals.

"Regulatory Agreement" shall mean that certain Regulatory Agreement for Multifamily Housing Projects dated as of the date hereof and amendments thereto, if any, entered into between the Developer and HUD with respect to the Property.

"Surplus Cash" shall have the meaning ascribed to it in the Regulatory Agreement.

"Survey" shall mean a plat of an ALTA survey of the Property acceptable in form and content to the City and the Title Company.

"Term of the Agreement" shall mean the term commencing on the date of execution of this Agreement and ending July 21, 2022.

"TIF-Eligible Costs" shall mean those costs which (i) are included within the definition of redevelopment project costs in Section 5/11-74.4-3(q) of the Act and are included in the Plan, and (ii) have the meaning set forth in Section 4.02 hereof.

"TIF Ordinances" shall have the meaning set forth in Paragraph C of the Recitals hereto.

"Title Company" shall mean Title Services, Inc.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, issued by the Title Company.

"WBE(s)" or women's business enterprise shall mean a business enterprise identified in the Directory of Certified Women's Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women's business enterprise.

SECTION 3. THE PROJECT

3.01 The Project.

The Developer shall commence and complete construction of the Project in accordance with the dates set forth for same in the Plans and Specifications, subject to the provisions of Section 18.16 of this Agreement.

The Project shall be carried out in accordance with the Plans and Specifications for the Project. In the event that HUD grants an extension of time for commencement or completion of construction, the Developer shall notify the City within five business days after receipt of notice of such extension and the foregoing dates shall be automatically extended accordingly.

3.02 Plans and Specifications. The Plans and Specifications shall conform to the Redevelopment Plan as amended from time to time and shall comply with all applicable state and

local laws, ordinances and regulations. As of the date hereof, the Developer has delivered to DOH, and DOH has approved, the Plans and Specifications, a list of which are attached hereto as Exhibit G. The Developer has submitted also all such documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

Any material amendment to the Plans and Specifications must be submitted to DOH for its approval.

3.03 Project Budget. The Developer has furnished to DOH, and DOH has approved, the Project Budget. The Developer hereby certifies to the City that (a) Lender Financing and Other Funds shall be sufficient to pay all Project Costs (other than the TIF-Eligible Costs) and (b) to the best of the Developer's knowledge after diligent inquiry, the Project Budget is true, correct and complete in all material respects. The Developer hereby represents to the City that the Lender Financing is (a) along with Other Funds and the City Funds, necessary to pay for all Project Costs and (b) available to be drawn upon to pay for certain Project Costs in accordance with the terms of the documents securing the Lender Financing.

3.04 Other Approvals. Construction of the Project and purchase of materials shall not commence until the Developer has obtained all permits and approvals required by state, federal or local statute, ordinance or regulation and the General Contractor has delivered to the Developer performance and payment bonds in the full amount of the construction contract for the Project.

3.05 Survey Updates. Upon DOH's request, the Developer shall provide three as-built Surveys to DOH reflecting improvements made to the Property.

3.06 Architect's Certificates and Periodic Reports. The Developer has contracted with Lisec & Biederman, Ltd. (the "Developer's Architect") to act as its architect on the Project. The Developer's Architect shall provide the following documents to DOH:

(a) at the time of execution of this Agreement, an original executed Architect's Opening Certificate in the form attached hereto as Exhibit H-1;

(b) during construction of the Project on a monthly basis, a copy of AIA Form G-703, or a comparable form containing the same information as AIA Form G-703, and inspection reports; and

(c) upon completion of the Project, an original executed Architect's Completion Certificate in the form attached hereto as Exhibit H-2.

SECTION 4. FINANCING FOR THE PROJECT COSTS

4.01 Initial Financing for the Project. The Developer shall pay for all of the Project Costs, including the TIF-Eligible Costs, using the proceeds of the Lender Financing and Other Funds.

4.02 Reimbursement for TIF-Eligible Costs.

(a) The City hereby agrees to pay or reimburse the Developer, from Available Incremental Revenues, if any, once each year, for the following costs (the "TIF-Eligible Costs"), in the following manner and in the following order:

(i) first, not to exceed 30 percent of the annual interest costs on the FHA-Insured Loan incurred by the Developer with regard to the Project during that year;

(ii) next, not to exceed 30 percent of the annual interest costs on the Bridge Loans incurred by the Developer with regard to the Project during that year; and

(iii) next, not to exceed 100 percent of the costs of rehabilitation, reconstruction, repair or remodeling incurred by the Developer with regard to the Project during that year;

provided that, if at the time of a given annual payment there are not sufficient Available Incremental Revenues to fully pay the TIF-Eligible Costs then due for that year, then the TIF-Eligible Costs for that year that are unpaid shall accrue and be payable at the next annual payment (during the Term of this Agreement) that sufficient Available Incremental Revenues are available (subject to Section 4.03 herein); and provided further, that the maximum amount of City Funds payable by the City pursuant to this Agreement shall not exceed the amount set forth in Section 4.04 herein. Exhibit E hereto sets forth the tentative Available Incremental Revenues the parties anticipate for each corresponding year.

(b) The amounts payable pursuant to Section 4.02(a) shall be paid by the City in accordance with this Agreement while any of the Lender Financing remains outstanding and so long as the TIF-Eligible Costs may, under the Act, be legally paid out of Available Incremental Revenues. The amounts payable pursuant to Section 4.02(a) shall be paid annually by the City to the Developer and upon submission by the Developer to DOH of an executed Requisition Form in the form attached hereto as Exhibit I and the supporting documentation set forth in Section 4.02(c) herein. The Requisition Form shall be sent to DOH on or after November 1 of each year that payment is requested, and shall set forth the date for payment, which shall be not less than 60 days from the date of its receipt by DOH. DOH shall first verify that the matters set forth in the Requisition Form are true and correct, and if so, shall direct the City Comptroller to pay, to the extent of any Available Incremental Revenues then available in the Incremental Taxes Fund, the amount requested in the Requisition Form within 60 days of its receipt, plus any portion of such maximum amount for prior years that has not been paid as a result of insufficient funds.

(c) With each Requisition Form submitted, the Developer shall submit to DOH a Department of Finance at the addresses specified in Section 17 hereof: (i) copies of monthly invoices sent to the Developer by the First Mortgagee and the holder of the Bridge Loans during the year for which payment is sought, (ii) a statement of interest accrued on the FHA-Insured Loan and the Bridge Loans during the year for which payment is sought, and (iii) copies of sworn contractor/sub-contractor statements and lien waivers demonstrating the actual amount paid to the General Contractor and/or sub-contractors and/or their payees that have performed work on the Project during the year for which payment is sought; all based on the Developer's most recent Financial Statements (or such other substantiating evidence as the City may accept) to evidence the accrual of such amounts for TIF-Eligible Costs. Upon the City's request, the Developer will provide any additional supporting documentation.

4.03 Sufficiency of Available Incremental Revenues for TIF-Eligible Costs. It is hereby understood and agreed to by the Developer that the City does not make any representations that the amount of the Available Incremental Revenues will be sufficient to pay for or reimburse the Developer for any or all of the TIF-Eligible Costs.

4.04 Source of City Funds to Pay TIF-Eligible Costs. Subject to the terms and conditions of this Agreement, the City hereby agrees to reserve City Funds from the sources and in the amounts described directly below to pay TIF-Eligible Costs:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Incremental Taxes Attributable to the Tax Parcels Comprising the Property	\$1,540,000

The Developer acknowledges and agrees that the City has committed to reserve only the Incremental Taxes attributable to the tax parcels comprising the Property and that the Developer has no right or claim to, and the City shall be free to otherwise reserve, pledge and commit to other redevelopment projects or financing, the Incremental Taxes attributable to the other tax parcels in the Redevelopment Area. The City acknowledges and agrees that the Developer shall have a first priority claim to the Available Incremental Revenues committed and reserved under this Section 4.04.

4.05 Cost Overruns. If the aggregate cost of the TIF-Eligible Costs exceeds City Funds available pursuant to Section 4.02 hereof, or if the cost of completing the Project exceeds the Project Budget, the Developer shall be solely responsible for such excess cost, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Eligible Costs in excess of City Funds and of completing the Project.

SECTION 5. GENERAL PROVISIONS

5.01 DOH Approval. Any approval granted by DOH pursuant to this Agreement is for the purposes of this Agreement only and does not affect or constitute any approval required by any other department of the City or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DOH pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

5.02 Other Approvals. Any DOH approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Sections 3.02 and 3.04 hereof.

5.03 Signs and Public Relations. The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the construction of the Project indicating that partial financing is being provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Developer, the Property and the Project in the City's promotional literature and communications.

5.04 Utility Connections. The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to the City utility lines existing on or near the perimeter of the Property, provided the Developer first complies with all the City requirements governing such connections, including the payment of customary fees and costs related thereto, subject to any fee and/or cost waivers provided to the Developer by the City, if any.

5.05 Permit Fees. In connection with the Project, the Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City and are of general applicability to other property within the City, subject to any fee waivers provided to the Developer by the City, if any.

SECTION 6. CONDITIONS

The following conditions shall be complied with to the City's satisfaction within the time periods set forth below:

6.01 Title Policy. On the Closing Date, the Developer shall provide the City with a copy of the Title Policy showing the Developer in the title to (or holding a leasehold interest in, as applicable) each site comprising the Property.

6.02 Survey. The Developer has furnished the City with a Survey of each site comprising the Property prior to the execution of this Agreement.

6.03 Insurance. The Developer, at its own expense, shall insure each site comprising the

Property in accordance with Section 13 hereof.

6.04 Opinion of Developer's Counsel. The Developer shall furnish the City with an opinion of counsel upon the execution of this Agreement in the form as may be reasonably required by or acceptable to Corporation Counsel.

SECTION 7. AGREEMENTS WITH CONTRACTORS

7.01 City Resident Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (individually an "Employer" and collectively, "Employers"), as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City of Chicago specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the construction of the Project shall be performed by actual residents of the City of Chicago); provided, however, that in addition to complying with this percentage, the Developer and the other Employers shall be required to make good faith efforts to utilize qualified residents of the City of Chicago in both skilled and unskilled labor positions.

The Developer and the other Employers may request a reduction or waiver of this minimum percentage level of total worker hours performed by actual residents of the City of Chicago as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Purchasing Agent of the City of Chicago.

"Actual residents of the City of Chicago" shall mean persons domiciled within the City of Chicago. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

The Developer and the other Employers shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project. The Developer and the other Employers shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DOH in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the company hired the employee should be written in after the employee's name.

The Developer and the other Employers shall provide full access to their employment records to the Purchasing Agent, the Commissioner of DOH, the Superintendent of the Chicago Police

Department, the Inspector General, or any duly authorized representative thereof. The Developer and the other Employers shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project as evidenced by the (final) Certificate.

At the direction of DOH, affidavits and other supporting documentation will be required of the Developer and the other Employers to verify or clarify an employee's actual address when in doubt or lack of clarity has arisen.

Good faith efforts on the part of the Developer and the other Employers to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Purchasing Agent) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer and the other Employers failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or has failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicago to the degree stipulated in this Section. Therefore, in such case of non-compliance it is agreed that 1/20 of 1 percent (.05%) of the aggregate hard construction costs set forth in the Project Budget (as the same shall be evidenced by approved contract value for the actual contracts), shall be surrendered by the Developer and/or the other Employers to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer and/or the other Employers or employee to prosecution. Any retainage to cover contract performance that may become due to the Developer and the other Employers pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Purchasing Agent's determination whether the Developer and the other Employers must surrender damages as provided in this paragraph. Any monetary obligations of the Developer hereunder shall be satisfied from distributable Surplus Cash only. In addition, the Developer shall make good faith efforts that all other contracts entered into in connection with the Project for work done, services provided or materials supplied shall be let to persons or entities whose main office and place of business are located within the City, subject to applicable HUD regulations.

Nothing herein provided shall be construed to be a limitation upon the "Notice of Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement.

The Developer shall cause or require the provisions of this Section 7.01 to be included in all

construction contracts and subcontracts related to the Project.

7.02 Maintaining Records. On a monthly basis until completion of construction of the Project, the Developer shall provide to DOH reports in a form satisfactory to DOH evidencing its compliance with Section 7.01.

7.03 Other Provisions. Photocopies of all contracts or subcontracts entered into by the Developer in connection with the Project shall be made available to DOH upon request. The Developer has the right to delete proprietary information from such contracts or subcontracts, provided, however, that upon DOH's request, the Developer shall make available such proprietary information for review by any authorized City representative.

SECTION 8. COMPLETION OF CONSTRUCTION

8.01 Certificate of Completion. Upon completion of the construction of the Project and related redevelopment activities constituting the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DOH shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DOH shall respond to the Developer's written request for a Certificate by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures.

8.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the construction of the Project and related redevelopment activities constituting the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 9.02 and 9.12 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.14 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

8.03 Failure to Complete. If the Developer fails to complete the Project in accordance with the terms of the Agreement, then the City shall have, but shall not be limited to, any of the following rights and remedies:

(a) subject to the provisions of Section 16.02, the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto;

(b) the right (but not the obligation) to complete the Project and to pay for its costs out of City Funds or other City monies. In the event that the aggregate cost of completing the Project exceeds the amount of City Funds available, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such work in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer.

8.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DOH shall provide the Developer, at the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF DEVELOPER

The Developer represents, warrants and covenants to the City as follows:

9.01 General. The Developer represents, warrants and covenants that:

(a) it is an Illinois limited partnership duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in every other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) it has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) the execution, delivery and performance by it of this Agreement has been duly authorized by all necessary partnership action and will not violate its partnership agreement as amended and supplemented, any applicable provision of law, or constitute a material breach of, default under or require any consent under, any agreement, instrument or document to which it is now a party or by which it is now or may become bound;

(d) unless otherwise permitted pursuant to the terms of this Agreement, including Section 18.14 hereof, it shall acquire and shall maintain good, indefeasible and merchantable fee simple title to or leasehold interest in the Property, subject to those matters shown in the Title Policy. The

Developer may make application to HUD for a Transfer of Physical Assets in accordance with paragraph R-9 of the HUD-Required Provisions Rider attached hereto;

(e) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, or to its knowledge, threatened or affecting it which would materially impair its ability to perform under this Agreement;

(f) it shall obtain and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to construct, complete and operate its business at the Property;

(g) it is not aware of any default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which it is a party or by which it is bound which would materially affect its ability to perform hereunder;

(h) the Financial Statements when submitted will be, complete and correct in all material respects and will accurately present the assets, liabilities, results of its operations and its financial condition;

(i) it is satisfied that it has taken any measures required to be taken to bring the Property and the Project into compliance with Environmental Laws and that the Property is suitable for its intended use;

(j) neither the Developer nor any affiliate of the Developer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subparagraph (j) only, the term "affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise;

(k) has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract relating to the Project in violation of Chapter 2-156-120 of the Municipal Code of the City; and

(l) until the Certificate has been issued, the Developer shall not, without the prior written consent of the Commissioner of DOH, which consent shall be in DOH's sole discretion, allow the existence of any liens against the Property or any improvements or fixtures now or hereafter located thereon other than the Permitted Liens and liens being contested in accordance with Sections 9.12 hereof, or incur any indebtedness, secured or to be secured by any such real or personal property, except Lender Financing disclosed in the Project Budget.

9.02 Covenant to Redevelop. The Developer shall redevelop the Property substantially in accordance with the Agreement and all Exhibits attached hereto, the TIF Ordinances, the Plans and Specifications, the Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section 9.02 shall run with the land and be binding upon any transferee of the Property.

9.03 Redevelopment Plan. The Developer represents that the Project shall be in compliance with all of the terms of the Redevelopment Plan.

9.04 Use of Available Incremental Revenues. Available Incremental Revenues disbursed to, or on behalf of, the Developer shall be used solely to pay or reimburse the Developer for the TIF-Eligible Costs as provided in this Agreement.

9.05 Arms-Length Transactions. Unless DOH shall have given its prior written consent with respect thereto, no Affiliate of the Developer may receive any part of the City Funds, directly or indirectly, through reimbursement of the Developer pursuant to Section 4 or otherwise, in payment for work done, services provided or materials supplied in connection with any TIF-Eligible Costs. The Developer shall provide information with respect to any entity to receive the City Funds (by reimbursement or otherwise), upon DOH's request, prior to any such disbursement.

9.06 Conflict of Interest. The Developer represents and warrants that no member, official or employee of the City, or member of any commission or committee exercising authority over the Project or the Redevelopment Plan, or any consultant hired by the City in connection with the Project, owns or controls (or has owned or controlled) any interest, direct or indirect, in the Developer's business or the Property.

9.07 Disclosure of Interest. The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project.

9.08 Financial Statements. The Developer shall maintain and provide to DOH its Financial Statements at the earliest practicable date but no later than 120 days following the end of the Developer's fiscal year, each year for the Term of the Agreement.

9.09 Developer's Liabilities. The Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder. The Developer shall

immediately notify DOH of any and all events or actions which may materially affect the Developer's ability to perform its obligations under this Agreement.

9.10 Compliance with Laws. To the best of the Developer's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes, including but not limited to the Municipal Code of Chicago, Sections 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560, whether or not in the performance of this Agreement. Upon the City's request, the Developer shall provide copies of any documentary evidence of compliance of such laws which may exist, such as, by way of illustration and not limitation, permits and licenses.

9.11 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with any Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

9.12 Real Estate Provisions.

(a) Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to the Developer, the Property or the Project, including but not limited to real estate taxes. The Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. The Developer shall have the right to challenge real estate taxes applicable to the Property provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DOH of the Developer's intent to contest or object to a Governmental Charge and, unless, at DOH's sole option, (i) the Developer shall demonstrate to DOH's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings and/or (ii) the

Developer shall furnish a good and sufficient bond or other security satisfactory to DOH in such form and amounts as DOH shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise DOH thereof in writing, at which time DOH may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in DOH's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DOH deems advisable. All sums so paid by DOH, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly paid to DOH by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, City, in its sole discretion, may require the Developer to submit to City audited Financial Statements at the Developer's own expense. Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 9.12(b) below.

(b) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Developer agrees that (A) for the purpose of this Agreement, the total projected minimum equalized assessed value of the Property ("Minimum Equalized Assessed Value") anticipated to be necessary to generate Incremental Taxes sufficient to pay the TIF-Eligible Costs is shown on Exhibit K attached hereto for the years noted on Exhibit K and (B) the real estate taxes anticipated to be generated and derived from the respective portions of the Property and the Project for the years shown are fairly and accurately indicated in Exhibit K.

(ii) Real Estate Tax Exemption. With respect to the Property or the Project, neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of the Agreement, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that this Agreement is in effect; provided, that nothing contained in this provision shall preclude the CHA from applying for and receiving a real estate tax exemption for the PHA-Assisted Units (as defined in the Regulatory and Operating Agreement), the Developer from applying for and receiving a real estate tax abatement for the PHA-Assisted Units (as defined in the Regulatory and Operating Agreement), or the Developer from seeking and obtaining abatements of real estate taxes for the Project, subject to the restrictions of clause (iii) below.

(iii) No Reduction in Equalized Assessed Value. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of the Agreement, directly or indirectly initiate, seek or

apply for proceedings in order to lower the equalized assessed value of all or any portion of the Property or the Project below the amount of the Minimum Equalized Assessed Value as shown in Exhibit K.

(iv) No Objections. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either City or by any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean a complaint seeking to increase the assessed value of the Project to an amount not greater than the Minimum Equalized Assessed Value.

(c) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 9.12 are covenants running with the land and this Agreement shall be recorded by Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the date of execution of the Agreement. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferee from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Developer agrees that any sale, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made subject to such covenants and restrictions.

9.13 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION 10. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

10.01 General Covenants. The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder, and covenants that: (a) the Incremental Taxes Fund exists, (b) the Incremental Taxes will be deposited therein, and (c) such funds shall remain available to pay the City's obligations under Sections 4.02 and 4.04 as the same become due, as long as the TIF-Eligible Costs continue to be payable from Available Incremental Revenues under the Act. The City agrees not to amend the Redevelopment Plan so as to materially impair its ability to pay in full any amounts due from the City under this Agreement without the written consent of the Developer and the Lenders.

10.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 10 or elsewhere in this Agreement shall be true, accurate, and complete at

the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION 11. EMPLOYMENT OPPORTUNITY

The Developer and its successors and assigns hereby agree, and shall contractually obligate its or their contractors or any Affiliate of the Developer operating on the Property (individually an "Employer" and collectively, "Employers") to agree, that for the Term of the Agreement with respect to the Developer and during the period of any other such party's provision of services hereunder or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment on the basis of race, color, sex, age, religion, mental or physical disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status or source of income, as defined in the City of Chicago Human Rights Ordinance adopted December 21, 1988, Municipal Code of Chicago, ch. 2-160, Section 2-160-010 et seq., as amended from time to time (the "Human Rights Ordinance"). Each Employer will take affirmative action to insure that applicants are employed and employees are treated during employment without regard to their race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause.

(b) All solicitation or advertisement for employees placed by or on behalf of any Employer shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income.

(c) Each Employer shall comply with federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1992), and any subsequent amendments and regulations promulgated pursuant thereto.

(d) Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 11, during the course of construction of the Project, at least the following percentages of the aggregate hard construction costs for the Project shall be expended for contract participation by minority-owned businesses ("MBEs")

and by women-owned businesses ("WBEs"):

- a. at least 25 percent by MBEs;
- b. at least 5 percent by WBEs.

Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 11.

The Developer shall deliver quarterly reports to DOH during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, inter alia, the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DOH in determining the Developer's compliance with this MBE/WBE commitment. The Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and DOH shall have access to all such records maintained by the Developer, on five Business Days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

Upon the disqualification of any MBE or WBE General Contractor or Subcontractor, if such status was misrepresented by the disqualified party, the Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 11 shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.

Prior to the commencement of the Project, the Developer shall be required to meet with the

monitoring staff of DOH with regard to the Developer's compliance with its obligations under this Section 11. The General Contractor and all major Subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to DOH its plan to achieve its obligations under this Section 11, the sufficiency of which shall be approved by DOH. During the Project, the Developer shall submit the documentation required by this Section 11 to the monitoring staff of DOH. Failure to submit such documentation on a timely basis, or a determination by DOH, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 11, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided hereunder, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payments to, or on behalf of, the Developer, or (3) seek any other remedies against the Developer available at law or in equity.

(e) The Developer will include the foregoing provisions in every contract entered into in connection with the Project and every agreement with any Affiliate operating on the Property so that such provision will be binding upon each contractor or Affiliate, as the case may be.

SECTION 12. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, Developer agrees to indemnify, defend and hold City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which Developer, or any person directly or indirectly controlling, controlled by or under common control with Developer, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of City or Developer or any of its subsidiaries under any Environmental Laws relating to the Property. Any monetary obligations of the Developer hereunder shall be satisfied from distributable Surplus Cash only.

SECTION 13. INSURANCE

The Developer shall procure and maintain, or cause to be maintained, at its sole cost and expense, at all times throughout the Term of the Agreement, and until each and every obligation of the Developer contained in the Agreement has been fully performed, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations under this Agreement, whether performed by the Developer, any contractor or subcontractor:

- (a) Prior to Execution and Delivery of this Agreement: At least 10 business days prior to the execution of this Agreement, the Developer shall procure and maintain the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, independent contractors, broad form property damage and contractual liability coverages are to be included.

- (b) Construction: Prior to the construction of any portion of the Project, the Developer shall procure and maintain, or cause to be maintained, the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under or in connection with this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$2,000,000.00 per occurrence, combined single limit, for bodily injury,

personal injury and property damage liability. Products/completed operations, explosion, collapse, underground, independent contractors, broad form property damage and contractual liability coverages are to be included.

(iii) Automobile Liability Insurance

When any motor vehicles are used in connection with work to be performed in connection with this Agreement, the Developer shall provide Automobile Liability Insurance with limits of not less than \$1,000,000.00 per occurrence combined single limit, for bodily injury and property damage.

(iv) All Risk Builders Risk Insurance

When the Developer, any contractor or subcontractor undertakes any construction, including improvements, betterments, and/or repairs, Developer, such contractor or subcontractor shall provide All Risk Blanket Builder's Risk Insurance to cover the materials, equipment, machinery and fixtures that are or will be part of the permanent facilities. Coverage extensions shall include boiler and machinery, and flood.

(v) Professional Liability

When any architects, engineers or consulting firms perform work in connection with this Agreement, Professional Liability insurance shall be maintained with limits of \$1,000,000.00. The policy shall have an extended reporting period of two years. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Project.

(c) Other Provisions

Upon DOH's request, the Developer shall provide DOH with copies of insurance policies or certificates evidencing the coverage specified above. If the Developer fails to obtain or maintain any of the insurance policies required under this Agreement or to pay any insurance policies required under this Agreement, or to pay any premium in whole or in part when due, the City may (without waiving or releasing any obligation or Event of Default by the Developer hereunder) obtain and maintain such insurance policies and take any other action which the City deems advisable to protect its interest in the Property and/or the Project. All sums so disbursed by the City including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by the Developer upon demand by the City. Any monetary obligations of the Developer hereunder shall be satisfied from distributable Surplus Cash only.

The Developer agrees, and shall cause each contractor and subcontractor to agree, that any insurance coverages and limits furnished by the Developer and such contractors or subcontractors shall in no way limit the Developer's liabilities and responsibilities specified under this Agreement or any related documents or by law, or such contractor's or subcontractor's liabilities and responsibilities specified under any related documents or by law. The Developer shall require all contractors and subcontractors to carry the insurance required herein, or the Developer may provide the coverage for any or all contractors and subcontractors, and if so, the evidence of insurance submitted shall so stipulate.

The Developer agrees, and shall cause its insurers and the insurers of each contractor and subcontractor engaged after the date hereof in connection with the Project to agree, that all such insurers shall waive their rights of subrogation against the City.

The Developer shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's Regulations, Title 49 of the Code of Federal Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, state or local regulations concerning the removal and transport of Hazardous Materials.

The City maintains the right to modify, delete, alter or change the provisions of this Section 13 upon receipt of HUD's prior written consent and so long as such action does not, without the Developer's prior written consent, increase the requirements set forth in this Section 13 beyond that which is reasonably customary at such time.

SECTION 14. INDEMNIFICATION

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses including, without limitation, reasonable attorneys' fees and court costs, suffered or incurred by the City arising from or in connection with (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Developer's or any contractor's failure to pay contractors or materialmen in connection with the Project, or (iii) the existence of any material misrepresentation or omission in the Redevelopment Plan or any other document related to this Agreement and executed by the Developer that is the result of information supplied or omitted by the Developer or its agents, employees, contractors or persons acting under the control or at the request of the Developer or (iv) the Developer's failure to cure its misrepresentation in this Agreement or any other agreement relating thereto within the cure period provided. Any monetary obligations of the Developer hereunder shall be satisfied from distributable Surplus Cash only.

SECTION 15. MAINTAINING RECORDS/RIGHT TO INSPECT

15.01 Books and Records. The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Developer's loan statements, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Developer's expense. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Developer with respect to the Project.

15.02 Inspection Rights. Any authorized representative of the City shall have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION 16. DEFAULT AND REMEDIES

16.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Sections 16.03 and 18.16, shall constitute an "Event of Default" by the Developer hereunder:

(a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under this Agreement or any related agreement;

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of Developer under any other agreement with any person or entity if such failure has a material adverse effect on the Developer's business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for

the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within 60 days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within 60 days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for 30 days after such entry without a stay of enforcement or execution;

(h) a change in the Developer's general partner, addition of a general partner or sale or other transfer of all or a controlling interest in the ownership of the general partner without DOH's prior written consent; provided, however, that the City's consent shall not be required if the General Partner is changed to the administrative general partner named in the Partnership Agreement; or

(i) a change in the ownership of the Project without DOH's prior written consent.

16.02 Remedies. (a) Subject to the provisions of paragraph (b) of this section, upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of the City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, secure the specific performance of the agreements contained herein, or may be awarded damages for failure of performance, or both, provided, however, that the City shall not obtain a lien against the Property. Any monetary remedies, including but not limited to judgments, are payable from distributable Surplus Cash only.

(b) Notwithstanding any other provision in this Agreement, the City shall not terminate this Agreement or suspend disbursement of the City Funds upon the occurrence of an Event of Default unless (i) foreclosure proceedings have been commenced under the mortgage securing the FHA-Insured Loan or a deed in lieu of such foreclosure has been executed, delivered and accepted, and (ii) HUD consents, in writing, to such termination or suspension of disbursement.

16.03 Curative Period. In the event the Developer shall fail to perform a covenant which Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless Developer shall have failed to perform such covenant within 30 days of its receipt of a written notice

from the City specifying the nature of the default; provided, however, with respect to those defaults which are not reasonably capable of being cured within such 30-day period, if the Developer has commenced to cure the alleged default within such 30-day period and thereafter continues diligently to effect such cure, then said 30-day period shall be extended to 60 days upon written request from the Developer to the City delivered during such 30-day period, and upon further written request from the Developer to the City delivered during such 60-day period, said 60-day period shall be extended to 90 days; provided, further, that such default is cured in any event within 120 days of the date of the Developer's receipt of a written default notice; and provided further, however, that notwithstanding anything to the contrary contained herein, the City hereby agrees that any cure of any default made or tendered by one or more of the Developer's limited partners shall be deemed to be a cure by the Developer and shall be accepted or rejected on the same basis as if made or tendered by the Developer.

16.04 Right to Cure by Lenders. In the event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it that could result in the termination of this Agreement or the cancellation, suspension, or reduction of any payment due from the City under this Agreement, the City shall send notice of such intended exercise to the Lenders and the Lenders shall have the right (but not the obligation) to cure such an Event of Default under the following conditions:

(a) if the Event of Default is a monetary default, the Lenders may cure such default within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such monetary default; or (ii) receipt by the Lenders of such notice from the City; and

(b) if the Event of Default is of a non-monetary nature, the Lenders shall have the right to cure such default within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such non-monetary default; or (ii) receipt by the Lenders of such notice from the City; provided, however, that if such non-monetary default is not reasonably capable of being cured by the Lenders within such 30-day period, such period shall be extended for such reasonable period of time as may be necessary to cure such default, provided that the Lenders continue diligently to pursue the cure of such default and, if possession of the Project is necessary to effect such cure, the Lenders have instituted appropriate legal proceedings to obtain possession.

SECTION 17A. MORTGAGING OF THE PROJECT

17A.01 Existing Mortgages; New Mortgages. All mortgages as of the Closing Date encumbering the Property or any portion thereof are referred to hereafter as "Existing Mortgages." Any mortgage hereinafter encumbering the Property or any portion thereof is referred to hereafter as a "New Mortgage."

17A.02 Recognition of New Mortgage Party. In the event that a mortgagee or any other party succeeds to the Developer's fee simple interest or leasehold interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.14 hereof, the City may, in its sole discretion, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer under this Agreement. If not so recognized by the City, such mortgagee or other party shall be entitled to no rights or benefits under this Agreement, but shall be bound by the covenants running with the land specified in Section 8.02.

17A.03 Recognition of Successor Mortgagee. In the event that any mortgagee or other party shall succeed to the Developer's fee simple interest or leasehold interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.14 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts in writing all of the obligations and liabilities of the Developer hereunder. In such event, such party shall have no liability under this Agreement for any Event of Default which accrued prior to such acceptance and the Developer shall remain solely responsible for such matters. If such mortgagee or other party does not accept in writing all of the obligations and liabilities of the Developer hereunder, it shall be bound by covenants running with the land specified in Section 8.02. Such mortgagee shall not itself be obligated to complete construction of the Project but shall at all times hold title subject to such covenants running with the land and neither such mortgagee nor any other successor in title shall construct any improvements other than the Project without amendment to this Agreement.

SECTION 17B. NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) telecopy or facsimile; (c) overnight courier, or (d) registered or certified or facsimile mail, return receipt requested.

If to City: City of Chicago
 Department of Housing
 33 North LaSalle Street - 2d Floor
 Chicago, IL 60602
 Attention: Commissioner
 cc: Manager of Special Finance

With Copies To: City of Chicago
 Department of Law
 Finance and Economic Development Division
 121 North LaSalle Street, Room 600

Chicago, IL 60602

- and: Department of Finance
City of Chicago
33 North LaSalle Street, 5th Floor
Chicago, Illinois 60602
Attn: City Comptroller
- If to Developer: Hilliard Homes II Limited Partnership
c/o Holsten Real Estate Development Corporation
1333 N. Kingsbury, Suite 305
Chicago, Illinois 60622
- and: PNC MultiFamily Finance, Inc.
100 Pine Street, 16th Floor
San Francisco, CA 94111
Attention: Shannon Bergman
- and: Alliant Asset Management Company, LLC
21600 Oxnard Street - Suite 1200
Woodland Hills, CA 91367
Attention: Shawn Horwitz
- and: U.S. Department of Housing and Urban Development
Chicago Regional Office, Region V
77 West Jackson Boulevard
Chicago, Illinois 60604
Attn: Director of Multifamily Housing
HUD Project No: 071-35758

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the business day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended without the prior written consent of the City and the Developer.

18.02 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. The Developer agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

18.05 Waiver. Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing.

18.06 Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

18.07 Disclaimer. Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

18.08 Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

18.09 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

18.10 Severability. If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

18.11 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

18.12 Form of Documents. All documents required by this Agreement to be submitted,

delivered or furnished to the City shall be in form and content satisfactory to the City.

18.13 Approval. Wherever this Agreement provides for the approval or consent of the City or DOH, or any matter is to be to the City's or DOH's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City or DOH in writing and in its reasonable discretion thereof. The Commissioner of DOH or other person designated by the Mayor of the City shall act for the City or DOH in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.14 Assignment. At any time during the term of the Agreement, the Developer may assign this Agreement, with the City's prior written consent, to an entity which acquires the Property pursuant to paragraph R-9 of the HUD-Required Provisions Rider attached hereto or to the First Mortgagee, provided that such assignee continues to operate the Property and the Project for the same purpose for which it is currently used and operated. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all terms of this Agreement for the Term of the Agreement, and shall execute an affidavit to the effect that it is in compliance with all applicable City ordinances and is otherwise qualified to do business with the City.

18.15 Binding Effect. This Agreement shall be binding upon the Developer and its successors and permitted assigns and shall inure to the benefit of the City, its successors and assigns. The provisions of this Agreement pertaining to the obligations of the City shall be binding upon the City.

18.16 Force Majeure. For the purposes of any of the provisions of this Agreement, neither the City nor the Developer, as the case may be, nor any successor in interest, shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or quantity for an abnormal duration, tornadoes or cyclones and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its respective obligations hereunder.

18.17 HUD Rider. The document entitled "HUD-Required Provisions Rider" attached hereto is hereby incorporated into this Agreement as if fully set forth herein and shall remain a part of this Agreement so long as the Secretary of HUD or his/her successors or assigns, are the insurers or holders of the Mortgage Note (as defined in the HUD-Required Provisions Rider). Upon such time as HUD is no longer the insurer or holder of the Mortgage Note or such time as the Mortgage Note is paid in full, the parties hereto agree that the HUD-Required Provisions Rider shall no longer be a part of this Agreement.

18.18 No Business Relationship with City Elected Officials. Pursuant to Section 2-156-

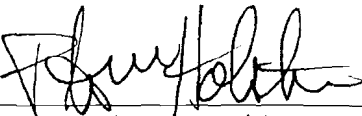
030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a “Business Relationship” (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to any of the Loan Documents, or in connection with the transactions contemplated thereby, shall be grounds for termination of the Redevelopment Agreement and the transactions contemplated thereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to the Redevelopment Agreement or the transactions contemplated thereby.

[remainder of page intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

HILLIARD HOMES II LIMITED PARTNERSHIP, an Illinois limited partnership

By: HH2 DEVELOPMENT CORPORATION, an Illinois corporation and its managing general partner

By: 
Peter M. Holsten, President

CITY OF CHICAGO, ILLINOIS, acting by and through its Department of Housing

By: _____
John G. Markowski
Commissioner

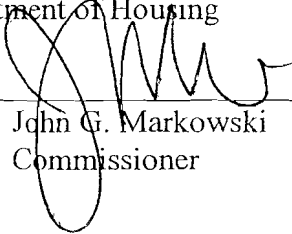
IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

HILLIARD HOMES II LIMITED PARTNERSHIP, an Illinois limited partnership

By: HH2 DEVELOPMENT CORPORATION, an Illinois corporation and its managing general partner

By: _____
Peter M. Holsten, President

CITY OF CHICAGO, ILLINOIS, acting by and through its Department of Housing

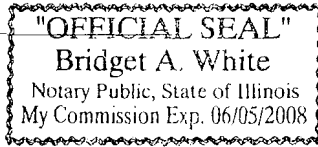
By:  _____
John G. Markowski
Commissioner

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, BRIDGET A. WHITE, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Peter Holsten, personally known to me to be the President of HH2 Development Corporation, an Illinois corporation (the "Corporation") and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this 12th day of May, 2005 in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him by the Board of Directors of the Corporation as his free and voluntary act and as the free and voluntary act of the Corporation, as the managing general partner of Hilliard Homes II Limited Partnership, for the uses and purposes therein set forth.

Bridget A. White
Notary Public

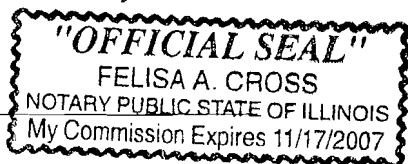
My commission expires _____
(SEAL)



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Felisa A. Cross, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that John G. Markowski, personally known to me to be the Commissioner of the Department of Housing of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this 12th day of May, 2005 in person and acknowledged that he signed, sealed, and delivered said instrument pursuant to the authority given to him by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

Felisa A. Cross
Notary Public



My commission expires _____

(SEAL)

EXHIBIT A

REDEVELOPMENT AREA LEGAL DESCRIPTION

[see attached]

Plan pursuant to Section 5/11-74.4-4 of the Act.

Section 4. The Commission recommends that the City Council designate the Area as a Redevelopment Project Area pursuant to Section 5/11-74.4-4 of the Act.

Section 5. The Commission recommends that the City Council adopt Tax Increment Allocation Financing within the Area.

Section 6. If any provisions of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.

Section 7. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 8. This resolution shall be effective as of the date of its adoption.

Section 9. A certified copy of this resolution shall be transmitted to the City Council.

Adopted: June 8, 1999

[(Sub)Exhibits "A" and "B" referred to in this Resolution 99-CDC-101 unavailable at time of printing.]

Exhibit "C".
(To Ordinance)

Legal Description.

That part of the southeast quarter of Section 21, Township 39 North, Range 14 East, that part of the southwest quarter of Section 22, Township 39 North, Range 14 East, that part of the northeast quarter of Section 28, Township 39 North, Range 14 East and that part of the northwest quarter of Section 27, Township 39 North, Range 14 East of the Third Principal Meridian in Cook County, Illinois, described as follows:

Exhibit A

beginning at the intersection of the southerly right-of-way line of West Cullerton Street and the westerly right-of-way line of South State Street; thence southerly on said westerly right-of-way line of South State Street to the southerly line extended westerly of Block 7 in Canal Trustees' Subdivision of the west half of Section 27, Township 39 North, Range 14 East of the Third Principal Meridian according to the plat thereof recorded September 4, 1848 (ante fire) and rerecorded September 24, 1877 as Document Number 151615 in Cook County, Illinois; thence easterly on said westerly extension to the easterly right-of-way line of South State Street; thence southerly along the easterly right-of-way line of said South State Street to the northerly line of the south 100 feet of the west 111.75 feet of Block 20 in Canal Trustees' Subdivision of the west half of said Section 27, Township 39 North, Range 14, East of the Third Principal Meridian, according to the plat thereof recorded September 4, 1848 and rerecorded September 24, 1877 as Document Number 15615 in Cook County, Illinois; thence easterly on the north line to the westerly right-of-way line of the C.T.A.; thence northerly on said westerly right-of-way line to the south line of Block 7 in said Canal Trustees' Subdivision; thence easterly on said southerly line to the west line of the east 197.4 feet of said Block 7; thence northerly on said west line to the north line of the south 112.83 feet of said east 197.4 feet; thence easterly on said north line and the north line extended easterly to the centerline of South Wabash Avenue; thence southerly on said centerline to the westerly extension of the southerly line of Block 8 in said Canal Trustees' Subdivision; thence easterly on said westerly extension of said southerly line, the southerly line and the easterly extension of said line to the easterly right-of-way line of South Michigan Avenue; thence northerly on said easterly right-of-way line to the southerly line of Lot 4 in Assessor's Division of the west part of Block 4 of the west half of Section 27, Township 39 North, Range 14 East of the Third Principal Meridian and the north 185 feet of Block 40 in Canal Trustees' Subdivision of the west half of Section 27, Township 39 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois; thence easterly along said southerly line of Lot 4 to the easterly line of the north and south alley adjoining said Lot 4; thence northerly on said east alley line to the southerly line of West 22nd Street (Cermak Road) as widened; thence easterly on said southerly line to the easterly right-of-way line of said South Indiana Avenue; thence southerly on said easterly right-of-way line to the southerly line of Lot 10 in the subdivision of Block 17 in said Canal Trustees' Subdivision of the west half of Section 27; thence easterly on said extension and said line to the northeasterly right-of-way line of South Cottage Grove Avenue; thence northwesterly on said northeasterly right-of-way line to the westerly line of Lot 7 in Gould's Subdivision of Block 3 in said Canal Trustees' Subdivision; thence northerly on said westerly line of Lot 7 and the westerly line extended northerly to the northerly line of an east and west alley; thence easterly on said northerly line of the alley to the west right-of-way line of South Prairie

Avenue, said point also being the southeast corner of Lot 6 in Hale's Subdivision of Lots 1 and 2 in Block 3 in said Canal Trustees' Subdivision; thence southerly on said west right-of-way line of South Prairie Avenue to an intersection with the westerly extension of the north line of an east and west alley, said line also being the southerly line of Lots 1 to 11, both inclusive, in Assessor's Division of Blocks 2, 12 and 15 (except the east half of the south 120 feet of Block 15) in said Canal Trustees' Subdivision; thence easterly along said northerly line of the east and west alley extended westerly to the easterly right-of-way line of South Prairie Avenue; thence southerly on said easterly right-of-way line to the southerly right-of-way line of East 24th Place; thence westerly on said southerly right-of-way line to the northerly line of Adlai E. Stevenson Expressway; thence westerly, southwesterly and northwesterly on said northerly right-of-way line of the expressway to the easterly right-of-way line of the New York Central Railroad right-of-way; thence northerly on said easterly right-of-way to the southerly right-of-way line of 22nd Street (Cermak Road); thence westerly on said southerly right-of-way line to the westerly right-of-way line of said New York Central Railroad; thence southerly on said westerly railroad right-of-way to the southerly right-of-way line of 23rd Street; thence westerly on said southerly right-of-way line of 23rd Street to the westerly right-of-way line of South LaSalle Street; thence northerly on said westerly right-of-way line to the southerly right-of-way line of 22nd Street (Cermak Road); thence westerly on said southerly right-of-way line to the centerline of South Wentworth Avenue; thence northerly on said centerline to the southeasterly extension of a northwest and southeast alley; thence northwesterly on said southeasterly extension, the southeasterly line and northwesterly extension to the northwesterly right-of-way line of South Archer Avenue; thence northeasterly on said northwesterly right-of-way line to the southerly right-of-way line of West Cullerton Street; thence easterly on said southerly line to the point of beginning, all in Cook County, Illinois.

Exhibit "D".
(To Ordinance)

Street Location Of The Area.

The boundaries of the Redevelopment Project Area are West Cullerton Street on the north, the Adlai E. Stevenson Expressway on the south, South Prairie Avenue on the east, South Wentworth Avenue and the Metra Northwest Illinois Rail Corp. on the west.

EXHIBIT B

LEGAL DESCRIPTION

[see attached]

EXHIBIT B
LEGAL DESCRIPTION

Hilliard Homes Phase II
Chicago, Illinois
Legal Description

Parcel 1

THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN AMENDED AND RESTATED GROUND LEASE AGREEMENT DATED MAY 1, 2005 AND RECORDED _____, 2005 WITH THE RECORDER AS DOCUMENT NUMBER _____, WITH RESPECT TO THE DEMISED LAND (THE "DEMISED LAND") DEFINED AS FOLLOWS:

THAT PART OF BLOCKS 33, 34, 35, 48, 49 AND 50, TOGETHER WITH THOSE PARTS OF VACATED STREETS AND VACATED ALLEYS LYING WITHIN SAID BLOCKS, IN CANAL TRUSTEE'S NEW SUBDIVISION OF BLOCKS IN THE EAST FRACTIONAL SOUTHEAST FRACTIONAL QUARTER OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF BLOCK 33 AFORESAID; THENCE SOUTH 0 DEGREES 07 MINUTES 57 SECONDS WEST, ALONG THE EAST LINE OF BLOCK 33 AND BLOCK 50 AFORESAID AND THEIR EXTENSIONS, 831.00 FEET TO THE SOUTHEAST CORNER OF BLOCK 50 AFORESAID; THENCE NORTH 89 DEGREES 53 MINUTES 42 SECONDS WEST, ALONG THE SOUTH LINE OF BLOCK 50 AFORESAID, 332.70 FEET TO THE SOUTHWEST CORNER OF SAID BLOCK 50; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, ALONG THE WEST LINE OF SAID BLOCK 50, A DISTANCE OF 73.00 FEET; THENCE SOUTH 89 DEGREES 55 MINUTES 02 SECONDS EAST, PERPENDICULAR TO THE LAST DESCRIBED LINE, 25.00 FEET; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, PERPENDICULAR TO THE LAST DESCRIBED LINE, 46.35 FEET; THENCE NORTH 89 DEGREES 55 MINUTES 02 SECONDS WEST, 25.00 FEET TO THE WEST LINE OF BLOCK 50 AFORESAID; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, ALONG SAID WEST LINE, 155.73 FEET; THENCE SOUTH 89 DEGREES 55 MINUTES 02 SECONDS EAST, 33.93 FEET; THENCE SOUTH 0 DEGREES 04 MINUTES 58 SECONDS WEST, 16.00 FEET; THENCE SOUTH 89 DEGREES 55 MINUTES 02 SECONDS EAST, 80.00 FEET; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, 80.30 FEET; THENCE NORTH 89 DEGREES 55 MINUTES 02 SECONDS WEST, 80.00 FEET; THENCE SOUTH 0 DEGREES 04 MINUTES 58 SECONDS WEST, 16.34 FEET; THENCE NORTH 89 DEGREES 55 MINUTES 02 SECONDS WEST, 33.93 FEET TO THE WEST LINE OF BLOCK 50 AFORESAID; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, ALONG SAID WEST LINE, 56.15 FEET TO A POINT 19.29 FEET SOUTH (AS MEASURED ALONG SAID WEST LINE) OF THE NORTHWEST CORNER OF BLOCK 50 AFORESAID; THENCE SOUTH 89 DEGREES 55 MINUTES 02 SECONDS EAST, 90.00 FEET; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, 100.00 FEET; THENCE NORTHWESTERLY 93.77 FEET ALONG THE ARC OF A CIRCLE CONVEX TO THE NORTHEAST HAVING A RADIUS OF 186.41 FEET AND WHOSE CHORD BEARS NORTH 75 DEGREES 50 MINUTES 31 SECONDS WEST, 92.79 FEET TO A POINT ON THE WEST LINE

OF BLOCK 33 AFORESAID, SAID POINT BEING 37.28 FEET NORTH (AS MEASURED ALONG SAID WEST LINE) OF THE SOUTHWEST CORNER OF BLOCK 33 AFORESAID; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, ALONG SAID WEST LINE, 215.98 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE SOUTH 2.30 FEET OF LOT 3 IN BLOCK 33 AFORESAID; THENCE SOUTH 89 DEGREES 54 MINUTES 03 SECONDS EAST, ALONG SAID NORTH LINE AND ITS EASTERLY EXTENSION, 166.66 FEET TO THE INTERSECTION WITH THE CENTERLINE OF THE NORTH AND SOUTH 30.00 FOOT PUBLIC ALLEY (NOW VACATED) IN SAID BLOCK 33; THENCE NORTH 0 DEGREES 06 MINUTES 28 SECONDS EAST, ALONG SAID CENTERLINE, 113.24 FEET TO THE INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 1 IN BLOCK 33 AFORESAID; THENCE SOUTH 89 DEGREES 54 MINUTES 03 SECONDS EAST, ALONG SAID EXTENSION AND THE NORTH LINE OF SAID LOT 1, A DISTANCE OF 166.71 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

AND.

VACATED SOUTH DEARBORN STREET:

ALL THAT PART OF SOUTH DEARBORN STREET LYING WEST OF THE WEST LINE OF BLOCK 33, LYING EAST OF THE EAST LINE OF BLOCK 34, LYING SOUTH OF A LINE DRAWN FROM THE NORTHWEST CORNER OF BLOCK 33 TO THE NORTHEAST CORNER OF BLOCK 34 AND LYING NORTH OF THE NORTH LINE OF VACATED SOUTH DEARBORN STREET, VACATED BY ORDINANCE APPROVED MAY 27, 1964 BY THE CITY COUNCIL OF THE CITY OF CHICAGO AND RECORDED JUNE 23, 1964 IN THE OFFICE OF THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS AS DOCUMENT NUMBER 19164304, SAID NORTH LINE BEING DESCRIBED AS "A LINE TWO AND THREE-TENTHS (2.3) FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF LOT THREE (3) IN SAID BLOCK THIRTY-THREE (33) PRODUCED WEST SIXTY-SIX (66) FEET" ALL IN CANAL TRUSTEES' NEW SUBDIVISION OF THE EAST FRACTION OF FRACTIONAL SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PINS: 17-21-419-003, 17-21-419-009, 17-21-419-011, 17-21-425-019, 17-21-425-024, 17-21-425-028, 17-21-425-031, 17-21-425-033, 17-21-425-034, 17-21-425-035, 17-21-425-037, 17-21-425-039, 17-21-425-041

Commonly known as: 2030 South State Street and 30 West Cermak Road, Chicago Illinois

Parcel 2

ALL BUILDINGS AND IMPROVEMENTS (THE "IMPROVEMENTS") LOCATED ON THE DEMISED LAND DESCRIBED IN PARCEL 1 NOW EXISTING OR HEREINAFTER ERECTED.

Parcel 3

EASEMENTS FOR THE BENEFIT OF PARCELS 1 AND 2 CREATED BY CROSS EASEMENTS, DECLARATION, RECIPROCAL RIGHTS, USE AND COST SHARING AGREEMENT DATED AS OF OCTOBER 1, 2002 AND

RECORDED WITH THE RECORDER OCTOBER 30, 2002 AS DOCUMENT NUMBER 0021200502, AS AMENDED BY THAT FIRST AMENDMENT TO CROSS EASEMENTS, DECLARATION, RECIPROCAL RIGHTS, USE AND COST SHARING AGREEMENT FOR HILLIARD APARTMENTS, PHASES I AND II DATED AS OF MAY 1, 2005 AND RECORDED _____, 2005 WITH THE RECORDER AS DOCUMENT NUMBER _____.

EXHIBIT C

REDEVELOPMENT PLAN

[OMITTED FOR RECORDING PURPOSES]
[OMITTED FROM ORDINANCE PACKET]

[see attached]

SECTION 6. Invalidation Of Any Section. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance.

SECTION 7. Superseder. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 8. Effective Date. This ordinance shall be in full force and effect immediately upon its passage.

[Exhibit "E" referred to in this ordinance printed
on page 8197 of this Journal.]

Exhibits "A", "B", "C" and "D" referred to in this ordinance read as follows:

Exhibit "A".
(To Ordinance)

City Of Chicago

24th/Michigan Redevelopment Project Area Tax Increment

Finance Program Redevelopment Plan And Project.

April 1999.

I.

Introduction.

The 24th/Michigan Redevelopment Project Area (hereafter referred to as the "Redevelopment Project Area") is located on the near south side of the City of Chicago (the "City"), approximately two (2) miles south of the central business

district. The Redevelopment Project Area is comprised of approximately one hundred nineteen (119) acres and includes thirty-five (35) (full and partial) blocks. The boundaries of the Redevelopment Project Area are Cullerton Street on the north, the Stevenson Expressway on the south, Prairie Avenue on the east and Wentworth Avenue and the Metra Northwest Illinois Rail Corporation on the west. The boundaries are shown on Redevelopment Plan Map 1, Project Boundary.

The Redevelopment Project Area is well-suited to institutional, 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 adjacent to the Stevenson Expressway (I-55) which accesses Lake Shore Drive, the Dan Ryan Expressway (I-94), the Kennedy Expressway (I-90) and the Eisenhower Expressway (I-290).

The Redevelopment Project Area is also well served by public transportation, making the site easily accessible to the local work force. The Chicago Transit Authority ("C.T.A.") bus lines that service the Redevelopment Project Area directly are the Number 24 Wentworth, Number 29 State and Number 1 Indiana-Hyde Park. The C.T.A. Green Line runs through the Redevelopment Project Area between State Street and Wabash Avenue with a newly renovated station south of the Redevelopment Project Area in Bronzeville Station at 35th Street. The C.T.A. Red Line has a stop in the northwest section of the Redevelopment Project Area: the Cermak-Chinatown Station at 22nd Street and LaSalle Street.

The Redevelopment Project Area lies adjacent to the existing T.I.F. Districts: Michigan/Cermak, Near South and River South on the north, Bronzeville on the south, and Chinatown Basin on the west. All of these areas contain the majority of the characteristics that constitute blighted areas. The close proximity of these T.I.F. Districts to the Redevelopment Project Area develops a pattern in which a blighted area can influence the conditions of the Redevelopment Project Area.

The Redevelopment Project Area is characterized by numerous deteriorated and obsolete commercial buildings, a significant number of vacant parcels, and a general lack of maintenance of properties. Much of the Redevelopment Project Area consists of:

- deteriorated buildings and site improvements;
- vacant and underutilized buildings;
- obsolescence; and
- other blighting characteristics.

The purpose of the 24th/Michigan Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project (the "Plan") is to create a mechanism to allow for the planning and financing of a mixed-use development containing commercial, industrial, residential and institutional uses/community facilities.

This Plan summarizes the analyzes and findings of the consultants' work, which, unless otherwise noted, is the responsibility of Louik/Schneider & Associates, Inc., Ernest R. Sawyer Enterprises, Inc., and Noitam, 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. (1996 State Bar Edition), as amended (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 Redevelopment Project Area is located in one of the City's seventy-seven (77) community areas -- the near south side. The area has traditionally been industrial and commercial with a small population. Currently it is one (1) of the least populated areas in the City and suffers from economic underdevelopment and dilapidated housing. However, the area began its history as a fashionable community developed with apartments and hotels built in anticipation of the World's Columbian Exposition in 1893. Despite these auspicious beginnings, more fashionable residents soon left the area for the Gold Coast area to the north and the Kenwood Area to the south.

At the turn of the century the area was characterized by warehouses and other commercial development. These wholesale houses and warehouses were pushed out of the Loop by high prices. The area became a home to two (2) Chicago printing empires, the Lakeside Press and R. R. Donnelley and Sons, both built between 1912 and 1924. During the same period, the fast growing new automobile industry located showrooms along Michigan Avenue. The area also provided a home for the new and used auto parts industry that still exists today. African-Americans migrated to the area during and after World War I. The area is bordered by Bronzeville on the south and soon became a central part of what is commonly called The Black Metropolis or "Black Belt". This was an area

bordered by Van Buren Street on the north, 39th Street on the south, the white residential community that began at State Street on the east and railroads and an industrial community on the west. The "Black Belt" represented a contiguous and independent black political, social and commercial community. As the area transformed into an African-American community, the population declined as German and Irish residents left the area. The population increased briefly as African-Americans moved to the city from the south.

There are two (2) venerable African-American institutions in the Redevelopment Project Area: the Quinn Chapel (1892) and the Chicago Defender (1906). The Quinn Chapel is a National Historic Landmark and is the oldest African-American Church in the City. The Chicago Defender is the oldest African-American publication currently in circulation. It has a national reputation and has formed a cornerstone of the Black media throughout the 20th century and into the new millennium. These institutions saw the community rapidly change into an almost completely African-American community.

During this period of transition, two (2) public housing projects were erected to accommodate residents and replace slums in the area. The Harold Ickes Homes were erected in 1955 and the Hilliard Homes were erected in 1966. While initially conceived as integrated housing, these projects and the area itself were highly segregated. By the 1960s, the area was seventy-seven percent (77%) African-American, and by 1990 it was ninety-four percent (94%) African-American.

The area has suffered from severe concentrations of poverty. As of 1989, the median family income was less than Ten Thousand Dollars (\$10,000) a year, one (1) of the lowest in the City. Three-quarters (¾) of the households are female headed and of those, sixty percent (60%) live below the poverty line. In 1992, the area was dealt a major blow when R. R. Donnelley closed its doors. However, at the same time the community has been bordered by pockets of prosperity and economic development. McCormick Place was constructed in 1960, and there were other developments in the area connected with the change along with several examples from an industrial economy to a service economy partially based on the convention and tourism industry. Upscale housing developments like the second (2nd) phase of Dearborn Park (1988) and Central Station (1990) have brought affluent residents to the surrounding areas. The new Museum Campus also represents a major change to the area because Cermak Road is no longer a major artery for Lake Shore Drive. Despite surrounding prosperity and change, economic hardship in the area remains a persistent problem.

B. Zoning Characteristics.

At the present time, the existing land uses include commercial, industrial, residential and institutional uses. Permitted zoning uses for the Redevelopment Project Area include commercial (C1-3, C2-3 and C2-4), industrial (M1-2, M1-3, M1-4 and M2-4) and residential (R5). Also included in the Redevelopment Project Area is Planned Development Number 31.

The designated commercial districts are located in four (4) sections of the Redevelopment Project Area. The first (1st) section, zoned C1-3, is located at the northeast corner of South Wentworth Avenue and West Cermak Road. The second (2nd) section zoned C2-3, is on the south side of West Cermak Road at South Federal Street, continuing west one and one-quarter (1¼) blocks. The third (3rd) section, also zoned C2-3, is the east side of South State Street. The last section, zoned C2-4, is from the alley between South Wabash and South Michigan Avenues east to the alley between South Michigan and South Indiana Avenues.

There are two (2) areas zoned residential: the Ickes and the Hilliard Homes. The Ickes Homes between 22nd and 25th Streets, on State Street, are zoned R5 except for portions of two (2) blocks along South Clark Street. The Hilliard Homes between West Cullerton Street, West Cermak Road, South State and South Clark Streets are zoned Planned Development Number 31.

Manufacturing Districts are located in five (5) areas. The far northwest section of the Redevelopment Project Area immediately west of South Clark Street is zoned M1-4. From the railroad tracks east to South Federal Street at West Cermak Road on the north end and from the railroad tracks east to South Dearborn Street at the Stevenson Expressway is the second (2nd) area zoned manufacturing, M1-2. The northeast corner of South Clark Street and West Cermak Road is the next area zoned with a manufacturing zoning of M2-4. The area immediately west of the C.T.A. tracks to the alley between South Wabash and South Michigan Avenues, is the fourth (4th) area zoned M1-3. The last section zoned M1-4 is at the east end of the Redevelopment Project Area, from the alley between South Michigan and South Indiana Avenues east to the eastern boundary.

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 a Blighted Area within the definitions set forth in the Act.

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 (E.A.V.) or the certified base E.A.V. for all taxable real estate located within the Redevelopment Project Area and the current year E.A.V.. The E.A.V. is the assessed value of the property multiplied by the state multiplier. Any increase in E.A.V. 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 (Sub)Exhibit 5 -- 24th/Michigan Tax Increment Finance Program -- Eligibility Study). 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 private investment in the Redevelopment Project Area for at least the last five (5) 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 Redevelopment Project Area.

Successful implementation of the Redevelopment Project requires that the City 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 near south side of the City, approximately two (2) miles south of the central business district. The Redevelopment Project Area is comprised of approximately one hundred nineteen (119) acres and includes thirty-five (35) (full and partial) blocks. The Redevelopment Project Area is generally bounded by Cullerton Street on the north, the Stevenson Expressway on the south, Prairie Avenue on the east, and Wentworth Avenue and the Metra Northwest Illinois Rail Corporation on the west. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map, and the existing land uses are identified on Redevelopment Plan Map 2. The Redevelopment Project Area includes only those contiguous parcels of real property that are expected to be substantially benefitted by the Plan.

The legal description of the Redevelopment Project Area is attached to this plan as (Sub)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:

- Attracting Business in the 21st Century, Metropolitan Pier and Exposition Authority Managing McCormick Place and Navy Pier, Financial Plans for Fiscal Years, 1999, 2000, 2001, adopted by the Board of Directors May 5, 1998.
- Mid-South Strategic Development Plan, City of Chicago Department of Planning and Development and The Mid-South Planning Group, September, 1993.
- The Near South: A Blueprint for Redevelopment, City of Chicago, Department of Planning and Development, January, 1992.
- Planning Principles for Chicago's Central Area, City of Chicago Department of Planning, September, 1991.
- Report on McCormick Place Expansion, Joint Task Force on Burnham Park Planning, June, 1990.
- Near South Area Planning Strategy, Near South Planning Board, Lakota Group, November, 1998.
- 1998 Chicago Zoning Ordinance.

Certain goals and objectives of these plans and regulations are incorporated in the section below.

A. General Goals And Redevelopment Objectives.

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

- Goal 1. Improve the quality of life in Chicago by enhancing the local tax base through the improvement of the Redevelopment Project Area's economic vitality.

Objectives: Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Blighted Area.

Encourage the preservation of the existing architectural character through the use of governmental mechanisms.

Create a physical environment that is conducive to the development of commercial/service uses.

- Goal 2. Encourage sound community and economic development in the Redevelopment Project Area.

Objectives: Encourage private investment, through incentives, in new commercial and industrial development.

Promote the Redevelopment Project Area's amenities, in particular its proximity to McCormick Place to encourage new commercial development.

- Goal 3. 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.

Objectives: Provide public infrastructure improvements where necessary. Replace and repair sidewalks, curbs and alleys throughout the Redevelopment Project Area.

Install appropriate streetscaping amenities to enhance and unify the Redevelopment Project Area

as a natural extension of the McCormick Place expansion and development of the South Loop in particular along Michigan Avenue.

Improve the safety and security of patrons and employees of the businesses in the Redevelopment Project Area.

Reduce the amount of on-street truck loading and storing. Improve the truck storage facilities to compliment the streetscaping improvements made to the north along State Street and to the east of McCormick Place.

- Goal 4. Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing real estate values and the local tax base.

Objectives: Facilitate the development of vacant land and the redevelopment of underutilized properties for commercial, industrial, residential and institutional uses.

Increase the amount of pedestrian traffic from the surrounding residential development as well as McCormick Place.

- Goal 5. Encourage the participation of minorities and women in the redevelopment process of the Redevelopment Project Area.

Objectives: Make companies aware of the City and private firms' affirmative action policies for development and construction.

- Goal 6. Create and preserve job opportunities in the Redevelopment Project Area.

Objectives: Establish job-training and job-readiness programs to provide area residents within and surrounding the Redevelopment Project Area with the skills necessary to secure jobs.

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.

Encourage the use of the City's Workforce Solution Program by existing industries/companies and firms in the area.

Goal 7. Create an environment for new educational, open space and other institutional facilities to serve the surrounding community.

Objectives: Encourage appropriate and necessary public service agencies to locate in the Redevelopment Project Area.

Provide expansion opportunities for existing institutions in or around the Redevelopment Project Area.

Provide enhancement opportunities for new and existing parks or additional green space in the Redevelopment Project Area.

Goal 8. Develop a link between the Redevelopment Project Area and its surrounding communities.

Objectives: Encourage the development of service/convenience oriented businesses that complement the needs of the McCormick Place vendors/patrons.

Promote the desirability of the Redevelopment Project Area as an excellent location for restaurant/entertainment venues.

Continue the existing streetscaping, sidewalk and street improvements of China Town and McCormick Place that surround the Redevelopment Project Area.

Goal 9. Encourage the preservation of historic buildings throughout the Redevelopment Project Area.

Objectives: Obtain landmark designation for appropriate buildings in the Redevelopment Project Area.

Encourage the renovation of the historically significant automobile row buildings.

Goal 10. Improve the conditions of existing residential developments and establish standards for any future developments.

Objectives: Work with the Chicago Housing Authority to continue the rehabilitation efforts currently underway for the existing public housing.

Encourage streetscape improvements and open space beautification for the internal road for the existing public housing.

Provide enhancement opportunities for existing schools and new and existing parks or additional green space in the Redevelopment Project Area.

B. Design Objectives.

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

- Encourage coordinated development of parcels and structures to achieve attractive and efficient building design, unified off-street parking and appropriate access to nearby arterial streets.
- Achieve development that is 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.
- Encourage a variety of streetscape amenities which include such items as sidewalk planters, flower boxes, plazas, a variety of tree species and wrought-iron fences where appropriate.
- Maintain tile integrity of the historically significant structures throughout the Redevelopment Project Area, particularly along Michigan Avenue.

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 are detrimental to the public safety, health, morals or welfare because of a combination of five (5) 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. 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., Ernest R. Sawyer Enterprises, Inc. and Noitam, Inc. shows the Redevelopment Project Area qualifies as an improved Blighted Area as defined by the Act. A separate report, entitled "City of Chicago 24th/Michigan Tax Increment Finance Program Eligibility Study" dated April, 1999 (the "Eligibility Study"), is attached as (Sub)Exhibit 5 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 Study.

A. Summary Of Eligibility Factors.

The Redevelopment Project Area (also referred to as the "Study Area" in the Eligibility Study) consists of thirty-five (35) (full and partial) blocks and three hundred eighteen (318) parcels. There are ninety-two (92) buildings in the Redevelopment Project Area.

Throughout the Redevelopment Project Area nine (9) of the fourteen (14) blighted area eligibility criteria are present, six (6) to a major extent and three (3) to a minor extent. The nine (9) blighting factors that have been identified in the Redevelopment Project Area are as follows:

Major Extent.

- age
- obsolescence
- deterioration
- excessive land coverage
- deleterious land-use or layout
- depreciation of physical maintenance

Minor Extent.

- dilapidation
- structures below minimum code
- excessive vacancies

The eligibility findings are as follows:

Major Extent.

1. Age.

Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures, which are at least thirty-five (35) years old. In the Redevelopment Project Area, age is present to a major extent in eighty-two (82) of the ninety-two (92) (eighty-nine and one-tenth percent (89.1%)) buildings and in twenty-one (21) of the thirty-five (35) blocks.

2. 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 one hundred thirty-two (132) of the three hundred eighteen (318) (forty-one and five-tenths percent (41.5%)) parcels and in twenty-one (21) of the thirty-five (35) blocks.

3. Deterioration.

Deterioration is present in structures with physical deficiencies or site improvements requiring major treatment or repair. Deterioration is present to a major extent in the Redevelopment Project Area in fifty-eight (58) of the ninety-two (92) (sixty-three percent (63%)) buildings, in ninety-three (93) of the three hundred eighteen (318) (twenty-nine and two-tenths percent (29.2%)) parcels and in fifteen (15) of the thirty-five (35) blocks.

4. 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 in fifty-six (56) of the ninety-two (92) (sixty-one percent (61%)) buildings and in eighty-one (81) of the three hundred eighteen (318) (twenty-five and five-tenths percent (25.5%)) parcels and in sixteen (16) of the thirty-five (35) blocks.

5. 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 in one hundred seven (107) of the three hundred eighteen (318) (thirty-three and six-tenths percent (33.6%)) parcels and in nineteen (19) of the thirty-five (35) blocks.

6. 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 in eighty (80) of the ninety-two (92) (eighty-seven percent (87%)) buildings, in two hundred fifty-three (253) of the three hundred eighteen (318) (eighty percent (80%)) parcels, and in thirty-four (34) of the thirty-five (35) blocks.

Minor Extent.

1. Dilapidation.

Dilapidation refers to an advanced state of disrepair of buildings and improvements. In the Redevelopment Project Area, dilapidation is present to a minor extent in fourteen (14) of the ninety-two (92) (fifteen and two-tenths percent (15.2%)) buildings and in four (4) of the thirty-five (35) blocks.

2. Presence Of Structures Below Minimum Code Standards.

Structures below minimum code standards are present to a minor extent in fifty-two (52) of the ninety-two (92) (fifty-six and five-tenths percent (56.5%)) buildings in the Redevelopment Project Area over the last seven (7) years. For the year 1998, only three (3) of the ninety-two (92) (three and three-tenths percent (3.3%)) buildings were cited for building code violations.

3. Excessive Vacancies.

Excessive vacancy refers to buildings or sites, of which a large portion 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 minor extent in eighteen (18) of the ninety-two (92) (nineteen and six-tenths percent (19.6%)) buildings and in ten (10) of the thirty-five (35) blocks.

B. Eligibility Findings Conclusion.

The number, degree and distribution of factors as documented in this report warrant the designation of the Redevelopment Project Area as a Blighted Area as set forth in the Act. Specifically:

- Of the fourteen (14) blighting factors set forth in the Act for improved land, of which five (5) are required for a finding of blight, nine (9) are present. Six (6) of the factors are found present to a major extent and three (3) to a minor extent.
- The Blighted Area factors that are present are reasonably distributed throughout the Area.

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 Blighted Area eligibility factors are distributed throughout the Redevelopment Project.

Additional research indicates that the Redevelopment Project Area on the whole (i) has not been subject to growth and development through investment by private enterprise and (ii) would not reasonably be anticipated to be developed without the adoption of the Plan. Specifically:

- (Sub)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 seven building permit requests for new construction or renovation for the Redevelopment Project Area from July of 1993 to July of 1998.

- Additionally, there were three (3) demolition permits issued for the Redevelopment Project Area from July of 1993 -- July of 1998.
- The Redevelopment Project Area is primarily comprised of commercial uses. The E.A.V. for all property in the City increased from Twenty-eight Billion Six Hundred Sixty-one Million Nine Hundred Fifty-four Thousand One Hundred Nineteen Dollars (\$28,661,954,119) in 1993 to Thirty-five Billion Eight Hundred Ninety-three Million Six Hundred Seventy-seven Thousand One Hundred Thirty-five Dollars (\$35,893,677,135) in 1997, a total of twenty-five and twenty-three hundredths percent (25.23%) or an average of six and thirty-one hundredths percent (6.31%) per year. Over the last four (4) years from 1993 to 1997, the Redevelopment Project Area has experienced an overall E.A.V. increase of seven and fifty-seven hundredths percent (7.57%) from Fourteen Million Five Hundred Twenty-three Thousand Eight Hundred Twenty-one Dollars (\$14,523,821) in 1993 to Fifteen Million Six Hundred Twenty-three Thousand Five Hundred Thirty-two Dollars (\$15,623,532) in 1997, an average increase of one and eighty-nine hundredths percent (1.89%) per year.

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

24th/Michigan Redevelopment Project.

This Redevelopment Project Area is a support area not only for the City's Central Business District (C.B.D.) but also to McCormick Place. It is essential that the area develops in such a manner that it becomes an economic link between the C.B.D., Near South Loop area, McCormick Place and the Bronzeville community. The Redevelopment Project Area will provide redevelopment opportunity not only for new development, but also for jobs for the community residents.

It is also the goal of this Plan to provide an environment that will encourage the growth of existing industries as well as the hospitality industry, which is critical to McCormick Place. McCormick Place is the largest convention and tourism facility in the United States. McCormick Place is an economic generator for the City as well as the entire State of Illinois. The following chart indicates the attendance at McCormick Place for the years 1994 -- 1997.

Year	Attendance	Net Square Feet
1994	2,792,205	12,246,673
1995	3,214,934	11,835,840
1996	3,044,588	13,198,020
1997	3,019,329	13,404,659

The future for McCormick Place is one of stability and potential new growth, which will continue to provide for the needs of current and future trade shows. The recently completed Nine Hundred Eighty-seven Million Dollars (\$987,000,000) McCormick Place expansion project includes a new building containing eight hundred forty thousand (840,000) square feet of first class exhibit space and seventy thousand (70,000) square feet of new meeting facilities, as well as rehabilitation of the existing north and east buildings. In addition, a Hyatt Hotel with eight hundred (800) rooms is part of the expansion project.

In the past, the majority of these three million (3,000,000) annual users of McCormick Place received hospitality service from the C.B.D. and Near North area. It is this Plan's objective to provide necessary space within the Redevelopment Project Area to meet the demand by McCormick Place visitors, staff and workers as well as area residents and businesses for various service facilities including restaurants, entertainment, lodging, shopping and ancillary facilities. In addition, this Plan encourages the growth and expansion of companies servicing the actual exhibit hall preparation and construction for trade shows and exhibits.

The area also includes other industries that would be assisted in their operation not only in this Redevelopment Project Area but also in the five (5) adjacent T.I.F. Areas previously mentioned in the Introduction.

The following section identifies the proposed land uses for the Redevelopment Project Area.

A. General Land-Use Plan.

The Land-Use Plan, Redevelopment Plan Map 3, identifies the uses that will be in effect upon adoption of this Plan. The major land-use categories are consistent with existing land uses for the Redevelopment Project Area, which currently include commercial with residential and institutional uses.

The Chicago Plan Commission will approve this Plan and the proposed land uses described herein prior to the adoption of the Plan by the City Council. The proposed land-use categories and a discussion of the rationale supporting their determination are as follows:

1. Residential/Public Facility/Institutional.

The proposed residential/public facility/institutional land-use is proposed for the area between Cullerton Avenue, the Stevenson Expressway, the west side of State Street, and the railroad. This area is currently residential and it is recommended that it remain residential.

Public Facility includes uses such as parks, open space, public housing and publicly owned facilities. The proposed residential/public facility land-use includes the Chicago Housing Authority Public property (Hilliard and Ickes Homes) as well as the community service facility located in the Ickes Complex.

Institutional land uses include property utilized by educational institutions, health care facilities, and religious congregations.

2. Commercial/Residential/Industrial/Institutional.

To service the needs of the community, Commercial/Residential/Industrial/Institutional uses are proposed for three (3) sections in the Redevelopment Project Area. The first section is located along the east side of State Street, between 22nd Street and the Stevenson Expressway. The second section includes the property along both sides of Michigan Avenue and expands west of Michigan Avenue to include the Ray Graham Training Center and Quinn Chapel. This land-use is also proposed for the block between Cermak Road and 23rd Street on the east of LaSalle Street. This mixed-use category allows for a combination of any of the above uses.

3. Mixed Use Commercial/Industrial.

The proposed commercial and industrial land uses for the Redevelopment Project Area are located in two (2) areas east of the C.T.A. tracks: 1) along Wabash Avenue, between 22nd and 24th Streets and 2) from the alley east of Michigan Avenue to Prairie Avenue. Redevelopment of this property for the commercial/industrial uses is not only compatible with the surrounding land-use patterns and history of the neighborhood, but also allows for the expansion of those land uses in the territory surrounding the Redevelopment Project Area.

4. Mixed Use Commercial/Residential/Institutional.

The proposed mixed use commercial/residential/institutional land use allows for the uses to be employed independently or in combination. This use is proposed for a small area in Chinatown, between the C.T.A. tracks west to the western boundary of the Redevelopment Project Area. The current use includes a parking lot and a commercial business. As redevelopment occurs within this section of the Redevelopment Project Area, the highest and best use may be a combination such as commercial on the first (1st) floor with residential units above.

Institutional land uses include property utilized by educational institutions, health care facilities, and religious congregations.

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 for the 24th/Michigan 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, to reinforce and encourage further private investment. The City may enter into redevelopment agreements, 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 upon improvements required for the project. Under a redevelopment agreement, the developer may also be reimbursed from incremental tax revenues (to the extent permitted by the Act) for all or a portion of the costs of required site improvements.

Additionally, the implementation of the Plan will allow the City to attract a variety of uses in support of McCormick Place Convention Center. It is also anticipated that the commercial component of the Plan will give city residents and students a place to shop and as a result bring increased sales tax dollars to the City.

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 Cetera. Funds may be used by the City to provide 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 to provide 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 meet the goals and objectives of this Plan, the City is authorized to acquire and assemble property in the Redevelopment Project Area, 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, among other means, purchase, exchange, donation, lease, eminent

domain or through the Tax Reactivation Program. The City may pay for a private developer's (or redeveloper's) cost of acquiring land and other property, real or personal, or rights or interests therein, demolition of buildings, environmental remediation, and the clearing and grading of land including the demolition and environmental remediation of vacant railroad facilities. 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 (see Map 4- Properties That May Be Acquired and (Sub)Exhibit 3).

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, and parking or other uses the City may deem appropriate.

In connection with the City exercising its power to acquire real property (except for those properties described on Map 4), including the exercise of the power of eminent domain, under the Act in implementing the Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this plan.

For properties described on Map 4, acquisition of occupied property by the City shall commence within four (4) years from the date of the publication of the ordinance approving the Plan. Acquisition shall be deemed to have commenced with the sending of an offer letter. After the expiration of this four (4) year period, the City may acquire such property pursuant to this Plan under the Act according to its customary procedures, as described in the immediately preceding paragraph.

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-way 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 parking facilities.
 - f. Public schools.
 - g. Public parks and open space.
5. Job Training And Related Educational Programs. Funds may be used by the City 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 may be funded, 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 thirty-six (36) months thereafter and including reasonable reserves related thereto.
7. Capital Costs. All or a portion of a taxing districts 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 City by written agreement, accepts and approves such costs, may be funded.
8. Provision For Relocation Costs. Relocation assistance may be provided in order to facilitate redevelopment of portions of the Redevelopment Project Area, and to meet other City objectives. Businesses or

households legally occupying properties to be acquired by the City may be provided with relocation advisory and financial assistance as determined by the City. Funds may be used by the City or made available for the relocation expenses of public entities, private property owners and tenants of properties relocated or acquired by the City or a developer for redevelopment purposes or by a public entity.

9. Payment In Lieu Of Taxes According To The Act.
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 (1) 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 City, are set forth in a written agreement by or among the City 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 (1) year may not exceed thirty (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 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 thirty percent (30%) of the total of costs paid or incurred by the developer or redeveloper for the redevelopment project plus redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act.
12. New Construction Costs. The Act currently provides that incremental property tax revenues may not be used by the City for the construction of new privately owned buildings.
13. Redevelopment And Other 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. In addition, the City may enter into intergovernmental agreements with public entities to construct, rehabilitate, renovate or restore public improvements.
14. Affordable Housing. The City requires that developers who receive T.I.F. assistance for market rate housing set aside at a minimum, twenty percent (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 one hundred twenty percent (120%) of the area median income, and affordable rental units should be affordable to persons earning no more than eighty percent (80%) of the median income.

To undertake these activities, redevelopment project costs will be incurred. Redevelopment Project Costs (hereafter defined as the "Redevelopment Project Costs") means the total sum 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, City interest and other financing costs). Within this limit, adjustments may be made in line items without amendment to this Plan. The Redevelopment Project Costs represent estimated amounts and do not represent actual City commitments or expenditures.

Table 1 -- (Estimated Redevelopment Project Costs) represents those eligible project costs pursuant to the Act. These upper limit expenditures are potential costs to be expended over the maximum twenty-three (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.

Program/Action/Improvements	Estimated Costs
Assemblage of Sites	\$ 7,000,000
Interest Costs	6,000,000
Job Training	5,500,000
Planning, Legal, Professional, Administration	1,000,000
Public Improvements	20,500,000 ⁽¹⁾

⁽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.

Program/Action/Improvements	Estimated Costs
Rehabilitation of Structures	\$ 3,000,000
Site Preparation/Environmental/ Remediation/Demolition	11,000,000
Relocation Costs	1,000,000
TOTAL REDEVELOPMENT PROJECT COSTS*	\$55,000,000⁽²⁾⁽³⁾

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 and proceeds of municipal obligations, which are secured principally by tax increment revenues created under the Act. There may be other sources of funds that the City may elect to use to pay for

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

(2) 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 City 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 estimated Total Redevelopment Project Costs amount does not include private redevelopment costs or costs financed from non-T.I.F public resources. Total Redevelopment Project Costs are inclusive of redevelopment project costs incurred in contiguous redevelopment project areas or those separated only by a public right-of-way, 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.

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 E.A.V. of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the certified E.A.V. base of each such property in the Redevelopment Project Area. Without the adoption of the Plan and the use of such tax incremental revenues, the Redevelopment Project Area would not reasonably be anticipated to be developed.

The Redevelopment Project Area may, in the future, be contiguous to, or be separated only by a public right-of-way from, other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Redevelopment Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the Redevelopment Project Area made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Redevelopment Project Area, shall not at any time exceed the total redevelopment Project Costs described in the Plan. In addition, if the Redevelopment Project Area is contiguous to, or separated only by a public right-of-way from, one (1) or more redevelopment project areas created under the Industrial Jobs Recovery Law (the "Law"), 65 ILCS 5/11-74.6-1, et seq. (1996 State Bar Edition), as amended (an I.J.R.L. Project Area), the City may utilize revenues received from such I.J.R.L. Project Area(s) to pay eligible redevelopment project costs or obligations issued to pay such costs in the Redevelopment Project Area, and vice versa. Such revenues may be transferred outright from or loaned by the I.J.R.L. Project Area to the Redevelopment Project Area, and vice versa. The amount of revenue from the Redevelopment Project Area made available to support any contiguous redevelopment project areas, or those redevelopment project areas separated only by a public right-of-way, when added to all amounts used to pay eligible redevelopment project costs within the Redevelopment Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan. This paragraph is intended to give the City the full benefit of the "portability" provisions set forth in the Act, 65 ILCS 5/11-74.4-4(q) and the Law, 65 ILCS 5/11-74.6-15(s).

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, 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 City; and 3) a mortgage on part or all of the Redevelopment Project Area.

All obligations issued by the City pursuant to this Plan and the Act shall be retired within twenty-three (23) years (by the year 2022) 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 twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this 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 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 purpose of identifying the most recent equalized assessed valuation ("E.A.V.") of the Redevelopment Project Area is to provide an estimate of the initial E.A.V. which the Cook County Clerk will certify for the purpose of annually calculating the incremental E.A.V. and incremental property taxes of the Redevelopment Project Area. The total 1997 E.A.V. of all taxable parcels in the Redevelopment Project Area is Fifteen Million Six Hundred Twenty-three Thousand Five Hundred Thirty-two Dollars (\$15,623,532). This total E.A.V.

amount, by P.I.N.; is summarized in Table 2. The E.A.V. is subject to verification by the Cook County Clerk. If the 1998 E.A.V. shall become available prior to the date of the adoption of the Plan by the City Council, the City may update the Plan by replacing the 1997 E.A.V. with the 1998 E.A.V. without further City Council action. After verification by the County Clerk of Cook County, this amount will serve as the Certified Base E.A.V. from which all incremental property taxes in the Redevelopment Project Area will be calculated by the County. The 1997 E.A.V. of the Redevelopment Project Area is summarized by permanent index number (P.I.N.) in Table 2 -- 1997 E.A.V. of this Plan.

G. Anticipated Equalized Assessed Valuation.

By the year 2005, when it is estimated that the Redevelopment Project, based on currently known information, will be completed and fully assessed, the estimated E.A.V. of real property within the Redevelopment Project Area is estimate at between Twenty-two Million Dollars (\$22,000,000) and Twenty-six Million Dollars (\$26,000,000).

These estimates are based on several key assumptions, including: 1) all currently projected development will be completed by 2005; 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 2.1489 as applied to 1997 assessed values will remain unchanged; 4) for the duration of the Redevelopment Project Area, the tax rate for the entire area is assumed to be the same and will remain unchanged from the 1997 level; and 5) growth from reassessments of existing properties in the Redevelopment Project Area will be at a rate of two and five-tenths percent (2.5%) per year with a reassessment every three (3) years. Although development in the Redevelopment Project Area may occur after 2005, it is not possible to estimate with accuracy the effect of such future development on the E.A.V. for the Redevelopment Project Area. In addition, as described in Section N of the Plan, "Phasing and Scheduling of Redevelopment", public improvements and the expenditure of Redevelopment Project Costs may be necessary in furtherance of the Plan throughout the twenty-three (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, 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. Continued existence of the factors referenced above and the lack of new development projects initiated or completed within the Redevelopment Project Area evidence the lack of private investment.

The lack of growth and investment by the private sector is supported by the trend in the E.A.V. of all the property in the Redevelopment Project Area. The E.A.V. for all property in the City increased from Twenty-eight Billion Six Hundred Sixty-one Million Nine Hundred Fifty-four Thousand One Hundred Nineteen Dollars (\$28,661,954,119) in 1993 to Thirty-five Billion Eight Hundred Ninety-three Million Six Hundred Seven-seven Thousand One Hundred Thirty-five Dollars (\$35,893,677,135) in 1997, a total of twenty-five and twenty-three hundredths percent (25.23%) or an average of six and thirty-one hundredths percent (6.31%) per year. Over the last four (4) years, from 1993 to 1997, the Redevelopment Project Area has experienced an overall E.A.V. increase of seven and fifty-seven hundredths percent (7.57%) from Fourteen Million Five Hundred Twenty-three Thousand Eight Hundred Twenty-one Dollars (\$14,523,821) in 1993 to Fifteen Million Six Hundred Twenty-three Thousand Five Hundred Thirty-two Dollars (\$15,623,532) in 1997, an average increase of one and eighty-nine hundredths percent (1.89%) per year.

A summary of the building permit requests for new construction and major renovation in the Redevelopment Project Area is found in (Sub)Exhibit 2 -- Building Permit Requests. Building permit requests for new construction and renovation for the Redevelopment Project Area from July 1993 -- July 1998 totaled Six Hundred Forty-two Thousand Eight Hundred Eighteen Dollars (\$642,818).

It is clear from the study of this Redevelopment Project 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 and 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 E.A.V. over and above the Certified Base E.A.V. 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.

The proposed Redevelopment Plan and Project involves the rehabilitation of existing residential and commercial buildings and the construction of new residential and commercial developments. Currently there is only one (1) school in the Redevelopment Project Area, the Ray Graham Training Center, a special education high school. A coordinated planning effort will be developed with the Chicago Board of Education as development to occurs within the area to accommodate any new residents (see Map 5). Therefore, as discussed below, the financial burden of the Redevelopment Plan and Project on taxing districts is expected to be moderate.

In addition to the major taxing districts summarized above, the City of Chicago Library Fund has taxing jurisdiction over part or all of the Redevelopment 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.

Impact Of The Redevelopment Project.

The replacement of vacant and underutilized properties with residential and commercial development may increase the demand for services and/or capital improvements to be provided by the Chicago Board of Education, the Metropolitan Water Reclamation District, the Chicago Park District and the City. The estimated nature of these increased demands for services on these taxing districts are described below.

Chicago Board of Education. The residential rehabilitation may increase demand for the educational services and the number of schools provided by the Chicago Board of Education. The only school in the Redevelopment Project Area, the Ray Graham Training Center, is a special education high school. The City will monitor residential development, with the cooperation of the Chicago Board of Education, to ensure that any increase in demand for services will be addressed.

Metropolitan Water Reclamation District of Greater Chicago. The replacement of vacant and underutilized properties should not substantially increase the demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

Chicago Park District. The replacement of vacant and underutilized properties with new development may increase the need for additional parks. The City intends to monitor development with the cooperation of the Chicago Park District to ensure that any increase in the demand for services will be adequately addressed.

City of Chicago. The replacement of vacant and underutilized properties may increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, et cetera. It is expected that any increase in demand for the City services and programs maintained and operated by the City can be adequately addressed by the appropriate City departments.

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, 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.

In 1994, the Act was amended to require an assessment of any financial impact of the Redevelopment Project Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the Redevelopment Project Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

L. Provision For Amending Action Plan.

The 24th/Michigan 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, et cetera, without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.

2. Redevelopers must meet City's standards for participation of twenty-five percent (25%) Minority Business Enterprises and five percent (5%) Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in Redevelopment Agreements.
3. This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
4. Redevelopers must meet City standards for the prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

The City shall have the right in its sole discretion to exempt certain small businesses and developers from items 2 and 4 above.

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 twenty-three (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 twenty-three (23) years from the adoption of the ordinance by the City Council approving the Redevelopment Project Area.

[(Sub)Exhibit 4 -- Map 1 referred to in this 24th/Michigan
Redevelopment Project Area Tax Increment Finance Program
Redevelopment Plan and Project constitutes Exhibit "E"
to the ordinance and is printed on
page 8197 of this Journal.]

[(Sub)Exhibit 1 referred to in this 24th/Michigan Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project constitutes Exhibit "C" to the ordinance and is printed on pages 8194 through 8196 of this Journal.]

[Table 2 and (Sub)Exhibit 4 -- Maps 2, 3, 4 and 5 referred to in this 24th/Michigan Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project printed on pages 8145 through 8149 of this Journal.]

(Sub)Exhibits 2, 3 and 5 referred to in this 24th/Michigan Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project read as follows:

(Sub)Exhibit 2.

(To 24th/Michigan Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan And Project)

Building Permit Requests.

New Construction/Investment Permits.

	Permit	Date	Address	Investment
1.	843075	3/24/97	60 East 23 rd Street	\$ 12,000
2.	778967	12/1/93	234 East 24 th Street	39,300

	Permit	Date	Address	Investment
3.	779910		12/22/93 44 West 24 th Street	\$117,854
4.	812549	10/6/95	2419 South Indiana Avenue	50,000
5.	777896	11/4/93	2328 South Michigan Avenue	11,000
6.	797121	12/2/94	2420 South Prairie Avenue	300,000
7.	772242	7/16/93	2350 South State Street	112,664
			Total (7 permits)	\$642,818

Demolition Permits

	Permit	Date	Address	Amount
	846670	5/15/98	234 East 23 rd Street	\$18,300
	816184	12/14/95	53 West 24 th Street	0
	96000799	2/21/96	2406 South Indiana Avenue	0
			Total (3 permits)	\$18,300

(Sub)Exhibit 3.
(To 24th/Michigan Redevelopment Project Area Tax Increment
Finance Program Redevelopment Plan And Project)

Properties To Be Acquired.

- | | |
|-------------------|-------------------|
| 1. 17 27 100 006 | 18. 17 27 115 012 |
| 2. 17 27 108 001 | 19. 17 27 115 013 |
| 3. 17 27 108 002 | 20. 17 27 115 014 |
| 4. 17 27 108 003 | 21. 17 27 115 015 |
| 5. 17 27 108 004 | 22. 17 27 115 016 |
| 6. 17 27 108 013 | 23. 17 27 115 017 |
| 7. 17 27 108 039 | 24. 17 27 115 018 |
| 8. 17 27 115 001 | 25. 17 28 205 001 |
| 9. 17 27 115 002 | 26. 17 28 216 003 |
| 10. 17 27 115 003 | 27. 17 28 226 001 |
| 11. 17 27 115 004 | 28. 17 28 226 003 |
| 12. 17 27 115 005 | 29. 17 28 226 005 |
| 13. 17 27 115 007 | 30. 17 28 226 007 |
| 14. 17 27 115 008 | 31. 17 28 226 008 |
| 15. 17 27 115 009 | 32. 17 28 226 010 |
| 16. 17 27 115 010 | 33. 17 21 423 020 |
| 17. 17 27 115 011 | |

Table 2.
(To 24th/Michigan Redevelopment Project Area Tax Increment
Finance Program Redevelopment Plan And Project)

1997 Equalized Assessed Valuation.
(Page 1 of 4)

PERMANENT INDEX EAV NUMBER		
1	17 21 416 005	Exempt
2	17 21 417 006	Exempt
3	17 21 417 017	Exempt
4	17 21 417 018	Exempt
5	17 21 417 019	Exempt
6	17 21 418 013	Exempt
7	17 21 418 015	Exempt
8	17 21 418 029	Exempt
9	17 21 418 030	Exempt
10	17 21 418 032	Exempt
11	17 21 419 003	Exempt
12	17 21 419 005	Exempt
13	17 21 419 006	Exempt
14	17 21 419 007	Exempt
15	17 21 420 021	\$32,698
16	17 21 420 022	\$16,572
17	17 21 420 023	\$4,835
18	17 21 420 024	\$28,701
19	17 21 420 031	\$50,218
20	17 21 420 044	\$32,079
21	17 21 420 057	\$219
22	17 21 420 059	\$25,239
23	17 21 420 063	\$37,782
24	17 21 420 064	\$31,469
25	17 21 421 028	\$11,933
26	17 21 421 029	\$25,383
27	17 21 421 030	\$16,871
28	17 21 422 010	Exempt
29	17 21 422 011	\$41,996
30	17 21 423 018	Exempt
31	17 21 423 019	Exempt
32	17 21 423 020	\$215,412
33	17 21 424 002	Exempt
34	17 21 424 007	Exempt
35	17 21 424 011	Exempt
36	17 21 424 018	Exempt
37	17 21 424 019	Exempt
38	17 21 424 020	Exempt

PERMANENT INDEX EAV NUMBER		
39	17 21 424 021	Exempt
40	17 21 424 022	Exempt
41	17 21 424 023	Exempt
42	17 21 425 019	Exempt
43	17 21 425 024	Exempt
44	17 21 425 028	Exempt
45	17 21 425 031	Exempt
46	17 21 425 032	Exempt
47	17 21 425 033	Exempt
48	17 21 425 034	Exempt
49	17 21 425 035	Exempt
50	17 21 425 036	Exempt
51	17 21 425 037	Exempt
52	17 21 505 018	Exempt
53	17 21 505 020	Exempt
54	17 21 505 025	Exempt
55	17 21 505 026	Exempt
56	17 27 100 006	\$130,372
57	17 27 100 009	\$9,593
58	17 27 100 010	\$9,593
59	17 27 100 011	\$96,004
60	17 27 100 012	\$93,305
61	17 27 100 013	\$3,258
62	17 27 100 016	Exempt
63	17 27 101 021	\$163,198
64	17 27 101 022	\$230,824
65	17 27 101 023	\$84,306
66	17 27 101 024	\$59,335
67	17 27 101 025	\$118,252
68	17 27 101 026	\$20,997
69	17 27 101 027	\$20,258
70	17 27 102 002	\$188,820
71	17 27 102 003	\$185,665
72	17 27 102 004	\$192,170
73	17 27 102 005	\$76,817
74	17 27 102 006	\$76,817
75	17 27 102 007	\$41,497
76	17 27 102 008	\$17,851
77	17 27 102 009	\$17,851

Table 2.
(To 24th/Michigan Redevelopment Project Area Tax Increment
Finance Program Redevelopment Plan And Project)

1997 Equalized Assessed Valuation.
(Page 2 of 4)

78	17 27 102 010	\$207,291
79	17 27 102 011	\$166,447
80	17 27 102 012	\$286,483
81	17 27 102 013	\$140,110
82	17 27 102 023	\$221,685
83	17 27 102 025	\$465,671
84	17 27 102 026	\$144,548
85	17 27 103 003	\$34,529
86	17 27 103 004	\$13,048
87	17 27 103 005	\$11,514
88	17 27 103 006	\$16,605
89	17 27 104 013	\$93,608
90	17 27 104 014	\$13,811
91	17 27 104 015	\$37,836
92	17 27 104 016	\$36,203
93	17 27 104 017	\$35,483
94	17 27 104 018	\$30,508
95	17 27 104 025	\$54,634
96	17 27 108 001	Exempt
97	17 27 108 002	Exempt
98	17 27 108 003	Exempt
99	17 27 108 004	\$12,513
100	17 27 108 005	\$198,784
101	17 27 108 006	\$23,223
102	17 27 108 007	\$10,351
103	17 27 108 008	\$10,351
104	17 27 108 009	\$10,351
105	17 27 108 010	\$10,351
106	17 27 108 011	\$10,351
107	17 27 108 012	\$10,145
108	17 27 108 013	Exempt
109	17 27 108 016	\$30,661
110	17 27 108 017	\$30,661
111	17 27 108 018	\$83,003
112	17 27 108 026	\$115,063
113	17 27 108 027	\$63,979
114	17 27 108 028	\$15,979
115	17 27 108 029	\$15,979
116	17 27 108 030	\$15,979
117	17 27 108 031	\$28,937
118	17 27 108 032	\$18,928
119	17 27 108 034	\$231,600
120	17 27 108 035	Exempt
121	17 27 108 036	Exempt
122	17 27 108 037	Exempt
123	17 27 108 038	\$57,410
124	17 27 108 039	\$27,742

125	17 27 109 001	\$358,512
126	17 27 109 005	\$398,952
127	17 27 109 006	\$77,842
128	17 27 109 007	\$63,339
129	17 27 109 008	\$32,362
130	17 27 109 009	\$18,672
131	17 27 109 010	\$54,732
132	17 27 109 011	\$193,397
133	17 27 109 012	\$19,059
134	17 27 109 013	\$15,231
135	17 27 109 014	\$8,080
136	17 27 109 015	\$141,862
137	17 27 109 018	Exempt
138	17 27 109 019	\$257,614
139	17 27 109 023	Exempt
140	17 27 109 024	Exempt
141	17 27 110 001	\$234,598
142	17 27 110 002	\$59,067
143	17 27 110 003	\$47,201
144	17 27 110 004	\$81,806
145	17 27 110 008	\$46,103
146	17 27 110 009	\$108,616
147	17 27 110 010	\$57,395
148	17 27 110 011	\$108,197
149	17 27 110 012	\$97,878
150	17 27 110 013	\$242,882
151	17 27 110 014	\$208,443
152	17 27 110 015	\$207,229
153	17 27 110 016	\$16,787
154	17 27 110 017	\$31,909
155	17 27 110 018	\$139,386
156	17 27 110 019	\$69,459
157	17 27 110 020	\$64,736
158	17 27 110 021	\$117,536
159	17 27 110 022	\$35,180
160	17 27 110 023	\$37,376
161	17 27 110 024	\$61,772
162	17 27 110 025	\$125,240
163	17 27 110 026	\$212,793
164	17 27 110 027	\$41,364
165	17 27 110 028	\$41,038
166	17 27 110 029	\$13,529
167	17 27 110 030	\$97,416
168	17 27 110 032	\$45,116
169	17 27 110 033	\$57,397
170	17 27 111 003	\$38,966
171	17 27 111 004	\$41,083
172	17 27 111 005	\$44,749

Table 2.
 (To 24th/Michigan Redevelopment Project Area Tax Increment
 Finance Program Redevelopment Plan And Project)

1997 Equalized Assessed Valuation.
 (Page 3 of 4)

173	17 27 111 006	\$33,136
174	17 27 111 007	\$89,179
175	17 27 111 008	\$40,949
176	17 27 111 009	\$22,890
177	17 27 111 011	\$25,312
178	17 27 111 012	\$146,460
179	17 27 111 013	\$97,459
180	17 27 111 014	\$107,645
181	17 27 111 015	\$30,673
182	17 27 111 016	\$38,740
183	17 27 111 020	\$18,201
184	17 27 111 021	\$26,356
185	17 27 111 022	\$1,057,864
186	17 27 115 001	\$5,776
187	17 27 115 002	\$2,407
188	17 27 115 003	\$2,407
189	17 27 115 004	\$3,382
190	17 27 115 005	\$7,100
191	17 27 115 006	\$30,897
192	17 27 115 007	\$72,981
193	17 27 115 008	\$72,981
194	17 27 115 009	\$7,100
195	17 27 115 010	\$3,552
196	17 27 115 011	\$3,552
197	17 27 115 012	Exempt
198	17 27 115 013	Exempt
199	17 27 115 014	Exempt
200	17 27 115 015	Exempt
201	17 27 115 016	\$39,791
202	17 27 115 017	\$38,472
203	17 27 115 018	\$35,693
204	17 27 115 019	\$27,813
205	17 27 115 020	\$17,844
206	17 27 115 021	\$17,844
207	17 27 115 022	\$24,351
208	17 27 115 023	\$144,453
209	17 27 115 025	Exempt
210	17 27 115 026	Exempt
211	17 27 115 032	Exempt
212	17 27 115 033	Exempt
213	17 27 115 034	\$150,789
214	17 27 115 035	Exempt
215	17 27 116 001	Exempt
216	17 27 116 002	\$91,891
217	17 27 116 006	\$53,149
218	17 27 116 008	\$226
219	17 27 116 009	\$37,223

220	17 27 116 010	\$92,450
221	17 27 116 011	\$113,945
222	17 27 116 012	Exempt
223	17 27 116 018	\$205,400
224	17 27 116 019	\$135,228
225	17 27 116 022	\$105,023
226	17 27 116 023	\$117,685
227	17 27 116 026	Exempt
228	17 27 116 036	\$1,734
229	17 27 116 037	\$100,188
230	17 27 116 041	Exempt
231	17 27 116 043	\$32,448
232	17 27 117 001	\$27,837
233	17 27 117 002	\$56,628
234	17 27 117 003	\$116,814
235	17 27 117 004	\$88,363
236	17 27 117 005	\$53,626
237	17 27 117 006	Exempt
238	17 27 117 015	\$14,355
239	17 27 117 016	\$13,813
240	17 27 117 017	\$47,123
241	17 27 117 018	\$15,070
242	17 27 117 019	\$11,922
243	17 27 117 022	Exempt
244	17 27 117 023	Exempt
245	17 27 117 024	Exempt
246	17 27 117 029	Exempt
247	17 27 117 030	Exempt
248	17 27 117 031	\$52,463
249	17 27 117 032	Exempt
250	17 27 117 034	Exempt
251	17 27 117 035	\$13,895
252	17 27 118 001	\$14,333
253	17 27 118 002	\$6,900
254	17 27 118 003	\$5,308
255	17 27 118 004	\$12,107
256	17 27 118 005	\$57,687
257	17 27 118 006	\$37,172
258	17 27 118 007	\$10,637
259	17 27 118 008	\$59,133
260	17 27 118 009	\$93,931
261	17 27 118 016	\$19,875
262	17 27 118 017	\$19,875
263	17 27 118 020	\$107,888
264	17 27 118 021	\$56,172
265	17 27 118 022	\$39,795
266	17 27 118 023	\$30,048
267	17 27 118 034	\$106,551

Table 2.
 (To 24th/Michigan Redevelopment Project Area Tax Increment
 Finance Program Redevelopment Plan And Project)

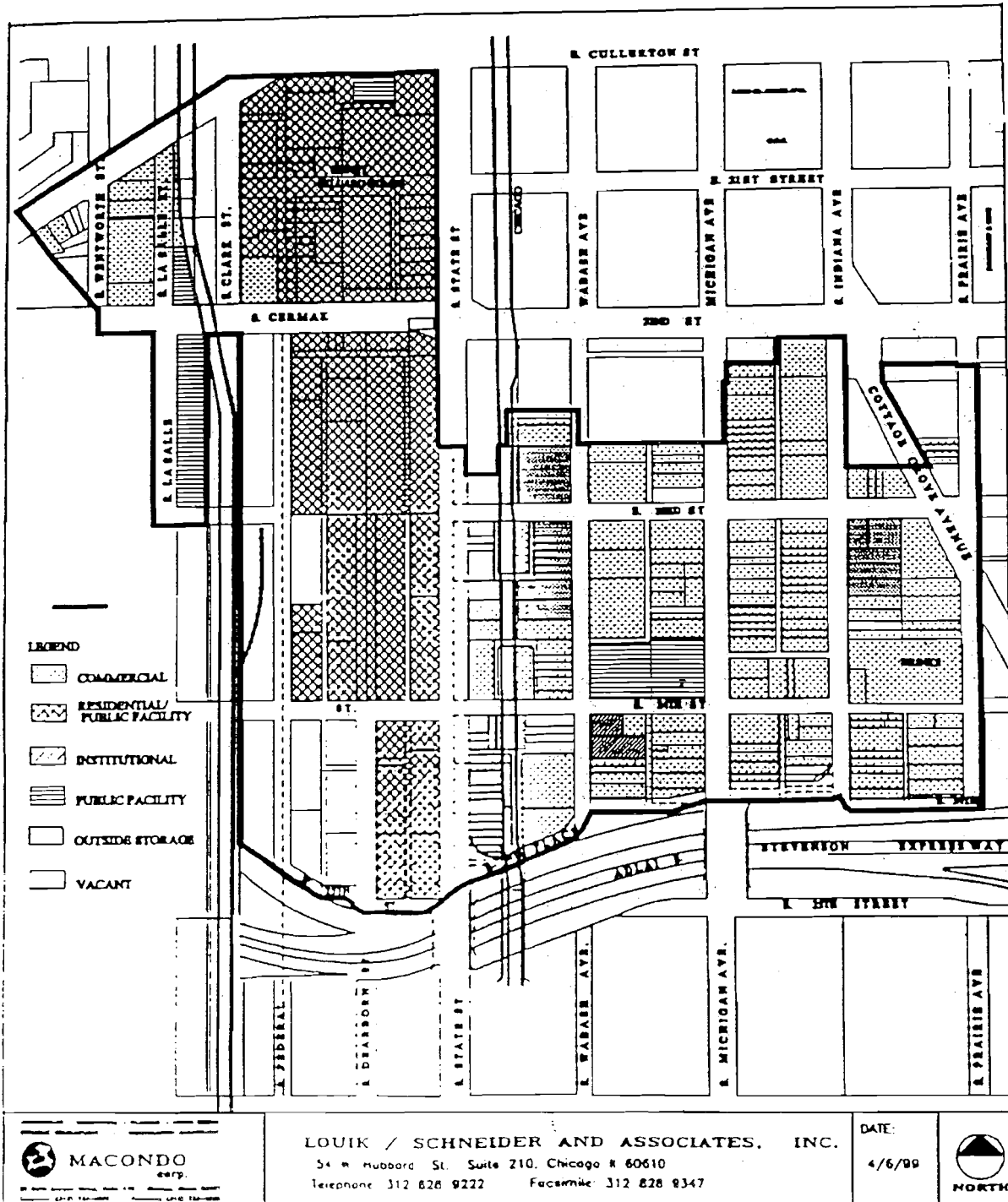
1997 Equalized Assessed Valuation.
 (Page 4 of 4)

268	17 27 118 040	\$44,768
269	17 27 118 041	Exempt
270	17 27 500 004	Exempt
271	17 27 500 006	Exempt
272	17 27 500 007	Exempt
273	17 27 500 008	Exempt
274	17 27 500 009	Exempt
275	17 27 500 010	Exempt
276	17 27 500 011	Exempt
277	17 27 500 012	Exempt
278	17 28 204 004	Exempt
279	17 28 205 001	\$28,606
280	17 28 206 001	Exempt
281	17 28 206 002	Exempt
282	17 28 206 003	Exempt
283	17 28 206 004	Exempt
284	17 28 206 042	Exempt
285	17 28 206 043	Exempt
286	17 28 206 044	Exempt
287	17 28 206 045	Exempt
288	17 28 206 046	Exempt
289	17 28 207 012	Exempt
290	17 28 207 033	Exempt
291	17 28 207 034	Exempt
292	17 28 207 035	Exempt
293	17 28 207 036	Exempt
294	17 28 216 003	\$51,408
295	17 28 217 033	Exempt
296	17 28 217 034	Exempt
297	17 28 217 035	Exempt
298	17 28 217 036	Exempt
299	17 28 218 028	Exempt
300	17 28 218 029	Exempt
301	17 28 218 030	Exempt
302	17 28 225 004	RR
303	17 28 226 001	\$460,049
304	17 28 226 003	\$7,446
305	17 28 226 005	\$101,834
306	17 28 226 007	\$9,348
307	17 28 226 008	Exempt
308	17 28 226 009	Exempt
309	17 28 226 010	\$10,549
310	17 28 227 001	Exempt
311	17 28 227 002	Exempt
312	17 28 227 003	Exempt
313	17 28 227 004	Exempt
314	17 28 227 005	Exempt

315	17 28 227 008	Exempt
316	17 28 227 009	Exempt
317	17 28 502 002	RR
318	17 28 502 003	RR
	Total:	\$15,623,532

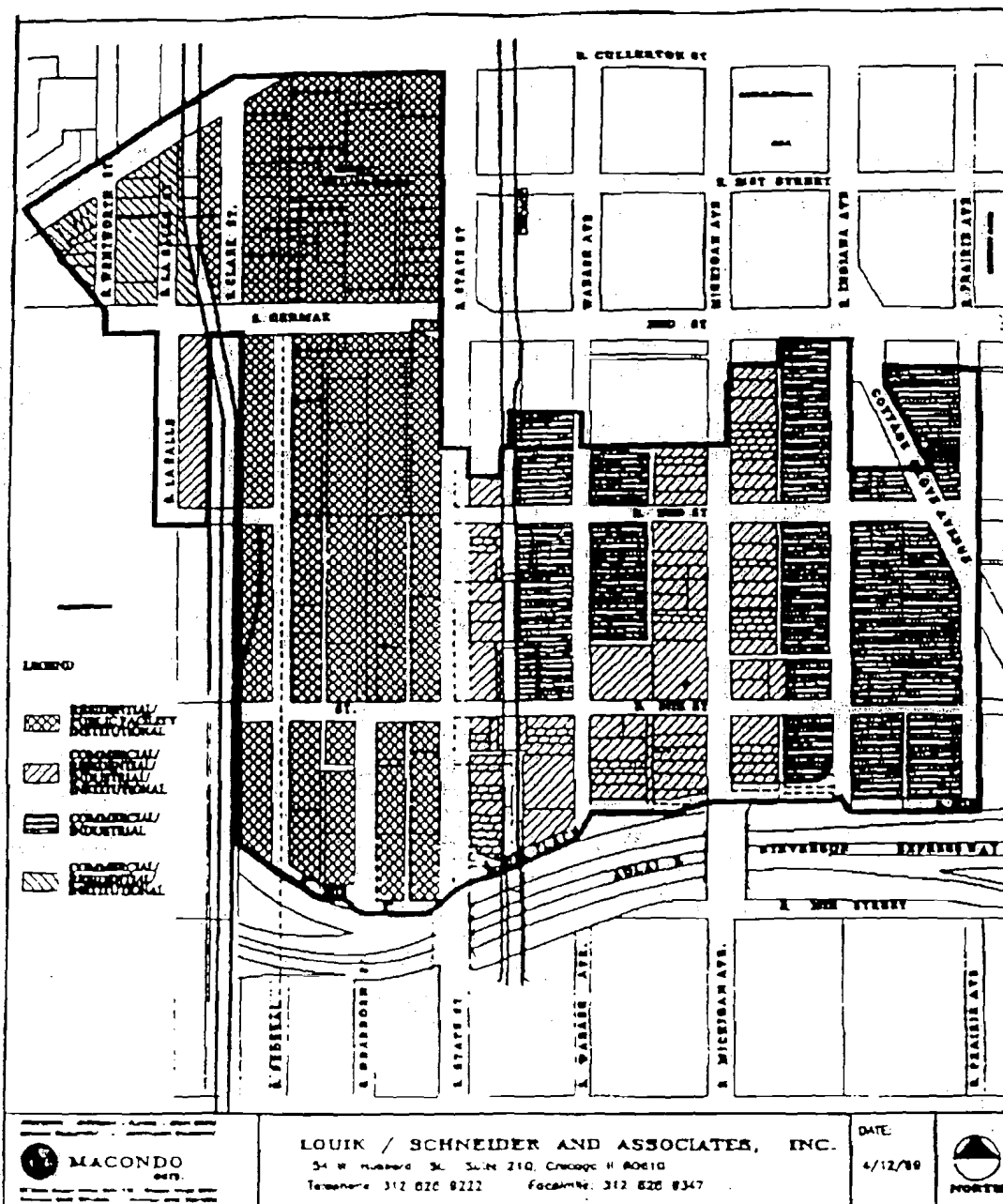
(Sub)Exhibit 4 - Map 2.
 (To 24th/Michigan Redevelopment Project Area Tax Increment
 Finance Program Redevelopment Plan And Project)

Existing Land-Use Map.



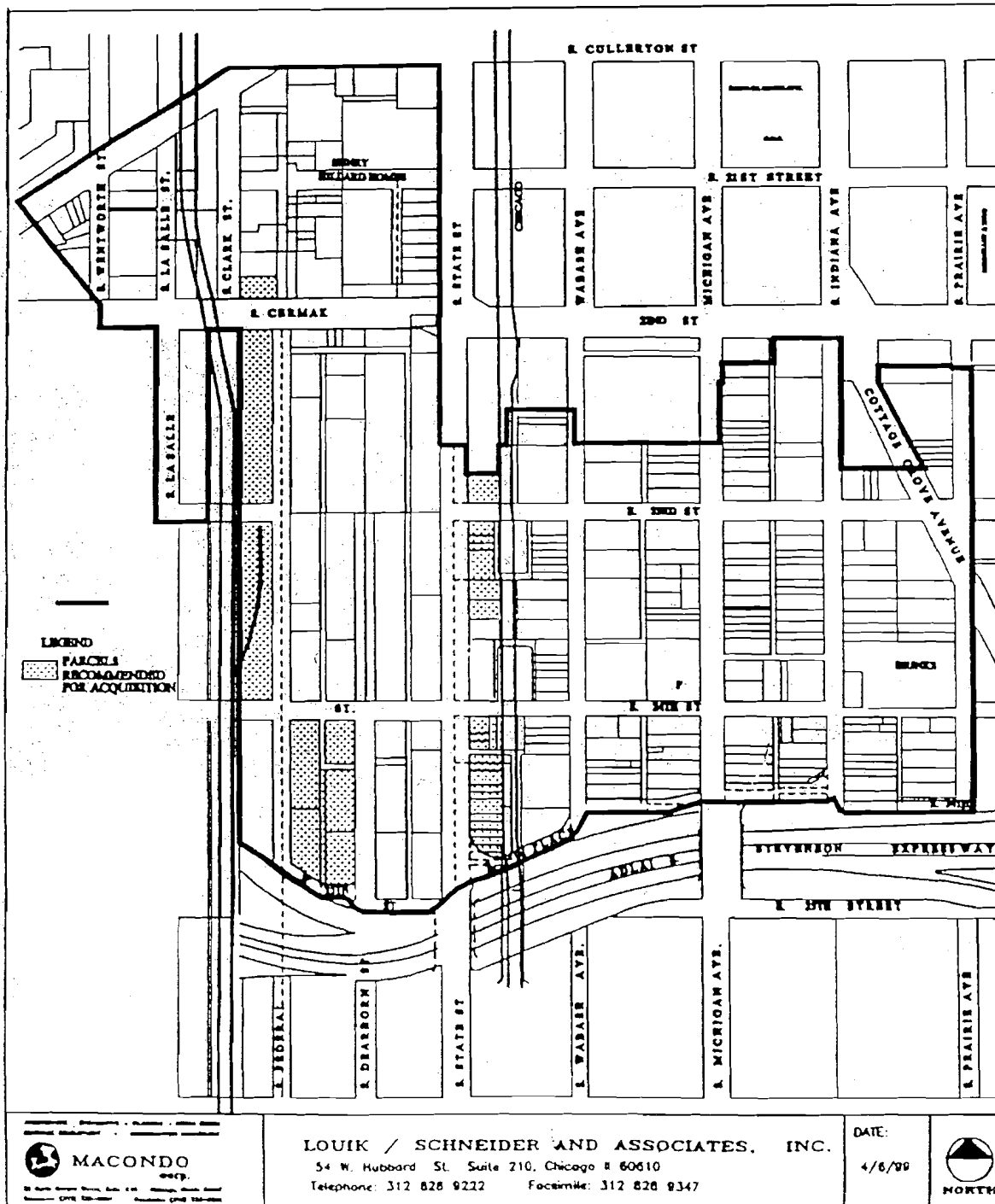
(Sub)Exhibit 4 - Map 3.
(To 24th/Michigan Redevelopment Project Area Tax Increment
Finance Program Redevelopment Plan And Project)

Proposed Land-Use Map.



(Sub)Exhibit 4 -- Map 4.
 (To 24th/Michigan Redevelopment Project Area Tax Increment
 Finance Program Redevelopment Plan And Project)

Potential Redevelopment Acquisition Parcels.



MACONDO
 corp.
 24 South Superior Street, Suite 100 Chicago, Illinois 60604
 Telephone: 312 467-1100 Facsimile: 312 467-1100

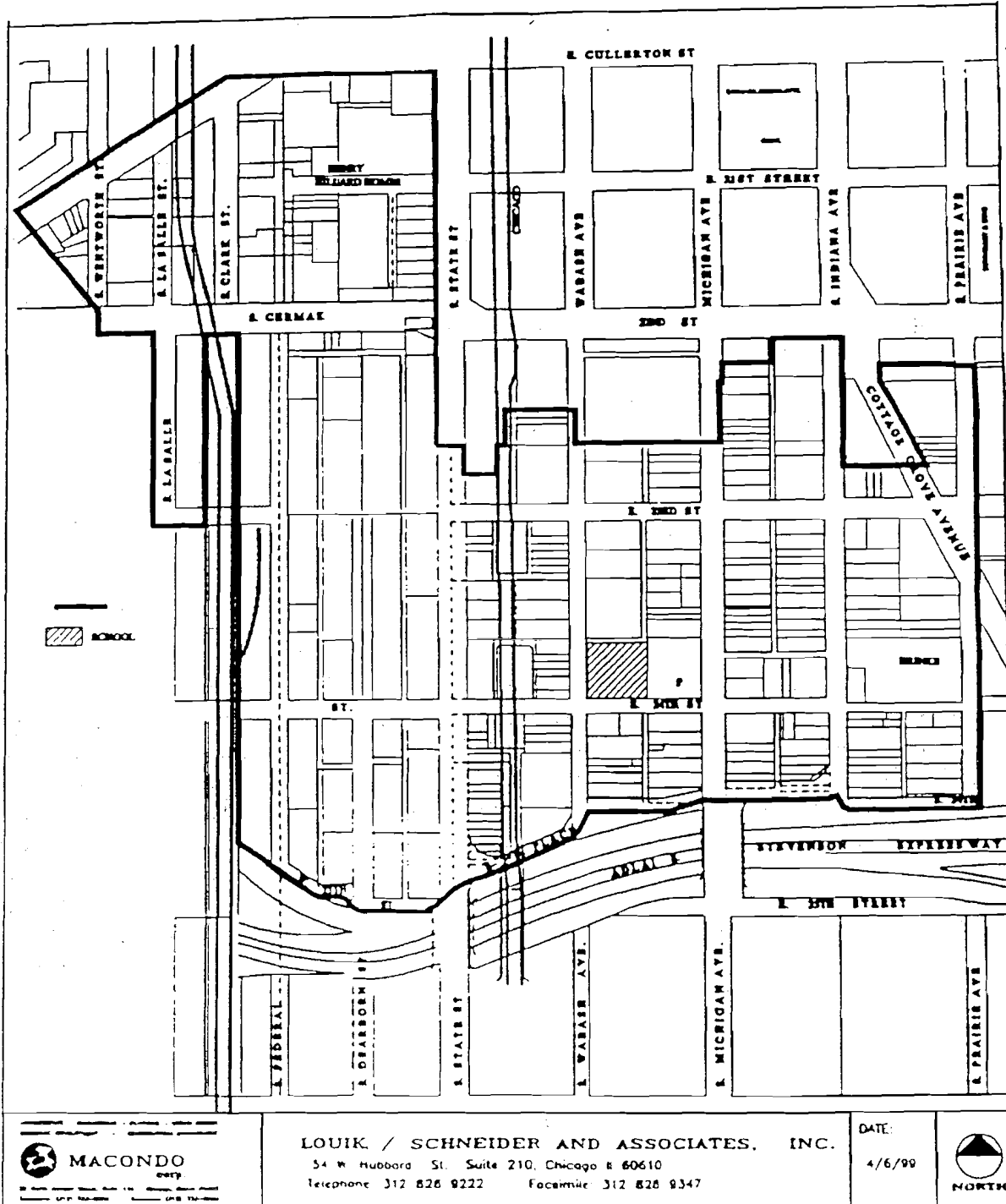
LOUIK / SCHNEIDER AND ASSOCIATES, INC.
 54 W. Hubbard St. Suite 210, Chicago IL 60610
 Telephone: 312 828 9222 Facsimile: 312 828 9347

DATE:
 4/6/99



(Sub)Exhibit 4 - Map 5.
(To 24th/Michigan Redevelopment Project Area Tax Increment
Finance Program Redevelopment Plan And Project)

School And Parks.



MACONDO
corp.
1100 N. Dearborn Street, Suite 1100, Chicago, IL 60610
Tel: 312 826 9222 Fax: 312 826 9347

LOUIK / SCHNEIDER AND ASSOCIATES, INC.
34 W Hubbard St, Suite 210, Chicago IL 60610
Telephone 312 826 9222 Facsimile 312 826 9347

DATE: 4/6/99
NORTH

(Sub)Exhibit 5.
(To 24th/Michigan Redevelopment Project Area Tax Increment
Finance Program Redevelopment Plan And Project)

City of Chicago.

24th/Michigan

Tax Increment Finance Program

Eligibility Study

April 1999.

I.

Introduction.

Louik/Schneider & Associates, Inc. has been retained by the City of Chicago (the "City") to conduct an independent initial study and survey of the proposed redevelopment area known as the 24th/Michigan Area, Chicago, Illinois (the "Study Area"). The purpose of the study is to determine whether the thirty-five (35) blocks in the Study Area qualify 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., and Ernest Sawyer Enterprises, 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.

Myron D. Louik, John P. Schneider, Tricia Marino Ruffolo, Sandy Plisic and Luke Molloy of Louik/Schneider & Associates, Inc. jointly prepared this report.

II.

Background Information.

A. Location.

The 24th/Michigan Study Area (hereafter referred to as the "Study Area") is located on the south side of the City, approximately two (2) miles from the central business district. The Study Area is approximately one hundred nineteen (119) acres and includes thirty-five (35) (full and partial) blocks. The Study Area is generally bounded by Cullerton Street on the north, the Stevenson Expressway on the south, Prairie Avenue on the east, Wentworth Avenue, and the Metra Northwest Illinois Rail Corp. on the west. The boundaries of the Study Area are shown on Map 1, Project Boundary.

B. Description Of Current Conditions.

The Study Area consists of thirty-five (35) (full and partial) blocks and three hundred eighteen (318) parcels. Much of the Study Area is in need of redevelopment, rehabilitation and revitalization and is characterized by:

- vacant parcels and vacant buildings;
- deteriorated buildings and site improvements;
- inadequate infrastructure;

- outside truck storage; and
- other deteriorating characteristics.

Additionally, a lack of growth and investment by the private sector is evidenced by 1) the lack of building permit requests for the Study Area in terms of number and dollar amounts, and 2) the overall increase of equalized assessed valuation ("E.A.V.") of the property in the Study Area from 1993 to 1997, specifically:

- (Sub)Exhibit 1 -- Building Permit Requests contains a summary of the building permit requests for new construction and major renovation in the Study Area. Building permit requests for new construction and renovation for the Study Area from 1993 -- 1998 totaled Six Hundred Forty-two Thousand Eight Hundred Eighteen Dollars (\$642,818). Additionally, there were three (3) demolition permits issued during the same period.
- The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation ("E.A.V.") of all the property in the Study Area. The E.A.V. for the City of Chicago as a whole, increased from Twenty-eight Billion Six Hundred Sixty-one Million Nine Hundred Fifty-four Thousand One Hundred Nineteen Dollars (\$28,661,954,119) in 1993 to Thirty-five Billion Eight Hundred Ninety-three Million Six Hundred Seventy-seven Thousand One Hundred Thirty-five Dollars (\$35,893,677,135) in 1997, a total of twenty-five and twenty-three hundredths percent (25.23%) or an average of six and thirty-one hundredths percent (6.31%) per year. Over the last four (4) years, from 1993 to 1997, the Study Area has experienced an overall E.A.V. increase of seven and fifty-seven hundredths percent (7.57%), from Fourteen Million Five Hundred Twenty-three Thousand Eight Hundred Twenty-one Dollars (\$14,523,821) in 1993 to Fifteen Million Six Hundred Twenty-three Thousand Five Hundred Thirty-two Dollars (\$15,623,532) in 1997, an average increase of one and eighty-nine hundredths percent (1.89%) 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. Existing Land-Use.

The land uses in the Study Area are residential, commercial, industrial and institutional. The Study Area is comprised of corridors that primarily parallel the existing zoning. Each of the corridors run from Cermak Road, the northern boundary of the Study Area, to the Stevenson Expressway on the south.

- At the northwest end of the Study Area at Wentworth and Archer Avenues in the Chinatown community are a food store, a parking lot, the "L" tracks and a vacant parcel.
- Immediately east of the rail line to State Street are two Chicago Housing Authority complexes. The Hilliard Homes are north of Cermak Road and the Ickes Homes are south. On the east side of State Street, there are six (6) commercial buildings of which two (2) are occupied, one (1) is a grocery store the other is a liquor store.
- Continuing east between the "L" tracks, there are a variety of commercial businesses (Aramark, Costello Glass, Mid South Supply and Quality Truck Parts), a special education high school (the Ray Graham Training Center) and the Quinn Chapel. There are also two (2) vacant lots.
- Along Michigan Avenue, the major businesses include City Chevrolet, Aramark, the Chicago Defender and Celebrity Ford. There are also smaller commercial users, the Clique Nightclub, a drive-through Burger King and a parking lot. The majority of the buildings have one (1) or two (2) stories.
- The car dealerships continue from Michigan Avenue to Indiana Avenue. In addition, there are multi-story buildings that house additional commercial businesses.

From Indiana Avenue east to the end of the Study Area, there are eight (8) multi-story buildings and three (3) single-story structures. There are six (6) parking lots and two (2) lots used for outside truck storage. The major businesses in this section include Brinks and Morgan Services.

III.

Qualification As 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 (2)), or an industrial park.

As set forth in the Act, a "Blighted Area" means any improved 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 are detrimental to the public safety, health, morals or welfare, because of a combination of five (5) 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. 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 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.

Ernest Sawyer Enterprises, Inc. conducted exterior surveys of all three hundred eighteen (318) parcels located within the Study Area. 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 thirty-five (35) blocks was conducted to identify the eligibility factors (see (Sub)Exhibit 3 -- Distribution of Criteria Matrix). Each of the factors is present to a varying degree. The following three (3) 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.
- Limited extent -- indicates that the condition did exist, but its distribution was only found in a small percentage of parcels and or blocks.
- Present to a minor extent -- indicates that the condition did exist, and the condition was substantial in distribution or impact.
- 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 as well as 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 (2) 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, facades, 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 (4) 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 of 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 above in Section III, paragraph 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 thirty-five (35) years or older typically exhibit more problems than more recently constructed buildings.

Conclusion.

Age is present to a major extent in the Study Area. Age is present in eighty-two (82) of the ninety-two (92) (eighty-nine and one-tenth percent (89.1%)) buildings and in twenty-one (21) of the thirty-five (35) blocks in the Study Area. It is present to a major extent in twenty (20) of the thirty-five (35) blocks and present to a minor extent in one (1) block. The results of the age analysis are presented in Map 3.

2. Dilapidation.

Dilapidation refers to an advanced state of disrepair of buildings and improvements. In July of 1998, an exterior survey was conducted 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 have allowed buildings to incur structural damage. Cracked foundations and missing structural elements were found in particular in the back of the buildings. Since wood elements require the most maintenance of all exterior materials, these are the ones showing the greatest signs of deterioration.

Conclusion.

Dilapidation is present to a minor extent in the Study Area. Dilapidation is present in fourteen (14) of the ninety-two (92) (fifteen and two-tenths percent (15.2%)) buildings and in four (4) of the thirty-five (35) blocks. Dilapidation is present to a minor extent in four (4) 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 arrangements 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, et cetera, which detract 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, et cetera, 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, et cetera.

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 the structure is incapable of efficient or economic use according to contemporary standards. They contain:

- An inefficient exterior configuration of the structure, including insufficient width and small size.
- Small size commercial parcels which are inadequate for contemporary design and development.
- Inadequate access for contemporary systems of delivery and service, including both exterior building access and interior vertical systems.
- Multi-story building with large floor plan.

The Study Area has a number of commercial properties found to be obsolete. Many of the structures throughout the Study Area are vacant and dilapidated. The configuration of many of the parcels only allow for trucks to load off of the street and/or across the sidewalk. This situation creates traffic congestion and forces pedestrians to walk in the street.

Obsolete Platting.

Obsolete platting includes parcels of irregular shape, narrow or small size, and parcels improperly platted within the Study Area blocks. Many of the blocks in the Study Area have smaller and/or irregular sized parcels. These parcels are not suitable for development for modern commercial users. Examples of these parcels are found in the eastern portion of the Study Area between the east side of State Street and the west side of Wabash Avenue and between the east side of Michigan Avenue and the west side of Indiana Avenue.

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, et cetera, 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, et cetera.

Throughout the Study Area, there are obsolete site improvements. Internal streets and alleys are inadequate in terms of condition with deteriorated or no curbs/ gutters. The alleys between Indiana and Michigan Avenues and between Michigan and Wabash Avenues are cobblestone and in poor condition. Additionally, sidewalks and curbs along 23rd Street (except on the south side

between Michigan and Wabash Avenues) and east of Michigan Avenue along 24th Street are in extremely poor condition or are non-existent.

Conclusion.

Obsolescence is present to a major extent in the Study Area. Obsolescence is present in one hundred thirty-two (132) of the three hundred eighteen (318) (forty-one and five-tenths percent (41.5%)) parcels and in twenty-one (21) of the thirty-five (35) blocks. It is present to a major extent in twenty (20) of the thirty-five (35) blocks and present to a minor extent in one (1) block. 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, et cetera) and defects in primary building components (e.g., foundations, frames, roofs, et cetera) 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". Of the ninety-two (92) buildings in the Study Area, fifty-eight (58) (sixty-three percent (63%)) buildings 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, and surfaces; 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 parcels without structures, of which ten (10) of the three hundred eighteen (318) (three and one-tenth percent (3.1%)) parcels with no buildings 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.

Conclusion.

Deterioration is present to a major extent in the Study Area. Deterioration is present in fifty-eight (58) of the ninety-two (92) (sixty-three percent (63%)) buildings, in ninety-three (93) of the three hundred eighteen (318) (twenty-nine and two-tenths percent (29.2%)) parcels and in fifteen (15) of the thirty-five (35) blocks. It is found to be present to a major extent in fourteen (14) of the thirty-five (35) blocks and present to a minor extent in one (1) block. 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 1992 through July 1998, fifty-two (52) of the ninety-two (92) (fifty-six and five-tenths percent (56.5%)) buildings have been cited for building code violations by the City Department of Buildings (see (Sub)Exhibit 2 -- Building Code Violations).

Conclusion.

Structures below minimum code standards are present to a minor extent. Structures below minimum code standards have been identified in three (3) of the ninety-two (92) (three and three-tenths percent (3.3%)) buildings for 1998. Over the last seven (7) years, fifty-two (52) of the ninety-two (92) (fifty-six and five-tenths percent (56.5%)) buildings in the Study Area have been cited for building code violations.

7. Excessive Vacancies.

Excessive vacancy refers to buildings which are unoccupied or underutilized and exert an adverse influence on the area because of the frequency, duration or extent of vacancy. Excessive vacancies include improved properties which evidence no apparent effort directed toward their occupancy or underutilization. Excessive vacancies occur in varying degrees throughout the Study Area. A building is considered to have excessive vacancies if at least fifty percent (50%) of the building is vacant or underutilized. There are vacancies

in residential and commercial buildings. Eighteen (18) of the ninety-two (92) (nineteen and six-tenths percent (19.6%)) buildings in the Study Area are vacant or partially vacant (over fifty percent (50%)).

Conclusion.

Excessive vacancies are present to a minor extent in the Study Area. Excessive vacancies can be found in eighteen (18) of the ninety-two (92) (nineteen and six-tenths percent (19.6%)) buildings and ten (10) of the thirty-five (35) blocks. Excessive vacancies are present to a major extent in five (5) of the thirty-five (35) blocks and to a minor extent in five (5) blocks. The results of the excessive vacancies analysis are presented in Map 7.

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. Over-crowding 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, et cetera.

Conclusion.

Based on exterior surveys and analyses undertaken within the Study Area, there is no evidence of overcrowding of structures and community facilities.

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, e.g.: 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 adequate room-area to window-area ratios;
- adequate sanitary facilities, e.g.: garbage storage/enclosure, bathroom facilities, hot water and kitchens.

Conclusion.

Based on the exterior surveys and analyses undertaken within the Study Area, lack of ventilation, light or sanitary facilities was not found.

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, inadequate utilities were not found in the Study Area.

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 fifty-six (56) of the ninety-two (92) (sixty-one percent (61%)) buildings in the Study Area. Along Michigan Avenue primarily on the east side, the majority of the commercial buildings have been

built from property line to property line, leaving no area for parking, open space or other amenities. These buildings cover virtually the entire parcel, leaving an inadequate amount of space for off-street loading of residents, employees and/or customers.

Conclusion.

Excessive land coverage is present to a major extent in the Study Area. Excessive land coverage is present in fifty-six (56) of the ninety-two (92) (sixty-one percent (61%)) buildings and in eighty-one (81) of the three hundred eighteen (318) (twenty-five and five-tenths percent (25.5%)) parcels and in sixteen (16) of the thirty-five (35) blocks. It can be found to a major extent in fourteen (14) blocks and to a minor extent in two (2) blocks. The results of the excessive land coverage analysis are presented in Map 8.

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 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 one hundred seven (107) of the three hundred eighteen (318) (thirty-three and six-tenths percent (33.6%)) parcels, including the sixty-one percent (61%) parcels discussed in item 11 above, exhibiting excessive land coverage with insufficient room for parking and or loading.

Conclusion.

Deleterious land-use and layout is present to a major extent in the Study Area. Deleterious land-use and layout is present in one hundred seven (107) of the three hundred eighteen (318) (thirty-three and six-tenths percent (33.6%)) parcels and in nineteen (19) of the thirty-five (35) blocks. Deleterious

land-use and layout is present to a major extent in fourteen (14) blocks and to a minor extent in five (5) blocks. The results of the deleterious land-use and layout analysis are presented in Map 9.

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. Of the three hundred eighteen (318) parcels in the Study Area, two hundred forty-nine (249) (seventy-eight and three-tenths percent (78.3%)) parcels, representing buildings, parking/storage areas and vacant land, evidence the presence of this factor.

The majority of the buildings that evidence depreciation of physical maintenance exhibit problems including 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, et cetera. There are eighty (80) of the ninety-two (92) (eighty-seven percent (87%)) buildings in the Study Area that are affected by depreciation of physical maintenance. Accumulation of trash and debris, broken fences as well as overgrown vegetation are commonplace examples of the depreciation that exists in the vacant and parking lots throughout the Redevelopment Project Area.

Conclusion.

Depreciation of physical maintenance is present to a major extent in the Study Area. Depreciation of physical maintenance is present in eighty (80) of the ninety-two (92) (eighty-seven percent (87%)) buildings, two hundred fifty-three (253) of the three hundred eighteen (318) (eighty percent (80%)) parcels and in thirty-four (34) of the thirty-five (35) blocks. Depreciation of physical maintenance is present to a major extent in all thirty-four (34) blocks. The results of the depreciation of physical maintenance analysis are presented in Map 10.

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.

The following studies address community plans for the Study Area:

- *Attracting Business in the 21st Century. Metropolitan Pier and Exposition Authority Managing McCormick Place and Navy Pier.*
- *Mid-South Strategic Development Plan.*
- *The Near South: A Blueprint for Redevelopment, January 1992.*
- *Planning Principles for Chicago's Central Area.*
- *Report on McCormick Place Expansion, June 1990.*

Therefore, lack of community planning was not found to be present in the Study Area.

Conclusion.

Lack of community planning is not present in the Study Area.

Summary.

Nine (9) blighted area eligibility criteria are present in varying degrees throughout the Study Area. Six (6) factors are present to a major extent and three (3) are present to a minor extent. The blighted area eligibility factors that have been identified in the Study Area are as follows:

Major extent.

- age
- obsolescence
- deterioration
- depreciation of physical maintenance
- excessive land coverage
- deleterious land-use or layout

Minor Extent.

- dilapidation
- structures below minimum code
- excessive vacancies

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 fourteen (14) eligibility factors for a Blighted Area set forth in the Act, six (6) are present to a major extent and there are three (3) present to a minor extent in the Study Area and only five (5) are necessary for designation as a Blighted Area.
- The Blighted Area eligibility factors, which are present, are reasonably distributed throughout the Study Area.

The eligibility findings indicate that the Study 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 Study Area must be reasonable so that a basically good area is not arbitrarily found to be a Blighted Area simply because of its proximity to an area with blighted area eligibility factors.

Additional research indicates that the Study 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:

- (Sub)Exhibit 1 -- Building Permit Requests, contains a summary of the building permit requests for new construction and major renovation from the City of Chicago. There were seven (7) building permit requests for new construction and renovation totaling Six Hundred Forty-two Thousand Eight Hundred Eighteen Dollars (\$642,818). Additionally, there were three (3) demolition permits issued during the same period.

- The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation (E.A.V.) of all the property in the Study Area. The E.A.V. for the City of Chicago increased from Twenty-eight Billion Six Hundred Sixty-one Million Nine Hundred Fifty-four Thousand One Hundred Nineteen Dollars (\$28,661,954,119) in 1993 to Thirty-five Billion Eight Hundred Ninety-three Million Six Hundred Seventy-Seven Thousand One Hundred Thirty-five Dollars (\$35,893,677,135) in 1997, a total of twenty-five and twenty-three hundredths percent (25.23%) or an average of six and thirty-one hundredths percent (6.31%) per year. Over the last four (4) years, from 1993 to 1997, the Study Area has experienced an overall E.A.V. increase of seven and fifty-seven hundredths percent (7.57%) from Fourteen Million Five Hundred Twenty-three Thousand Eight Hundred Twenty-one Dollars (\$14,523,821) in 1993 to Fifteen Million Six Hundred Twenty-three Thousand Five Hundred Thirty-two Dollars (\$15,623,532) in 1997, an average increase of one and eighty-nine hundredths percent (1.89%) 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 that the Study Area qualifies as a Blighted Area and make 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 July 1993 -- July 1998 and building code violations from July 1993 -- July 1998 requested from the Department of Buildings for all parcels in the Study Area; and
8. evaluation of the E.A.V.s in the Study Area from 1993 to 1997.

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 (Sub)Exhibit 4 -- Matrix of Blighted Factors).

[(Sub)Exhibit 1 referred to in this 24th/Michigan Tax Increment Finance Program Eligibility Study constitutes (Sub)Exhibit 2 to the 24th/Michigan Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project and is printed on pages 8172 and 8173 of this Journal.]

[(Sub)Exhibit 5 -- Map 1 referred to in this 24th/Michigan Tax Increment Finance Program Eligibility Study constitutes Exhibit "E" to the ordinance and is printed on page 8197 of this Journal.]

[(Sub)Exhibit 5 -- Map 2 referred to in this 24th/Michigan Tax Increment Finance Program Eligibility Study constitutes (Sub)Exhibit 4 -- Map 2 to the 24th/Michigan Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project and is printed on page 8146 of this Journal.]

[(Sub)Exhibit 5 -- Maps 3, 4, 5, 6, 7, 8, 9 and 10 referred to in this 24th/Michigan Tax Increment Finance Program Eligibility Study printed on pages 8182 through 8189 of this Journal.]

(Sub)Exhibits 2, 3 and 4 referred to in this 24th/Michigan Tax Increment Finance Program Eligibility Study read as follows:

(Sub)Exhibit 2.
(To 24th/Michigan Tax Increment Finance Program Eligibility Study)

Building Code Violations.

- | | |
|------------------------------|-----------------------------|
| 1. 30 West Cermak Road | 27. 2222 South State Street |
| 2. 47 West Cermak Road | 28. 2250 South State Street |
| 3. 2031 South Clark Street | 29. 2259 South State Street |
| 4. 2111 South Clark Street | 30. 2310 South State Street |
| 5. 2233 South Federal Street | 31. 2320 South State Street |
| 6. 2323 South Federal Street | 32. 2330 South State Street |

- | | |
|--------------------------------|-------------------------------------|
| 7. 2300 South Indiana Avenue | 33. 2350 South State Street |
| 8. 2326 South Indiana Avenue | 34. 2420 South State Street |
| 9. 2338 South Indiana Avenue | 35. 2430 South State Street |
| 10. 2400 South Indiana Avenue | 36. 2441 South State Street |
| 11. 2301 South Michigan Avenue | 37. 2450 South State Street |
| 12. 2309 South Michigan Avenue | 38. 2232 South Wabash Avenue |
| 13. 2315 South Michigan Avenue | 39. 2241 South Wabash Avenue |
| 14. 2318 South Michigan Avenue | 40. 2247 South Wabash Avenue |
| 15. 2325 South Michigan Avenue | 41. 2311 South Wabash Avenue |
| 16. 2328 South Michigan Avenue | 42. 2334 South Wabash Avenue |
| 17. 2334 South Michigan Avenue | 43. 2347 South Wabash Avenue |
| 18. 2335 South Michigan Avenue | 44. 2401 South Wabash Avenue |
| 19. 2337 South Michigan Avenue | 45. 2417 South Wabash Avenue |
| 20. 2347 South Michigan Avenue | 46. 15 East 23 rd Street |
| 21. 2400 South Michigan Avenue | 47. 60 East 23 rd Street |
| 22. 2412 South Michigan Avenue | 48. 9 East 24 th Street |
| 23. 2415 South Michigan Avenue | 49. 18 East 24 th Street |
| 24. 2416 South Michigan Avenue | 50. 57 East 24 th Street |
| 25. 2420 South Michigan Avenue | 51. 43 West 24 th Street |
| 26. 2030 South State Street | 52. 44 West 24 th Street |

TOTAL: 52

(Sub)Exhibit 3.
 (To 24th/Michigan Tax Increment Finance
 Program Eligibility Study)

Distribution Of Criteria Matrix.

Block	1	2	3	4	5	6	7	8	9	10	11	12	13	14
17 21 204													X	
17 21-416													X	
17 21 417													X	
17 21 418	X		X	X			X				X		X	
17 21 419	X		X	X			X				X		X	
17 21 420			X	X							X	X	X	
17 21 421													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

7/21/99

REPORTS OF COMMITTEES

8175

Block	1	2	3	4	5	6	7	8	9	10	11	12	13	14
17 21 422			X									X	X	
17-21 423													X	
17 21 424	X		X	X			X				X	X	X	
17 21 425	P		P				P				P	P	X	
17 21 505														
17 27 100	X	P	X	X					X		X	X	X	
17 27 101	X		X	X							X	P	X	
17 27 102	X	P	X	X			P				X	X	X	
17 27 103													X	
17 27 104	X		X	X							X	X	X	
17 27 108	X		X	X			P				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

Block	1	2	3	4	5	6	7	8	9	10	11	12	13	14
17 27 109	X		X	P							X	P	X	
17 27 110	X	P	X	X			X				X	X	X	
17 27 111	X		X	X			P				X	X	X	
17 27 115	X		X	X			P	P			P	X	X	
17 27 116	X		X	X			X				X	X	X	
17 27 117	X		X	X							X	X	X	
17 27 118	X	P	X									P	X	
17 27 500													X	
17 28 205													X	
17 28 206	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
Structures6 -- Presence of Structures Below
Minimum Code

7 -- Excessive Vacancies

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Sanitary Facilities

10 -- Inadequate Utilities

11 -- Excessive Land Coverage

12 -- Deleterious Land-Use or
Layout13 -- Depreciation of Physical
Maintenance

14 -- Lack of Community Planning

Block	1	2	3	4	5	6	7	8	9	10	11	12	13	14
17 28 207	X													X
17 28 216			X									X	X	
17 28 217	X											P	X	
17 28 218	X													X
17 28 225			X											X
17 28 226			X									X	X	
17 28 227	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
Structures6 -- Presence of Structures Below
Minimum Code

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10 -- Inadequate Utilities

11 -- Excessive Land Coverage

12 -- Deleterious Land-Use or
Layout13 -- Depreciation of Physical
Maintenance

14 -- Lack of Community Planning

(Sub)Exhibit 4.
 (To 24thMichigan Tax Increment Finance
 Program Eligibility Study)

Matrix Of Blighted Factors.

	17 21 204	17 21 416	17 21 417	17 21 418	17 21 419	17 21 420	17 21 421	17 21 422
A. Block number								
B. Number of buildings	1	0	0	1	1	1	0	0
C. Number of parcels	1	1	4	5	4	5	3	2
1. Number of buildings 35 years or older	0	0	0	1	1	0	0	0
2A. Number of buildings showing decline of physical maintenance	0	0	0	1	1	1	0	0
2B. Number of parcels exhibiting decline of physical maintenance	1	1	4	5	4	5	3	2
3A. Number of deteriorated buildings	0	0	0	1	1	1	0	0
3B. Number of parcels that are deteriorated	0	0	0	4	2	1	0	0
4. Number of dilapidated buildings	0	0	0	0	0	0	0	0
5A. Number of obsolete buildings	0	0	0	1	0	1	0	0
5B. Number of parcels that are obsolete	0	0	0	4	1	1	0	2
6. Number of buildings below minimum code	0	0	1	0	1	0	0	0
7. Number of buildings lacking ventilation, light or sanitation facilities	0	0	0	0	0	0	0	0
8. Number of buildings with illegal uses	0	0	0	0	0	0	0	0
9. Number of buildings with excessive vacancies	0	0	0	1	0	0	0	0
10. Total number of eligibility factors represented in block	1	1	1	6	6	5	1	3

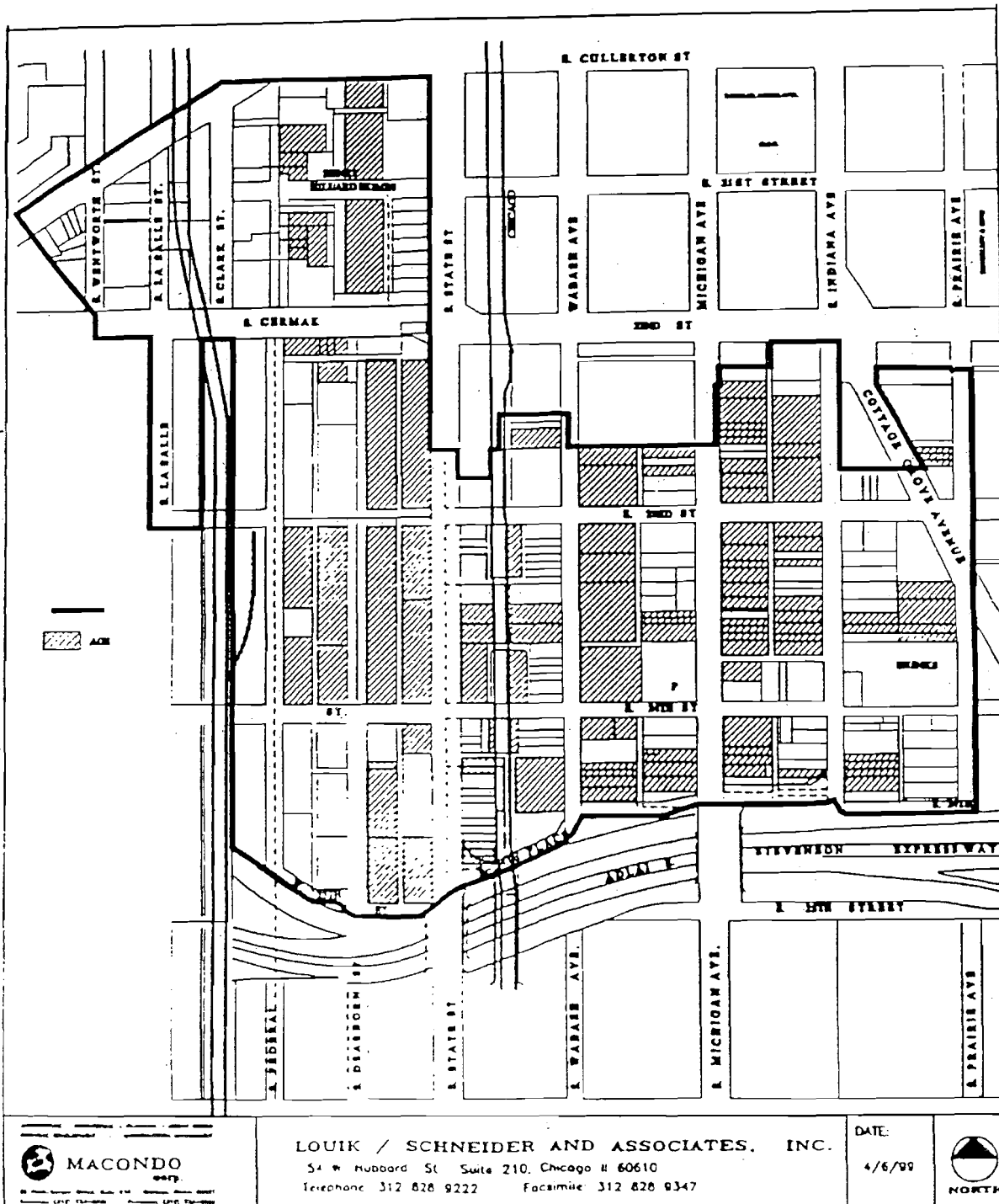
A. Block Number	17 21 423	17 21 424	1721 425	17 21 505	17 27 100	17 27 101	17 27 102	17 27 103	17 27 104
B. Number of buildings	1	1	0	0	2	6	9	0	1
C. Number of parcels	3	9	10	4	5	7	13	4	7
1. Number of buildings 35 years or older	0	1	0	0	2	5	9	0	1
2A. Number of buildings showing decline of physical maintenance	1	1	0	0	2	5	8	0	1
2B. Number of parcels exhibiting decline of physical maintenance	3	9	10	0	5	6	9	4	7
3A. Number of deteriorated buildings	0	1	0	0	2	4	8	0	1
3B. Number of parcels that are deteriorated	0	5	1	0	2	4	10	0	5
4. Number of dilapidated buildings	0	0	0	0	1	0	3	0	0
5A. Number of obsolete buildings	0	1	0	0	2	6	8	0	1
5B. Number of parcels that are obsolete	0	5	1	0	2	7	10	0	4
6. Number of buildings below minimum code	1	0	1	0	2	3	0	0	0
7. Number of buildings lacking ventilation, light or sanitation facilities	0	0	0	0	1	1	1	0	0
8. Number of buildings with illegal uses	0	0	0	0	0	0	0	0	0
9. Number of buildings with excessive vacancies	0	1	0	0	0	0	2	0	0
10. Total number of eligibility factors represented in block	1	7	6	0	8	6	8	6	6

A. Block Number	17 27 108	17 27 109	17 27 110	17 27 111	17 27 115	17 27 116	17 27 117	17 27 118	17 27 500
B. Number of buildings	7	4	19	4	5	8	5	3	0
C. Number of parcels	26	16	29	16	26	17	21	17	10
1. Number of buildings 35 years or older	7	3	18	3	5	7	5	2	0
2A. Number of buildings showing decline of physical maintenance	6	2	18	2	5	6	5	3	0
2B. Number of parcels exhibiting decline of physical maintenance	17	6	27	13	23	10	14	15	10
3A. Number of deteriorated buildings	7	1	13	2	4	4	5	2	0
3B. Number of parcels that are deteriorated	7	3	14	11	7	6	6	4	0
4. Number of dilapidated buildings	0	0	4	0	0	0	1	1	0
5A. Number of obsolete buildings	7	2	15	2	4	6	5	2	0
5B. Number of parcels that are obsolete	7	6	23	9	7	10	8	4	0
6. Number of buildings below minimum code	5	5	13	0	2	7	2	0	0
7. Buildings lacking ventilation, light or sanitation facilities	1	0	0	0	3	0	0	0	0
8. Number of buildings with illegal uses	0	0	0	0	0	0	0	0	0
9. Number of buildings with excessive vacancies	3	0	3	1	2	3	0	1	0
10. Total number of eligibility factors represented in block	7	6	8	7	8	7	6	5	1

A. Block Number	17 28 205	17 28 206	1728 207	17 28 216	17 28 217	17 28 218	17 28 225	17 28 226	17 28 227
B. Number of buildings	0	2	2	0	3	3	0	0	3
C. Number of parcels	1	9	5	1	4	3	1	7	7
1. Number of buildings 35 years or older	0	1	2	0	3	3	0	0	3
2A. Number of buildings showing decline of physical maintenance	0	2	2	0	2	3	0	0	3
2B. Number of parcels exhibiting decline of physical maintenance	1	9	4	1	3	3	1	7	7
3A. Number of deteriorated buildings	0	0	0	0	1	0	0	0	0
3B. Number of parcels that are deteriorated	0	0	0	0	1	0	0	0	0
4. Number of dilapidated buildings	0	0	0	0	0	0	0	0	0
5A. Number of obsolete buildings	0	0	0	0	1	0	0	0	0
5B. Number of parcels that are obsolete	0	0	0	1	1	0	1	7	0
6. Number of buildings below minimum code	0	1	4	0	1	5	0	1	4
7. Number of buildings lacking ventilation, light or sanitation facilities	0	0	0	0	0	0	0	0	0
8. Number of buildings with illegal uses	0	0	0	0	0	0	0	0	0
9. Number of buildings with excessive vacancies	0	0	0	0	0	0	0	0	0
10. Total number of eligibility factors represented in block	1	2	2	3	3	2	2	3	2

(Sub)Exhibit 5 - Map 3.
 (To 24th/Michigan Tax Increment Finance
 Program Eligibility Study)

Age.



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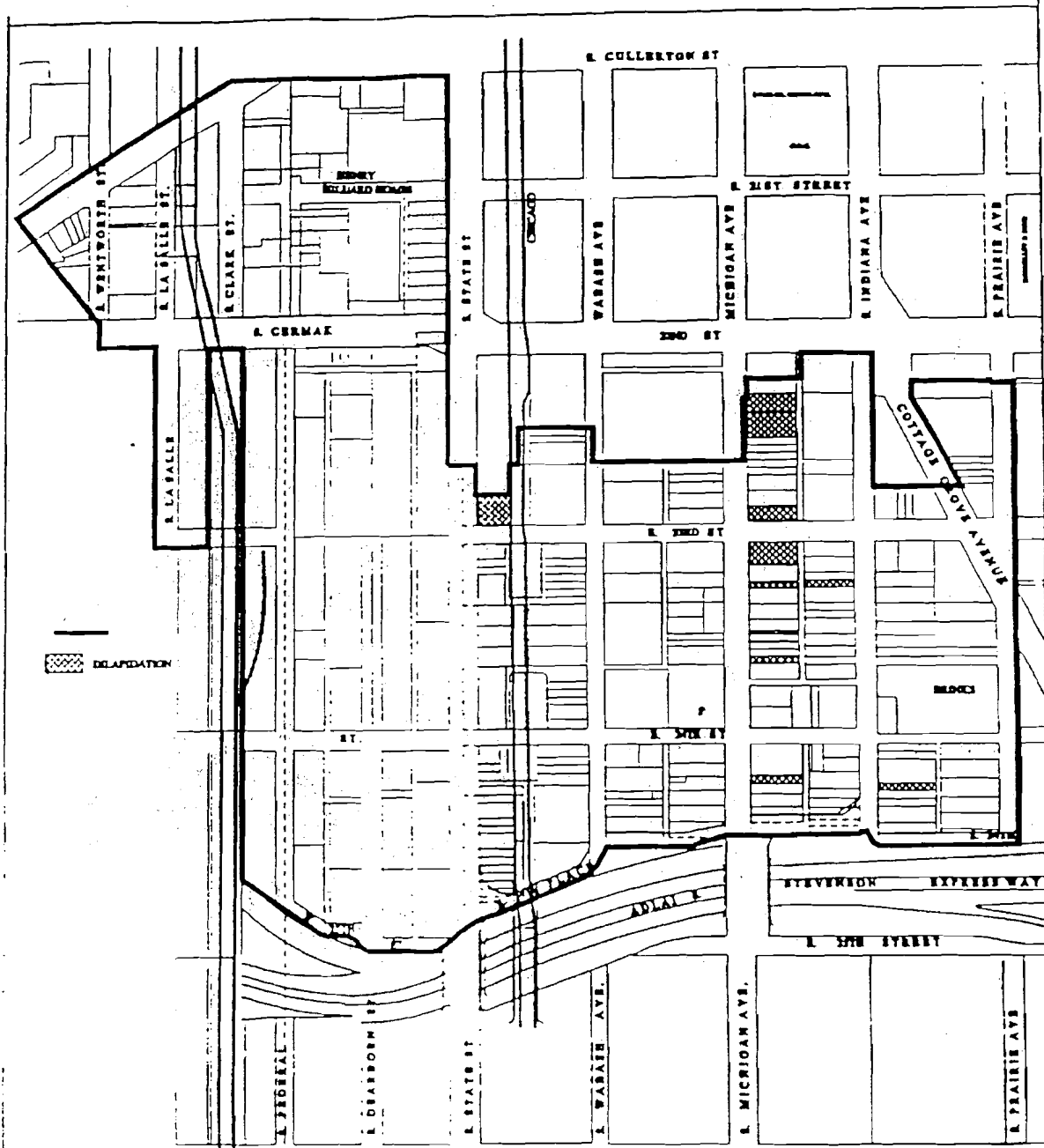
LOUIK / SCHNEIDER AND ASSOCIATES, INC.
 54 * Hubbard St. Suite 210, Chicago IL 60610
 Telephone 312 828 9222 Facsimile 312 828 9347



DATE:
 4/6/99



(Sub)Exhibit 5 - Map 4.
(To 24th/Michigan Tax Increment Finance
Program Eligibility Study)

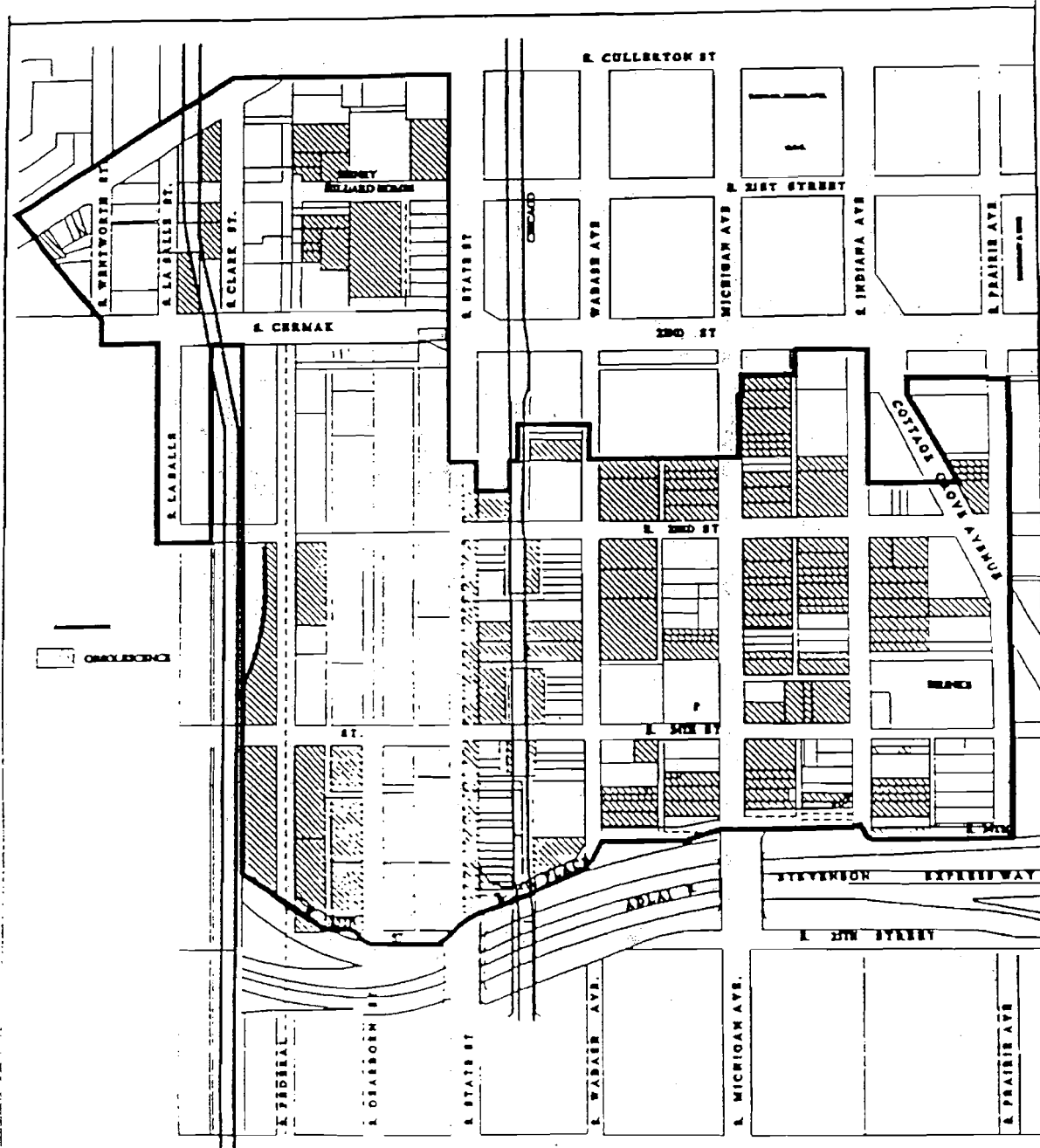
Dilapidation.



 <p>MACONDO CORP.</p>	<p>LOUIK / SCHNEIDER AND ASSOCIATES, INC. 54 W Hubbard St Suite 210, Chicago IL 60610 Telephone 312 828 9222 Facsimile: 312 828 9347</p>	<p>DATE: 4/6/99</p>	 <p>NORTH</p>
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(Sub)Exhibit 5 - Map 5.
(To 24th/Michigan Tax Increment Finance
Program Eligibility Study)

Obsolescence.



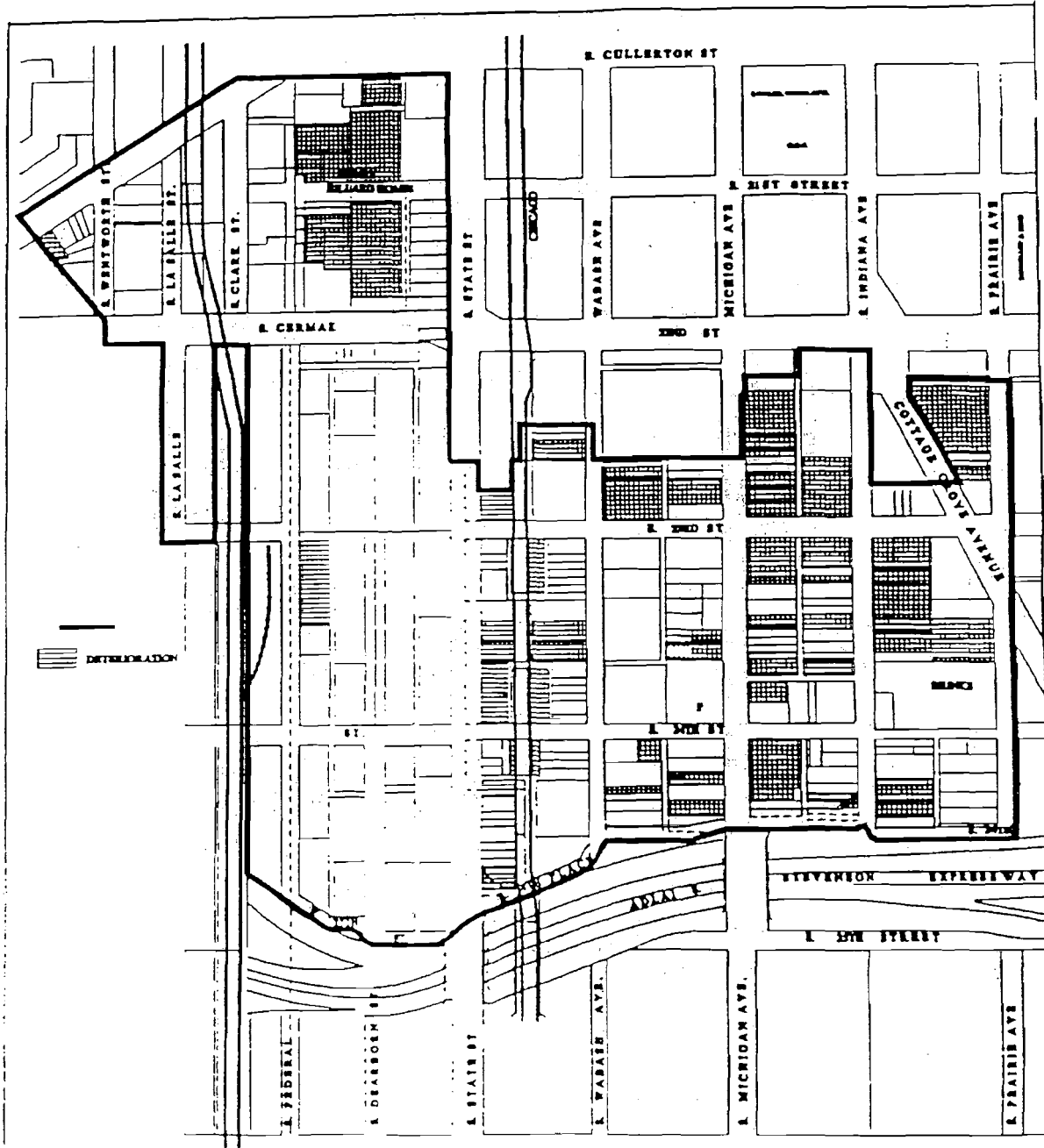
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(Sub)Exhibit 5 - Map 6.
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Deterioration.



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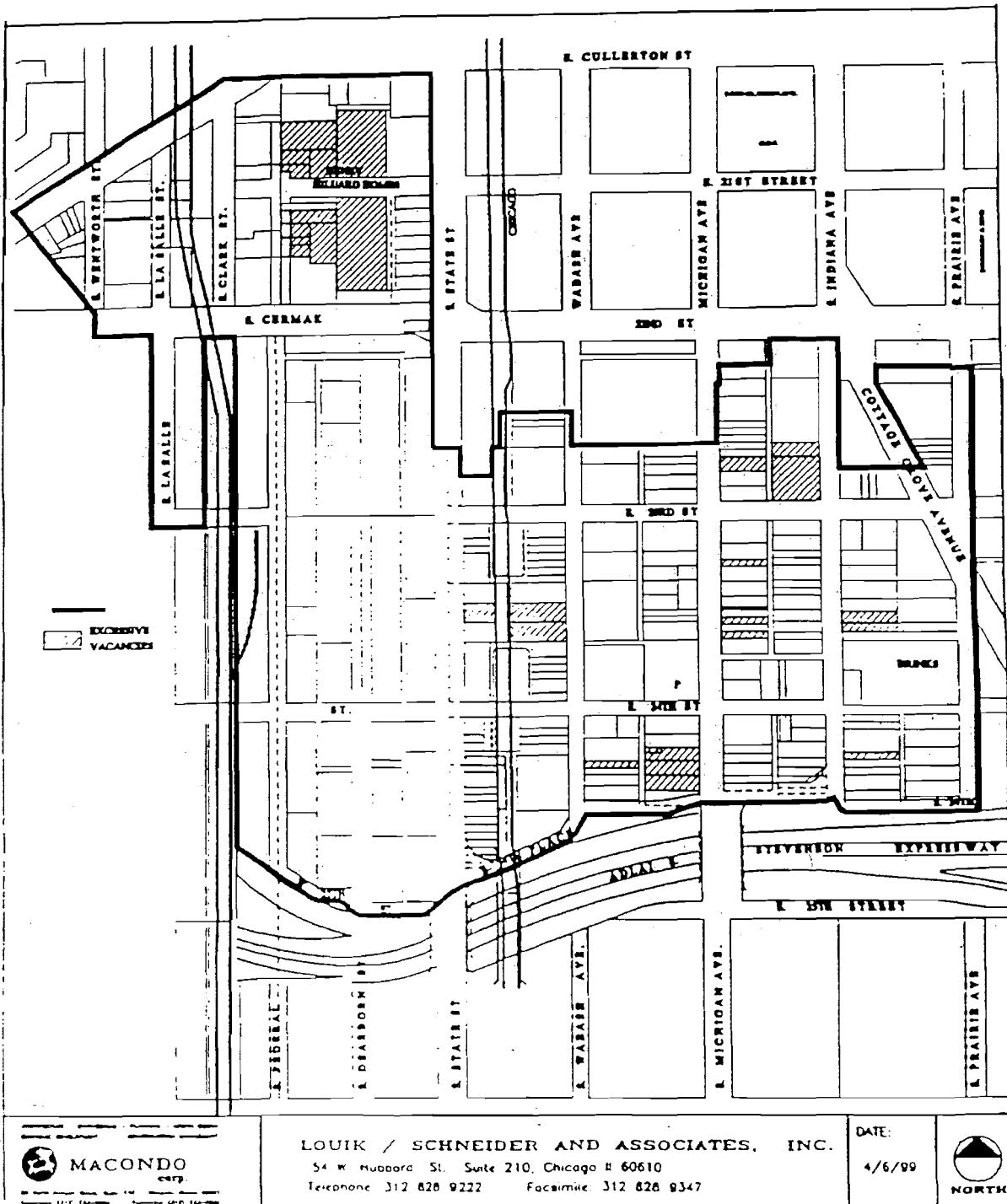
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NORTH

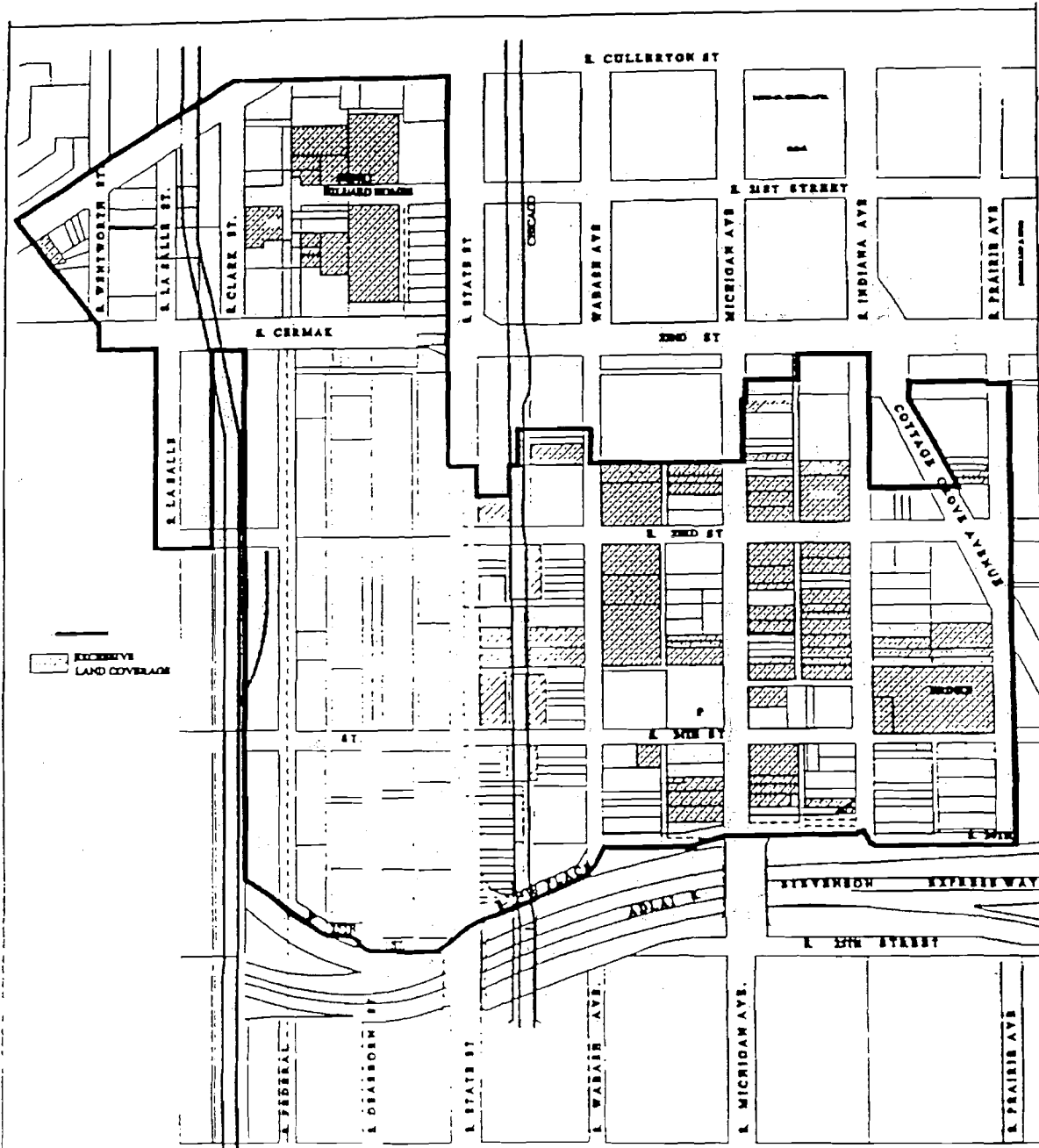
(Sub)Exhibit 5 -- Map 7.
(To 24th/Michigan Tax Increment Finance
Program Eligibility Study)

Excessive Vacancies.



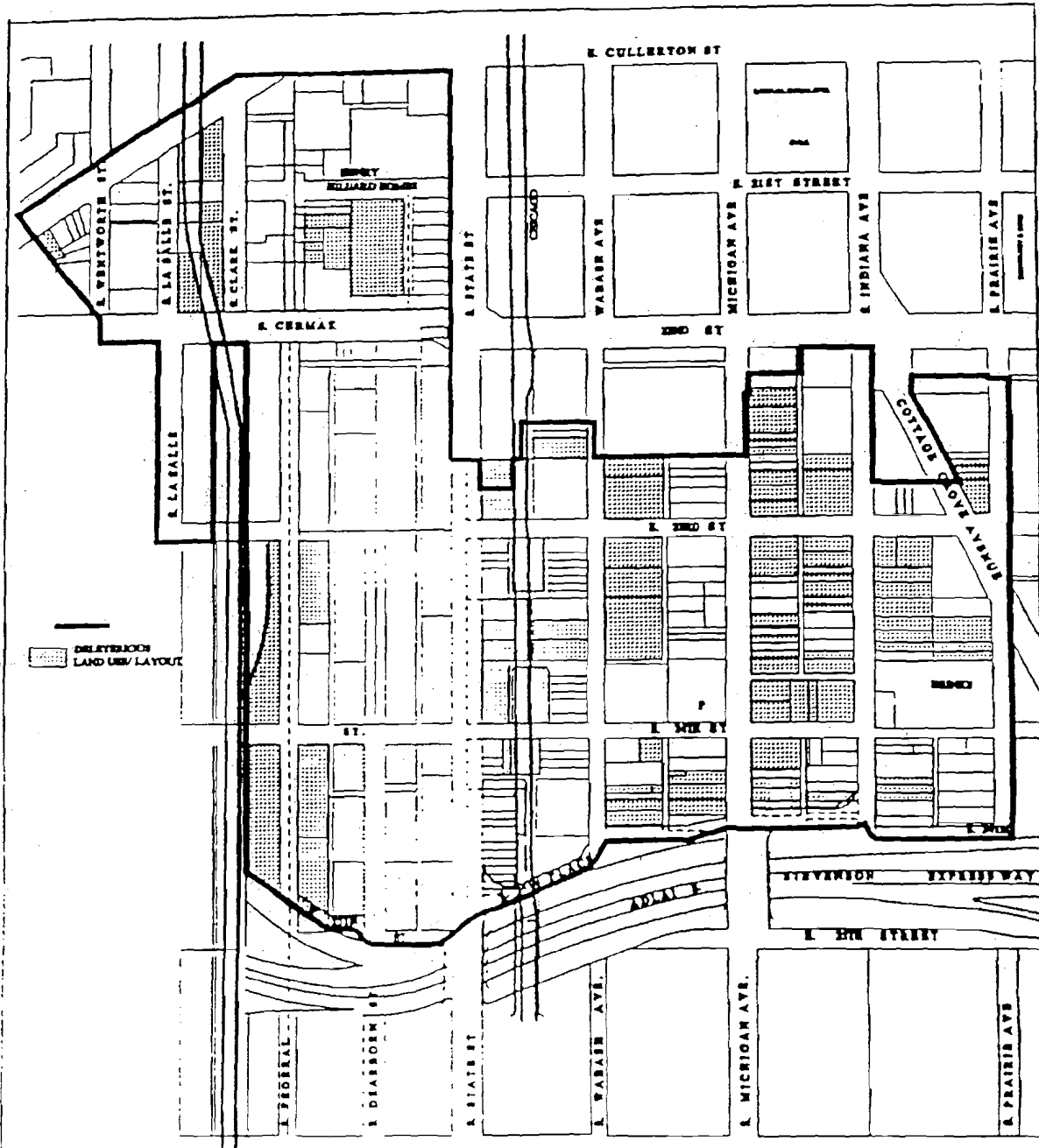
(Sub)Exhibit 5 - Map 8.
(To 24th/Michigan Tax Increment Finance
Program Eligibility Study)

Excessive Land Coverage.



(Sub)Exhibit 5 - Map 9.
(To 24th/Michigan Tax Increment Finance
Program Eligibility Study)

Deleterious Land-Use/Layout..



DELETERIOUS
LAND USE/LAYOUT

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(Sub)Exhibit 5 - Map 10.
(To 24th/Michigan Tax Increment Finance
Program Eligibility Study)

Depreciation Of Physical Maintenance.

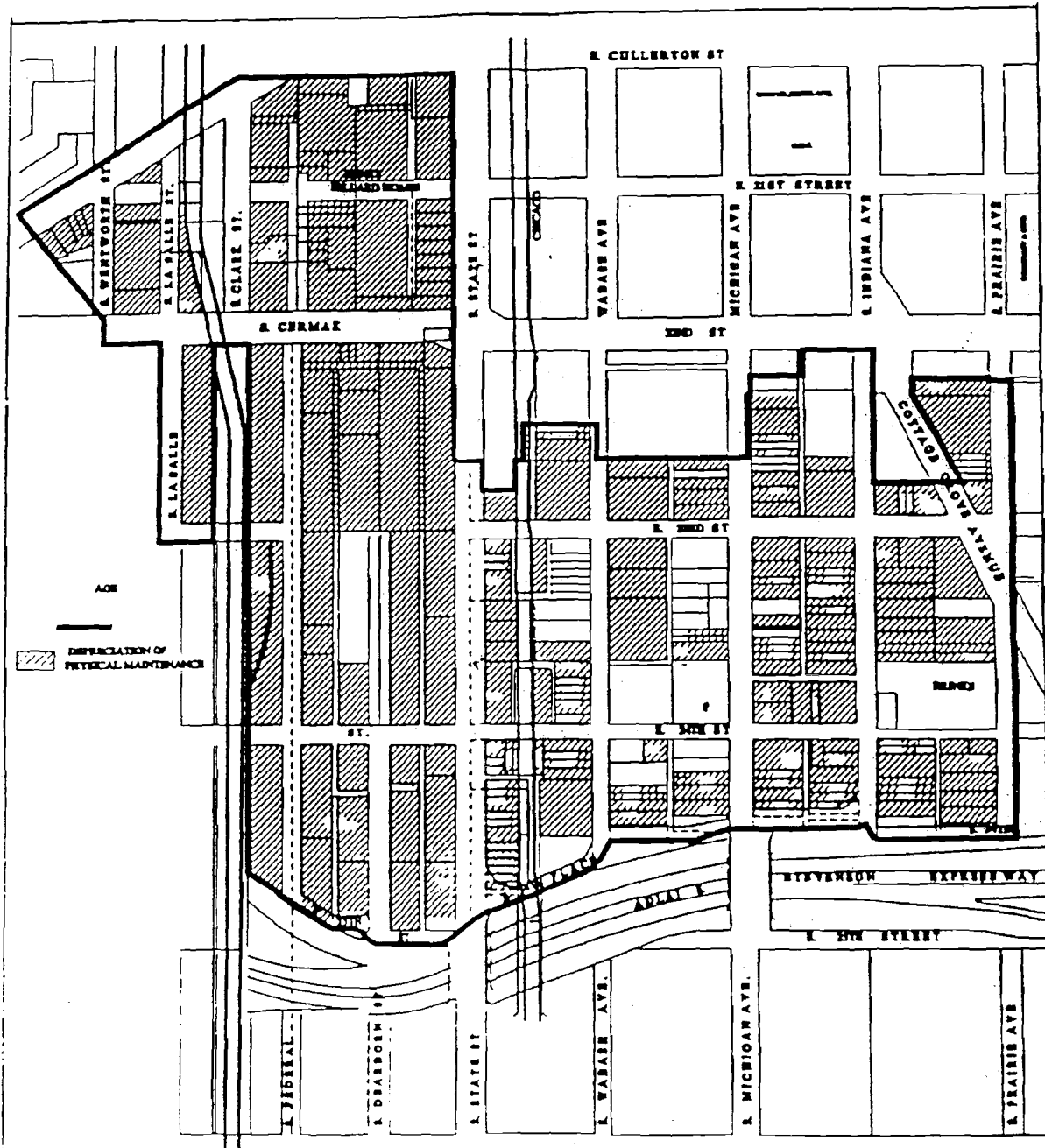


EXHIBIT D

FINANCING FOR THE PROJECT

[see attached]

EXHIBIT E

**TENTATIVE SCHEDULE OF
REIMBURSEMENT OF TIF-ELIGIBLE COSTS
FROM AVAILABLE INCREMENTAL REVENUES, IF ANY**

<u>Tax Year*</u>	<u>Amount</u>
2002	
2003	
2004	
2005	
2006	\$ 6,000
2007	\$ 93,000
2008	\$ 93,000
2009	\$ 99,000
2010	\$ 99,000
2011	\$ 99,000
2012	\$ 105,000
2013	\$ 105,000
2014	\$ 105,000
2015	\$ 111,500
2016	\$ 111,500
2017	\$ 111,500
2018	\$ 118,000
2019	\$ 118,000
2020	\$ 118,000
2021	\$ 47,500
TOTAL	\$1,540,000

* Collection occurs in the calendar year following the Tax Year

This payment may be made only to the extent permitted under the Act.

Subject to Section 4.02(a)

EXHIBIT F

PROJECT BUDGET

[see attached]

[OMITTED FROM ORDINANCE PACKET]

SWORN OWNER'S STATEMENT
Hilliard Homes Phase 2
Closing Draw

The affiant, HILLIARD HOMES II Limited Partnership, being duly sworn on oath and says that it is the owner/beneficiary of the following described premises in Cook County, Illinois, to wit:

1. That it is thoroughly familiar with all the facts and circumstances concerning the premises described above;
2. That during the six months last past the only work done or materials furnished in connection with the mentioned are listed below;
3. That the only contracts let for the furnishing of future work or materials relative to the contemplated improvements are listed below;
4. That this statement is a true and complete statement of all such contracts, previous payments and balances due if any.

Name and Address	Kind of Work	Total Budget	Contract Total	Previously Paid-CHA INFRASTRUCTURE LOAN	Amount Now Due	Balance	
Chicago Housing Authority	Acquisition	5,947,680.00	5,200,000.00	0.00	5,200,000.00	0.00	
CHA- INFRATRUSCRURE LOAN			747,680.00	747,680.00			0.00
Linn Mathes Inc	Construction	30,546,070.00	30,546,070.00		211,175.00	30,334,895.00	
Linn Mathes Inc	Infrastructure	1,236,846.00	425,388.00		425,388.00	0.00	
CHA- INFRATRUSCRURE LOAN			811,458.00	811,458.00	0.00		0.00
CHA- INFRATRUSCRURE LOAN	Architect Design	482,500.00	446,553.21	446,553.21		0.00	
Llsec & Biederman			35,946.79	0.00	35,946.79	0.00	
Axios Consulting			7,500.00	0.00	7,500.00	0.00	
CHA- INFRATRUSCRURE LOAN	Design Reimbursables	53,000.00	45,500.00	45,500.00		0.00	
Llsec & Biederman	Architect Supervision	152,500.00	152,500.00			152,500.00	
Hilliard Homes 1 Ltd Partnership	Furnishings	120,228.00	120,228.00			120,228.00	
Marnax	Environmental Remediation	993,000.00	607,020.00		412,645.00	194,375.00	
CHA- INFRATRUSCRURE LOAN			170,480.00	170,480.00			0.00
TBA			215,500.00			215,500.00	
Linn Mathes Inc	Contingency	1,037,600.00	1,037,600.00			1,037,600.00	
Linn Mathes Inc	Contingency Concrete	500,000.00	500,000.00			500,000.00	
Applegate, Thorne & Thomsen	Legal- Partnership	490,000.00	372,915.15		350,000.40	22,914.75	
Piper, Rudnick			17,084.85		17,084.85	0.00	
CHA- INFRATRUSCRURE LOAN			100,000.00	100,000.00			0.00
Alliant Capital	Legal-Syndicator	75,000.00	75,000.00		75,000.00	0.00	
CHA- INFRATRUSCRURE LOAN	Consultant-Finance	4,483.00	4,483.00	4,483.00		0.00	
Nana Wall System	Consultant- Historic	70,017.00	7,804.00		7,804.00	0.00	
Applegate, Thorne & Thomsen			1,770.50		1,770.50	0.00	
Anlunovich Associates			22,942.50		22,942.50	0.00	
CHA- INFRATRUSCRURE LOAN			37,500.00	37,500.00			0.00
Friduss, Luke & Schiff	Accounting	165,000.00	124,819.95		77,109.00	47,710.95	
Holsten REDC			180.05		180.05	0.00	
CHA- INFRATRUSCRURE LOAN			40,000.00	40,000.00			0.00
Holsten REDC	Market Study	16,550.00	2,618.32		2,100.00	518.32	
CHA- INFRATRUSCRURE LOAN			13,931.68	13,931.68			0.00
Midwest Environmental Consulting Services	Environmental Report	235,000.00	77,125.00		77,125.00	0.00	
Holsten REDC			26,936.14		26,936.14	0.00	
Levine & Fricke			7,842.60		7,842.60	0.00	
Civil & Environmental Consultants			53,867.96		53,867.96	0.00	
CHA- INFRATRUSCRURE LOAN			69,228.30	69,228.30		0.00	
Cook County Assessor	Construction Period Taxes	100,000.00	100,000.00			100,000.00	
Midland Loan Services	Real Estate Escrow	247,500.00	247,500.00			247,500.00	
Midland Loan Services	Insurance Escrow	147,000.00	147,000.00			147,000.00	
Titls Services	Titls & Recording	83,070.00	78,070.00		78,070.00	0.00	
CHA- INFRATRUSCRURE LOAN			5,000.00	6,000.00			0.00
McHenry Insurance	Const Period Ins	310,000.00	301,000.00		150,309.00	150,691.00	
CHA- INFRATRUSCRURE LOAN			9,000.00	9,000.00			0.00
Developers Mortgage	Lender's Fees	250,000.00			220,664.00	18,800.00	
Midland Loan Services			239,464.00			0.00	
Midland Loan Services- Working Capital Reserve							0.00
CHA- INFRATRUSCRURE LOAN			10,536.00	10,536.00			0.00
National Survey	Appraisal & Survey	40,000.00	17,893.12		1,996.00	15,897.12	
Appraisal Research							0.00

SWORN OWNER'S STATEMENT
Hilliard Homes Phase 2
Closing Draw

The affiant, HILLIARD HOMES II Limited Partnership, being duly sworn on oath and says that it is the owner/beneficiary of the following described premises in Cook County, Illinois, to wit:

1. That it is thoroughly familiar with all the facts and circumstances concerning the premises described above.
2. That during the six months last past the only work done or materials furnished in connection with the mentioned are listed below.
3. That the only contracts let for the furnishing of future work or materials relative to the contemplated improvements are listed below.
4. That this statement is a true and complete statement of all such contracts, previous payments and balances due if any.

Name and Address	Kind of Work	Total Budget	Contract Total	Previously Paid-CHA INFRASTRUCTURE LOAN	Amount Now Due	Balance
Holsten REDC	Approval of 2005	100,000.00	100.00		100.00	0.00
CHA-INFRASTRUCTURE LOAN			22,006.88	22,006.88		0.00
Midland Loan Services	Net Construction Interest	350,000.00	350,000.00			350,000.00
Bank of America	Equity B-Bond Interest-Basis	550,000.00	550,000.00			550,000.00
Bank of America	CHA B-Bond Interest	550,000.00	550,000.00			550,000.00
Kutak Rock	Government Bond Related Costs	229,142.00	229,142.00	0.00	140,312.00	0.00
Albert Whitehead, P.C.				0.00	36,000.00	0.00
CHA				0.00	45,747.00	0.00
Laubacher Company				0.00	7,083.00	0.00
TBA				0.00		0.00
Holsten REDC	Permit, Application	6,888.00	6,888.00		6,888.00	0.00
Holsten REDC	Marketing & Leasing	540,000.00	540,000.00		100,000.00	440,000.00
Abatement Setup	Unit Preparation	135,000.00	84,875.00		81,375.00	13,500.00
CHA-INFRASTRUCTURE LOAN			40,125.00	40,125.00		0.00
Holsten REDC	Developers Fees	2,325,000.00	2,325,000.00		697,500.00	1,627,500.00
Bank of America	Bridge Lender fees	331,000.00	281,000.00		214,000.00	87,000.00
Bank of America			47,000.00		47,000.00	0.00
Holsten REDC			50,000.00		50,000.00	0.00
Holsten REDC	PH Unit Reserve	73,000.00	73,000.00			73,000.00
Holsten REDC	Lease up Reserve	560,000.00	560,000.00			560,000.00
Holsten REDC	Construc Period Carry Costs	424,000.00	424,000.00		63,600.00	360,400.00
Midland Loan Services	TIF Reserve	110,000.00	110,000.00		110,000.00	0.00
Midland Loan Services	Operating Reserve	1,625,000.00	1,625,000.00		425,771.00	1,199,229.00
TOTALS		51,112,074.00	51,159,074.00	2,573,482.07	9,488,832.79	39,096,759.14

Signed:

Hilliard Homes II Limited Partnership
 By: Hilliard Development Corporation, its managing general partner

[Signature]
 Peter Holsten, President

Subscribed and sworn to before me this 12th day
 of May, 2005.

[Signature]
 Bridget A. White
 Notary Public

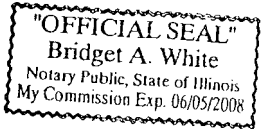


EXHIBIT G

LIST OF PLANS AND SPECIFICATIONS

[OMITTED FROM ORDINANCE PACKET]

[see attached]

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2030 S. STATE STREET, FAMILY BUILDING (BUILDING NO. 2)

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30 W. CERMAK RD., SENIOR BUILDING (BUILDING NO. 3)

PROJECT MANUAL
Specifications

August 18, 2000

HILLIARD HOMES REHABILITATION

30 West Cermak Road
Chicago, Illinois

FHA PROJECT NO:

Sponsor:
Holsten Real Estate Development Corporation
1333 North Kingsbury
Chicago, Illinois 60622

Architect:
Lisec & Biederman, Ltd.

Associate Architect:
Parkman & Weston Associates, Ltd.

Structural Engineer:
Eskanazi, Farrell & Fodor, P.C.

Consulting Engineer:
Creative Systems & Associates

Landscape Architect:
Joe Karr & Associates

Civil Engineer:
Christian-Roge & Assoc.

APPROVALS:

Architect: _____
Lisec & Biederman, Ltd.

Sponsor: _____
Holsten Real Estate Development Corporation

Contractor: _____
Linn-Mathes, Inc.

Bonding Co.: _____

EXHIBIT H-1

ARCHITECT'S OPENING CERTIFICATE

Date: _____

The undersigned, Lisec & Biederman, Ltd. ("Architect"), hereby certifies to the City of Chicago, Illinois ("City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated _____, 200__, by and between the City and Hilliard Homes II Limited Partnership ("Developer")):

1. Architect is an architect licensed and in good standing in the State of Illinois.
2. Architect has prepared the Plans and Specifications, to the best of the Architect's professional knowledge, the same are, and the Project will be when completed in accordance therewith, in full compliance with all applicable building, zoning and other laws, statutes, codes, regulations and ordinances (collectively, "Laws"), including, without limitation, all applicable pollution control and environmental protection regulations.
3. The Project, when completed in accordance with the Plans and Specifications, will not encroach upon any recorded or visible easement in effect with respect to the Property.
4. The Plans and Specifications are complete in all respects and were prepared in accordance with accepted architectural practices, containing all detail requisite for the Project which, when built and equipped in accordance therewith, shall be ready for occupancy.
5. In the aggregate, the construction contract and the existing subcontracts contain all detail necessary to provide for all labor, material and equipment required by the Plans and Specifications.
6. All permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate or, if not so obtained, the Architect has no reason to believe same will not be obtained as and when so required. Such permits and other necessary governmental approvals are described in Exhibit 1 attached to this Certificate.
7. To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid (in any manner adverse to the Project), any Laws, permits or other necessary governmental approvals relating to the Property or the Project.

Adequate ingress and egress to the Project over public streets and rights of way will be available during the period of construction of the Project and thereafter.

8. All existing foundation and subsurface work conforms to the Plans and Specifications and all portions of the Project consisting of the subsurface work has been completed.

9. This Certificate is made with the intent that it may be relied upon by the City as a condition to payment under the Redevelopment Agreement.

10. The Architect has executed and delivered to the City the Statement of Compliance in the form attached hereto as Exhibit 2.

ARCHITECT:
LISEC & BIEDERMAN, LTD.

By: _____
Its General Partner

By: _____
Its: _____

EXHIBIT H-2

ARCHITECT'S COMPLETION CERTIFICATE

Date: _____

The undersigned, Lisec & Biederman, Ltd. ("Architect"), hereby certifies to the City of Chicago, Illinois ("City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated _____, 200 __, by and between the City and Hilliard Homes II Limited Partnership ("Developer")):

1. Architect is an architect licensed and in good standing in the State of Illinois.
2. The construction of the Project has been "substantially completed" as of the date of this Certificate in accordance with the approved Plans and Specifications. For purposes hereof, the Project being "substantially completed" means that the Project is usable in its present condition for its intended purpose. The Architect's determination of the total cost to complete the construction of such portion of the Project as may be unfinished is \$ _____.
3. Neither the Property nor the construction of the Project violates or will violate any existing applicable zoning, building, environmental protection or other statutes, ordinances, laws or regulations (collectively, "Laws").
4. All permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate. Such permits and other necessary governmental approvals are described in Exhibit 1 attached to this Certificate.
5. To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid (in any manner adverse to the Project), any Laws, permits or other necessary governmental approvals relating to the Property or the Project.
6. This Certificate is made with the intent that it may be relied upon by the City as a condition to payment under the Redevelopment Agreement.

ARCHITECT:
LISEC & BIEDERMAN, LTD.

By: _____
Its General Partner

By: _____

Its: _____

EXHIBIT I

REQUISITION FORM FOR TIF-ELIGIBLE COSTS

The undersigned, [Name] , [Title] of Hilliard Homes II Limited Partnership, an Illinois limited partnership (the "Developer"), does hereby certify to the City of Chicago, Illinois (the "City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated as of May 1, 2005 by and between the City and Developer):

1. That the Developer has incurred, accrued and/or paid the following parties for the listed items, each of which constitutes interest or construction hard costs related to the construction of the Project:

First Mortgagee
\$ _____

Bridge Loans Mortgagee
\$ _____

General Contractor (Linn-Mathes)
\$ _____

[add other sub-contractors as needed]
\$ _____

2. That none of the items listed in paragraph 1, above, has been the subject of any other requisition for payment;

3. That, including the payment requested hereunder, the payments from the City during this year for interest costs do not exceed 30 percent of the interest costs incurred by the Developer in connection with the FHA-Insured Loan and the Bridge Loans during this year;

4. That, including the payment requested hereunder, the payments from the City during this year for rehabilitation, reconstruction, repair or remodeling costs on the Project do not exceed 100 percent of the total rehabilitation, reconstruction, repair or remodeling costs incurred by the Developer during this year;

5. That the total amount of the payment request represents actual amounts paid by Developer to the lenders of the FHA-Insured Loan and the Bridge Loans and the General Contractor and/or sub-contractors and/or their payees that have performed work on the Project;

6. That all amounts shown as previous payments on the current disbursement request have been paid to the parties entitled to such payment;

7. That the representations and warranties contained in the Agreement are true and correct and the Developer is in compliance with all covenants contained therein;

8. That the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens;

9. That no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred;

10. That the remaining balance of the TIF-Eligible Costs which are eligible for reimbursement under the Redevelopment Agreement taking this requisition into account are as follows:

<u>Maximum Amount</u>	<u>Current Annual Amount Accrued</u>	<u>Accrued and Unpaid Balance Prior Accrued Requisitions¹</u>	<u>Amount Paid and Unpaid²</u>	<u>To Date³</u>
\$ _____	_____	_____	_____	_____

11. That attached hereto as Exhibit 1 are true and correct: (i) copies of monthly invoices sent to the Developer by the First Mortgagee and the provider of the Bridge Loans during the year for which payment is sought, (ii) a statement of interest accrued on the FHA-Insured Loan and the Bridge Loans during the year for which payment is sought, and (iii) copies of sworn contractor/sub-contractor statements and lien waivers demonstrating the actual amount paid to the General Contractor and/or sub-contractors and/or their payees that have performed work on the Project during the year for which payment is sought.

¹ Represents the sum of the following unpaid amounts for the specified years: \$ _____ for 200__ ; \$ _____ for 200__ ; \$ _____ for 200__ .

² Sum of columns 2 and 3.

³ After giving effect to the payment covered by this Requisition Form.

IN WITNESS WHEREOF, I have hereunto affixed my signature this ____ day of _____, _____.

Hilliard Homes II Limited Partnership, an Illinois limited partnership

By: _____
Its: _____

EXHIBIT J

PERMITTED ENCUMBRANCES

PERMITTED ENCUMBRANCES

1. Taxes for 2nd Installment 2004 and subsequent years, which are not yet due or payable
2. Easement for public utilities as established by Grant of Easement: Recorded April 20, 1965, as Document No. 19439819
3. Rights of public or quasi-public utilities to maintain their facilities, in the vacated alleys and streets as contained in vacation ordinances recorded June 23, 1964 as Document No. 19164304, recorded April 25, 1967 as Document No. 20119182 and recorded March 25, 2005 as Document No. 0508419047
4. Amended and Restated Ground Lease Agreement by and between Chicago Housing Authority and Hilliard Homes II Limited Partnership
5. Cross Easements, Declaration, Reciprocal Rights, Use and Cost Sharing Agreement for Hilliard Apartments Phases I and II, recorded October 30, 2002 as Document No. 0021200502, as amended by that First Amendment to Cross Easements, Declaration, Reciprocal Rights, Use and Cost Sharing Agreement for Hilliard Apartments Phases I and II
6. Declaration of Restrictive Covenants by and between the Chicago Housing Authority and Hilliard Homes II Limited Partnership, dated as of May 1, 2005
7. Preservation Covenant by and among Hilliard Homes II Limited Partnership, Chicago Housing Authority and Illinois Historic Preservation Agency, dated as of May 1, 2005
8. Purchase Option and Right of First Refusal Agreement by and among Hilliard Homes II Limited Partnership, Chicago Housing Authority, and HH2 Development Corporation, dated as of May 1, 2005
9. Regulatory and Operating Agreement by and between the Chicago Housing Authority and Hilliard Homes II Limited Partnership, dated as of May 1, 2005
10. Regulatory Agreement by and between the City of Chicago and Hilliard Homes II Limited Partnership, dated as of May 1, 2005
11. Leasehold Mortgage made by Hilliard Homes II Limited Partnership to PNC MultiFamily Finance, Inc., dated as of May 1, 2005
12. Regulatory Agreement for Multifamily Housing Projects by and between Hilliard Homes II Limited Partnership and the Secretary of the Department of Housing and Urban Development, dated as of May 1, 2005

13. Assignment of Rents and Leases made by Hilliard Homes II Limited Partnership to PNC MultiFamily Finance, Inc., dated as of May 1, 2005
14. UCC Financing Statements (PNC)
15. Land Use Restriction Agreement by and among the Chicago Housing Authority and Hilliard Homes II Limited Partnership, dated as of May 1, 2005
16. Leasehold Deed of Trust made by Hilliard Homes II Limited Partnership to Bank of America, N.A., dated as of May 1, 2005
17. UCC Financing Statements (Bank of America)
18. Subordinate Mortgage, Security Agreement and Financing Statement made by Hilliard Homes II Limited Partnership to Chicago Housing Authority, dated as of May 1, 2005
19. Subordination Agreement (Chicago Housing Authority) by and among Hilliard Homes II Limited Partnership, Chicago Housing Authority, and Bank of America, N.A., dated as of May 1, 2005
20. Assignment of Rents and Leases made by Hilliard Homes II Limited Partnership to Chicago Housing Authority, dated as of May 1, 2005
21. UCC Financing Statements (CHA)
22. Junior Mortgage, Security Agreement and Financing Statement made by Hilliard Homes II Limited Partnership to City of Chicago, dated as of May 1, 2005
23. Assignment of Rents and Leases made by Hilliard Homes II Limited Partnership to City of Chicago, dated as of May 1, 2005
24. UCC Financing Statements (City)
25. Survey by National Survey Service, Inc. dated May 7, 1999 and last revised April 8, 2005 discloses that a fence encroaches over the Easterly, Westerly, Southerly and Northerly lot lines

EXHIBIT K

**ANTICIPATED
MINIMUM EQUALIZED ASSESSED VALUE OF THE PROPERTY**

<u>Tax Year*</u>	<u>Min. EAV</u>
2002	
2003	
2004	
2005	
2006	
2007	\$1,194,860
2008	\$1,194,860
2009	\$1,267,996
2010	\$1,267,996
2011	\$1,267,996
2012	\$1,345,607
2013	\$1,345,607
2014	\$1,345,607
2015	\$1,427,968
2016	\$1,427,968
2017	\$1,427,968
2018	\$1,515,372
2019	\$1,515,372
2020	\$1,515,372
2021	\$1,608,125
2022	\$1,608,125

* Note that billing and collection occur in the calendar year following the Tax Year

HUD-REQUIRED PROVISIONS RIDER

THIS RIDER is attached to and made a part of that certain Redevelopment Agreement (the "Document"), dated as of May 1, 2005, entered into among Hilliard Homes II Limited Partnership, an Illinois limited partnership, its successors and assigns (the "Owner"), and the City of Chicago, an Illinois municipal corporation, its successors or assigns (the "Subordinate Lender") relating to the properties commonly known as Hilliard Homes - Phase II and located at 2030 South State Street and 30 West Cermak Road in the blocks bounded by Clark Street, Cullerton Street, State Street and Cermak Road in the City of Chicago, and more particularly described on Exhibit B attached hereto.

In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Document, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Document. As used herein, the term "HUD" shall mean the United States Department of Housing and Urban Development; the term "FHA" shall mean the Federal Housing Administration, an organizational unit within HUD; the term "Project" shall have the same meaning as in the HUD Regulatory Agreement described below; and the term "HUD/FHA Loan Documents" shall mean the following documents relating to the HUD-insured Mortgage Note (as defined below) for the Project (Project No. 071-35758):

- A. Commitment for Insurance, dated September 16, 2004, as amended, issued by the Secretary of HUD pursuant to Section 221(d)(4) to Developers Mortgage Corporation and assigned to PNC MultiFamily Finance, Inc., a Delaware corporation ("Mortgagee");
- B. Building Loan Agreement, dated as of May 1, 2005, between the Owner and Mortgagee (the "HUD Building Loan Agreement");
- C. Mortgage Note dated as of May 1, 2005 made by the Owner payable to the order of Mortgagee in the principal amount of \$3,400,000 (the "Mortgage Note");
- D. Mortgage, dated as of May 1, 2005, made by the Owner in favor of Mortgagee and encumbering the Project as security for the said Mortgage Note (the "Mortgage");
- E. Security Agreement (Chattel Mortgage), dated as of May 1, 2005, between the Owner, as debtor, and Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party (the "Security Agreement");
- F. UCC-1 Financing Statements made by the Owner, as debtor, in favor of Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party, recorded in Cook County Recorder of Deeds Office and to be filed with the Illinois Secretary of State (collectively, the "UCC Financing Statements");
- G. Regulatory Agreement, dated as of May 1, 2005, between the Owner and HUD (the "HUD Regulatory Agreement");

- H. Assignment of Leases and Rents dated as of May 1, 2005 from Owner to Mortgagee; and
 - I. Assignment of Contracts and Documents dated as of May 1, 2005 from Owner to Mortgagee.
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- R-1 Notwithstanding anything in the Document to the contrary, the provisions of the Document are subordinate to all applicable federal statutes, HUD mortgage insurance regulations and related HUD directives and administrative requirements, except those HUD mortgage insurance regulations, related HUD directives and administrative requirements which have been waived in writing by HUD with respect to the Project. The provisions of the Document are also expressly subordinate to the HUD/FHA Loan Documents. In the event of any conflict between the Document and the provisions of any applicable federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements, or HUD/FHA Loan Documents, the federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements and HUD/FHA Loan Documents shall control, unless waived in writing by HUD with respect to the Project.
 - R-2 Failure on the part of the Owner to comply with the covenants contained in the Document shall not serve as the basis for default on any HUD-insured or HUD-held mortgage on the Project.
 - R-3 Compliance by the Owner with the provisions and covenants of the Document and enforcement of the provisions or covenants contained in the Document, including, but not limited to, any indemnification provisions or covenants, will not and shall not result in any claim or lien against the Project, any asset of the Project, the proceeds of the Mortgage, any reserve, or deposit required by HUD in connection with the Mortgage transaction or the rents or other income from the Project, other than distributable "Surplus Cash" (as that term is defined in the HUD Regulatory Agreement).
 - R-4 No amendment to the Document made after the date of the HUD initial endorsement of the Mortgage Note shall have any force or effect until and unless such amendment is approved in writing by HUD. No amendment made after the aforesaid date to any HUD/FHA Loan Document shall be binding upon the Subordinate Lender unless the Subordinate Lender has consented thereto in writing.
 - R-5 Unless waived in writing by HUD with respect to the Project, any action prohibited or required by HUD pursuant to applicable federal law, HUD regulations, HUD directives and administrative requirements or the HUD/FHA Loan Documents, shall supersede any conflicting provision of the Document, and the performance or failure to perform of the Owner in accordance with such laws, regulations, directives, administrative requirements or HUD/FHA Loan Documents shall not constitute an event of default under the Document.
 - R-6 So long as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project, the Owner shall not and is not permitted to pay any

amount required to be paid under the provisions of the Document except from distributable Surplus Cash, as such term is defined in, and in accordance with the conditions prescribed in the HUD Regulatory Agreement unless otherwise specifically permitted in writing by HUD.

- R-7 In the event of the appointment by any court of any person, other than HUD or the Mortgagee, as a receiver, as a mortgagee or party in possession, or in the event of any enforcement of any assignment of leases, rents, issues, profits, or contracts contained in the Document (if any), with or without court action, no rents, revenue or other income of the Project collected by the receiver, person in possession or person pursuing enforcement as aforesaid, shall be utilized for the payment of interest, principal or any other amount due and payable under the provisions of the Document, except from distributable Surplus Cash in accordance with the HUD Regulatory Agreement. The receiver, person in possession or person pursuing enforcement shall operate the Project in accordance with all provisions of the HUD/FHA Loan Documents.
- R-8 A duplicate of each notice given, whether required or permitted to be given, under the provisions of the Document shall also be given to:

Department of Housing and Urban Development
77 West Jackson Blvd.
Chicago, Illinois 60604
Attention: Director of Multi-Family Housing
Project No. 071-35758

HUD may designate any further or different addresses for duplicate notices.

- R-9 Notwithstanding anything in the Document to the contrary, the Owner and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the Project or any part thereof, provided it obtains the prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. Notwithstanding anything in the Document to the contrary, the Owner may make application to HUD for approval of a Transfer of Physical Assets in accordance with HUD regulations, directives and policies. A duplicate copy of such application shall be served on the Subordinate Lender. Within 90 days after such service, the Subordinate Lender shall serve written notice of its approval of such transfer, or of its requirements for approval of such transfer, on HUD, the Mortgagee and the Owner. No such transfer shall occur or be effective until the Subordinate Lender's requirements shall have been satisfied. In the event the Subordinate Lender fails to serve such notice on HUD, the Mortgagee and the Owner within said time, then any consent by HUD to such transfer shall be deemed to be the Subordinate Lender's prior written consent to such transfer and consummation of such transfer shall not be a default under the Document.
- R-10 The covenants and provisions contained in the Document shall terminate in the event that a deed in lieu of foreclosure of any mortgage insured or held by HUD with respect to the Project, or any portion thereof, is delivered and accepted in writing by Mortgagee or HUD

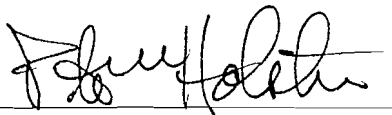
and HUD consents, in writing, to such termination. Upon such termination, the Subordinate Lender shall furnish to HUD and the Mortgagee such releases and other documentation as HUD or the Mortgagee shall deem necessary or convenient to confirm or evidence such termination.

- R-11 Notwithstanding anything in the Document to the contrary, the provisions of this HUD Required Provisions Rider are for the benefit of and are enforceable by HUD and the Mortgagee.

Executed as of the date set forth above.

HILLIARD HOMES II LIMITED PARTNERSHIP, an Illinois
limited partnership

By: HH2 DEVELOPMENT CORPORATION, an Illinois
corporation and its managing general partner

By: 
Peter M. Holsten, President

The foregoing HUD-Required Provisions Rider is hereby acknowledged and consented to
by the undersigned as of the 12th of May, 2005.

CITY OF CHICAGO, ILLINOIS, by and through its Department of
Housing

By: John G. Markowski, Commissioner

Executed as of the date set forth above.

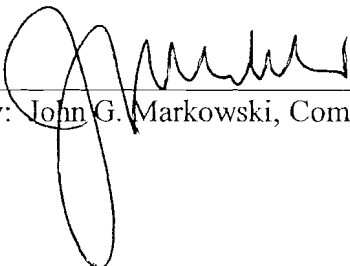
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