

**FOSTER AND CALIFORNIA
TAX INCREMENT FINANCING
REDEVELOPMENT AREA PROJECT AND PLAN**

City of Chicago, Illinois

November 26, 2013

City of Chicago
Rahm Emanuel, Mayor

Department of Housing and Economic Development
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I. INTRODUCTION

This document is to serve as the redevelopment plan (the "**Redevelopment Plan**") for an area located on the North Side of the City of Chicago (the "**City**") approximately 9 miles north of the City's central business district (the "**Loop**"). The area is generally bounded by Francisco Street on the west, Carmen Avenue on the South; the north-south alley west of Lincoln Avenue on the east and Farragut Avenue on the north. The area includes the majority of the Swedish Covenant Hospital campus at Foster and California as well as the Foster Avenue frontage from California Avenue to nearly Lincoln Avenue. This area is referred to in this document as the Foster and California Tax Increment Financing Redevelopment Project Area (the "**Project Area**"). For a map depicting the location of the Project Area with the City of Chicago, see *Redevelopment Plan Figure 1. Community Context Map.*

In conjunction with the City's strategy to encourage managed growth and stimulate private investment within the Project Area, Johnson Research Group, Inc. ("**JRG**" or the "**Consultant**") was engaged to study whether the Project Area of approximately 24.35 acres qualifies as a "conservation area," a "blighted area," or a combination of both blighted areas and conservation areas under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended (the "**Act**"). The Project Area, described in more detail below as well as in the accompanying Foster and California Tax Increment Financing Eligibility Report (the "**Eligibility Report**"), has not been subject to growth and development through investment by private enterprise and is not reasonably expected to be developed without public intervention and leadership by the City.

The Redevelopment Plan summarizes the analyses and findings of the Consultant's work, which, unless otherwise noted, is the responsibility of JRG. The City is entitled to rely on the findings and conclusions of this Redevelopment Plan in designating the Project Area as a redevelopment project area under the Act. The Consultant has prepared this Redevelopment Plan and the related Eligibility Report with the understanding that the City would rely: 1) on the findings and conclusions of the Redevelopment Plan and the related Eligibility Report in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Redevelopment Plan, and 2) on the fact that the Consultant has obtained the necessary information so that the Redevelopment Plan and the related Eligibility Report will comply with the Act.

A. Foster and California Tax Increment Financing Redevelopment Project Area

The Foster and California Project Area is situated on the western edge of the Lincoln Square Community Area. Approximately 24.35 acres in size, the Project Area includes 197 tax parcels within 8 full and partial tax blocks. There are 51 buildings in the Project Area.

The Project Area has two fairly distinct areas made up of residential uses on the east and institutional uses to the west. The residential area is characterized by predominantly multi-family properties interspersed with a few isolated single family buildings and a church building. East of Washtenaw, the area is exclusively institutional in use including a public elementary school and semipublic uses including the sprawling Swedish Covenant hospital and related buildings as well as a few church properties.

Currently, one building, the Chicago Public School Budlong Elementary school located at 2701 W. Foster Avenue is identified as an "orange" building, which is a contributing property to the National Register of Historic Places and the Chicago Historic Resource Survey.

The Project Area as a whole is physically characterized by densely built, aging and obsolete residential, public and semipublic property on improved parcels. The Swedish Covenant Hospital Campus buildings encompassed within the Project Area range from 16 to 106 years in age with various additions and renovations over the years. The residential area developed around the hospital campus limiting hospital expansion and development opportunities and causing site constraints. The hospital campus facilities are characterized by aging, overcrowded and obsolete buildings. Multiple and disparate buildings - including individual buildings constructed at different times and linked together later - cause inefficiency and a strain on building systems.

For a map depicting the Project Area boundaries, see *Redevelopment Plan Figure 2. Project Area Boundary*. A legal description of the Project Area is included in *Section II, Legal Description and Project Area Boundary*.

Lincoln Square Community Area

The Project Area lies within the western edge of the Lincoln Square Community Area. The Lincoln Square Community Area extends from the Chicago River on the west to Ravenswood Avenue on the east, and from Montrose Avenue on the south to Bryn Mawr and Peterson Avenues on the north.

Historical Context

Lincoln Square is made up of five separate early settlements; Bowmanville, Summerdale, Winnemac, Budlong Woods, and a portion of Ravenswood. Non-indigenous settlement of the Lincoln Square community began in the 1850s when farmers moved into the area. The Lincoln Square area was already well known at that time for the Budlong Pickle Factory, which supplied most of Chicago's pickled produce. Rosehill Cemetery was established in 1859 and its expansion took up almost one-quarter of the land available in Lincoln Square for residential development.

Much of the southern portion of Lincoln Square remained farmland and prairie throughout the 1850's and 1860's until in 1868 the Ravenswood Land Company was formed. Starting with 40 acres from the Sulzer family estate, the company purchased 194 acres on either side of the Chicago and North Western railroad tracks. In 1877, a sewage and water distribution facility was established in the Ravenswood section. Although only moderate population growth in the area was recorded between 1875 and 1895, development exploded once Lincoln Square was annexed into the City of Chicago in 1895. The area remained primarily German, and Swedish with some Poles and Luxembourgers in the northwestern portion. In the 1890's the horse-cars transportation system along Lawrence, Montrose, Lincoln, and Western Avenues was replaced with electric street cars. Areas west of Lincoln Square began to develop following the opening of the Albany Park branch of the elevated line in 1907 and the community's population jumped from 12,1269 in 1910 to 27,900 in 1920. Large apartment buildings, brick bungalows and two and three flat building were constructed west of Lincoln Avenue. High end single family homes were constructed along the Chicago River.

Concurrent with the explosion of residential development in the area, industrial and business sectors of the community also experienced growth. The establishment of a Chicago and North West railroad station near the intersection of Wilson and Ravenswood spurred the replacement of the original mixture of fine homes, offices and shops along Ravenswood Avenue with stores and eventually small manufacturing and assembly uses.

The area population remained fairly stable between 1930 and 1960 with Germans, Russians, Swedes, and Poles the dominant ethnic groups. The area reached its historical peak of 50,000 during this time. During the 1970's, a large population influx of Greek immigrants moved in to the area, displaced from their neighborhoods west of the Loop by the expansion of the University of Illinois at Chicago campus. During this time, one-fifth of the population in the area (mostly of German descent) exited the area to be replaced with Hispanic, Asian (mostly Korean), and people of other racial and ethnic origin. Today Lincoln Square is among the most diverse Chicago community areas.

With the increase of foreign born renter population in the area, concerns regarding the housing stock quality have arisen. Gentrification progressed in the area augmented by the establishment of the Lincoln Avenue pedestrian mall, and the \$1.65 million project to upgrade and beautify the Ravenswood Industrial Corridor.

Geographic Context

Western Avenue (one block east of the Project Area) currently serves as the "main street" of the Lincoln Square community. Lincoln Avenue roughly divides the eastern and western sections. Foster, Lawrence, and Montrose Avenues are major commercial streets that link the east and west sides of Lincoln Square. These commercial corridors provide a complete range of retail, commercial, service and institutional uses to area residents and visitors. It is critical that the Project Area be redeveloped in a way that successfully blends with adjacent properties and presents an aesthetically strong entrance to the community.

The Project Area is conveniently located less than 9 miles from the Loop with close proximity to the Union Pacific (formerly Chicago North West) commuter rail line, the Chicago Transit Authority elevated line, and multiple bus routes.

The Project Area includes a number of other physical assets:

- Convenient access to and from Lake Shore Drive via Foster Avenue;
- Excellent public transportation options include Chicago Transit Authority ("CTA") Brown Line Elevated stations, express bus routes to/from downtown Chicago, as well multiple bus routes running east/west along Foster, Montrose, and Lawrence Avenues and north/south routes running along Western and Lincoln Avenues. All of these bus routes have stops within one or two blocks of the Project Area. The nearest CTA elevated line stop is the Brown Line stop at Western Avenue which is about one mile east of the Project Area and accessible via bus routes 11 (Lincoln Avenue), 49 (Western Avenue) or 49B (North Western) and 92 (Foster Avenue).
- The Project Area is well served by the Union Pacific commuter rail line with the Ravenswood Station located just south of the intersection of Lawrence and Ravenswood Avenue just under two miles from the Project Area.
- The North Shore Channel is just 2 blocks to the west of the Project Area. Along the Channel are located Legion Park, River Park, and East and West River Parks, developed with amenities such as walkways, running paths, playgrounds and picnic facilities, tennis and volleyball courts, baseball diamonds, basketball courts, soccer fields, outdoor pool and water playgrounds, gymnasium, and a boat launch.
- Other nearby assets include North Park Village Nature Preserve, Northeastern Illinois University and North Park University.

Despite these assets and other nearby strengths, the Project Area as a whole has not been subject to growth and development through investment exclusively by the private sector. The Project Area is characterized by the presence of aging and obsolescent buildings and site conditions, overcrowding, inadequate utilities, and a general lack of community planning.

Evidence of this lack of growth and development is detailed in Section VI and summarized below.

- The presence of 5 eligibility factors: obsolescence, excessive land coverage and overcrowding of structures, inadequate utilities, lack of community planning, and declining EAV.
- The presence of two additional contributing factors that, while limited in extent or distribution, are evidence of deferred maintenance and lack of investment: structures below code and deterioration.
- The Project Area is predominated by obsolete buildings and facilities especially within the Swedish Covenant Hospital campus where separate buildings of various ages have been "linked" but present a haphazard pattern of development and detrimental delivery of services.
- The Project Area contains many large apartment buildings that have inadequate parking, and are located very close together. Many of the multi-unit or mixed use residential buildings cover most or all of the parcel(s) upon which they are situated and do not offer adequate front, rear and side yard setbacks.
- The EAV of the Project Area has declined in the last three years.
- Between September 2008 and October 2013, 17 building permits were issued in the Project Area. Of these 17 permits, all but one were issued to Swedish Covenant Hospital. The remaining permit was for electric wiring at a church building.

These declining physical and economic conditions threaten to impede growth and development through private investment. Without the intervention of the City and the adoption of Tax Increment Financing and this Redevelopment Plan, the Project Area would not reasonably be expected to be improved in a comprehensive manner.

B. Tax Increment Financing

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

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

redevelopment project; or (e) any other taxes or anticipated receipts that the City may lawfully pledge.

Tax increment financing does not generate tax revenues. This financing mechanism allows the City to capture, for a certain number of years, the new tax revenues produced by the enhanced valuation of properties resulting from the City's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. This revenue is then reinvested in the area through rehabilitation, developer subsidies, public improvements and other eligible redevelopment activities. Under TIF, all taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

C. The Redevelopment Plan for the Foster and California Tax Increment Financing Redevelopment Project Area

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

JRG has prepared the Redevelopment Plan and the related Eligibility Report with the understanding that the City would rely on (i) the findings and conclusions of the Redevelopment Plan and the related Eligibility Report in proceeding with the designation of the Project Area as a Redevelopment Project Area under the Act and adoption of the Redevelopment Plan, and (ii) the fact that JRG has obtained the necessary information so that the Redevelopment Plan and the related Eligibility Report will comply with the Act.

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

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

Redevelopment of the Project Area will constitute a complex endeavor. The success of this redevelopment effort will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for redevelopment of the Project Area. By means of public investment, the Project Area can become a stable environment that will attract new private investment. Public investment will set the stage for redevelopment by the private sector. Through

this Redevelopment Plan, the City will provide a basis for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

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

This Redevelopment Plan specifically describes the Project Area and summarizes the criteria that qualify the Project Area as a "**conservation area**" as defined in the Act.

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

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

- Elimination of problem conditions in the Project Area;
- Increased opportunities for access to quality health care for underserved population living within and adjacent to the Project Area;
- Alleviate overcrowding and inefficiencies of the current structure to enhance better patient care and distribution of services; and
- Improvement of parking facilities to adequately serve the Project Area's uses.

II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

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

The area is generally bounded by Francisco Street on the west, Carmen Avenue on the south; the north-south alley west of Lincoln Avenue on the east and Farragut Avenue on the north. The area includes the majority of the Swedish Covenant Hospital campus at Foster and California as well as the Foster Avenue frontage from California Avenue to nearly Lincoln Avenue.

The legal description of the Project Area is provided as follows:

THAT PART OF SECTION 12, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTH RIGHT OF WAY LINE OF FOSTER AVENUE AND THE WEST RIGHT OF WAY LINE OF FRANCISCO AVENUE:

THENCE EAST ALONG SAID NORTH RIGHT OF WAY LINE OF FOSTER AVENUE TO THE SOUTHWEST CORNER OF LOT 608 IN WILLIAM H. BRITIGAN'S BUDLONG WOODS GOLF CLUB ADDITION #2, BEING A SUBDIVISION OF PART OF THE NW ¼ OF SECTION 12 AFORESAID;

THENCE NORTH ALONG THE WEST LINE OF LOT 608 AND ITS NORTHERLY EXTENSION TO THE NORTH LINE OF A PUBLIC ALLEY;

THENCE EAST ALONG THE NORTH LINE OF THE PUBLIC ALLEY TO THE SOUTHEAST CORNER OF LOT 588 IN WILLIAM H. BRITIGAN'S BUDLONG WOODS GOLF CLUB ADDITION #2;

THENCE NORTH ALONG THE EAST LINE OF LOT 588 AND ITS NORTHERLY EXTENSION TO THE NORTH RIGHT OF WAY LINE OF FARRAGUT AVENUE;

THENCE EAST ALONG THE NORTH RIGHT OF WAY LINE OF FARRAGUT AVENUE TO THE EAST RIGHT OF WAY LINE OF CALIFORNIA AVENUE;

THENCE SOUTH ALONG THE EAST RIGHT OF WAY LINE OF CALIFORNIA AVENUE TO THE NORTH RIGHT OF WAY LINE OF FOSTER AVENUE;

THENCE EAST ALONG THE NORTH RIGHT OF WAY LINE OF FOSTER AVENUE TO THE SOUTHEAST CORNER OF LOT 271 IN WILLIAM H. BRITIGAN'S BUDLONG WOODS GOLF CLUB ADDITION, BEING A SUBDIVISION IN THE NE ¼ OF SECTION 12 AFORESAID;

THENCE NORTH ALONG THE EAST LINE OF LOT 271 AND ITS NORTHERLY EXTENSION TO THE INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTH LINE OF A PUBLIC ALLEY BEING THE FIRST PUBLIC ALLEY LYING NORTH OF FOSTER AVENUE;

THENCE EAST ALONG THE NORTHERLY LINE OF THE PUBLIC ALLEY TO THE SOUTHEAST CORNER OF LOT 251 IN WILLIAM H. BRITIGAN'S BUDLONG WOODS GOLF CLUB ADDITION;

THENCE NORTH ALONG THE EAST LINE OF LOT 251 AND ITS NORTHERLY EXTENSION TO THE NORTH RIGHT OF WAY LINE OF FARRAGUT AVENUE;

THENCE EAST ALONG THE NORTH RIGHT OF WAY LINE OF FARRAGUT AVENUE TO THE EAST RIGHT OF WAY LINE OF WASHTENAW AVENUE;

THENCE SOUTH ALONG THE EAST RIGHT OF WAY LINE OF WASHTENAW AVENUE TO THE SOUTHWEST CORNER OF LOT 246 IN WILLIAM H. BRITIGAN'S BUDLONG WOODS GOLF CLUB ADDITION, BEING THE NORTH LINE OF A PUBLIC ALLEY;

THENCE EAST ALONG THE NORTH LINE OF THE PUBLIC ALLEY TO THE WEST RIGHT OF WAY LINE OF ROCKWELL STREET;

THENCE CONTINUING EAST TO THE EAST LINE OF ROCKWELL STREET AND THE NORTH LINE OF A PUBLIC ALLEY BEING THE SOUTHWEST CORNER OF LOT 69 IN OLIVER L. SALINGER AND COMPANY'S LINCOLN AVENUE SUBDIVISION IN THE NE ¼ OF SECTION 12 AFORESAID;

THENCE EAST ALONG THE NORTH LINE OF THE PUBLIC ALLEY TO THE SOUTHEAST CORNER OF LOT 76 IN OLIVER L. SALINGER AND COMPANY'S LINCOLN AVENUE SUBDIVISION, BEING THE WESTERLY LINE OF A PUBLIC ALLEY;

THENCE SOUTHERLY ALONG THE WESTERLY LINE OF THE PUBLIC ALLEY TO THE NORTH RIGHT OF WAY LINE OF FOSTER AVENUE;

THENCE SOUTHERLY TO THE INTERSECTION OF THE SOUTH RIGHT OF WAY LINE OF FOSTER AVENUE AND THE EAST LINE OF LOT 14 IN ANTON CONRAD'S SUBDIVISION, BEING IN THE SE ¼ OF SECTION 12 AFORESAID;

THENCE SOUTHERLY ALONG THE EAST LINE OF LOT 14 TO THE SOUTHEAST CORNER OF SAID LOT 14;

THENCE WEST ALONG THE SOUTH LINE OF LOT 14 AND ITS WESTERLY EXTENSION TO THE SOUTHWEST CORNER OF LOT 1 IN ANTON CONRAD'S SUBDIVISION;

THENCE SOUTH TO THE NORTHEAST CORNER OF LOT 8 IN GEORGE KLIER'S RESUBDIVISION IN THE W ½ OF THE SE ¼ OF SECTION 12 AFORESAID;

THENCE WEST ALONG THE NORTH LINE OF LOT 8 IN GEORGE KLIER'S RESUBDIVISION AND ITS WESTERLY EXTENSION TO THE NORTHWEST CORNER OF LOT 5 IN WIDMER'S SUBDIVISION, BEING IN THE SE ¼ OF SECTION 12 AFORESAID;

THENCE SOUTH ALONG THE WEST LINE OF LOT 5 AND ITS SOUTHERLY EXTENSION TO THE SOUTH RIGHT OF WAY LINE OF WINONA STREET;

THENCE WEST ALONG THE SOUTH RIGHT OF WAY LINE OF WINONA STREET TO THE NORTHWEST CORNER OF LOT 20 IN PART OF THE TOWN OF BOWMANVILLE, BEING A SUBDIVISION IN THE SE ¼ OF SECTION 12 AFORESAID;

THENCE SOUTH ALONG THE WEST LINE OF LOT 20 AND ITS SOUTHERLY EXTENSION TO THE SOUTH RIGHT OF WAY LINE OF CARMEN AVENUE;

THENCE WEST ALONG THE SOUTH RIGHT OF WAY LINE OF CARMEN AVENUE TO THE EAST RIGHT OF WAY LINE OF CALIFORNIA AVENUE;

THENCE SOUTH ALONG THE EAST RIGHT OF WAY LINE OF CALIFORNIA AVENUE TO THE INTERSECTION WITH THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 2 IN CHARLES F. HENRY'S RAVENSWOOD PARK SUBDIVISION, BEING IN THE SW ¼ OF SECTION 12 AFORESAID;

THENCE WEST ALONG THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 2 TO THE WEST LINE OF A PUBLIC ALLEY LYING WESTERLY OF SAID LOT 2;

THENCE NORTH ALONG THE WEST LINE OF THE PUBLIC ALLEY TO THE SOUTHEAST CORNER OF LOT 19 IN CHARLES F. HENRY'S RAVENSWOOD PARK SUBDIVISION;

THENCE WEST ALONG THE SOUTH LINE OF LOT 19 AND ITS WESTERLY EXTENSION TO THE WEST RIGHT OF WAY LINE OF MOZART STREET;

THENCE NORTH ALONG THE WEST RIGHT OF WAY LINE OF MOZART STREET TO THE SOUTH RIGHT OF WAY LINE OF CARMEN AVENUE;

THENCE WEST ALONG THE SOUTH RIGHT OF WAY LINE OF CARMEN AVENUE TO THE WEST RIGHT OF WAY LINE OF FRANCISCO AVENUE;

THENCE NORTH ALONG THE WEST RIGHT OF WAY LINE OF FRANCISCO AVENUE TO THE NORTH RIGHT OF WAY LINE OF FOSTER AVENUE, SAID POINT BEING THE POINT OF BEGINNING.

III. ELIGIBILITY CONDITIONS

The results summarized in this section are more fully described in a separate report that presents the definition, application and extent of the conservation area factors in the Project Area. The report, prepared by JRG is entitled "Foster and California Tax Increment Financing Eligibility Report," (the "Eligibility Report") and is attached as **EXHIBIT II** to this Redevelopment Plan.

A. Summary of Project Area Eligibility

Based upon surveys, inspections and analyses of the Project Area, the Project Area qualifies under the applicable criteria as a conservation area within the requirements of the Act.

Project Area

The Project Area meets the required age condition for a conservation area which requires that 50% or more of the buildings must be 35 years of age or older. The Project Area is characterized by the presence of a combination of three or more of the factors listed in the Act, rendering the Project Area detrimental to the public safety, health and welfare of the citizens of the City and if left unchecked, may allow the Project Area to become a blighted area. Specifically,

- Of the 51 buildings in the Project Area, 43, or 84%, are 35 years of age or older.
- Of the 13 factors set forth in the Act, five (5) factors are found to be present to a meaningful extent and reasonably distributed throughout the Project Area. These factors include: obsolescence; excessive land coverage/overcrowding; inadequate utilities; declining or lagging EAV and lack of community planning. Only three (3) factors are required for eligibility as a conservation area.

As a whole, the Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

B. Surveys and Analyses Conducted

The conditions documented in the Project Area are based upon surveys and analyses conducted by JRG. The surveys and analyses conducted for the Project Area include:

1. Exterior survey of the condition and use of all buildings and sites;
2. Interior survey of the condition and use of all buildings in the Project Area;
3. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences, and general property maintenance;
4. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
5. Comparison of current land use to current zoning ordinance and the current zoning map;
6. Analysis of original platting and current parcel size and layout;
7. Analysis of vacant buildings;
8. Analysis of building floor area and site coverage;
9. Review of previously prepared plans, studies and data;
10. Analysis of City of Chicago building permit data and building code violation data for the period from September 2008 through October 2013;

11. Analysis of storm, sanitary sewer lines and water supply lines within the Project Area via existing infrastructure maps provided by the City of Chicago's Department of Water Management;
12. Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area for assessment years 2006 to 2012; and
13. Review of Cook County Treasurer records for collection years 2011, 2012 and 2013.

IV. REDEVELOPMENT GOALS AND OBJECTIVES

Comprehensive and coordinated investment in new public and private improvements and facilities is essential for the successful redevelopment of the Project Area and the elimination of conditions that have impeded redevelopment of the Project Area in the past. Redevelopment of the Project Area will benefit the City through improvements in the physical environment, an increased tax base, and additional employment opportunities.

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

A. General Goals

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

1. An environment that will foster an improved quality of life and contribute more positively to the health, safety and general welfare of the Project Area and the surrounding community.
2. Elimination of the factors that qualified the Project Area as a conservation area.
3. Encourage the cohesive development of a sustainable Swedish Covenant Hospital campus that complements and strengthens the neighboring residential and commercial properties.
4. Modernization, improvement and/or expansion of Swedish Covenant Hospital facilities to ensure the provision of high quality and comprehensive medical care to a diverse population, socially, economically, and culturally.
5. Expanding access to high quality healthcare through the removal of physical, economic and educational barriers.
6. Encourage the maintenance and improvement of Foster Avenue residential properties to ensure a stable and high quality neighborhood.
7. Ensure the safe and adequate public infrastructure to support the needs of the residents, institutions, organizations, and businesses within the Project Area.
8. Provide opportunities for women-owned, minority-owned, and locally-owned businesses to share in the construction and permanent job opportunities associated with the redevelopment activities within the Project Area.

B. Redevelopment Objectives

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

1. Promote the physical and functional enhancement of the Swedish Covenant Hospital campus as a center for employment as well as a critical medical care provider for the Chicago area and the local neighborhoods.
2. Facilitate and encourage the maintenance of sound residential properties, and encourage a mix of for sale and/or rental units at market rate and affordable prices.
3. Encourage visually attractive buildings, rights-of-way, and site development that reinforce an urban design framework.

4. Improve the availability, access to, and visual appearance of off-street parking to be consistent with modern, urban standards for institutional and residential development.
5. Upgrade public utilities, infrastructure and streets, including lighting, streetscape and beautification that reinforces area identity, enhances safety and encourages pedestrian activity, as appropriate.
6. Create new job opportunities for City residents utilizing the most current hiring programs and appropriate job training programs.
7. Provide opportunities for women-owned, minority-owned and local businesses and local residents to share in the redevelopment of the Project Area.
8. Encourage improvements in accessibility for people with disabilities.
9. Provide daycare assistance as necessary to support the employees of Swedish Covenant Hospital.

V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by other public and private entities on behalf of the City in furtherance of this Redevelopment Plan. The Redevelopment Project, as outlined in this section conforms to the plans and policies in place within the Project Area including: A Plan for Economic Growth and Jobs (February 2012), Planned Development Number 92, and the Chicago Zoning Ordinance.

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

A. Land Use Plan

The proposed land uses within the Project Area reflect the objectives of the Redevelopment Plan, which are intended to support the retention and renovation of Swedish Covenant Hospital facilities and support the maintenance and improvement of the neighboring residential uses surrounding the hospital. The Land Use Plan is intended to direct TIF eligible expenditures and does not affect the zoning currently in place within the Project Area. The land uses proposed for the Project Area are described below and illustrated in Redevelopment Plan Figure 2. Land Use Plan.

Planned Development (Residential-Institutional)

The largest portion of the Project Area, currently occupied by the Swedish Covenant Hospital is designated as Institutional consistent with the underlying zoning designation as Planned Development No. 92. Uses include hospital and related uses, health and fitness facilities, medical and administrative offices, assisted living residences, day care facilities and parking and accessory uses. Improvements and redevelopment activity should be designed with good vehicular accessibility, parking and visibility.

Institutional developments should be compatible with adjacent residential uses and be consistent with the City Zoning Ordinance. Underutilized, functionally obsolete and/or severely deteriorated properties should be considered for high quality new development. New developments should be pedestrian oriented and accommodate a mix of uses that serve and support employees, businesses and residents within the larger community. Off-street parking should be maximized to complement the Project Area's uses.

All development should comply with the Redevelopment Plan objectives set forth in Section IV, the Chicago Zoning Ordinance and applicable Planned Development for the Project Area ("PD 92"), and all other relevant City ordinances and development guidelines.

B. Redevelopment Goals and Objectives

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

The Development and Design Objectives are intended to enhance and attract desirable uses such as new commercial development or new mixed use development; foster developments consistent and coordinated with other nearby uses; and revitalize the overall identity of the Project Area.

a) Land Use

- Strengthen the physical and functional improvement of the Swedish Covenant Hospital campus to ensure its continued presence as an important community hospital and major employment center.
- Encourage commercial or medical office development to provide the complementary goods and services to sustain a thriving and vibrant medical campus.
- Support the maintenance and improvement of sound residential uses on Foster Avenue.

b) Building and Site Development

- Maintain the City's traditional neighborhood design that is characterized by a grid pattern of streets, buildings oriented toward the street, and a human scale that is attractive and inviting to pedestrians.
- Encourage architectural styles that would be complementary with the surrounding neighborhood.
- Ensure that private development improvements to sites and streetscapes are consistent with public improvement goals and plans.
- Strive to attain a minimum of LEED Silver certification in all buildings consistent with PD 92 and the City's Green Building Agenda.

c) Transportation, Circulation and Infrastructure

- Promote improved signage to the hospital campus and other community assets.
- Upgrade and improve public utilities and infrastructure as required, including the street surface, curb and gutter conditions, street lighting, and traffic signalization.
- Ensure that provision of off-street parking meets or exceeds the minimum requirements of the City using high quality urban design standards that complement and contribute to the pedestrian environment.
- Minimize curb cuts for ingress and egress to buildings or parking lots to reduce disruption of pedestrian flow.

d) Urban Design, Landscaping, and Open Space

- Ensure that any open spaces are designed, landscaped and lit to achieve a high level of public safety and security.
- Provide new pedestrian-scale lighting where appropriate.
- Encourage streetscape features within the Project Area including parkway trees.
- Promote high quality and harmonious architectural, landscape and streetscape design that contributes to and complements the surrounding neighborhoods.
- Ensure that all landscaping and design materials comply with the City's Landscape Ordinance or applicable Planned Development and reflect the character of the neighborhood.

C. Redevelopment Improvements and Activities

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

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

Developers who receive TIF assistance for market-rate housing are required to set aside 20 percent of the units as affordable units. Per the City Affordable Housing Ordinance, for-sale housing must be affordable to households earning no more than 100 percent of the area median income, as defined by the **US Department of Housing and Urban Development** ("HUD"). Rental units must be affordable to households earning no more than 60 percent of the area median income.

1. Property Assembly

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

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

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

2. Relocation

Relocation assistance may be provided to facilitate redevelopment of portions of the Project Area and to meet other City objectives. Business or households legally occupying properties that may be acquired by the City subsequent to this Redevelopment Plan may be provided with relocation advisory and financial assistance as determined by the City.

3. Provision of Public Works or Improvements

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

a) Streets and Utilities

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

b) Parking and Transportation

Improvements to existing or construction of new public infrastructure and transportation enhancements including bus shelters, directional signage and other transportation improvements, off-street parking sites and/or facilities and on-street parking improvements to ensure coordinated vehicular movement and access.

4. Rehabilitation of Existing Buildings

The City will encourage the rehabilitation of public and private buildings that are basically sound and/or historically or architecturally significant. This includes properties individually designated as Chicago Landmarks, contributing properties to Chicago Landmark Districts, properties individually listed to the National Register of Historic Places, contributing properties to National Register of Historic Places-listed historic districts, and properties identified as either "orange" or "red" in the Chicago Historic Resources Survey. Currently, one building, the Budlong public elementary school at 2701 W Foster Avenue is identified as an orange building.

5. Job Training and Related Educational Programs

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

6. Day Care Services

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

7. Taxing Districts Capital Costs

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

8. Interest Subsidies

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

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

9. Affordable Housing

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

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

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

D. Redevelopment Project Costs

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

1. Eligible Redevelopment Project Costs

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

- a) Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;

- b) The cost of marketing sites within the Project Area to prospective businesses, developers and investors;
- c) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- d) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;
- e) Costs of the construction of public works or improvements including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
- f) Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the Project Area and such proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the Project Area and surrounding community;
- g) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
- h) To the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;
- i) Relocation costs to the extent that a City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act (see Section V.C.2 above);
- j) Payment in lieu of taxes, as defined in the Act;
- k) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs: (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Project Area; and (ii) 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, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;

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

located in the Project Area. For the purposes of this paragraph, "**low-income families**" means families whose annual income does not exceed 80 percent of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

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

2. Estimated Redevelopment Project Costs

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in **Table 1. Estimated Redevelopment Project Costs**. All estimates are based on 2013 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Redevelopment Plan at the City's discretion.

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

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

Table 1. Estimated Redevelopment Project Costs

ELIGIBLE EXPENSE	ESTIMATED COST
Analysis, Administration, Studies, Surveys, Legal, Marketing etc.	\$500,000
Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	\$1,200,000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation costs	\$5,000,000
Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) ^[1]	\$2,000,000
Relocation Costs	\$200,000
Job Training, Retraining, Welfare-to-Work	\$500,000
Day Care Services	\$400,000
Interest Subsidy	\$500,000
TOTAL REDEVELOPMENT COSTS^{[2] [3] [4]}	\$10,300,000

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

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

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

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

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

E. Sources of Funds to Pay Redevelopment Project Costs

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

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

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

F. Issuance of Obligations

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

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment

to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., December 31, 2038, assuming City Council approval of the Project Area and Redevelopment Plan in 2014). Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on parity or subordinated basis.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled retirement of obligations, mandatory or optional redemptions, establishment of debt service reserves and bond sinking funds. To the extent that Incremental Property Taxes are not needed for these purposes, and are not otherwise required, pledged, earmarked or otherwise designated for the payment of Redevelopment Project Costs, any excess Incremental Property Taxes shall then become available for distribution annually to taxing districts having jurisdiction over the Project Area in the manner provided by the Act.

G. Valuation of the Project Area

1. Most Recent EAV of Properties in the Project Area

The purpose of identifying the most recent EAV of the Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The 2012 EAV of all taxable parcels in the Project Area is approximately \$15,135,893. This total EAV amount by PIN is summarized in **Exhibit I. 2012 EAV by PIN**. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by Cook County.

2. Anticipated Equalized Assessed Valuation

By the tax year 2037 (collection year 2038) and following the substantial completion of the Redevelopment Project, the EAV of the Project Area is estimated at approximately \$26,350,000. The estimate is based on several assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2) approximately 35,000 square feet of new commercial space will be constructed in the Project Area; 3) an estimated annual inflation rate in EAV of 2.5 percent through 2035, realized in triennial reassessment years only (6.12 percent per triennial reassessment period); and 5) the most recent state equalization factor of 2.8056 (2012 value) is used in all years to calculate estimated EAV.

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

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

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

- Swedish Covenant Hospital is located in an area designated by The U.S. Dept. of Health and Human Services as a Healthcare Professional Shortage Area (HPSA) and service area designated as a Medically Underserved Area/Population (MUA/P)
- The presence of 5 eligibility factors: obsolescence, excessive land coverage and overcrowding of structures, inadequate utilities, lack of community planning, and declining EAV.
- The presence of contributing factors that, while limited in extent or distribution, are evidence of deferred maintenance and lack of investment: structures below code and deterioration.
- The Project Area is characterized by obsolete buildings and facilities especially within the Swedish Covenant Hospital campus where separate buildings of various ages have been "linked" but present a haphazard pattern and delivery of services.
- The Project Area contains many large apartment buildings that have inadequate parking, and are located very close together. Many of the multi-unit or mixed use residential buildings cover most or all of the parcel(s) upon which they are situated and do not offer adequate front, rear and side yard setbacks.
- The EAV of the Project Area has declined in the last three years.

In summary, the Project Area qualifies under the Act as a conservation area on the basis that 1) it meets the age threshold; and 2) exhibits the meaningful presence and reasonable distribution of 5 of the 13 criteria listed in the Act for a conservation area. Therefore, the Project Area is eligible under the TIF Act as a redevelopment project area, with the meaningful presence and reasonable distribution of conservation area conditions that are detrimental to sound growth and threaten the health, safety, and welfare of the public.

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

VII. FINANCIAL IMPACT

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

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

The Redevelopment Project is expected to have significant short- and long-term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short-term, the City's effective use of TIF, through the encouragement of new development and redevelopment, can be expected to enhance the assessed value of existing properties in the Project Area, thereby enhancing the existing tax base for local taxing agencies. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from the enhanced tax base that results from the increase in EAV caused by the Redevelopment Projects.

VIII. DEMAND ON TAXING DISTRICT SERVICES

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

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

Cook County Forest Preserve District. The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public. There are no Forest Preserve District facilities located within the boundaries of the Project Area.

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

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

City of Chicago Library Fund. General responsibilities of the Library Fund include the provision, maintenance and operation of the City's library facilities. There are no public library facilities within the Project Area.

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

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operation of educational facilities and the provision of educational services for kindergarten through twelfth grade. Budlong Elementary School is located in the Project Area.

School facilities located outside the Project Area but located within approximately ¼ mile of the Project Area are indicated in **Redevelopment Plan Figure 3. Community Facilities.**

Chicago Park District and Chicago Park District Aquarium & Museum Bonds. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. There are no public parks in the Project Area, but there are several park facilities located within approximately ¼ mile of the Project Area as indicated in **Redevelopment Plan Figure 3. Community Facilities.**

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

All public facilities located within the Project Area as well as those facilities located within ¼ mile of the Project Area are identified in **Redevelopment Plan Figure 3. Community Facilities.**

In 1994, the Act was amended to require an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Redevelopment Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the 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.

A. Impact of the Redevelopment Project

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

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

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

Board of Education. The replacement or rehabilitation of underutilized properties with significant new residential development is not anticipated as part of this Redevelopment Plan. As a result it is not likely that there will be an increase in the demand for services and programs provided by the Board of Education.

Chicago Park District. The replacement or rehabilitation of underutilized properties with institutional, commercial, and other development may increase the demand for services, programs and capital improvements provided by the Chicago Park District near to the Project Area.

City of Chicago Library Fund. The replacement or rehabilitation of underutilized properties with institutional or commercial development is not likely to increase the demand for services, programs and capital improvements provided by the City of Chicago Library Fund.

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

The following activities represent the City's program to address increased demand for services or capital improvements provided by the impacted taxing districts.

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

- City of Chicago. It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special programs are proposed for the City.
- Board of Education. It is not likely that there will be an increase in the demand for services and programs provided by the Board of Education.

It is not anticipated that new development within the Project Area will exceed the current facilities provided by the Board of Education. The City and the Board of Education will monitor development in the Project Area to ensure that residents are adequately served and any increased demand for services and capital improvements provided by the Board of Education are addressed.

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

The City's program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Project occurring as anticipated in this Redevelopment Plan, (ii) the Redevelopment Project resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs; and (iii) the generation of sufficient Incremental Property Taxes to pay for the Redevelopment Project Costs (identified in **Table 1. Estimated Redevelopment Project Costs**). In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise its program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

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

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

X. PHASING AND SCHEDULING

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

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

The estimated date for completion of Redevelopment Projects is no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., December 31, 2038, assuming City Council approval of the Project Area and Redevelopment Plan in 2014).

XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN

This Redevelopment Plan may be amended pursuant to the Act.

XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN

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

- A) The assurance of equal opportunity in all personnel and employment actions, with respect to the Redevelopment Project, including, but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, or housing status.
- B) Redevelopers must meet the City's standards for participation of 24 percent Minority Business Enterprises and 4 percent Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.
- C) This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
- D) Redevelopers will meet City standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

XIII. HOUSING IMPACT

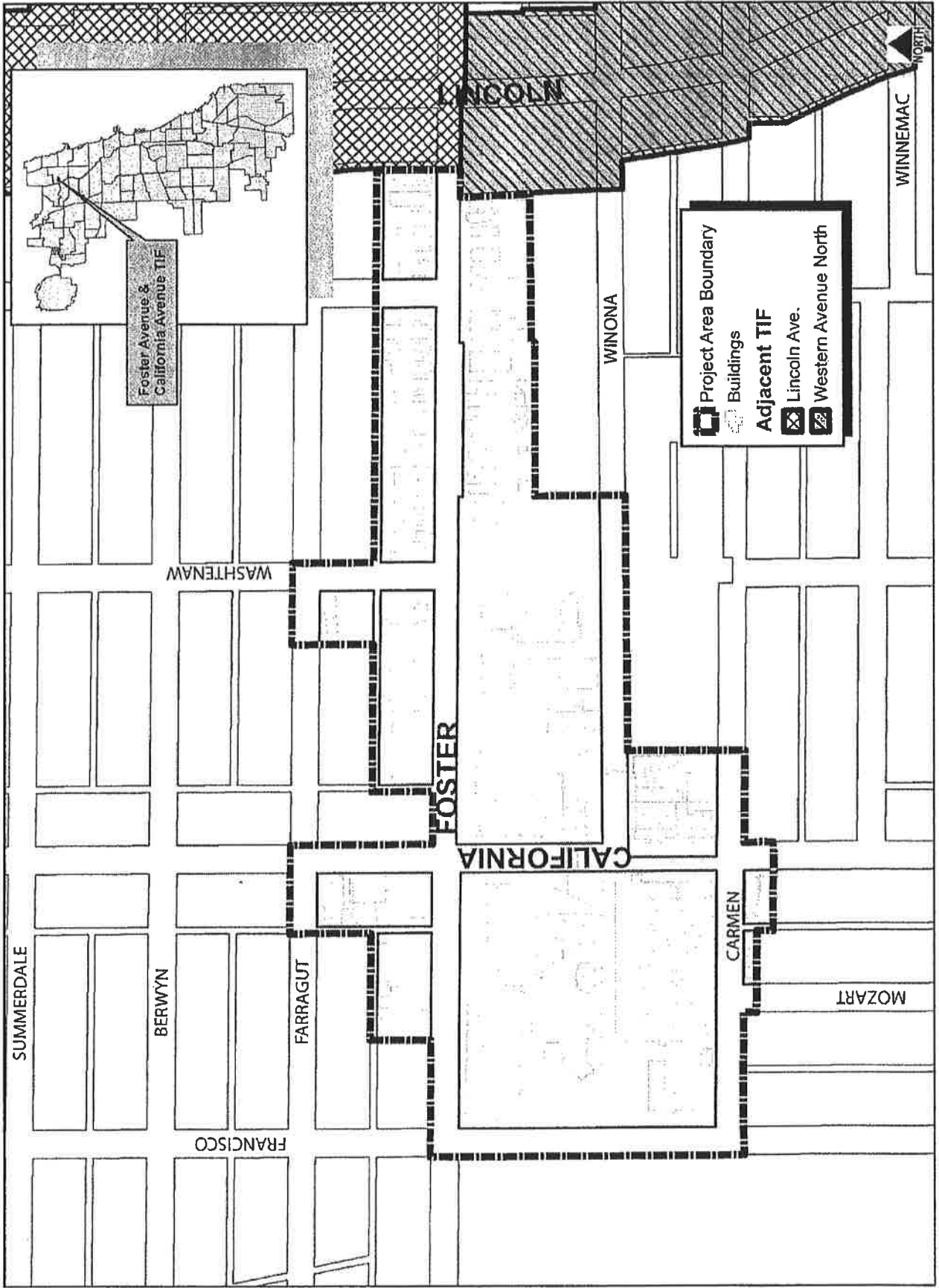
As set forth in the Act, if the redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and the City is unable to certify that displacement of residents from 10 or more inhabited residential units will not result from the Redevelopment Plan, the City must prepare a housing impact study and incorporate the study in the redevelopment project and plan.

The Project Area contains 197 residential units, 196 of which are currently occupied. JRG conducted a housing assessment to determine the potential for displacement of occupied residents. Presented below are the three steps used to assess the number and location of inhabited residential units that may be removed or impacted through implementation of this Redevelopment Plan.

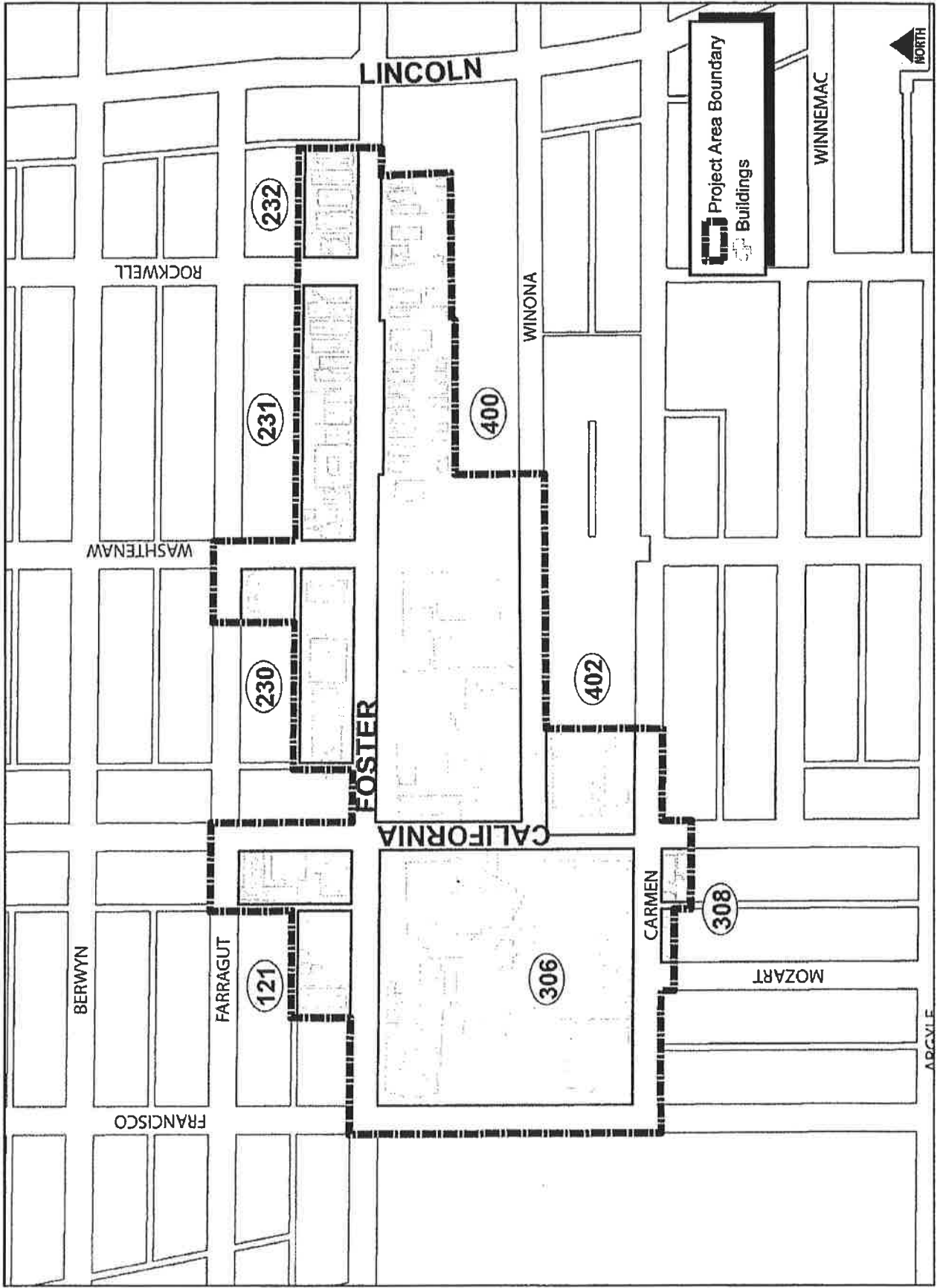
- 1) **Properties identified for acquisition.** An acquisition plan has not been prepared as part of the Redevelopment Project Area. Therefore, there are zero occupied housing units that may be impacted due to acquisition.
- 2) **Dilapidation.** No dilapidated structures were identified in the Eligibility Study. Therefore, there are zero occupied housing units that may be impacted due to dilapidation.
- 3) **Changes in land use.** The Land Use Plan, presented in Section V of the Redevelopment Plan identifies the future land uses to be in effect upon adoption of the Redevelopment Plan. When compared to the existing land uses identified, one single family home may be subject to change as a result of proposed future land uses identified under the Redevelopment Plan. The occupied unit is currently owned by Swedish Covenant Hospital and intended for future hospital use but rented by an employee of the hospital in the interim. If public or private redevelopment occurs in accordance with land use changes proposed by the Redevelopment Plan, displacement of this single inhabited unit may result.

The City has no plans to displace any occupied residential units. However, based on the methodology used above, it is possible that a total of one inhabited unit that may be displaced over the 23-year life of the TIF at the discretion of Swedish Covenant Hospital.

Based on the assessment above, the City certifies that displacement of residents from 10 or more inhabited residential units will not occur as a result of the Redevelopment Plan. Therefore, a full housing impact study has not been undertaken as part of this Redevelopment Plan..



Redevelopment Plan Figure 1. Community Context Map
 FOSTER & CALIFORNIA TIF



**Redevelopment Plan Figure 2. Project Area Boundary
FOSTER & CALIFORNIA TIF**

Prepared by JRG Inc
November 2013



Prepared by JRG Inc
November 2013

Redevelopment Plan Figure 3. Land Use Plan
FOSTER & CALIFORNIA TIF



Redevelopment Plan Figure 4. Community Facilities
FOSTER & CALIFORNIA TIF

EXHIBIT I: 2012 EAV by PIN

EXHIBIT I. 2012 EAV by PIN

	PIN	2012 EAV		PIN	2012 EAV
1.	13-12-121-024-0000	13,397	51.	13-12-231-059-1008	17,041
2.	13-12-121-025-0000	13,394	52.	13-12-231-059-1009	17,041
3.	13-12-121-026-0000	13,394	53.	13-12-231-059-1010	21,665
4.	13-12-121-027-0000	13,380	54.	13-12-231-059-1011	25,671
5.	13-12-121-028-0000	13,394	55.	13-12-231-059-1012	24,858
6.	13-12-121-034-0000	-	56.	13-12-231-059-1013	17,858
7.	13-12-121-035-0000	-	57.	13-12-231-059-1014	24,858
8.	13-12-121-036-0000	-	58.	13-12-231-059-1015	15,408
9.	13-12-121-037-0000	-	59.	13-12-231-059-1016	2,374
10.	13-12-121-038-0000	-	60.	13-12-231-059-1017	2,374
11.	13-12-121-039-0000	-	61.	13-12-231-059-1018	2,374
12.	13-12-121-055-0000	541,399	62.	13-12-231-059-1019	2,374
13.	13-12-121-056-0000	-	63.	13-12-231-059-1020	2,374
14.	13-12-121-057-0000	-	64.	13-12-231-059-1021	1,899
15.	13-12-230-038-0000	-	65.	13-12-231-059-1022	2,374
16.	13-12-230-059-0000	-	66.	13-12-231-059-1023	2,374
17.	13-12-230-060-0000	-	67.	13-12-231-059-1024	2,374
18.	13-12-230-062-0000	3,246,640	68.	13-12-231-059-1025	2,374
19.	13-12-230-063-0000	-	69.	13-12-231-059-1026	2,374
20.	13-12-231-018-0000	167,954	70.	13-12-231-059-1027	2,374
21.	13-12-231-019-0000	68,594	71.	13-12-231-059-1028	36,260
22.	13-12-231-020-0000	61,737	72.	13-12-231-059-1029	23,225
23.	13-12-231-021-0000	61,737	73.	13-12-231-059-1030	12,041
24.	13-12-231-026-0000	-	74.	13-12-231-059-1031	19,886
25.	13-12-231-027-0000	-	75.	13-12-231-059-1032	13,537
26.	13-12-231-028-0000	-	76.	13-12-231-059-1033	13,537
27.	13-12-231-029-0000	-	77.	13-12-231-059-1034	17,041
28.	13-12-231-030-0000	-	78.	13-12-231-059-1035	17,858
29.	13-12-231-031-0000	-	79.	13-12-231-059-1036	24,858
30.	13-12-231-032-0000	-	80.	13-12-231-059-1037	18,671
31.	13-12-231-036-0000	45,083	81.	13-12-231-059-1038	20,537
32.	13-12-231-037-0000	45,083	82.	13-12-231-059-1039	17,041
33.	13-12-231-047-0000	134,635	83.	13-12-231-059-1040	17,854
34.	13-12-231-049-0000	105,395	84.	13-12-231-059-1041	24,858
35.	13-12-231-050-0000	98,471	85.	13-12-232-017-0000	68,370
36.	13-12-231-053-1001	28,234	86.	13-12-232-018-0000	68,922
37.	13-12-231-053-1002	46,399	87.	13-12-232-030-0000	4,208
38.	13-12-231-053-1003	41,436	88.	13-12-232-032-1001	49,864
39.	13-12-231-053-1004	48,436	89.	13-12-232-032-1002	1,302
40.	13-12-231-053-1005	1,120	90.	13-12-232-032-1003	32,890
41.	13-12-231-053-1006	41,436	91.	13-12-232-032-1004	1,302
42.	13-12-231-053-1007	2,155	92.	13-12-232-036-1001	19,359
43.	13-12-231-053-1008	2,155	93.	13-12-232-036-1002	26,005
44.	13-12-231-059-1001	9,099	94.	13-12-232-036-1003	26,005
45.	13-12-231-059-1002	11,579	95.	13-12-232-036-1004	33,005
46.	13-12-231-059-1003	16,225	96.	13-12-232-036-1005	33,005
47.	13-12-231-059-1004	16,225	97.	13-12-232-036-1006	34,110
48.	13-12-231-059-1005	16,679	98.	13-12-232-036-1007	34,110
49.	13-12-231-059-1006	17,858	99.	13-12-232-036-1008	34,110
50.	13-12-231-059-1007	17,041	100.	13-12-232-036-1009	34,110

EXHIBIT I. 2012 EAV by PIN

	PIN	2012 EAV		PIN	2012 EAV
101.	13-12-232-036-1010	34,110	151.	13-12-400-009-0000	107,328
102.	13-12-232-036-1011	26,005	152.	13-12-400-010-0000	128,611
103.	13-12-232-036-1012	33,005	153.	13-12-400-014-0000	98,510
104.	13-12-232-036-1013	33,005	154.	13-12-400-017-0000	-
105.	13-12-232-036-1014	14,042	155.	13-12-400-019-0000	113,916
106.	13-12-232-036-1015	33,005	156.	13-12-400-022-0000	-
107.	13-12-232-036-1016	27,110	157.	13-12-400-023-0000	-
108.	13-12-232-036-1017	34,110	158.	13-12-400-065-0000	104,376
109.	13-12-232-036-1018	34,110	159.	13-12-400-066-1001	44,289
110.	13-12-232-036-1019	34,110	160.	13-12-400-066-1002	32,912
111.	13-12-232-036-1020	27,110	161.	13-12-400-066-1003	44,289
112.	13-12-232-036-1021	3,311	162.	13-12-400-066-1004	51,292
113.	13-12-232-036-1022	3,311	163.	13-12-400-066-1005	44,292
114.	13-12-232-036-1023	3,311	164.	13-12-400-066-1006	51,292
115.	13-12-232-036-1024	3,311	165.	13-12-400-066-1007	51,292
116.	13-12-232-036-1025	3,311	166.	13-12-400-066-1008	51,292
117.	13-12-232-036-1026	3,311	167.	13-12-400-066-1009	39,292
118.	13-12-232-036-1027	3,311	168.	13-12-400-066-1010	44,292
119.	13-12-232-036-1028	3,311	169.	13-12-400-066-1011	44,292
120.	13-12-232-036-1029	3,311	170.	13-12-400-066-1012	51,292
121.	13-12-232-036-1030	3,311	171.	13-12-400-066-1013	51,292
122.	13-12-232-036-1031	2,110	172.	13-12-400-066-1014	44,289
123.	13-12-232-031-0000	-	173.	13-12-400-066-1015	32,912
124.	13-12-232-038-1001	41,209	174.	13-12-400-068-1001	36,097
125.	13-12-232-038-1002	41,209	175.	13-12-400-068-1002	36,097
126.	13-12-232-038-1003	41,209	176.	13-12-400-069-1001	55,556
127.	13-12-232-038-1004	34,209	177.	13-12-400-069-1002	40,622
128.	13-12-232-038-1005	29,506	178.	13-12-400-069-1003	21,128
129.	13-12-232-038-1006	26,900	179.	13-12-400-069-1004	47,622
130.	13-12-232-038-1007	26,900	180.	13-12-400-069-1005	40,622
131.	13-12-232-038-1008	26,900	181.	13-12-400-069-1006	29,027
132.	13-12-232-038-1009	26,900	182.	13-12-400-069-1007	31,094
133.	13-12-232-038-1010	26,900	183.	13-12-400-069-1008	40,622
134.	13-12-306-006-0000	-	184.	13-12-400-071-0000	78,332
135.	13-12-306-007-0000	-	185.	13-12-400-072-0000	81,260
136.	13-12-306-008-0000	1,557,290	186.	13-12-400-073-1001	19,563
137.	13-12-306-009-0000	936,896	187.	13-12-400-073-1002	9,954
138.	13-12-306-010-0000	243,748	188.	13-12-400-073-1003	9,954
139.	13-12-306-011-0000	-	189.	13-12-400-074-1001	69,899
140.	13-12-306-012-0000	3,050,408	190.	13-12-400-074-1002	69,899
141.	13-12-308-001-0000	105,224	191.	13-12-402-001-0000	-
142.	13-12-308-021-0000	23,298	192.	13-12-402-003-0000	-
143.	13-12-308-022-0000	92,560	193.	13-12-402-005-0000	-
144.	13-12-400-001-0000	-	194.	13-12-402-006-0000	-
145.	13-12-400-002-0000	-	195.	13-12-402-080-0000	-
146.	13-12-400-003-0000	-	196.	13-12-402-081-0000	-
147.	13-12-400-004-0000	157,408	197.	13-12-402-086-0000	-
148.	13-12-400-005-0000	122,815		Total EAV	15,135,893
149.	13-12-400-006-0000	122,218			
150.	13-12-400-007-0000	158,491			

Exhibit II. Foster and California Tax Increment Financing Eligibility Report

**FOSTER AND CALIFORNIA
TAX INCREMENT FINANCING
ELIGIBILITY REPORT**

City of Chicago, Illinois

November 29, 2013

City of Chicago
Rahm Emanuel, Mayor

Department of Housing and Economic Development
Andrew J. Mooney, Commissioner

Prepared by:
Johnson Research Group Inc.
343 South Dearborn Street, Suite 404
Chicago, Illinois 60604

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INTRODUCTION

The purpose of this report entitled, the *Foster and California Tax Increment Financing Eligibility Report*, (the "**Eligibility Report**") is to determine whether approximately 24.35 acres of land located on the north side of the City of Chicago (the "**City**") qualifies for designation as a redevelopment project area based on findings for a "**conservation area**," and/or a "**blighted area**" within the requirements set forth in the Tax Increment Allocation Redevelopment Act (the "**Act**"). The Act is found in Illinois Compiled Statutes, Chapter 65, Act 5, Section 11-74.4-1 *et. seq.* as amended.

The irregularly shaped area examined in this Eligibility Report is generally bounded by Francisco Street on the west, Carmen Avenue on the South; the north-south alley west of Lincoln Avenue on the east and Farragut Avenue on the north. This area is referred to in this document as the Foster and California Tax Increment Financing Redevelopment Project Area (the "**Project Area**"). The boundaries of the Project Area are shown on *Eligibility Report Figure 1, Project Area Boundary*.

The findings and conclusions presented in this report are based on surveys, documentation, and analyses conducted by Johnson Research Group ("**JRG**" or the "**Consultant**") for the Project Area. The Eligibility Report summarizes the analyses and findings of JRG's work, which is the responsibility of JRG. The City of Chicago is entitled to rely on the findings and conclusions of this Eligibility Report in designating the Project Area as a redevelopment project area under the Act. JRG has prepared this Eligibility Report and the related Redevelopment Project and Plan with the understanding that the City would rely on (i) the findings and conclusions of this Eligibility Report and the related Redevelopment Plan, and (ii) the fact that JRG has obtained the necessary information so that the Eligibility Report and related Redevelopment Plan will comply with the Act. The determination of whether the Project Area qualifies for designation as a redevelopment project area based on findings of the area as a conservation area, or a blighted area, or a combination of both, pursuant to the Act is made by the City of Chicago after careful review and consideration of the conclusions contained in this Eligibility Report.

The Project Area

The Project Area is located approximately 9 miles north of the central business district of the City of Chicago. The Project Area is located just east of the North Branch of the Chicago River and west of US Route 41/Lincoln Ave which runs northwest/southeast between Foster Avenue and Howard Street in Chicago.

The Project Area is an improved area which contains 51 buildings and 197 tax parcels within 8 full and partial tax blocks located in the Lincoln Square Community Area, with total land area of 24.35 acres.

The Project Area has two fairly distinct areas made up of residential uses on the east and institutional uses to the west. The residential area is characterized by predominantly multi-family properties interspersed with a few isolated single family buildings and a church building. East of Washtenaw, the area is exclusively institutional in use including a public elementary school and semipublic uses including the sprawling Swedish Covenant hospital and related uses as well as a few church properties. Existing land uses in the Project Area are illustrated in *Eligibility Report Figure 2, Existing Land Use*.

The Project Area as a whole is physically characterized by densely built, aging and obsolete residential, public and semipublic property on improved parcels. The Swedish Covenant Hospital Campus buildings encompassed within the Project Area range from 16 to 106 years in age with various additions and renovations over the years. The residential area developed around the hospital campus limiting hospital expansion and development opportunities and causing site constraints. The hospital campus facilities are characterized by aging, overcrowded and obsolete buildings. Multiple and disparate buildings - including individual buildings constructed at different times and linked together later - cause inefficiency and a strain on building systems. Multiple mechanical, electrical and plumbing systems are nearing or have exceeded their useful life and require significant upgrades or replacements. Overcrowding within the hospital campus results in limitations on growth and expansion and causes inadequate loading and service access.

Summary of Project Area Eligibility

For TIF designation, an improved redevelopment project area must qualify for classification as a conservation area, a blighted area, or a combination of both blighted and conservation areas as set forth in the Act. Surveys and analyses documented in this report indicate that the Project Area is eligible as a combination of conservation and blighted areas within the requirements of the Act.

The Project Area qualifies as a conservation area under the improved property criteria as set forth in the Act. Specifically,

- Eighty-four percent (84%) of the buildings are 35 years of age or older;
- Five conservation area factors are present to a meaningful extent and reasonably distributed throughout the entire Project Area. These include:
 1. Obsolescence
 2. Overcrowding/Excessive Land Coverage
 3. Inadequate Utilities
 4. Lack of Community Planning
 5. Declining or Lagging EAV
- Two additional factors: Deterioration and Structures Below Code, are present to a meaningful extent and impact the Project Area, but are limited in nature or not consistently present across the Project Area so cannot be considered "reasonably" distributed throughout the Improved Area. Nonetheless, the presence of these two factors supports the overall eligibility of the Project Area.

Finally, the Project Area includes only real property and improvements that would be substantially benefited by the proposed redevelopment project improvements.

I. BASIS FOR REDEVELOPMENT

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

1. That there exists in many municipalities within the state blighted and conservation areas;
2. That as a result of the existence of blighted areas and areas requiring conservation, there is an excessive and disproportionate expenditure of public funds, inadequate public and private investment, unmarketability of property, growth in delinquencies and crime, and housing and zoning law violations in such areas together with an abnormal exodus of families and businesses so that the decline of these areas impairs the value of private investments and threatens the sound growth and the tax base of taxing districts in such areas, and threatens the health, safety, morals, and welfare of the public; and
3. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest.

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

Blighted areas are defined as: 1) any improved area in which buildings or improvements are detrimental to the public safety, health or welfare because of a combination of 5 or more of the thirteen (13) improved area eligibility factors set forth in the Act; and 2) any vacant area in which its sound growth is impaired by the presence of 1 or more of 7 eligibility criteria set forth in the Act.

Conservation areas are defined in the Act as any improved area in which 50% or more the structures have an age of 35 years and the improved area exhibits the presence of a combination of 3 or more of the thirteen (13) improved area eligibility factors set forth in the Act. Such an area is not yet a blighted area but if left unchecked, the presence of 3 or more such factors which are detrimental to the public safety, health or welfare, such an area may become a blighted area.

Improved Area Eligibility Criteria

Section 11-74.4.3 of the Act defines the thirteen (13) eligibility factors for improved areas. To support a designation as a blighted or conservation area each qualifying factor must be: (i) present to a meaningful extent and that presence documented so that the City may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the Project Area.

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Illegal use of individual structures
5. Presence of structures below minimum code standards
6. Excessive vacancies
7. Lack of ventilation, light, or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land-use or layout

11. Lack of community planning
12. Environmental remediation costs have been incurred or are required
13. Declining or lagging rate of growth of total equalized assessed valuation

It is also important to note that the test of eligibility is based on the conditions of the area as a whole; it is not required that eligibility be established for each and every property in the Project Area.

II. ELIGIBILITY SURVEY AND ANALYSIS

An analysis was made of each of the factors listed in the Act for conservation areas and blighted areas to determine whether each or any factors are present in the Project Area, and if so, to what extent and in what locations. Surveys and analyses conducted by JRG included:

1. Exterior survey of the condition and use of all buildings and sites; Review of Needs Assessment for hospital facilities.
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences, and general property maintenance;
3. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
4. Comparison of current land use to current zoning ordinance and the current zoning map;
5. Analysis of original platting and current parcel size and layout;
6. Analysis of vacant parcels and buildings;
7. Analysis of building floor area and site coverage;
8. Review of previously prepared plans, studies and data;
9. Analysis of City of Chicago building permit data and building code violation data for the period from September 2008 through October 2013;
10. Analysis of storm, sanitary sewer lines and water supply lines within the Project Area via existing infrastructure maps provided by the City of Chicago's Department of Water Management;
11. Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area for assessment years 2006 to 2012; and
12. Review of Cook County Treasurer property tax payment records for collection years 2011, 2012, and 2013.

A statement of findings is presented for each factor listed in the Act. The conditions that exist and the relative extent to which each factor is present are described below.

A factor noted as "**not present**" indicates either that no information was available or that no evidence could be documented as part of the various surveys and analyses. A factor noted as present to a limited extent indicates that conditions exist that document that the factor is present, but that the distribution or impact of the condition is limited. Finally, a factor noted as present to a meaningful extent indicates that conditions exist which document that the factor is present throughout major portions of the Project Area and that the presence of such conditions have a major adverse impact or influence on adjacent and nearby development.

The following is the summary evaluation of the eligibility factors for the Project Area, presented in the order in which they appear in the Act.

III. IMPROVED AREA ELIGIBILITY FACTORS

The following is the summary evaluation of the eligibility factors for the Project Area presented in the order in which they appear in the Act.

Age

Age is a primary and threshold criterion in determining an area's qualification for designation as a conservation area. Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over an extended period of years. Since building deterioration and related structural problems can be a function of time and climate, structures which are 35 years or older typically exhibit more problems and require greater maintenance than more recently constructed buildings.

Of the 51 buildings within the 8 tax blocks, 43 (84%) are 35 years of age or more.

Conclusion: *The Project Area meets the required age test for designation as a conservation area. Eighty-four percent (84%) of the buildings within the Project Area exceed 35 years in age.*

A. Dilapidation

Section 11-74.4-3 of the Act defines Dilapidation: *An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.*

This section summarizes the process used for assessing building conditions in the Project Area, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation or deterioration of structures. The process, standards and criteria were applied in accordance with the Building Conditions Survey Manual. The Building Conditions Manual, with updates to current standards, has been in use for over 40 years and is used by Midwest planning consultants. The original manual was developed by staff involved in field surveys and analysis, providing a consistent method of evaluating buildings necessary for the background findings for the planning profession since the days of assessing properties during the 1960's Urban Renewal years.

The building condition analysis is based on a thorough exterior inspection of the buildings and sites conducted in February and July 2013. Structural deficiencies in building components and related environmental deficiencies in the Project Area were noted during the inspections.

Building Components Evaluated

During the field survey, each component of the buildings in the Project Area was examined to determine whether it was in sound condition or had minor, major, or critical defects. Building components examined were of two types:

Primary Structural

These include the basic elements of any building: foundation walls, load-bearing walls and columns, floors, roof and roof structure.

Secondary Components

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

Criteria for Classifying Defects for Building Components

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

Building Component Classifications

The four categories used in classifying building components and systems and the criteria used in evaluating structural deficiencies are described below:

Sound

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

Deficient - Requiring Minor Repair

Building components containing 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 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. Minor defects are not considered in rating a building as structurally substandard.

Deficient - Requiring Major Repair

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

Critical

Building components that contain major defects (bowing, sagging, or settling to any or all exterior components 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.

Final Building Rating

After completion of the exterior-interior building condition survey, each structure was placed in one of four categories based on the combination of defects found in various primary and secondary building components. Each final rating is described below:

Sound

Sound buildings can be kept in a standard condition with normal maintenance. Buildings so classified have no minor defects.

Deficient

Deficient buildings contain defects that collectively are not easily correctable and cannot be accomplished in the course of normal maintenance. The classification of major or minor reflects the degree or extent of defects found during the survey of the building.

Minor -- one or more minor defect, but no major defect.

Major -- one or more major defects in one of the primary components or in the combined secondary components, but no critical defect.

Substandard

Structurally substandard buildings contain defects that are so serious and so extensive that the building must be removed or major components substantially repaired and/or replaced. Buildings classified as structurally substandard have two or more major defects.

"Minor deficient" and "major deficient" buildings are considered to be the same as "deteriorating" buildings as referenced in the Act; "substandard" buildings are the same as "dilapidated" buildings. The words "building" and "structure" are presumed to be interchangeable.

Exterior Survey

The conditions of the buildings within the Project Area were determined based on observable components. JRG conducted an exterior survey of each building within the Project Area to determine its condition. JRG identified no buildings as dilapidated. Of the 51 buildings in the Project Area:

- 41 buildings (47.6%) were classified as structurally sound;
- 10 buildings (42.9%) were classified as minor deficient (deteriorating);
- 0 buildings (8.5%) were classified as major deficient (deteriorating); and
- 0 buildings (1.0%) were classified as structurally substandard dilapidated).

Conclusion: No Presence of Factor. Dilapidation (structurally substandard buildings) as a factor is not present in the Project Area.

B. Obsolescence

Section 11-74.4-3 of the Act defines Obsolescence: *The condition or process of falling into disuse. Structures have become ill suited for the original use.*

In making findings with respect to buildings, 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 market place.

Functional Obsolescence

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

Economic Obsolescence

Economic obsolescence is normally a result of adverse conditions which cause some degree of market rejection and, hence, depreciation in market values.

If functionally obsolete properties are not periodically improved or rehabilitated, or economically obsolete properties are not converted to higher and better uses, the income and value of the property erodes over time. This value erosion leads to deferred maintenance, deterioration, and excessive vacancies. These manifestations of obsolescence then begin to have an overall blighting influence on surrounding properties and detract from the economic vitality of the overall area.

Factors of obsolescence may include inadequate utility capacities, outdated building designs, etc.

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

Obsolete Building Types

Obsolete buildings contain characteristics or deficiencies that limit their long-term sound use or reuse. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse affect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

Obsolescence is present throughout the hospital facilities as documented by outdated mechanical conditions, presence of wall or window air conditioning units and outmoded, non-energy efficient windows. The horizontal and multiple building layout of the hospital create inefficiencies and limit state of the art improvements. These structures are characterized by conditions that limit their efficient or economic use according to contemporary standards.

Many of the residential properties were built prior to 1950 and reflect outmoded building and site design compared to contemporary developments. Most of the multi-family buildings exhibited either wall or window air conditioning units as well as single pane, non-energy efficient windows. Due to the age of their construction, many of the residential developments lack sufficient wall insulation causing heating/cooling inefficiencies year round. Many of the older residential buildings still retain their original electrical systems from the pre-1950 era which were not designed to handle the number or demand of appliances of today. See *Eligibility Report Figure 3, Obsolescence*.

Conclusion: Major Presence of Factor. The analysis indicates that obsolescence is present to a meaningful extent in 6 of the 8 tax blocks and reasonably distributed throughout the Project Area.

C. Deterioration

Section 11-74.4-3 of the Act defines Deterioration: With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.

Based on the definition given by the Act, deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair.

- Deterioration may be evident in basically sound buildings containing minor defects, such as lack of painting, loose or missing materials, or holes and cracks over limited areas. This deterioration can be corrected through normal maintenance.
- Deterioration which is not easily correctable and cannot be accomplished in the course of normal maintenance may also be evident in buildings. Such buildings may be classified as minor deficient or major deficient buildings, depending upon the degree or extent of defects. This would include buildings with defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.), and defects in primary building components (e.g., foundations, frames, roofs, etc.), respectively.

Deterioration of Sites and Infrastructure

As part of the survey, JRG documented site conditions that include broken pavement, uneven street surfaces, and gravel surfaces within parking areas, sidewalks, and alleys. Based on the field survey of streets and alleys within the Project Area, deterioration of street pavement, curb and gutters, and sidewalks was noted in one vacant lot on Foster Avenue and to a limited extent in other areas of the Project Area.

Deterioration of Buildings

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." Eleven (11) buildings within the Project Area are classified as exhibiting minor deteriorating conditions. The condition of Deterioration is found primarily in non-residential buildings on the western half of the Project Area.

Conclusion: Minor Presence of Factor. Deterioration is present to a limited extent in 5 of the 8 tax blocks and concentrated in the non-residential buildings. Therefore, Deterioration is not meaningfully present and reasonably distributed throughout the Project Area.

D. Presence of Structures Below Minimum Code Standards

Section 11-74.4-3 of the Act defines the Presence of structures below minimum code standards: All structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

As referenced in the definition above, the principal purposes of governmental codes applicable to properties are to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy; to be safe for occupancy against fire and similar hazards; and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code standards are characterized by defects or deficiencies that threaten health and safety.

JRG reviewed facility assessment reports for Swedish Covenant hospital facilities and identified a number of critical upgrades needed to meet building codes and support existing building system needs. The fire alarm system upgrades are needed in Galter Medical Pavilion (Block 306) and Nelson Hall (Block 404), the latter of which is operated by a system that is no longer manufactured. Portions of three buildings in Block 404 are currently not sprinklered. The hospital is served by multiple air handlers, chillers, and air cooled condensers, many of which are in poor condition and do not meet current code requirements or fail to operate at their maximum capacity. Back up diesel generators located on the roof of the Galter Medical Pavilion are 35 years old and have deteriorated to the point that the hospital can no longer run routine tests.

In addition to deficient mechanical and building systems, the Main Building at 5145 N. California, originally built in 1927 not longer meets existing requirements for the two south wing stairs. See *Eligibility Report Figure 5, Buildings Below Minimum Code Standards*.

Conclusion: Major Presence of Factor. The analysis indicates that structures below minimum code standards is present to a meaningful extent in 3 of the 8 tax blocks in the Project Area but is not reasonably distributed throughout the Project Area.

E. Illegal Use of Individual Structures

Section 11-74.4-3 of the Act defines illegal use of individual structures: *The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.*

Violation of federal, State or local laws were not evident as part of the exterior field survey conducted as part of this Eligibility Study.

Conclusion: No Presence of Factor. No condition pertaining to illegal uses of individual structures has been documented as part of the exterior surveys and analyses undertaken within the Project Area. This factor is not a supporting factor for Project Area eligibility.

F. Excessive Vacancies

Section 11-74.4-3 of the Act defines excessive vacancies: *The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.*

Vacancies are present to a minimal extent based on an exterior field survey. Of the 197 residential units in the Project Area, two appear to be vacant. There is one commercial building in the Project Area with five units, one of which is vacant. For purposes of this report a building was characterized as exhibiting "excessive vacancies" if more than 15% of its units were vacant, and a block was characterized as having "excessive vacancies" if more 10% of the buildings on the block exhibited "excessive vacancies." Under these definitions, one commercial building and two residential buildings (less than 6% of all structures) exhibited vacancies but not to an extent that would be deemed excessive.

Conclusion: Minor Presence of Factor. Excessive vacancies as a factor is not present to a meaningful extent and is not reasonably distributed throughout the Project Area.

G. Lack of Ventilation, Light, or Sanitary Facilities

Section 11-74.4-3 of the Act defines lack of ventilation, light, or sanitary facilities: *The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.*

An interior inspection of conditions is required to determine the presence of this factor. No such inspection was conducted as part of this Eligibility Study. Sufficient ingress/egress and the presence of sufficient window openings was present from an exterior field survey.

Conclusion: No Presence of Factor. No condition pertaining to a lack of ventilation, light, or sanitary facilities has been documented as part of the exterior surveys and analyses undertaken within the Project Area. This factor is not present in the Project Area.

H. Inadequate Utilities

Section 11-74.4-3 of the Act defines inadequate utilities: *Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone,*

and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

Existing sewer and water supply lines throughout the City were largely put in place 50 to 100 years ago and many are undersized. These aging and/or undersized lines are obsolete by today's development standards and inadequate to accommodate new development.

Review and analysis of the City's water and sewer atlases for the pipes that serve the Project Area indicate that many of the existing lines have dangerously exceeded their intended life of approximately 100 years. Many of these lines were laid prior to the land uses they serve currently. Water lines range in age from 91 years to 130 years on the eastern edge of the Project Area. Sewer lines range in age from 88 years to 123 years, with the exception of 3 street segments built post 1975. See Eligibility Report Figure 7. Inadequate Utilities.

Conclusion: Major Presence of Factor. Inadequate Utilities, as a factor, impacts all of the blocks in the Project Area, and is present to a meaningful extent and reasonably distributed throughout the Project Area.

I. Excessive Land Coverage & Overcrowding of Structures and Community Facilities

Section 11-74.4-3 of the Act defines excessive land coverage and overcrowding of structures and community facilities: The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonable required off-street parking, or inadequate provision for loading and service.

Excessive land coverage and overcrowding of structures and community facilities is present in 20 buildings and six of the eight tax blocks in the Project Area. The development over the years of Swedish Covenant Hospital buildings within a constrained site have restricted expansion and impeded proper functional layout of buildings, creating inadequate vehicle and pedestrian access to and between buildings. The horizontal rather than vertical nature of building coverage and multiple buildings causes logistical and physical impediments to smooth and efficient hospital functions affecting patient transport, food service, laundry, linen and supply distribution, garbage collection, and security.

The residential portion of the Project Area is very densely built with multi-family buildings placed very close to each other. Most of the apartment and condominium buildings have extremely limited parking for the number of dwelling units. The parking requirements for RS-3, in which the residential portion of the Project Area lies, require 1 space per unit for multi-family buildings but field surveys indicate as few as 12 spaces for a 29 unit building (.4 spaces/unit). Some have a few spaces off the alley but are not sufficient by contemporary standards. Many of the multi-unit residential buildings are placed very close together and cover most or all of the parcels upon which they are situated and do not contain adequate front, rear and side yards. See Eligibility Report Figure 8, Excessive Land Coverage/Overcrowding of Structures and Community Facilities.

Conclusion: Major Presence of Factor. Excessive land coverage and overcrowding of structures and community facilities is documented in 6 of the 8 tax blocks in the Project Area. Therefore, excessive land coverage and overcrowding of structures and community facilities is present to a meaningful extent and reasonably distributed throughout the Project Area.

J. Deleterious Land Use or Layout

Section 11-74.4-3 of the Act defines deleterious land-use or layout: The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.

While there were a few isolated single family buildings situated adjacent to large apartment or condominium buildings, the land uses are consistent with the Zoning Ordinance and do not result in conflicting or inappropriate mix of uses.

Conclusion: No Presence of Factor. Deleterious land-use or layout has not been documented as present in the Project Area.

K. Lack of Community Planning

Section 11-74.4-3 of the Act defines lack of community planning: The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The City of Chicago was incorporated in 1837 and expanded in population and geography well into the 20th century. With the adoption of the Burnham Plan in 1909, the City established a pattern of streets and boulevards on a grid system with residential, commercial and confined industrial areas separated by major rail lines, commercial corridors and the parks connected by green boulevards. Swedish Covenant Hospital was established early in the development of the Project Area establishing a 12 bed hospital in 1886 and building a full-scale 40-bed hospital facility in 1903 serving immigrants in need of care. The residential neighborhood developed moderately in the early years of the hospital's existence and then quickly built up around the hospital through the 1920s followed by another housing boom in the 1950s.

Like other parts of the city, development of the area was so rapid that properties were developed on a parcel by parcel basis without any long term plan or guidelines for the growth and development of the hospital or compatibility with residential and other uses in the neighborhood. As a result, the hospital complex is bisected by several local and collector streets, creating an impediment to cohesive expansion or the creation of a long term building layout and design for future needs of the hospital. Parking, access and walking distances are part of the hodge podge of the current layout.

Conclusion: Major Presence of Factor. Lack of community planning has been documented in each of the tax blocks and is therefore meaningfully present and reasonably distributed throughout the Project Area.

L. Environmental Remediation

Section 11-74.4-3 of the Act defines environmental remediation: The area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

The Project Area does not contain any properties or Long-term Cleanup Sites on the United States Environmental Protection Agency's Region 5 Superfund website and does not contain any Leaking Underground Storage Tanks ("LUST") tracked via the Illinois Environmental Protection Agency's Leaking Incident Database.

Conclusion: No Presence of Factor. No condition pertaining to a need for environmental remediation has been documented as part of the surveys and analyses undertaken within the Project Area.

M. Declining or Lagging Equalized Assessed Valuation

Section 11-74.4-3 of the Act defines declining or lagging equalized assessed valuation: The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.

Over the period from 2007 to 2012, the growth rate of the total equalized assessed valuation (EAV) of the Project Area has declined in three of the last five years and lagged behind the annual rate of the Consumer Price Index (CPI) in the same three years. These figures are shown below in Table 1. Growth of Project Area vs. City of Chicago.

Table 1. Growth of Project Area

Year	Project Area EAV	% Change	CPI –Dec. Value/ All Urban Consumers	% Change	CPI Growth?
2007	14,757,782		210.036		
2008	16,663,136	12.91%	210.228	0.09%	NO
2009	17,919,509	7.54%	215.949	2.72%	NO
2010	17,145,691	-4.32%	219.179	1.50%	YES
2011	15,483,180	-9.70%	225.672	2.96%	YES
2012	15,135,893	-2.24%	229.601	1.74%	YES

2007 to 2012 is the most recent five year period for which data is available for the Project Area and CPI.

Percent Change reflects the annual growth in EAV from the prior year (e.g. -2.24% change in Project Area EAV for Year 2012 represents the decline in EAV from 2011 to 2012).

Conclusion: Factor is Present. As documented by the three year decline in EAV of the Project Area between 2010 and 2012, Declining or Lagging Equalized Assessed Valuation as a factor is present in the Project Area.

IV. DETERMINATION OF PROJECT AREA ELIGIBILITY

The Project Area meets the requirements of the Act for designation as a combination of a conservation area and a blighted vacant area.

A. Age

The Project Area meets the threshold criteria which requires that 50% or more of buildings are 35 years of age or older. Eighty four percent (84%) of the Project Area's buildings are 35 years of age or older.

B. Conservation Area Criteria

The meaningful presence and reasonable distribution of a minimum of three of the thirteen factors set forth in the Act are required for an Project Area to qualify for designation as a conservation area. The analysis of the Project Area found a meaningful presence and a reasonable distribution of five (5) factors throughout the Project Area, including:

1. Obsolescence
2. Overcrowding/Excessive Land Coverage
3. Inadequate Utilities
4. Lack of Community Planning
5. Declining or Lagging EAV

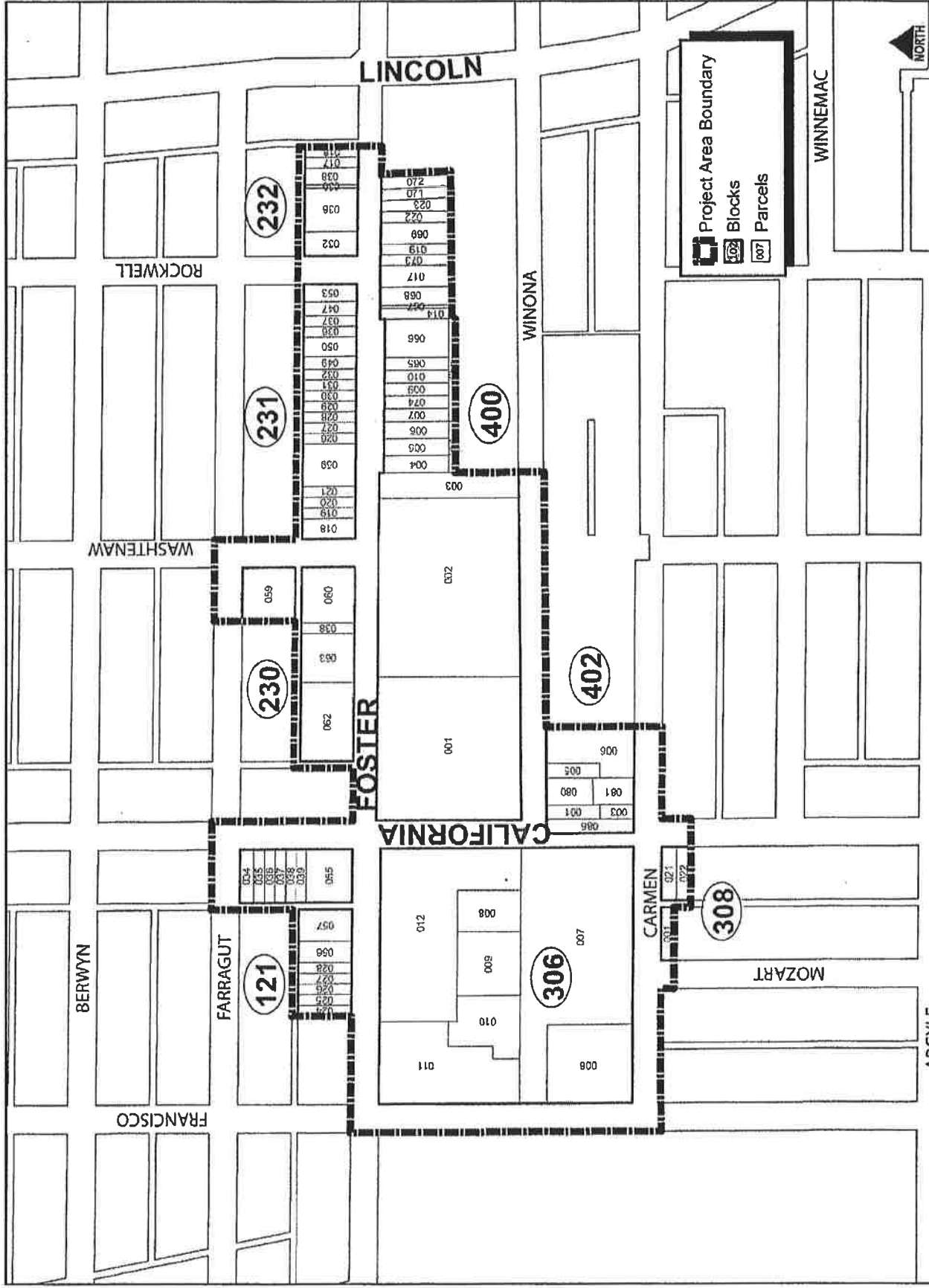
The summary of conservation area factors is documented on a block-by-block basis in **Table 2: Distribution of Conservation Area Factors.**

Table 2. Distribution of Conservation Area Factors

Block No.	Dilapidation	Obsolescence	Deterioration	Illegal Use	Struct. below code	Excess. Vacancies	Overcrowding / Excess. land coverage	Lack of Light, Vent	Inadequate Utilities	Deleterious land use	Environmental Remediation	Declining/Lagging EAV	Lack of Community Planning
13-12-121		○	○			○	●		●			●	●
13-12-230		●							●	●		●	●
13-12-231			○			○	●		●			●	●
13-12-232		●					●		●			●	●
13-12-400		●	○		○		●		●	○		●	●
13-12-306					○					●		●	●
13-12-308		●										●	●
13-12-402							●		●			●	●
Total		●	○		○	○	●		●	○		●	●

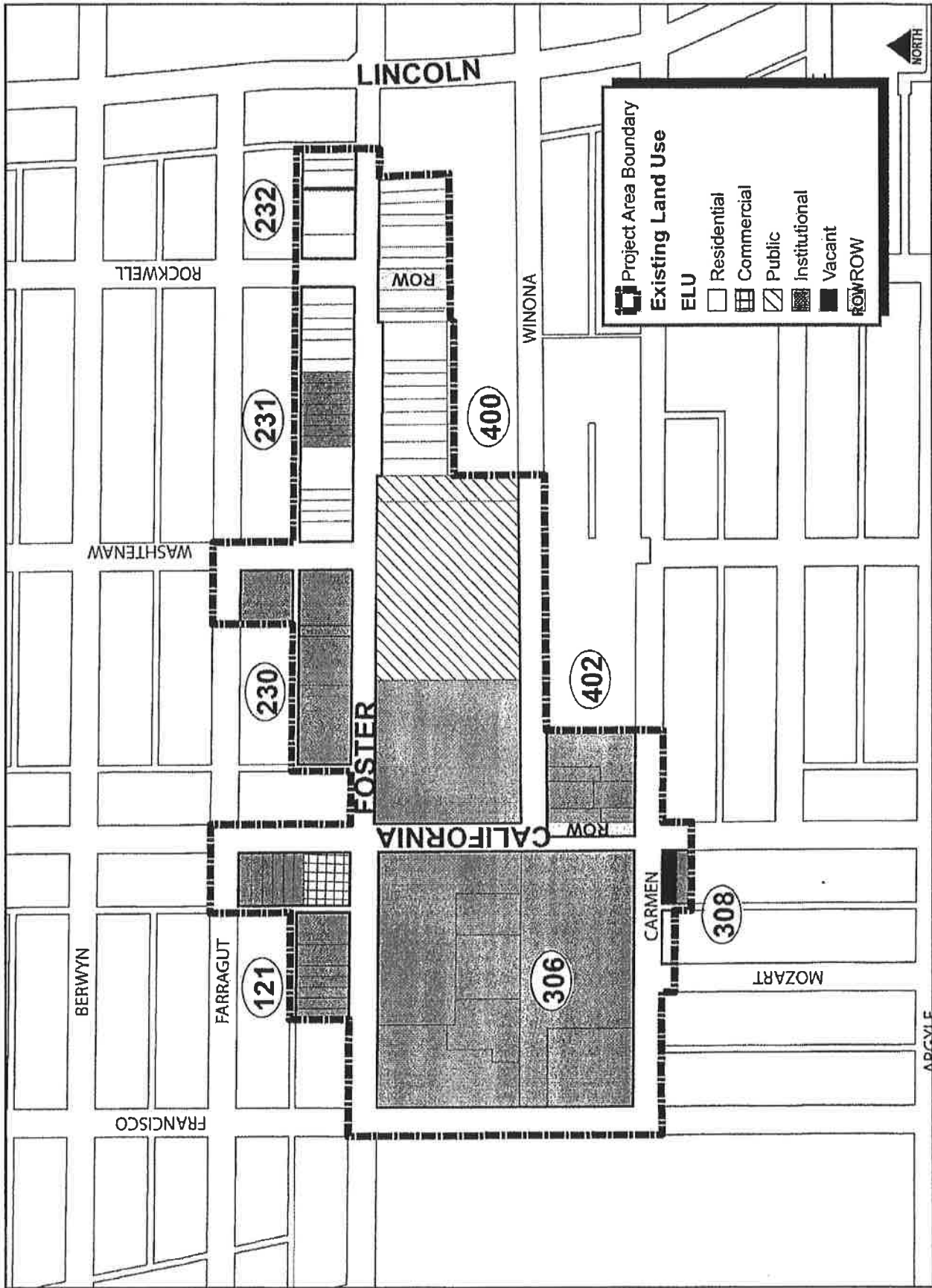
- Present to a minor extent
- Present to a major extent

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



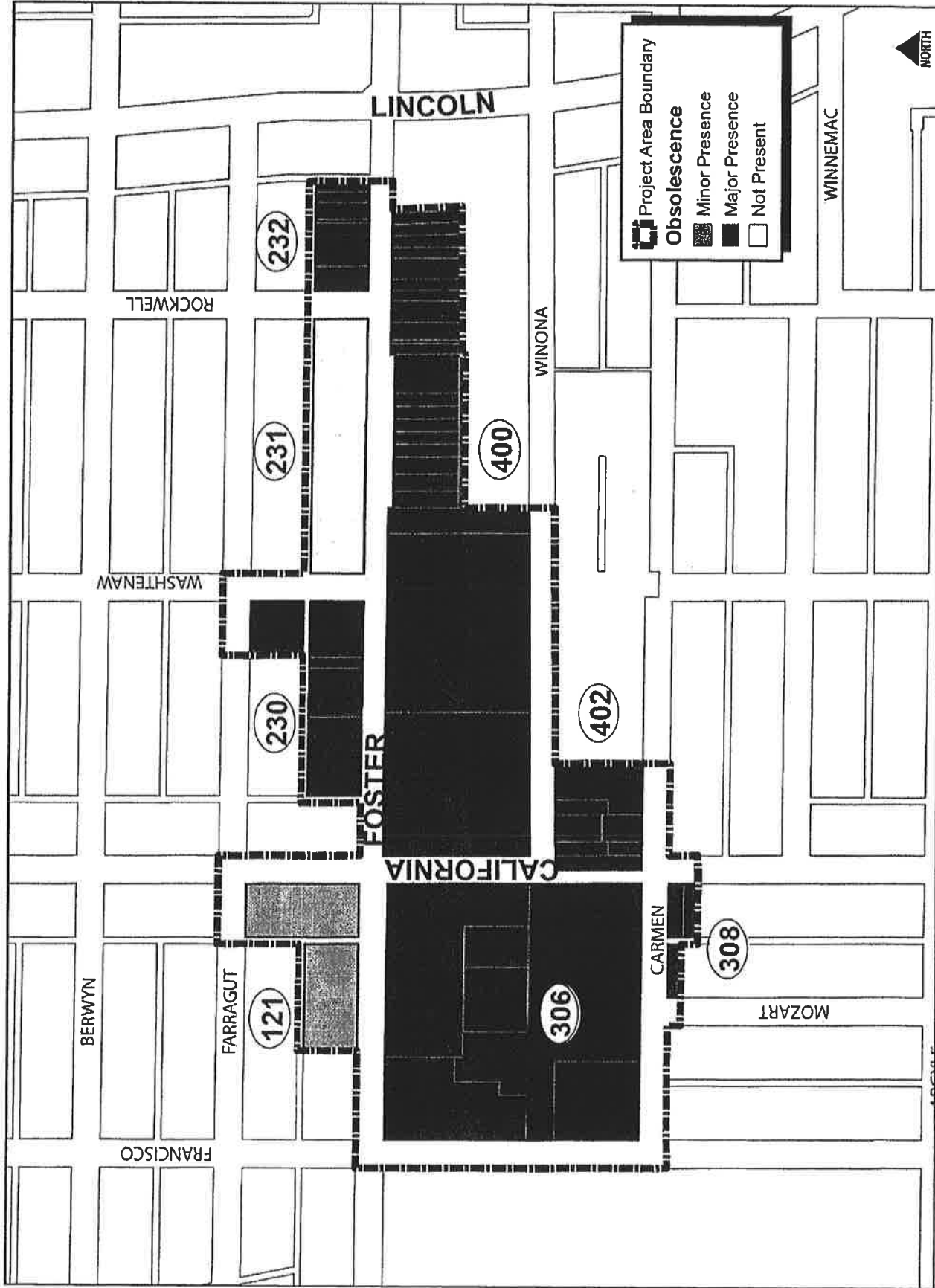
Prepared by JRG Inc
November 2013

Eligibility Report Figure 1. Project Area Boundary
FOSTER & CALIFORNIA TIF



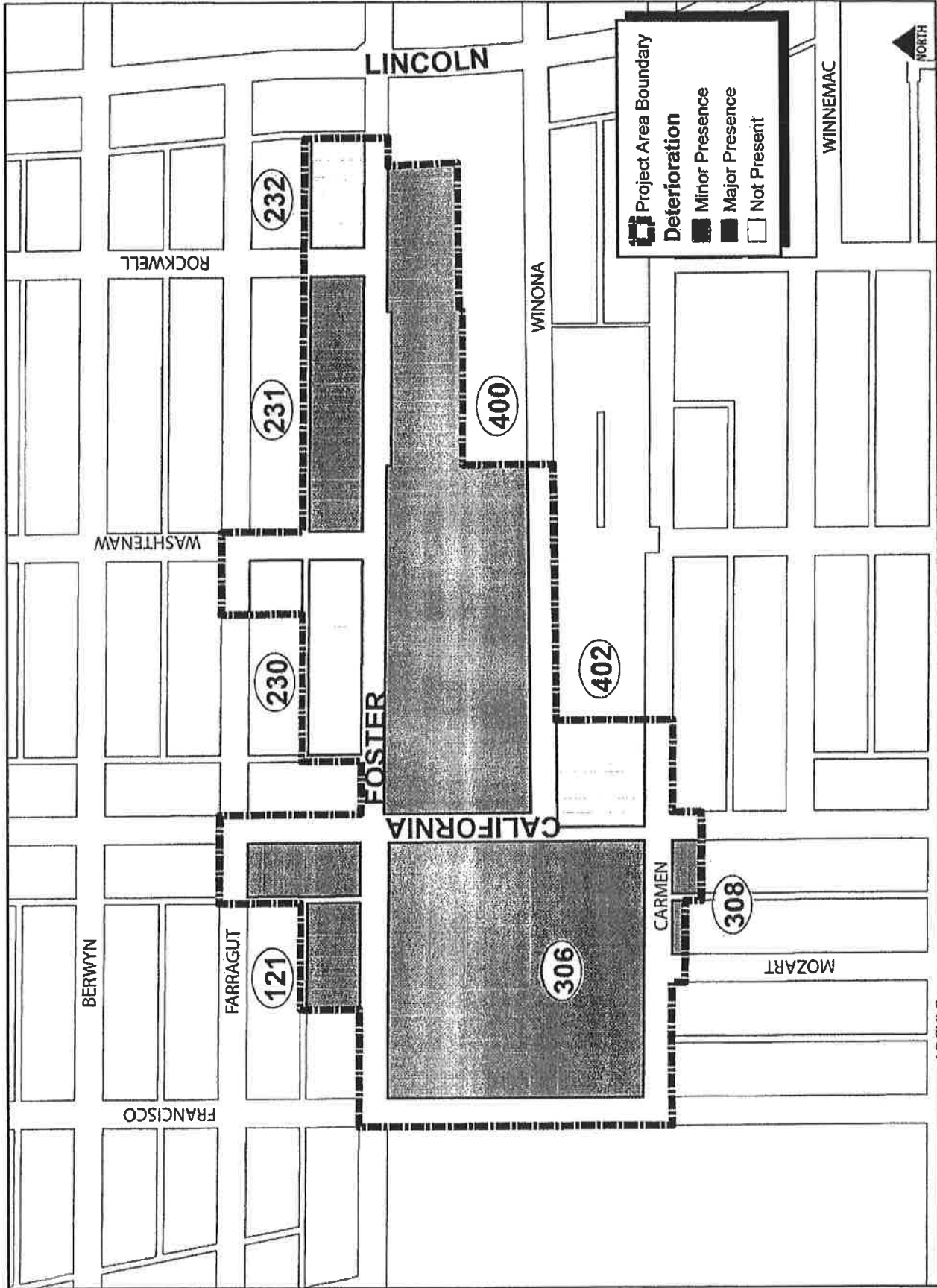
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Eligibility Report Figure 2. Existing Land Use
FOSTER & CALIFORNIA TIF

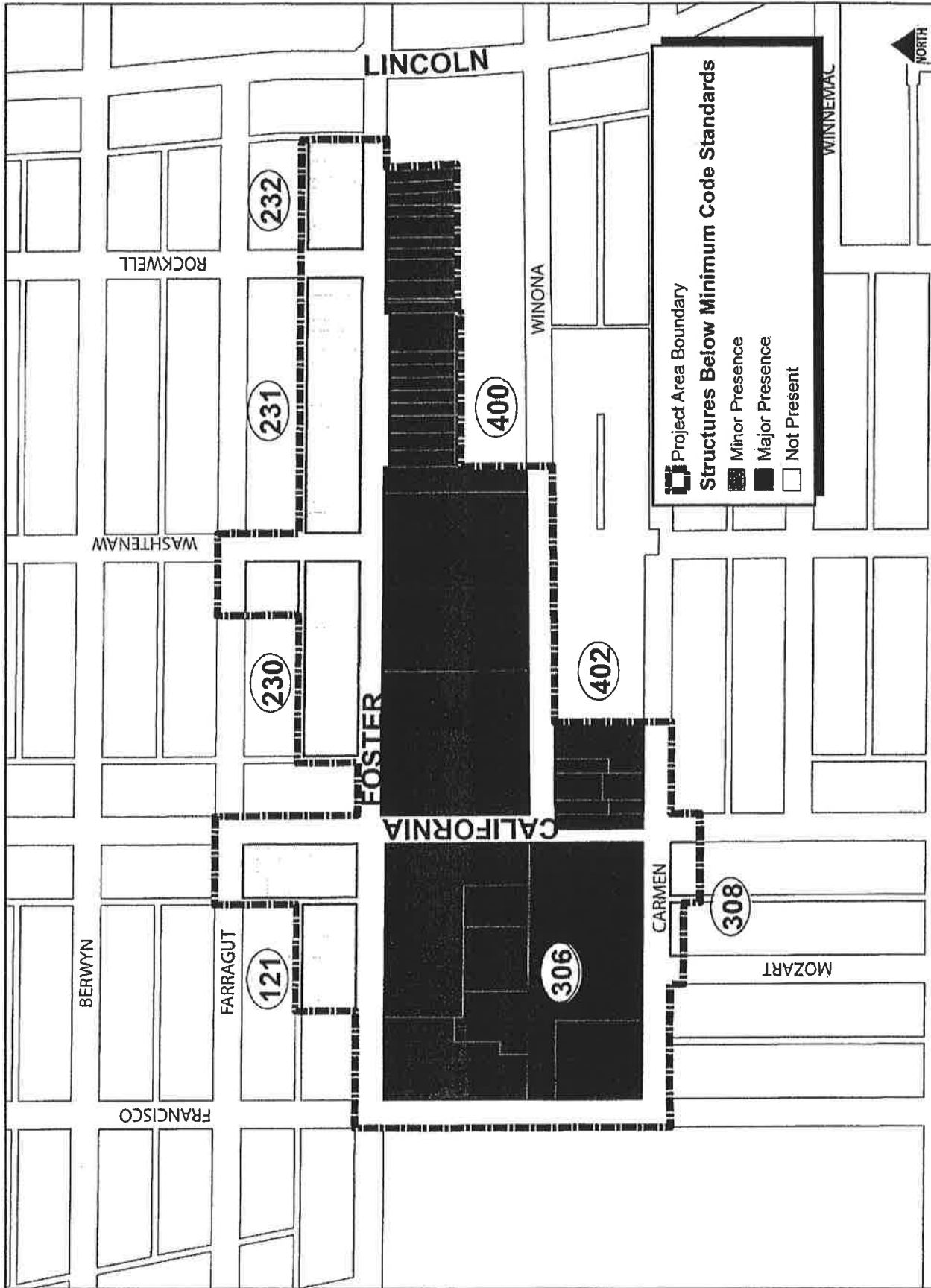


Eligibility Report Figure 3. Obsolescence
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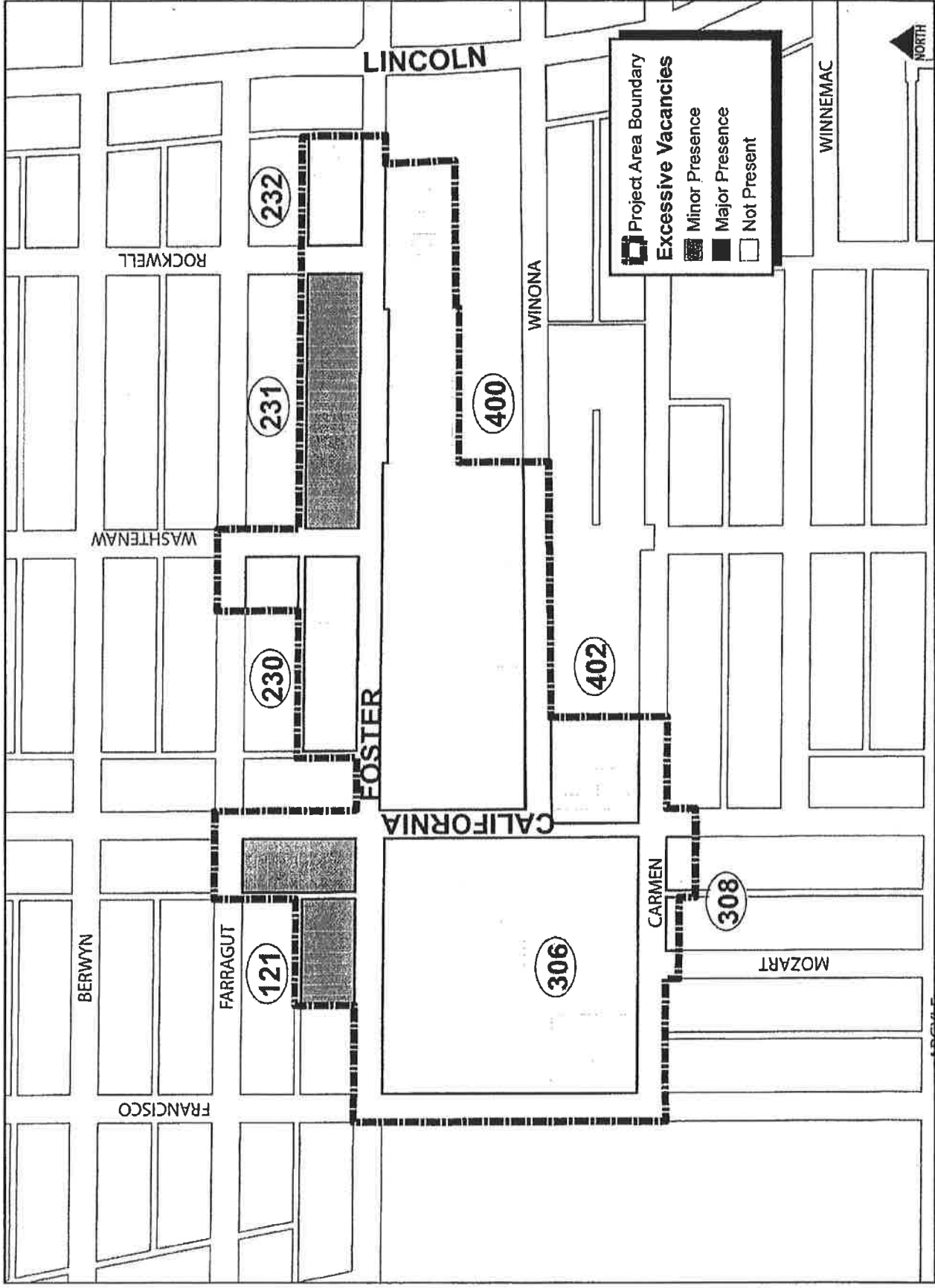


**Eligibility Report Figure 4. Deterioration
FOSTER & CALIFORNIA TIF**



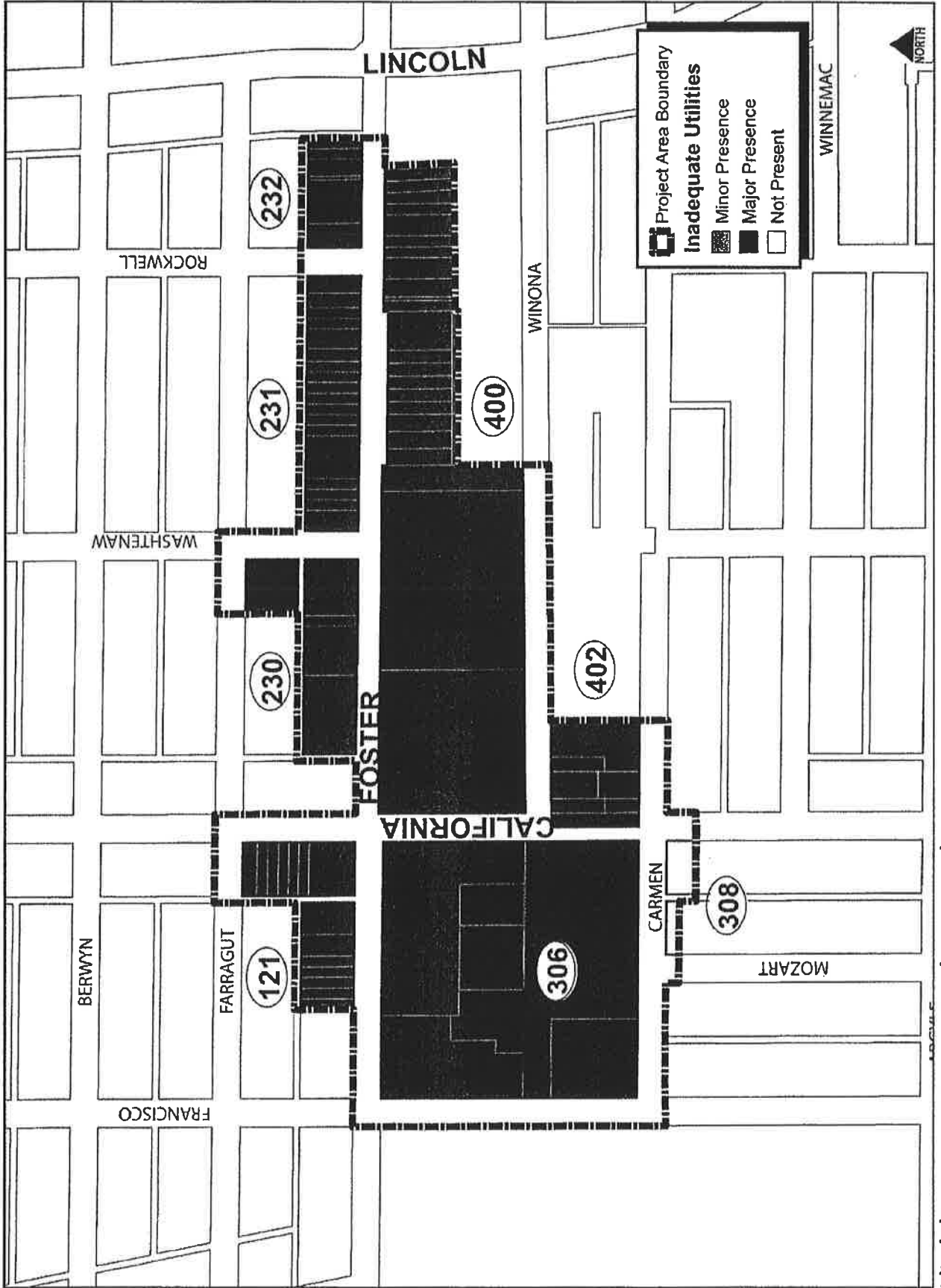
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Eligibility Report Figure 5. Buildings Below Minimum Code Standards
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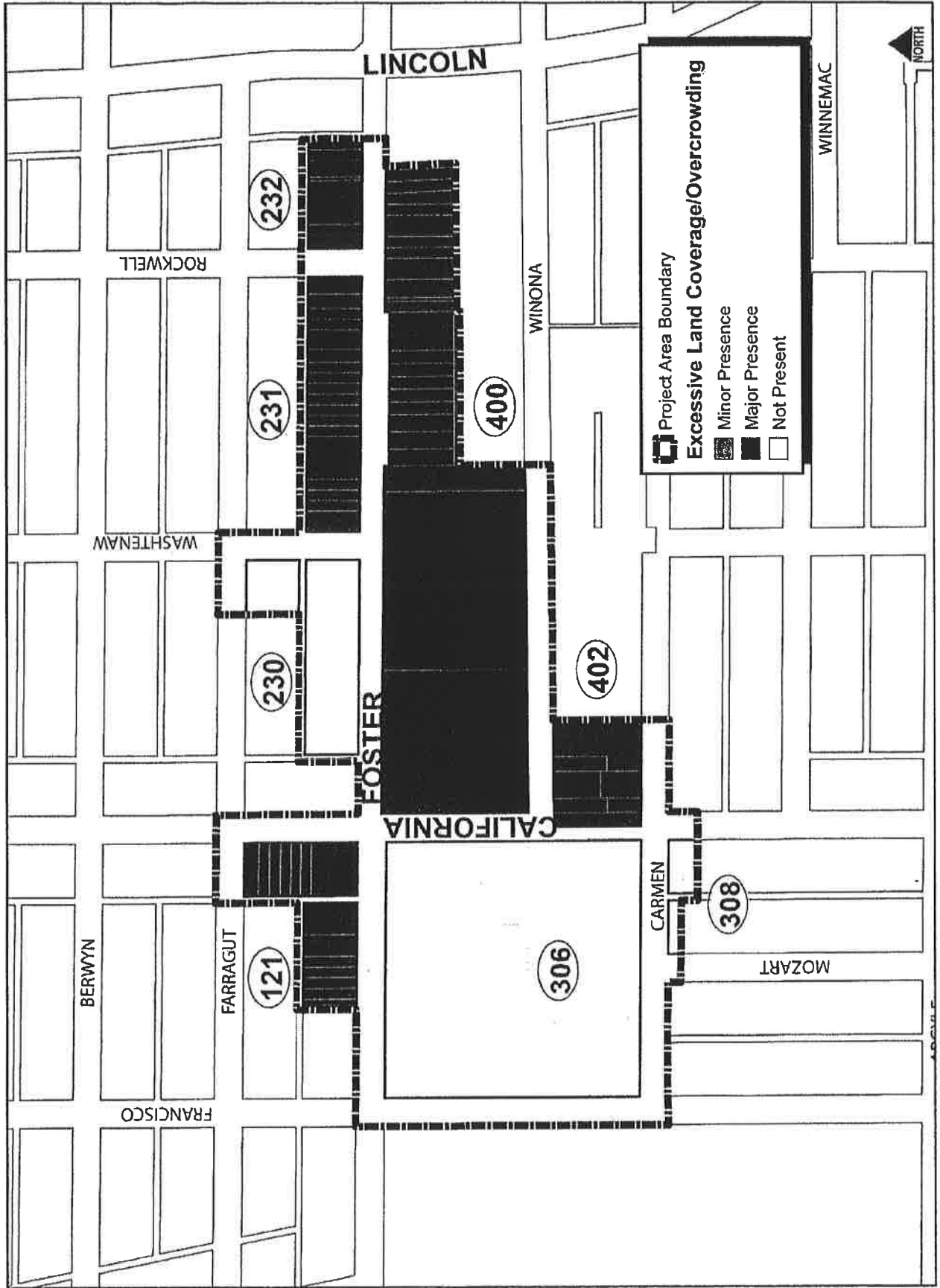
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Eligibility Report Figure 6. Excessive Vacancies
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Eligibility Report Figure 7. Inadequate Utilities
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Eligibility Report Figure 8. Excessive Land Coverage/Overcrowding
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