

**City of Chicago
Department of Planning and Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING APPROVAL OF THE FEASIBILITY STUDY, HOUSING IMPACT STUDY
AND REDEVELOPMENT PLAN FOR THE PROPOSED DIVERSEY/CHICAGO RIVER TIF
REDEVELOPMENT PROJECT AREA, REQUESTING DESIGNATION OF THE AREA AS
A REDEVELOPMENT PROJECT AREA, AND REQUESTING ADOPTION OF TAX
INCREMENT ALLOCATION FINANCING FOR THE AREA
July, 12 2016**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	Diversey/Chicago River
Location:	North, near intersection of Clybourn Avenue, Diversey Parkway and Damen Avenue; current site of the Lathrop public housing development.
Ward and Alderman:	1 st Ward, Alderman Moreno
Community Area:	North Center and Lincoln Park
Requested Action:	Approval of the feasibility study, housing impact study, and redevelopment plan for the proposed TIF district, designation of the area as a redevelopment project area, and adoption of tax increment allocation financing for the area.
Goals of TIF District:	The area is being considered for a TIF district for the sole purpose of revitalizing the affordable housing units of the Julia C. Lathrop housing development, in addition to making infrastructure improvements, and restoring open spaces. This TIF designation is the first of two TIF designations. The designation of "TIF 2" will coincide with future Lathrop development phases.

II. AREA DESCRIPTION

Street Boundaries:	The area is generally bounded by Wellington Avenue on the north, Diversey Parkway on the south, Clybourn Avenue and Damen Avenue on the east, and Leavitt St. on the west.
Land Area:	Approximately 21 acres

Land Uses: Residential, mixed-use, institutional, and open space

Current Conditions: The area is physically characterized by aging and obsolete residential properties. All of the buildings are over 75 years old and suffer from significant deferred maintenance. Over 85% of the units are vacant and boarded up.

III. FEASIBILITY STUDY

History and Background

Diversey/Chicago River Tax Increment Financing Redevelopment Project Area is approximately 21.02 acres in size and includes four tax parcels within two tax superblocks. The Project Area is situated within two Chicago community areas that meet at Diversey Parkway. The City's North Center community area encompasses the Project Area to the north and the City's Lincoln Park community area encompasses the portion of the Project Area to the south of Diversey Parkway.

Currently, 16 of the 18 buildings in the Project Area are multi-unit residential buildings and two are non-residential buildings, which consist of a small CHA management office and a community center. The multi-unit residential buildings are currently a mixture of two-, three-, and four-story walk-up buildings. The community center is currently located in the far northern portion of Lathrop Homes and the one story CHA management office building is currently located at Lathrop Homes' northwest corner at Diversey Parkway and Clybourn Avenue.

The Julia C. Lathrop Public Housing Development

The design and construction of the Julia C. Lathrop Public Housing development came about at a turbulent time in the nation's history when the great depression, slum housing conditions, and the role of government were changing the face of urban housing. In 1933, the United States Congress passed a massive piece of legislation, the "National Industrial Recovery Act", better known as the "New Deal." In addition to creating a program to get people to work again after the great depression, the legislation introduced government into direct build housing for the poor for the first time. Congress passed funding for the construction of low-cost housing and a newly established federal housing division acquired land from the International Harvester Company's Deering operations at Diversey Parkway and the Chicago River and hired a design team. The team, headed by architect Robert DeGoyer and landscape architect Jens Jensen, took planning principles from the Garden City movement and planned cities like Radburn, New Jersey and Sunnyside Gardens, New York and modified these principles for working class housing developments. Coming to fruition in the height of the great depression, Lathrop Homes was designed and built quickly to kick-start the frozen construction industry and alleviate unemployment and opened in March 1938. The complex was designed with 31 buildings and interior open spaces that included individual kitchen gardens behind row houses and a central lawn designed for use primarily by residents. Two more buildings were added years later, including an eight-story residential building for senior citizens in 1959 and a recreation center in 1960. A swimming pool was added in the 1960s on a small site at the northeast corner of Lathrop Homes that was leased to the City's park district. The pool was filled and closed in

1995 and replaced with a small play lot.

National Register of Historic Places

In 2012, Lathrop Homes was listed as an historic district on the National Register of Historic places as a nationally significant example of community building and early public housing architecture. It is recognized as one of the largest, most thoroughly-executed, and best-preserved examples of America's first phase of public housing as well as of American urban and community planning in the inter-war period. Of the 52 initial federal housing division projects, Lathrop Homes was the fourth largest by number of units and the sixth largest in terms of acreage. The classical revival decorative brickwork and stone detailing at Lathrop Homes, make these buildings the most elaborate of the federal housing division inventory. More than a typical product of this significant program, Lathrop Homes is a particularly complete and elaborate example and is one of the most intact survivors of the period.

Eligibility Data

Johnson Research Group (JRG) conducted an eligibility analysis to determine whether the Area qualifies for a tax increment financing (TIF) designation under the TIF Act. 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 conservation area 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,

- One hundred percent (100%) of the buildings are 35 years of age or older;
- Six conservation area factors are present to a meaningful extent and reasonably distributed throughout the entire Project Area. These include:

1. Obsolescence
2. Deterioration
3. Structures Below Minimum Code Standards
4. Excessive Vacancies
5. Inadequate Utilities
6. Excessive Land Coverage and Overcrowding of Structures

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

III. REDEVELOPMENT PLAN

The City seeks to create a Tax Increment Financing District for the area known as the Diversey/Chicago River Park Redevelopment Project Area in order to reduce or eliminate the following blighting factors: obsolescence, deterioration, structures below minimum code, excessive vacancies, inadequate utilities, and excessive land coverage and overcrowding of structures, as they relate to the Lathrop Homes public housing development.

The Plan seeks to maintain and enhance the existing land uses, with a focus on the revitalization of the affordable housing units within the housing development, in addition to public infrastructure improvements, and the restoration of open spaces. Once these goals and objectives have been met, the Plan allows for the TIF district to be terminated.

IV. HOUSING IMPACT STUDY

A housing impact study is required if implementation of a proposed redevelopment plan will result (directly or indirectly) in the displacement of residents in 10 or more inhabited residential units. There are currently 67 inhabited units within the proposed redevelopment area. As a result of planned redevelopment activities, all 67 inhabited units will be impacted. Therefore a housing impact study was required and prepared. Of the 67 inhabited units, 18 will be relocated onsite during construction, and all 67 inhabited units will be relocated to newly renovated units once construction is complete. None of the residents will be permanently displaced, nor will they be forced to leave the Project Area.

V. BUDGET

Estimated Redevelopment Project Costs

Eligible Expense	Estimated Cost
1. Analysis, Administration, Studies, Surveys, Legal, Marketing	\$100,000
2. Site Preparation, Demolition and Environmental Remediation	\$400,000
3. Affordable Housing Construction and Rehabilitation Cost	\$12,500,000
4. Public Works & Improvements, including streets and utilities, parks and open space, public facilities	\$4,500,000
TOTAL REDEVELOPMENT COSTS	\$17,500,000

The Total Redevelopment Project Costs represent the upper limit on expenditures that are to be funded using TIF revenues. Upon payment to the Developer of Total Redevelopment Project Costs, which may not exceed \$17,500,000, the Plan allows for the City to promptly adopt an ordinance terminating the Redevelopment Project Area.

VI. PUBLIC NOTIFICATION AND PUBLIC MEETING

The taxpayers and owners of properties located in the proposed district were notified by regular and certified mail of today’s public hearing not less than 10 days prior to the meeting. The City also made a good faith effort to notify by mail all residents of the proposed district, and at a minimum mailed a notice to each residential address within the proposed district. Notice of the public hearing was made in the Chicago Sun-Times on June 14, 2016 and June 23, 2016. Notice of the public hearing was also made by mail, at least 45 days prior to the hearing, to all taxing districts having taxable property in the proposed TIF area and to the Illinois Department of Commerce and Economic Opportunity (DCEO).

When a proposed redevelopment plan would result in the displacement of 10 or more inhabited residential units, or if the redevelopment area contains 75 or more inhabited residential units, then the

City must hold a public meeting at least 14 days before mailing notice of the public hearing. The purpose of the public meeting is to enable the City to advise the public, taxpayers of property in the proposed area, residents of the proposed area, and the affected taxing bodies of the City's possible intent to prepare a redevelopment plan and designate the area a redevelopment project area, and to receive public comment. DPD held the public meeting at 6:00 pm on April 5, 2016 at **New Life Community Church**, 2958 North Damen Avenue, Chicago, IL 60618. In addition, the development team has also conducted numerous meetings with the community to discuss the overall redevelopment plan for Lathrop Homes.

VII. COMMUNITY SUPPORT

Alderman Moreno endorses this action and has provided a letter of support (see exhibits for copy).

VIII. JOINT REVIEW BOARD

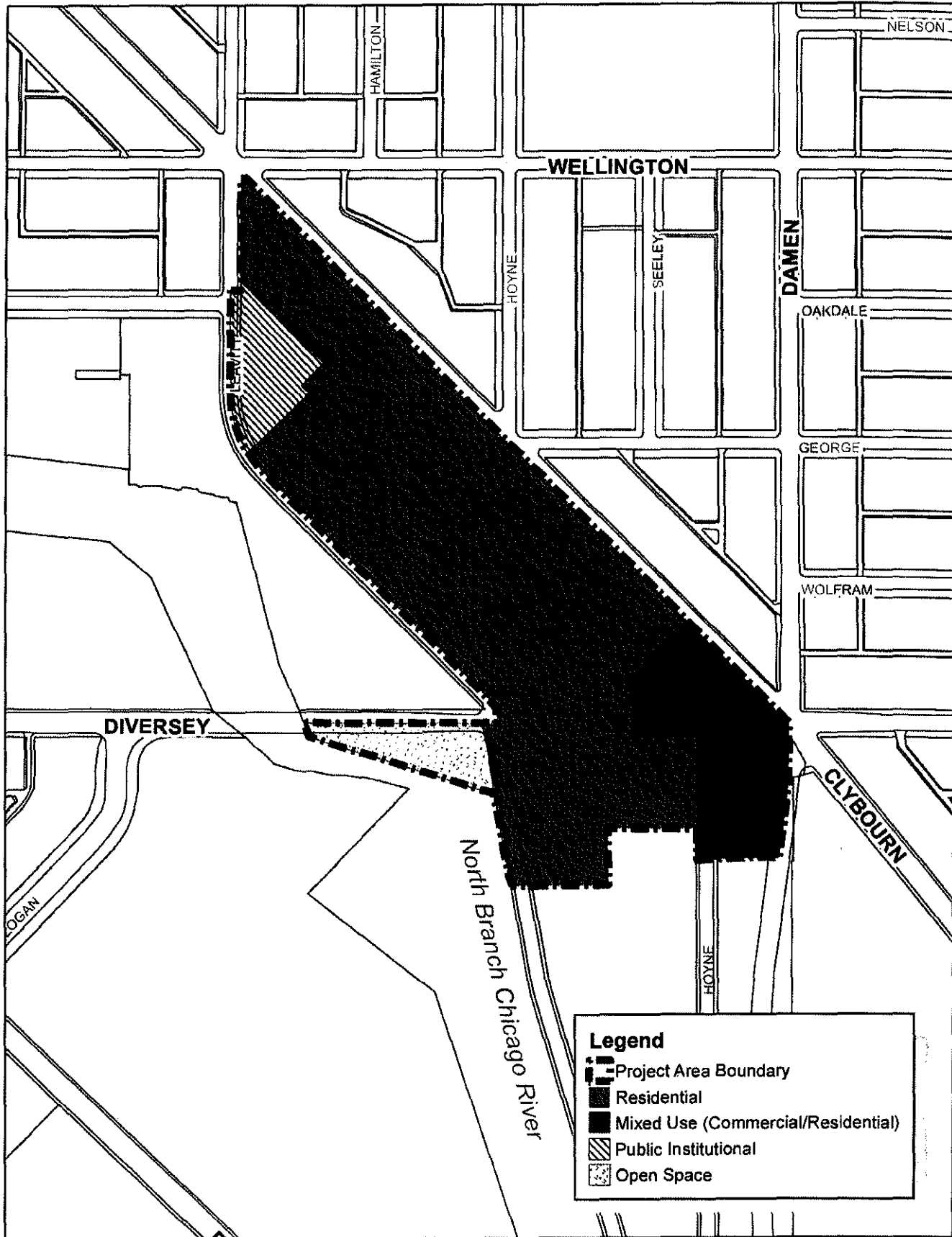
As required by state law, the Joint Review Board (JRB) met to consider the proposed TIF designation on June 3, 2016 at 10:00 am in Room 1003A, City Hall, 121 N. LaSalle Street. The JRB is an advisory board that consists of representatives of certain affected taxing bodies, a City representative, plus a public member. The JRB voted to recommend the proposed TIF designation.

V. RECOMMENDATION

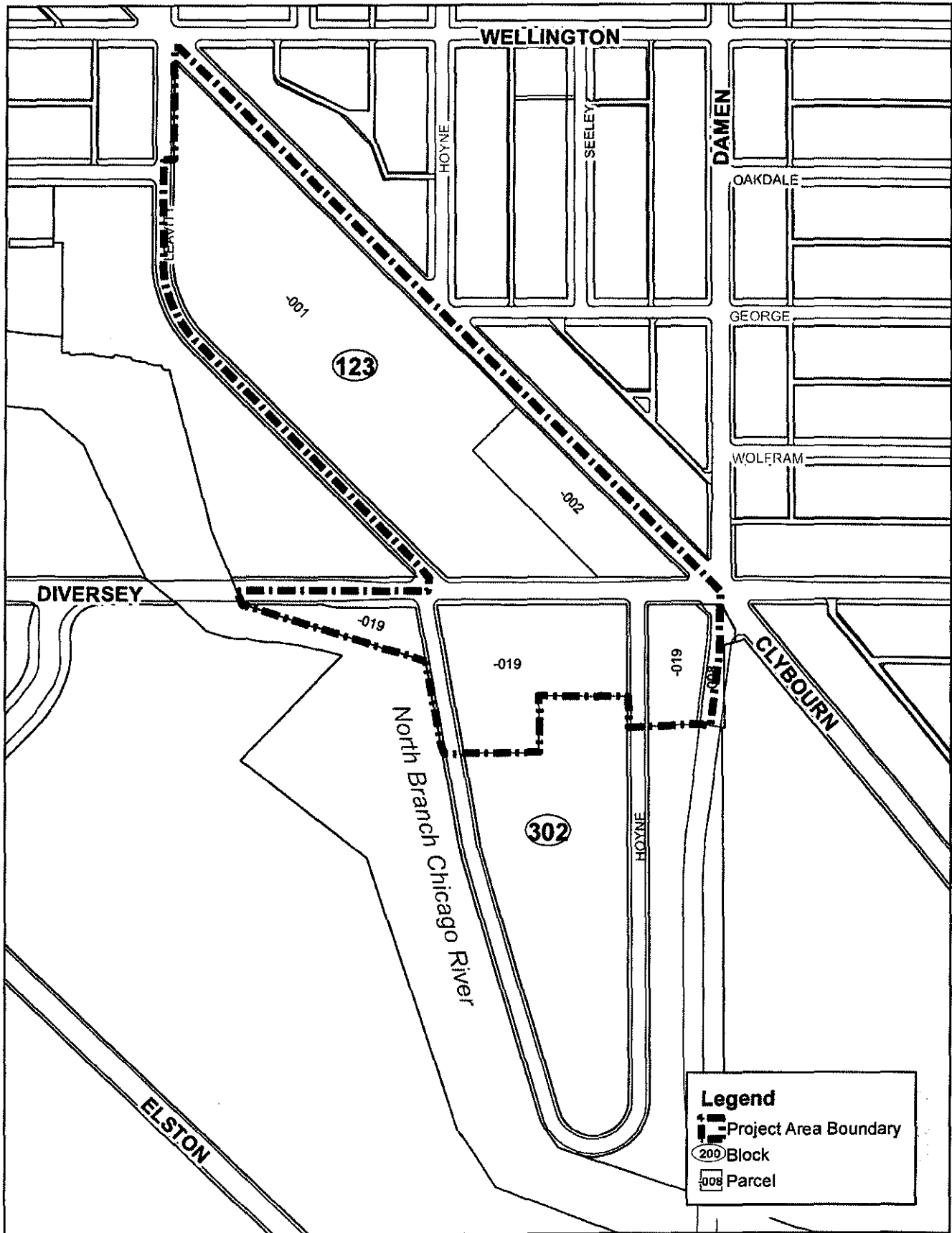
The Department of Planning and Development requests that the commission recommends to the City Council approval of the redevelopment plan for the proposed Diversey/Chicago River Tax Increment Financing Redevelopment Project Area, recommend designation of the area as a Redevelopment Project Area, and recommend adoption of tax increment allocation financing for the area.

EXHIBITS

Redevelopment Area Map
Land Use Map
Alderman's Letter of Support



Redevelopment Plan Figure 3. Land Use Plan
 DIVERSEY/ CHICAGO RIVER TIF



Eligibility Report Figure 1. Project Area Boundary
 DIVERSEY/CHICAGO RIVER TIF



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PROCO JOE MORENO

CITY COUNCIL
CITY OF CHICAGO

ALDERMAN, 1st WARD
2740 WEST NORTH AVENUE
CHICAGO, ILLINOIS 60647
TELEPHONE: 773-278-0101
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COMMITTEE MEMBERSHIPS

CHAIRMAN, COMMITTEE ON HUMAN RELATIONS
.....
COMMITTEES, RULES & ETHICS
.....
ECONOMIC, CAPITAL & TECHNOLOGY DEVELOPMENT
.....
FINANCE
.....
HEALTH & ENVIRONMENTAL PROTECTION
.....
SPECIAL EVENTS, CULTURAL AFFAIRS & RECREATION
.....
ZONING, LANDMARKS & BUILDING STANDARDS

March 3, 2016

David L. Reifman
Commissioner
Department of Planning and Development
121 N. LaSalle Street, Room 1000
Chicago, Illinois 60602

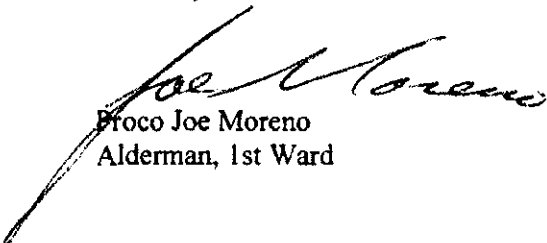
Re: Diversey/Chicago River TIF Designation

Dear Commissioner Reifman:

I am writing to express my support for the proposed Diversey/Chicago River TIF designation. The designation of this TIF will help support the long-awaited redevelopment of the Julia C. Lathrop Homes public housing project located by the Diversey, Clybourn and Damen intersection. It will also facilitate greater access to one of the community's most underutilized assets, the Chicago River.

If you have any questions regarding my support of the utilization of TIF funds for the Lathrop redevelopment project, please feel free to communicate with me.

Sincerely,


Proco Joe Moreno
Alderman, 1st Ward

**COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO**

RESOLUTION __ -CDC- __

**RECOMMENDING TO THE CITY COUNCIL OF
THE CITY OF CHICAGO
FOR THE PROPOSED
DIVERSEY/CHICAGO RIVER
REDEVELOPMENT PROJECT AREA:**

**APPROVAL OF THE REDEVELOPMENT PLAN,
DESIGNATION AS A REDEVELOPMENT PROJECT AREA
AND ADOPTION OF TAX INCREMENT ALLOCATION FINANCING**

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council ("City Council," referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act"); and

WHEREAS, the Commission is empowered by the Corporate Authorities to exercise certain powers set forth in Section 5/11-74.4-4(k) of the Act, including the holding of certain public hearings required by the Act; and

WHEREAS, staff of the City's Department of Planning and Development has conducted or caused to be conducted certain investigations, studies and surveys of the Diversey/Chicago River Redevelopment Project Area, the street boundaries of which are described on Exhibit A hereto (the "Area"), to determine the eligibility of the Area as a redevelopment project area as defined in the Act (a "Redevelopment Project Area") and for tax increment allocation financing pursuant to the Act ("Tax Increment Allocation Financing"), and previously has presented the following documents to the Commission for its review:

Diversey/Chicago River Tax Increment Financing Redevelopment Area Project and Plan
(the "Plan"); and

WHEREAS, the Commission has heretofore passed Resolution 16-CDC-6 on March 8, 2016 that contains the information required by Section 5/11-74.4-4.16(a) of the Act to be included therein and that provides for the preparation of a feasibility study on designation of the Area as a Redevelopment Project Area and requires that such feasibility study include the preparation of the housing impact study set forth in Section 5/11-74.4-3(n)(5) of the Act, all as required by Section 5/11-74.4-4.1(b) of the Act, which has resulted in the preparation of the Report and the Plan being presented to the Commission; and

WHEREAS, a public meeting (the "Public Meeting") was held in accordance and in compliance with the requirements of Section 5/11-74.4-6(e) of the Act on April 5, 2016 at 6:00 p.m. at 2958 North Damen Avenue, Chicago, Illinois, being a date not less than 14 business days before the mailing of the notice of the Hearing (hereinafter defined), pursuant to notice from the City's Commissioner of the Department of Planning and Development given on March 18, 2016, being a date not less than 15 days before the date of the Public Meeting, by certified mail to all taxing districts having real property in the proposed Area and to all entities requesting that information that have taken the steps necessary to register to be included on the interested parties registry for the proposed Area in accordance with Section 5/11-74.4.2 of the Act and, with a good faith effort, by regular mail to all residents and the last known persons who paid property taxes on real estate in the proposed Area (which good faith effort was satisfied by such notice being mailed to each residential address and the person or persons in whose name property taxes were paid on real property for the last preceding year located in the proposed Area), which to the extent necessary to effectively communicate such notice, was given in English and in other languages; and

WHEREAS, prior to the adoption by the Corporate Authorities of ordinances approving a redevelopment plan, designating an area as a Redevelopment Project Area or adopting Tax Increment Allocation Financing for an area, it is necessary that the Commission hold a public hearing (the "Hearing") pursuant to Section 5/11-74.4-5(a) of the Act, convene a meeting of a joint review board (the "Board") pursuant to Section 5/11-74.4-5(b) of the Act, set the dates of such Hearing and Board meeting and give notice thereof pursuant to Section 5/11-74.4-6 of the Act; and

WHEREAS, the Report and Plan were made available for public inspection and review since April 29, 2016, being a date not less than 10 days before the Commission meeting at which the Commission adopted Resolution 16-CDC-13 on May 10, 2016 fixing the time and place for the Hearing, at City Hall, 121 North LaSalle Street, Chicago, Illinois, in the following offices: City Clerk, Room 107 and Department of Housing and Economic Development, Room 1000; and

WHEREAS, notice of the availability of the Report and Plan, including how to obtain this information, were sent by mail on May 24, 2016, which is within a reasonable time after the adoption by the Commission of Resolution 6-CDC-13 to: (a) all residential addresses that, after a good faith effort, were determined to be (i) located within the Area and (ii) located outside the proposed Area and within 750 feet of the boundaries of the Area (or, if applicable, were determined to be the 750 residential addresses that were outside the proposed Area and closest to

the boundaries of the Area); and (b) organizations and residents that were registered interested parties for such Area; and

WHEREAS, notice of the Hearing by publication was given at least twice, the first publication being on June 16, 2016 a date which is not more than 30 nor less than 10 days prior to the Hearing, and the second publication being on June 23, 2016, in the Chicago Sun-Times, being a newspaper of general circulation within the taxing districts having property in the Area; and

WHEREAS, notice of the Hearing was given by mail to taxpayers by depositing such notice in the United States mail by certified mail addressed to the persons in whose names the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the Area, on June 27, 2016, being a date not less than 10 days prior to the date set for the Hearing; and where taxes for the last preceding year were not paid, notice was also mailed to the persons last listed on the tax rolls as the owners of such property within the preceding three years; and

WHEREAS, a good faith effort was made to give notice of the Hearing by mail to all residents of the Area by, at a minimum, giving notice by mail to each residential address located in the Area, which to the extent necessary to effectively communicate such notice was given in English and in the predominant language of residents of the Area other than English on June 27, 2016, being a date not less than 10 days prior to the date set for the Hearing; and

WHEREAS, notice of the Hearing was given by mail to the Illinois Department of Commerce and Economic Opportunity ("DCEO") and members of the Board (including notice of the convening of the Board), by depositing such notice in the United States mail by certified mail addressed to DCEO and all Board members, on May 13, 2016, being a date not less than 45 days prior to the date set for the Hearing; and

WHEREAS, notice of the Hearing and copies of the Report and Plan were sent by mail to taxing districts having taxable property in the Area, by depositing such notice and documents in the United States mail by certified mail addressed to all taxing districts having taxable property within the Area, on May 13, 2016, being a date not less than 45 days prior to the date set for the Hearing; and

WHEREAS, the Hearing was held on July 12, 2016 at 1:00 p.m. at City Hall, at City Council Chambers, 121 North LaSalle Street, Chicago, Illinois, as the official public hearing, and testimony was heard from all interested persons or representatives of any affected taxing district present at the Hearing and wishing to testify, concerning the Commission's recommendation to City Council regarding approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; and

WHEREAS, the Board meeting was convened on June 3, 2016 (being a date at least 14 days but not more than 28 days after the date of the mailing of the notice to the taxing districts on May 13, 2016 in Room 1003A, City Hall, 121 North LaSalle Street, Chicago, Illinois, to review the matters properly coming before the Board to allow it to provide its advisory recommendation

regarding the approval of the Plan, designation of the Area as a Redevelopment Project Area, adoption of Tax Increment Allocation Financing within the Area and other matters, if any, properly before it, all in accordance with Section 5/11-74.4-5(b) of the Act; and

WHEREAS, the Commission has reviewed the Report and Plan, considered testimony from the Hearing, if any, the recommendation of the Board, if any, and such other matters or studies as the Commission deemed necessary or appropriate in making the findings set forth herein and formulating its decision whether to recommend to City Council approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; now, therefore,

BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:

Section 1. The above recitals are incorporated herein and made a part hereof.

Section 2. The Commission hereby makes the following findings pursuant to Section 5/11-74.4-3(n) of the Act or such other section as is referenced herein:

- a. The Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be expected to be developed without the adoption of the Plan;
- b. The Plan:
 - (i) conforms to the comprehensive plan for the development of the City as a whole; or
 - (ii) the Plan either (A) conforms to the strategic economic development or redevelopment plan issued by the Chicago Plan Commission or (B) includes land uses that have been approved by the Chicago Plan Commission;
- c. The Plan meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the Plan, the estimated date of completion of the projects described therein and retirement of all obligations issued to finance redevelopment project costs is not later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 5/11-74.4-8 of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year of the adoption of the ordinance approving the designation of the Area as a redevelopment project area and, as required pursuant to Section 5/11-74.4-7 of the Act, no such obligation shall have a maturity date greater than 20 years;

- d. To the extent required by Section 5/11-74.4-3(n) (6) of the Act, the Plan incorporates the housing impact study, if such study is required by Section 5/11-74.4-3(n)(5) of the Act;
- e. The Area includes only those contiguous parcels of real property and improvements thereon that are to be substantially benefitted by proposed Plan improvements, as required pursuant to Section 5/11-74.4-4(a) of the Act;
- f. As required pursuant to Section 5/11-74.4-3(p) of the Act:
 - (i) The Area is not less, in the aggregate, than one and one-half acres in size; and
 - (ii) Conditions exist in the Area that cause the Area to qualify for designation as a redevelopment project area and a conservation area as defined in the Act;
- g. If the Area is qualified as a “blighted area”, whether improved or vacant, each of the factors necessary to qualify the Area as a Redevelopment Project Area on that basis is (i) present, with that presence documented to a meaningful extent so that it may be reasonably found that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part or vacant part, as applicable, of the Area as required pursuant to Section 5/11-74.4-3(a) of the Act;
- h. If the Area is qualified as a “conservation area”, the combination of the factors necessary to qualify the Area as a redevelopment project area on that basis is detrimental to the public health, safety, morals or welfare, and the Area may become a blighted area;

Section 3. The Commission recommends that the City Council approve the Plan pursuant to Section 5/11-74.4-4 of the Act.

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

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

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

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

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

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

ADOPTED: _____, 2016

List of Attachments:

Exhibit A: Street Boundary Description of the Area

EXHIBIT A

Street Boundary Description of the
Diversey/Chicago River Tax Increment Financing
Redevelopment Project Area

The Area is bounded approximately by Wellington Avenue on the north, an irregular line just south of Diversey Parkway on the south, Damen Avenue on the east and the north branch of the Chicago River and Leavitt Avenue on the west.