
1998 Annual Report

**Homan-Arthington
Redevelopment Project Area**



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

JUNE 30, 1999



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Christopher R. Hill
Commissioner

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Chicago, Illinois 60602
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June 30, 1999

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

Ladies and Gentlemen:

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

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

Sincerely,

Christopher R. Hill
Commissioner
Department of Planning and Development

Walter K. Knorr
Chief Financial Officer



June 30, 1999

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

Commissioner Hill:

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

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

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

Very truly yours,

Ernst & Young LLP

Ernst & Young LLP

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Purpose of Report:

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

Methodology:

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

(a) General Description

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

(b) Date of Designation and Termination

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

(c) Copy of Redevelopment Plan

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

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(d) Description of Intergovernmental and Redevelopment Agreements

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

(e) Description of TIF Projects

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

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

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(f) Description of all TIF Debt Instruments

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

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

(g) Description of City Contracts

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

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

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(h) Summary of Private and Public Investment Activity

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

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

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

(i) Description of Property Transactions

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

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

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

(j) Financial Summary Prepared by the City Comptroller

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

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

(k) Description of Tax Receipts and Assessment Increments

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

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

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

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

(l) Certain Contracts of TIF Consultants

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

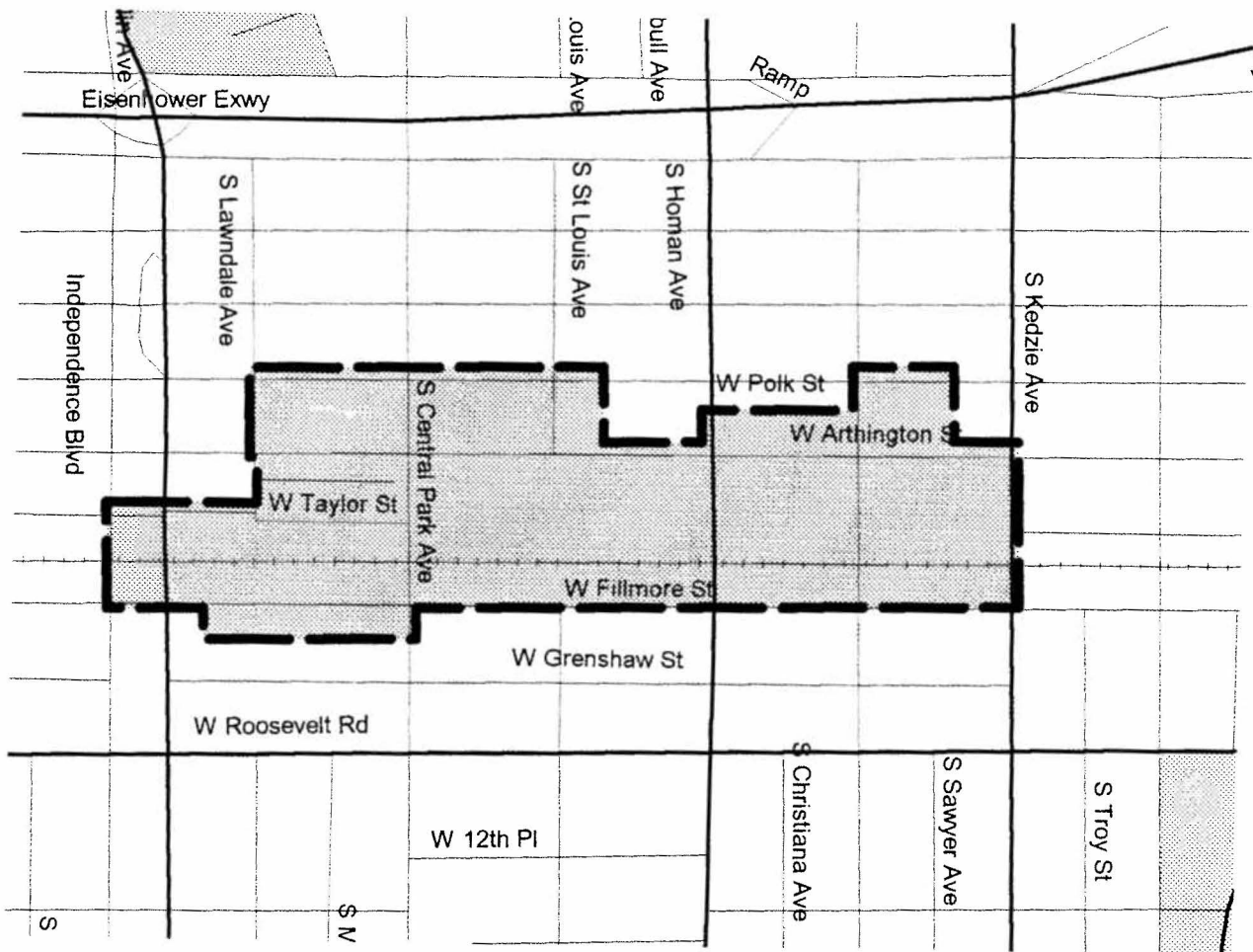
(m) Compliance Statement Prepared by an Independent Public Accountant

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

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(a) GENERAL DESCRIPTION

The Project Area is generally bounded by Polk Street on the north; Kedzie Avenue on the east; Fillmore Street on the south; and Independence Boulevard and Lawndale Avenue on the west. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan (Attachment).



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(b) DATE OF DESIGNATION AND TERMINATION

The Project Area was designated by the Chicago City Council on February 5, 1998. The Project Area may be terminated no later than February 5, 2021.

(c) COPY OF REDEVELOPMENT PLAN

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

(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS

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

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(f) DESCRIPTION OF TIF DEBT INSTRUMENTS

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

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(g) DESCRIPTION OF CITY CONTRACTS

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

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(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY

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

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(i) DESCRIPTION OF PROPERTY TRANSACTIONS

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

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(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER

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

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(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS

TABLE K
DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS

<u>YEAR</u>	<u>MUNICIPAL SALES TAX INCREMENT</u>	<u>STATE SALES TAX INCREMENT</u>	<u>MUNICIPAL UTILITY TAX INCREMENT</u>	<u>NET STATE UTILITY TAX INCREMENT</u>	<u>INITIAL EAV</u>	<u>TOTAL 1997 EAV</u>	<u>TOTAL INCREMENTAL PROPERTY TAXES 1997</u>
1998	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)	\$ 4,801,927 (2)	N.A. (3)	N.A. (3)

(1) N.A. - not applicable.

(2) Source - Homan-Arthington Redevelopment Plan and Project.

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

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(I) CERTAIN CONTRACTS OF TIF CONSULTANTS

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

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

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

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**ATTACHMENT
REDEVELOPMENT PLAN**

Proposed
Homan-Arthington
Redevelopment Project Area

Tax Incremental Financing
Eligibility Study, Redevelopment
Plan, and Project

Prepared for:

The City of Chicago
Department of Planning and Development

May 1997

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S.B. Friedman & Company
221 N. LaSalle St., Ste. 1007
Chicago, IL 60601
312/424-4250 Fax 312/424-4262

1. Executive Summary

In October 1996, *S.B. Friedman & Company* was contracted by the City of Chicago to conduct a Tax Increment Financing Eligibility Study and prepare a Redevelopment Plan and Project for a Redevelopment Project Area in the North Lawndale community. This report details the eligibility factors found within the proposed Homan-Arthington Redevelopment Project Area (RPA) Tax Increment Financing (TIF) District at the time of designation as a "blighted area" and "conservation area" within the definitions set forth in the Illinois Tax Incremental Financing Act. This report also contains the Redevelopment Plan and Project for the proposed RPA.

The proposed Homan-Arthington RPA has been found to be eligible for Tax Incremental Financing designation under both "blighted area" and "conservation area" factors. In order to meet eligibility criteria, the proposed Homan-Arthington RPA was segmented into three sub-areas. These are The Former Sears Catalog Building Sub-Area, The Former Sears Administration Complex Sub-Area and Vacant Parcels on the Periphery of the Former Sears Administration Complex.

The former Sears Catalog Building sub-area qualifies under the provisions of the Act as "blighted immediately prior to becoming vacant," based upon the following eligibility factors:

- Age;
- Obsolescence;
- Deterioration;
- Excessive vacancies;
- Excessive land coverage; and
- Presence of structures below minimum code.

Based upon our analysis, each of these eligibility factors were present to a meaningful extent within the entire 2.7 million square feet of the former Sears Catalog Building

The former Sears Administration Complex sub-area qualifies under the provisions of the Act as a "conservation area," based upon the following eligibility factors:

- Age;
- Obsolescence;
- Deterioration;
- Presence of structures below minimum code;
- Excessive vacancies;
- Excessive land coverage;
- Depreciation of physical maintenance; and
- Abandonment.

Our research has revealed that of the 14 eligibility factors -- besides age -- found within the Act under "conservation area" eligibility, 5 of these factors are present to a meaningful extent (51%, or more of the buildings within the sub-area exhibit such factors); 1 factor is present to a moderate extent (between 25% to 50% of the buildings within the sub-area exhibit the factor); and 1 factor is present

to a very limited extent (less than 25% of the buildings within the sub-area exhibit the factor).

The former Sears Administration Complex sub-area of the RPA, while not yet blighted, may become a blighted area if these seven factors are not addressed.

Vacant land surrounding the former Sears Administration Complex qualifies as a vacant blighted area under "...or if vacant, the sound growth of the taxing district is impaired by..." based upon the following eligibility factors:

- Obsolete platting of the vacant land; and
- Deterioration of structures and site improvements in neighboring areas adjacent to the vacant land.

The current plat for the vacant land is obsolete for current and planned redevelopment activities for the Homan-Arthington Redevelopment Project Area. This was confirmed by both City officials and the project manager for the Shaw Company overseeing and coordinating the Homan Square redevelopment project. A survey of structures and a review of engineering studies revealed that improvements on areas adjacent to the vacant land were falling into disrepair, or needed to be replaced.

Overall, 100% of the properties within the proposed Homan-Arthington Redevelopment Project Area evidence the requisite standards for blight or conservation status under the provisions of the Act. These factors are reasonably distributed throughout the proposed district, and are present to a meaningful extent.

The overall goal of the Redevelopment Plan and Project is to provide the direction and mechanisms necessary for the self-sustaining revitalization of the RPA in a manner that complements and enhances redevelopment opportunities in the surrounding residential neighborhoods. This goal is to be achieved through an integrated and comprehensive strategy that utilizes public resources to stimulate additional private investment.

In order to facilitate the redevelopment of the RPA, six broad objectives that support the broader overall goal of area-wide revitalization of the RPA and the surrounding North Lawndale neighborhood have been identified. These include:

- Reduce or eliminate conditions that qualify the area as a blighted or conservation area.
- Increase the value of taxable parcels within the proposed RPA.
- Provide opportunities for women and minority businesses to share in the redevelopment of the RPA.
- Replace or repair all infrastructure to facilitate the construction of new housing within the

- Rehabilitate and upgrade existing commercial structures in the RPA which supports the retention of a commercial employment base within the neighborhood, creates the opportunity for the addition of new commercial employers and preserves the architecturally significant structures of the former Sears Administration complex.
- Generate resources for the acquisition of vacant parcels, clearance of blighted improvements, and environmental remediation to provide additional land for residential and/or commercial development, as appropriate.

These objectives will be implemented through five specific and integrated strategies. These are:

1. Public Improvements. A series of public improvements throughout the Homan Square neighborhood may be designed and implemented to help create an identity for the RPA as well as prepare sites in the RPA for anticipated private investment.

2. Target Anchor Buildings and Opportunity Sites. The rehabilitation of key anchor buildings and redevelopment of key opportunity sites are important projects within the RPA. Because of their size, location and prominence, these are improvements and projects that are anticipated to directly and indirectly impact more than just the project site. Once completed, these projects are expected to stimulate both physical and economic private investment and enhance the RPA and surrounding area.

3. Encourage Private Sector Activities. Through public/private partnerships, the City and local community may provide financial and other assistance to encourage the private sector to undertake redevelopment and rehabilitation projects and other improvements that are consistent with the goals of the community and this plan.

4. Selected Acquisition and Land Assembly. Vacant sites throughout the RPA may be acquired and assembled to attract future private investment and development. The consolidated ownership of these sites will make them easier to market to potential community developers and streamline the redevelopment process. In addition, assistance may be provided to private developers seeking to acquire land and assemble sites in order to undertake projects supportive of this plan. To meet the goals, policies or objectives of the plan, the City may acquire and assemble property throughout the RPA. Land assemblage by the City may be by purchase, exchange, donation, lease or eminent domain and may be for the purposes of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. (Selected acquisition parcels and sites have not yet been identified and none are planned; therefore no acquisition map is included with this Redevelopment Project and Plan).

5. Leveraging Funds for Other Improvements. Remaining uncommitted resources may be used to fund appropriate physical improvements and economic development activities consistent with the Act, and to leverage additional public and private resources to continue the ongoing comprehensive redevelopment of the RPA and surrounding area.

The required findings for the adoption of this Redevelopment Plan and Project under the Act are present within the proposed RPA.

First, the proposed RPA experienced a 19% decrease in the Compound Annual Growth Rate in the Equalized Assessed Value in real property between 1992 and 1995. Development that has occurred in the vicinity of the proposed RPA has been significantly subsidized with public resources other than TIF. Therefore, it can reasonably be concluded that the proposed RPA has not been subject to growth and investment through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Redevelopment Plan.

Secondly, public supported infrastructure investments are crucial to sustain the redevelopment activities occurring in the vicinity of the proposed RPA. These redevelopment efforts are anticipated to have substantial benefits for the proposed RPA, but if the required infrastructure improvements cannot be incorporated with the support of TIF resources it is likely that these redevelopment efforts will halt; consequently the proposed RPA is not likely to be redeveloped through these private market efforts. Therefore, but for the adoption of TIF, critical infrastructure resources will be lacking that would otherwise support the sustained redevelopment of the proposed RPA.

Finally, the North Lawndale community has been the focus of substantial City of Chicago planning and development efforts over a number of years. This Redevelopment Plan must first be approved by the Chicago Plan Commission prior to being submitted to the City Council for final approval. Also, the proposed redevelopment activities and anticipated future land use pattern for the proposed RPA conform with the strategies and desired future land use outlined in the Revised Lawndale Conservation Plan. Therefore, the Redevelopment Plan--based on Plan Commission review--conforms to plans for the development of the municipality as a whole, as well as the North Lawndale community specifically.

The opportunities presented by current private market activity in the vicinity of the proposed RPA, as well as other North Lawndale development initiatives being carried out by community based organizations will be substantially supported and their continued progress facilitated through the creation of the Homan-Arthington RPA TIF. Furthermore, this Redevelopment Project and Plan also complements other area planning initiatives by the City currently being conducted in the North Lawndale community.

2. Introduction

The Study Area

The proposed tax increment finance district known as the "Homan-Arthington Redevelopment Project Area" (Homan-Arthington RPA) is located within the North Lawndale community of the City of Chicago (the "City"), in Cook County (the "County"). In October 1996, *S.B. Friedman & Company* was engaged to conduct a study of certain properties in this neighborhood to determine whether the area containing these properties would qualify for status as a "blighted area" and/or "conservation area" under the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3 et. seq. (the "Act").

The subject properties in the proposed Homan-Arthington RPA include all of the properties on the south side of Polk between Kedzie and Lawndale, except for those properties fronting Kedzie and the east three-quarters of the block defined by St. Louis on the west, Polk on the north, Arthington on the south, and Homan on the east and the north one-half of the block defined by Spaulding on the east, Polk on the north, Arthington on the south, and Homan on the west; all properties on the north and south sides of Arthington between Kedzie and Lawndale, except for those properties fronting Kedzie on the north side of Arthington; and all properties on the north and south sides of Fillmore, except those properties on the south side of Fillmore between Kedzie and Central Park, and Independence and the alley just east of Independence.

The proposed Homan-Arthington RPA Area incorporates a majority of the Shaw Company's Homan Square development project area; the remainder of the former Sear's Administration Complex; and a collection of city owned properties and vacant space.

The report covers events and conditions that exist and were determined to be germane at the completion of our research on March 11, 1997 and not thereafter. These events or conditions include without limitation governmental actions and additional developments.

This Eligibility Study, Redevelopment Project and Plan summarize the analysis and findings of the consultant's work, which, unless otherwise noted, is solely the responsibility of *S.B. Friedman & Company*. The City of Chicago is entitled to rely on the findings and conclusions of the Redevelopment Plan in designating the Homan-Arthington Redevelopment Project Area as a redevelopment project area under the Act. *S.B. Friedman & Company* has prepared this Redevelopment Plan with the understanding that the City would rely (1) on the findings and conclusions of the Redevelopment Plan 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 *S.B. Friedman & Company* has obtained the necessary information so that the Redevelopment Plan will comply with the Act and that the Redevelopment Project Area can be designated as a redevelopment project area in compliance with the Act.

Map 1 details the boundaries of the proposed Homan-Arthington RPA Area.

History of the Study Area

What is now referred to as North Lawndale was included in the Township of Cicero in 1857. A second community named Crawford was established in the area after the construction of the Chicago, Burlington & Quincy Railroad. In 1869, through enabling state legislation, Chicago annexed an eastern section of North Lawndale. The same enabling legislation provided resources for the creation of three parks in the annexed area. The most prominent of these parks was a 174 acre tract named in honor of Illinois Senator Stephen Douglas. In 1870, a real estate firm began subdividing the area and named it Lawndale.

After the Fire of 1871, the McCormick Reaper Company (later known as International Harvester) built a plant in the nearby Lower West Side neighborhood. Many workers from the plant settled in the North Lawndale community. The remainder of North Lawndale (west of Pulaski Road) was annexed to Chicago through a resolution by Cook County. Development of industrial plants along the area's railroad tracks and junctions fueled more population growth and residential construction.

By the turn of the century, North Lawndale was a well-established industrial community. In 1905, the Sears Roebuck and Company began construction of its Administration Complex, which would eventually include six prominent buildings comprising nearly 3.6 million square feet of commercial, industrial and warehousing space. Many workers from Sears chose to locate in the North Lawndale community, fueling additional population growth.

Between 1910 and 1920, the population of North Lawndale nearly doubled from approximately 47,000 to 93,750. Thereafter, the population increased to a peak of 125,000 people in 1960. The area began a steady economic and social decline in the early 1960s which was accelerated by the riots in 1968. After the riots, nearly 75% of the businesses and 25% of the area jobs relocated to other parts of the City, or to suburban locations. In 1969, International Harvester closed its plant and approximately 3,400 jobs were lost. Additional area jobs were relocated out of the neighborhood in the early 1970s when Sears moved a majority of its administration functions to the Sears Tower. However, the catalog and mail order operations remained in the area until 1987 when the Catalog Building was closed.

The economic dislocation of the 1960s and 1970s resulted in a drop of population in the area of nearly 80,000 people. Between 1980 and 1990, the population declined an additional 14,000 people, or 23.1%, while the population decline for the City as a whole during this period was 7.4%. 1990 income data for North Lawndale revealed that the population that remains was among the poorest in the City. Approximately 43% of the area population lived below the poverty level and the per capita income of \$5,869 was 53% of the per capita income for the City as a whole (\$11,073). The 1990 income data further revealed that median family income in the area was \$16,125, or 56% of the median family income for the City as a whole (\$29,805).

The economic decline of the population resulted in a corresponding decline in area housing stock and many housing units became abandoned. Between 1960 and 1990 nearly 18,600 units of housing were lost, most as a result of demolition of dangerous and abandoned buildings. 1990 housing data

revealed that area housing had a median value of \$43,800, which is 56% of the median housing value for the City as a whole (\$78,700); further, 77% of the area housing units were renter-occupied.

Current Conditions in the Study Area

The North Lawndale community today is in transition. There is substantial abandonment and disinvestment, but at the same time several area projects point toward the beginning of neighborhood revitalization. Several area non-profit organizations are engaged in home rehabilitation and business development. The area also has been the focal point for publically assisted private market investment actually occurring or slated to get underway within the next year. In spite of this investment, the Homan-Arthington RPA Area still suffers. The City has committed resources to the area in terms of focused planning, redevelopment strategies and other assistance, including housing assistance from the City of Chicago Department of Housing.

The Shaw Company, since 1992, has invested significant resources in the area embodied in their Homan Square development project which is anchored by the Sears Administration Complex. The Sears Administration Complex is within the proposed Homan-Arthington RPA. In spite of this commitment, the area surrounding Homan Square still suffers from substantial deterioration and abandonment.

3. Eligibility Analysis

Provisions of the Illinois Tax Increment Allocation Redevelopment Act

Under the Act, two primary avenues exist to establish eligibility for an area to permit the use of tax increment financing for area redevelopment: “blighted area” and “conservation area.”

“Blighted areas” are those areas with blighting influences that are impacting the public safety, health, morals, or welfare of the community and substantially impairing the growth of the tax base in the area. “Conservation areas” are those areas which are deteriorating and declining and soon may become blighted if the deterioration is not abated.

The statutory provisions of the Act specify how a district can be designated as a “conservation” and/or “blighted area” district based upon an evidentiary finding of certain eligibility factors listed in the Act. These factors are identical for each designation with the exception that “abandonment” is an added eligibility factor under “conservation area” designation. The factors are listed at 65 ILCS 5/11-74.4-3 (a) and (b) and are defined for purposes of this Plan (these factors are not defined in the Act) as follows:

Age of Structure. Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures and exposure to the elements over a period of many years. These problems and conditions negatively affect building condition, adaptability, reuse, and value.

Deterioration. The process of basically sound structures becoming worse in quality due to deficiencies in primary and secondary building components. (Primary components include exterior walls, foundations, roof structure, etc. and secondary components include window and door units, porches, exterior surfaces, etc.). Buildings in this category generally contain defects which seriously impair the usefulness of the structure.

Deterioration of site improvements refers to physical deficiencies or disrepair to roadways, alleys, curbs, sidewalks, parking areas, and other site features which require treatment or repair beyond that of normal maintenance.

Dilapidation. The advanced stage of deterioration. Structures or improvements in this category contain critical deficiencies in structural components which are virtually non-correctable and present a safety hazard for the occupants of the building.

Obsolescence. The condition or process of becoming out-of-date or non-functional for the use or uses the structure or improvement was originally designed for is evidenced by such factors as insufficient width and size, irregular shape, and random additions. Buildings are obsolete when conditions limit the use and marketability of such buildings. Site improvements are obsolete in terms of their relationship to contemporary development standards.

Illegal Use. The presence of uses or activities which are contrary to law and/or not permitted by municipal ordinances.

Structure Below Minimum Code. A structure containing conditions that are less than the accepted minimum standards of zoning, subdivision, fire, housing, building, or other governmental codes applicable to the property.

Vacancy/Abandonment. Conditions evidenced by vacant buildings or portions of buildings which are not being utilized which have an adverse impact on the area. Abandoned properties are those in which the property owner has relinquished all interest and in which it is apparent that no effort will be directed toward future utilization.

Overcrowding of Structures and Community Facilities. Over-intensive use of buildings, facilities and properties beyond that permitted by ordinance or capacity.

Lack of Ventilation, Light and Sanitary Facilities. Substandard conditions which are below minimum code standards that adversely affect the health, safety and welfare of building occupants.

Inadequate Utilities. Deficiencies and inadequacies in the capacity of utilities which service a property or area.

Excessive Land Coverage. The over-intensive use of property evidenced by inadequate yards, setbacks, open space and the crowding of buildings and accessory facilities onto a site which is out of character with the neighborhood and community as a whole and could have an adverse effect on use of a building.

Deleterious Land Use or Layout. Conditions which have a harmful effect on an area including inappropriate land use, inadequate lot frontage, irregular lot shape, insufficient vehicular access, fragmentation of ownership, and other blighting conditions which discourage development and redevelopment.

Depreciation of Physical Maintenance. Lack of normal maintenance of building components, but not to a degree of structural deficiency or inadequate provision for upkeep of site features and landscaping.

Lack of Community Planning. The absence of an effective planning program at the time the area was originally developed which results in physical obstacles to redevelopment.

According to the Act, "blighted areas" must have a combination of five or more of these eligibility factors acting in concert which threaten the health, safety, morals or welfare of the proposed district. "Conservation areas" must have a minimum of 50% of the total structures within the area aged 35 years or older, plus a combination of three or more additional eligibility factors which are detrimental to the public safety, health, morals or welfare and which could result in such an area becoming a blighted area.

Under the provisions of the "blighted area" section of the Act, if the land is vacant--which is a

significant problem in North Lawndale--a combination of two or more of the following factors may also be identified which combine to impact the sound growth in tax base for the proposed district.

Obsolete Platting of Vacant Land. Arrangements of parcels of land not conducive to support contemporary uses evidenced by layout which is inconsistent with accepted site planning standards and development trends.

Diversity of Ownership. Multiple ownership of adjacent properties which complicates assembly of smaller parcels to a size suitable for development.

Tax and Special Assessment Delinquencies. Evidence of delinquent tax payment.

Flooding on All or Part of the Vacant Land. Presence of standing water on site after rain or snowfalls which indicates poor drainage and absorption rates.

Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land. Evidence of structural deterioration and area disinvestment in adjacent blocks to the vacant land which may substantiate why new development had not previously occurred on the vacant parcels.

Additionally, under the "blighted area" section of the Act, eligibility may be established for those vacant areas that would have qualified as "Blighted Immediately Prior to Becoming Vacant." Under this avenue for establishing eligibility, building records may be reviewed to identify that a combination of 5 or more of the 14 "blighted area" eligibility factors were present immediately prior to demolition of the area's structures.

The vacant "blighted area" section includes 5 other avenues for establishing eligibility, but none of these are relevant to the conditions within the proposed Homan-Arthington RPA Area.

Methodology Overview

Several area factors and data limitations required that a comprehensive application of the provisions of the Act be conducted in the proposed Homan-Arthington RPA. The area is characterized by the strong presence of the remaining buildings of the Sears Administration Complex and tracts of vacant land that once accommodated commercial and residential structures. Finally, several acres of vacant land are abutted by areas that evidenced significant levels of disinvestment and are platted to accommodate high-density residential development.

All properties were examined for qualification factors consistent with either "blighted area" or "conservation area" requirements of the Act. Based upon these criteria, the selected properties have been deemed suitable for designation as a TIF Redevelopment Project Area and are proposed to be the Redevelopment Project Area under a combination of "blighted area" and "conservation area" bases.

Analysis of eligibility factors under either a “blighted area” or “conservation area” basis was done through an extensive exterior and interior survey of accessible commercial structures in the proposed RPA, including the former Sears Administration Complex. Where access was not possible, exterior windshield surveys were conducted to identify the presence of the eligibility factors. Building record and structure analysis documentation was reviewed for parcels where buildings had been demolished. Also, a windshield building condition and blight survey was conducted on blocks outside of the proposed Homan-Arthington RPA which are adjacent to vacant parcels within the proposed RPA. Finally, the plat of several acres of vacant land was confirmed as not being in accord with planned development for the area, or in accord with the City’s long range redevelopment objectives for the Homan-Arthington RPA.

Application of Methodology

Based upon the provisions of the Act, and the neighborhood conditions currently found in North Lawndale, we have concluded that a combination blighted area/conservation area designation would reflect and characterize the necessary conditions and factors that exist within the Homan-Arthington RPA.

Three distinct areas were identified within the proposed Homan-Arthington RPA based on the conditions of the areas and the resulting method employed to determine eligibility. The three areas and the methodology employed on each were:

- **Catalog Building.** This includes the vacant site that formerly accommodated the Sears Catalog Building, as well as associated surface parking parcels. This area was analyzed on the basis of being “Blighted Immediately Prior to Becoming Vacant”. The 14 factors listed under “blighted area” were evaluated to establish this area’s eligibility. Five factors are required.
- **Vacant Parcels.** The proposed Homan-Arthington RPA includes a number of vacant parcels on the periphery of the former Sears Administration Complex that once accommodated residential properties, and are abutted by improved areas that evidence disinvestment. This area was analyzed on the basis of “...or if Vacant, the Sound Growth of the Taxing District is Impaired by a Combination of Two or More of the Following Factors...” eligibility. The five factors listed for vacant land within “blighted area” eligibility were evaluated to establish this area’s eligibility. Two factors are required.
- **Former Sears Administration Complex.** This area was analyzed on the basis of “conservation area” eligibility. The 14 factors listed under “conservation area” usage were evaluated to establish this area’s eligibility. Three factors are required.

Map 2 identifies the three sub-areas and the eligibility analysis technique employed in each area.

The following three sections detail the presence of eligibility factors within each of the individual sub-areas.

The Former Sears Catalog Building Site and Associated Surface Parking Areas

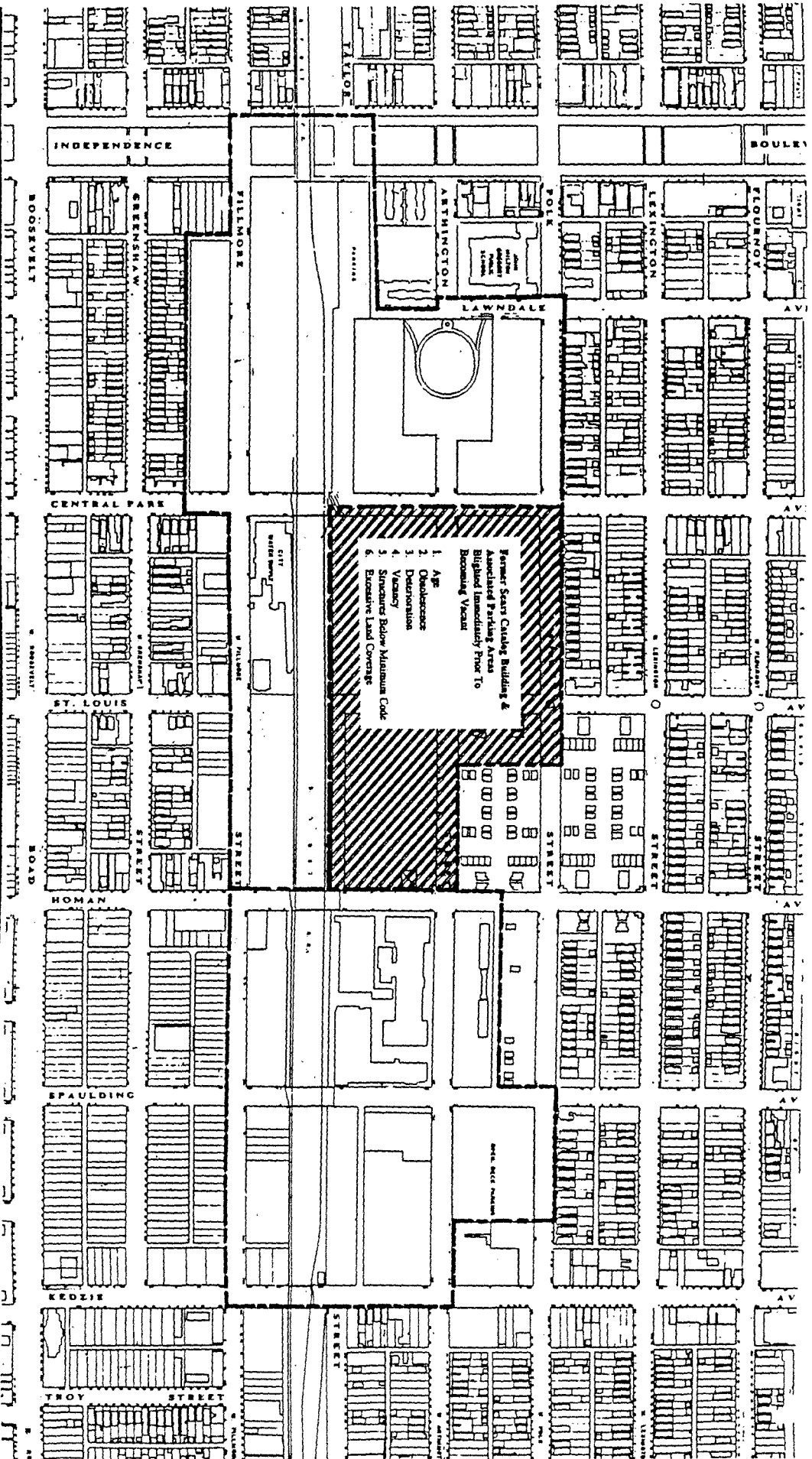
The site of the former Catalog Building and associated parking areas were evaluated as “blighted immediately prior to becoming vacant.” This area is shown on Map 3. The entirety of the area is considered a single site including land formerly containing buildings, land used for loading and circulation, storage and off-street parking for employees. This is analogous to how any industrial site would be treated for any planning or zoning purposes by including land required for ancillary functions. Included in this analysis was land, about 35%, that served as associated parking for the Catalog Building. According to the Shaw Company’s Site Manager for the Homan Square project, Tom Dorgan, these areas have not been used for parking since 1987 when the Catalog Building was closed. The analysis of records predating the demolition of the structure(s) must show that the property would have qualified as a blighted improved area using the same eligibility factors as those listed under the “blighted area” eligibility basis.

Map 3 highlights the former Sears Catalog Building site and associated parking areas, as well as the eligibility factors identified in this sub-area.

A number of documents were used to conduct this analysis, including:

- “Analysis of the Catalog Building Homan Square Project,” Linda Goodman and Associates, August 1993
- “Case Report to the Advisory Council on Historic Preservation Regarding the Homan Square Project,” Valerie B. Jarrett, Commissioner DPD, September 15, 1993
- “Historic American Building Survey: Sears, Roebuck and Company Mail Order Plant, Merchandise Building,” Wiss, Janney, Elstner Associates, Inc, April 20, 1994
- “Homan Square, Chicago, North Lawndale Revitalization Plan: A Land Use Assessment of the Sears Catalog Building,” The Lakota Group, August 13, 1993
- “Homan Square Catalog Building Renovation Total Project Cost,” The Shaw Company, April 21, 1993
- “Appraisal Report of Sears, Roebuck Complex,” Real Estate Analysis Corporation, February 2, 1992
- “Homan Square Marketing Strategy for Commercial/Industrial Buildings,” The Shaw Company, date unknown
- Nomination Form for the Sears, Roebuck and Company Complex for registry on the National Register of Historic Places, American Association for State and Local History, Nashville, Tennessee, date unknown

Former Sears Catalog Site & Identified Eligibility Factors



- Detailed construction, renovation and demolition cost information prepared by Morse/Diesel International, November 2, 1991
- Archival photographs provided by the Shaw Company of the Sears Catalog Building

As required by the Act, five of the fourteen eligibility factors must be present to establish eligibility on a "blighted area" basis. The documents revealed the presence of six of the fourteen eligibility factors upon or within the Catalog Building prior to its demolition. The identified factors from these supporting documents are identified and detailed in the following section.

1. Age

The Sears Catalog Building was built over a period of several years between 1905 and 1917. The age of the last built section is well outside the 35-year limit on age required for "conservation area" TIFs. No specific benchmark age is indicated for "blighted areas," but it may be assumed that the 35 year limit used in the Act for qualifying conservation areas is applicable to structures within "blighted areas" as well.

2. Obsolescence

Extensive analysis on the Sears Catalog Building was conducted between 1991 and 1993. An appraisal conducted in 1992 noted that the property contained 2.7 million square feet space of limited marketability. At the time of this appraisal the property was completely vacant.¹ A real estate market and feasibility analysis conducted in 1993 determined that the Catalog Building's potential re-use in three redevelopment scenarios was either cost prohibitive or impractical.²

Specifically, the market and feasibility study looked at the redevelopment of the structure for industrial, residential or institutional uses.

In terms of industrial reuse the consultant noted that the structure lacked important physical and locational characteristics sought by industrial and warehouse users. According to the consultant, at the time the report was prepared, the projected per square foot rental rates would have to be \$3.00 per square foot on a net basis to support the necessary renovation costs to make the property marketable and competitive; this compared unfavorably to comparable property net rents which ranged from \$1.25 to \$1.75 per square foot.³

In regard to retail, the consultant noted that the size of the Catalog Building was not practical for

¹ "Appraisal of the Sears Catalog Building," Real Estate Analysis Corporation, February 7, 1992, p. 93

² "Analysis of the Catalog Building Homan Square Project," Linda Goodman and Associates, August 1993, pp. 1-2

³ Ibid., p. 19

retail users, even as a mall. The consultant's report indicated that the Catalog Building dwarfed the largest retail mall in the region--Woodfield Mall in Schaumburg. Furthermore, the area demographics were not conducive for retail users.

Residential redevelopment was analyzed as well. The report noted that the building could be retrofitted to accommodate 2000 subsidized rental residential units. However, this number would overwhelm the housing market in the North Lawndale community. More importantly, a configuration of 2000 low income subsidized rental units within one structure was not consistent with then current Chicago Housing Authority (CHA) policy for subsidized housing. The economic analysis also indicated that per square foot rents would have to closely approximate rents found in the Gold Coast (\$1.00 per square foot). At the time, projected rents for The Shaw Company's Homan Square rental properties was only expected to be between \$0.43 to \$0.46 per square foot.

Finally, Institutional uses were considered. The real estate consultant explained that the Catalog Building, in addition to the planned marketing of the other 890,000 square feet of space found within the remaining buildings of the Sears Administration Complex, would flood the market with too much space. The opinion of the consultant was that the existing supply of space outside the former Sears Administration Complex and the existing structures within the Homan - Arthington RPA, besides the Catalog Building, provided ample supply for institutional users. Projected rents for renovated space within the Catalog Building would have been near \$5.00 per square foot. These rents would detract potential institutional users who are typically very cost sensitive.

3. Deterioration

A report prepared by the Department of Planning and Development in 1993 and supported by the market and feasibility analysis revealed that the Catalog Building was deteriorating.⁴ The report noted that maintenance costs for the Catalog Building ran in excess of \$2 million annually. Nevertheless, approximately half of the windows were broken and "other aspects of the exterior and interior of the building" were in a continuing state of deterioration. According to the report, the continuing deterioration of the Catalog Building--as a result of its massive size--posed significant blighting influences on the surrounding area.

According to a renovation analysis conducted by the Morse/Diesel International in 1991: all water closets (toilets and sinks) would have to be replaced; all windows would need to be replaced; several floors of the building would have to be renovated to accommodate new uses for the building.⁵

4. Excessive Vacancies

Many of the documents referenced for this study indicated that Sears halted operations at the Catalog

⁴ "Case Report to the Advisory Council on Historic Preservation Regarding the Homan Square Project," Valerie B. Jarrett, Commissioner, Department of Planning and Development, September 13, 1993, pp. 14-15

⁵ "Catalog Building Renovation," Morse/Diesel International, July 22, 1991

Building in 1987, and vacated the building completely. Therefore, after 1987 the entire 2.7 million square feet of Catalog Building space was vacant.

5. Presence of Structures Below Minimum Code Standards

The Shaw Company prepared an overview, partially based upon Morse/Diesel's renovation estimates, of necessary improvements required to bring the Catalog Building into compliance with modern code standards. These included:

- Existing water tanks in tower, and fire pumps and main piping do not meet current code and will need to be replaced;
- Inadequate electrical service which fails to meet modern service requirements for new mechanical systems;
- New heating, air conditioning and ventilation systems will be required, including air handling units, cooling towers, piping, distribution and control systems;
- New water closets, supply lines and sanitary drainage systems will be required;
- Completely new fire-life safety systems will be required;
- Replacement of wood stairs;
- Replacement of antiquated sliding fire doors with modern code rated doors;
- All existing service and passenger elevators will need to be replaced, as well as adding several new elevators;
- Requirements of Americans With Disabilities Act will need to be incorporated into the building; and
- All existing wood structural elements will need to be fireproofed.⁶

Shaw also prepared estimates on the costs of meeting code compliance for either warehousing, office or residential uses. For warehousing, the estimated costs of bringing the building into code compliance was \$70,500,000; for office uses, \$124,500,000; and for residential, \$151,500,000. These costs are not inclusive of estimated soft costs. Clearly, these estimates indicate that the building was well below modern code standards.

⁶ "Homan Square Catalog Building Renovation Overview," The Shaw Company, April 21, 1993, pp. 2-3

6. Excessive Land Coverage

The appraisal of the building indicated that the structure occupies over 50% of its parcel area. According to the appraisal, there was a .52:1 land-to-building ratio--not including the associated parking areas.⁷ This is well in excess of preferred .25:1 land-to-building ratio for modern warehousing and industrial operations. However, for residential and office commercial uses, this land coverage would not necessarily be excessive.

Vacant Parcels on the Periphery of the Former Sears Administration Complex

As required by the Act, where proposed TIF district property is vacant, eligibility may be established under a "blighted area" basis by establishing the presence of two of five eligibility factors. These factors are separate and distinct from those listed for conventional "blighted area" analysis. These factors are:

- Obsolete Platting of the Vacant Land
- Diversity of Ownership of Such Land
- Tax and Special Assessment Delinquencies on Such Land
- Flooding on All or part of Such Vacant Land
- Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land

Analysis conducted by *S.B. Friedman & Company* revealed that two of these eligibility factors exist which impair the sound growth of the taxing districts. These factors are:

- Obsolete Platting of the Vacant Land
- Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land

Map 4 highlights the vacant parcels on the periphery of the former Sears Administration Complex, as well as the eligibility factors identified in this sub-area.

1. Obsolete Platting. The current platting of the vacant parcels within this sub-area of the proposed Homan-Arthington RPA are obsolete for the type of residential development currently occurring in neighboring parts of the community. Also, the plat configuration would not accommodate other types of modern development, including neighborhood commercial. The 179 vacant lots surveyed within this sub-area are typically 25' x 125' vacant residential lots.

The Shaw Company has been actively redeveloping in the area and prior to any new construction, they have applied for and received resubdivision and platting of redevelopment parcels. Information provided by The Shaw Company indicates that future redevelopment activity within the North

⁷ "Appraisal of the Sears Catalog Building," Real Estate Analysis Corporation, February 7, 1992, p. 93

Lawndale area will require parcel replatting. Furthermore, plans for future redevelopment activity in the area, according to plans and policies produced by the City's Department of Planning and Development (DPD), indicate that the current platting on vacant parcels will have to be changed to accommodate lower density residential redevelopment projects.

2. Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant land.

Deterioration of Structures. An exterior windshield survey of blocks immediately adjacent to the proposed Homan-Arthington RPA's vacant parcels was conducted. 94 buildings were surveyed, and of these 94 buildings only 6 were nonresidential. Of the remaining 88 buildings, 78 buildings were multi-family residential structures, 47 of which were two-flats. Six structures were large apartment buildings, some of which were owned and operated by the Chicago Housing Authority (CHA).

Relying upon the eligibility factor of deterioration as used within the Act and defined in section 3, page 9 above, we examined the observable conditions of key exterior structural components. Of the 94 buildings surveyed on the adjacent blocks:

- 21 buildings evidenced deterioration indicative of properties requiring minor repairs; this is equivalent to 22% of all buildings surveyed;
- 13 buildings evidenced deterioration indicative of properties requiring major repairs; this is equivalent to 14% of all buildings surveyed;
- 6 buildings evidenced deterioration indicative of substandard properties that could not be economically salvaged for rehabilitated residential purposes; this is equivalent to 6% of all buildings surveyed;
- 54 buildings had no observable evidence of deterioration indicating that these are sound properties; this is equivalent to 58% of all buildings surveyed.

Forty-two percent of the 94 buildings surveyed required at least modest levels of repair. On some buildings there was no outward evidence of deterioration, but greater structural analysis could possibly reveal other problems.

Fifteen percent of the multi-family residential buildings had unit vacancies. At least four residential buildings were abandoned, one of which was also fire damaged.

Where the properties get progressively more deteriorated, the possibility of similar deterioration upon neighboring properties becomes greater. The condition of these buildings impacts property values and creates disincentives for neighboring property owners to maintain their buildings. In long-term, unabated situations, building abandonment becomes a major problem in these communities.

There are 8 buildings that, because of their severely deteriorated state, are exerting a major blighting influence upon surrounding properties and the neighborhood environment. Six of these buildings were abandoned and 5 were open to trespass. The continuing presence of these buildings creates the potential for serious problems for area residents, community environment and neighboring property values.

Deterioration of Site Improvements. While site improvement conditions internal to the vacant area have no effect on qualification, it is important to note that area improvements internal to the vacant area show substantial deterioration. Engineering studies conducted for the Shaw Company indicated that over \$7 million in infrastructure improvements will need to occur on several acres of land immediately adjacent to these vacant parcels. Included in these cost estimates are:

- Extensive replacement of street, alley and sidewalk pavement;
- Reconstruction of street curbs and gutters;
- New street lighting;
- Extensive replacement of sewer mains and appurtenances;
- Extensive replacement of water mains and appurtenances; and
- Improvements to area traffic signalization.

These improvements and replacements are necessitated by the antiquated infrastructure found throughout areas adjacent to the proposed Homan-Arthington RPA. This infrastructure is inadequate to accommodate new construction occurring or proposed for the Redevelopment Project Area.

Fillmore Street between Homan and Independence is in poor condition. Central Park, St. Louis and Homan leading into the area also evidence significant deterioration. The Central Park and St. Louis railroad overpasses all evidence substantial deterioration which require major repair. Curbs and street gutters throughout the sub-area and the adjacent area are in poor condition, particularly along Fillmore and the north-south streets, (Central Park, St. Louis, and Homan). The Sidewalks throughout the sub-area and the adjacent area are deteriorated and in some cases buckled and cracked.

Former Sears Administration Complex

Our research has revealed that of the 14 eligibility factors -- besides age -- found within the Act under "conservation area" eligibility, 5 of these factors are present to a meaningful extent (51% or greater of the buildings within the sub-area exhibit such factors); 1 factor is present to a moderate extent (between 25% to 50% of the buildings within the sub-area exhibit this factor); and 1 factor is present to a very limited extent (less than 25% of the buildings within the sub-area exhibit this factor).

It should be noted that whether a factor is present to a meaningful, moderate or limited extent is based upon *S.B. Friedman & Company's* own internal analysis and is not a defined requirement within the Act.

Table 1 details the conservation area eligibility factors by building within the former Sears Administration Complex and Map 5 highlights the "conservation area" sub-area within the proposed Homan TIF RPA, as well as the eligibility factors identified within this sub-area. The following sections detail the eligibility factors found to be present within the "conservation area" portion of the Homan-Arthington RPA.

Age. Historical information shows that 6 of the existing buildings within the sub-area today are in excess of 35 years old, this is equivalent to 86% of all buildings within the "conservation area" sub-area of the proposed Homan-Arthington RPA. The only building not determined to meet this age requirement is the parking garage. This conclusion is supported by Cook County code classifications, Cook County assessment records, present and previous Sidwell and Sanborne maps, aerial photographs of the area taken during 1958, building permit information, and the testimony of knowledgeable property caretakers.

As a result, the sub-area has been deemed to meet the age criteria as specified in the Act for a Conservation Area.

1. Depreciation Of Physical Maintenance

Five of the 7 buildings in the "conservation area" exhibit some deferred maintenance of windows and window frames, doors and door frames, exterior walls, interior walls, roofs, and related premises. This is equivalent to 71% of all buildings within the "conservation area" portion of the RPA. In addition, some alleys, sidewalks, curbs and gutters, railroad overpasses, and street pavement are in poor condition with irregular, cracked, rutted, and patched surfaces. This eligibility factor is meaningfully present on all 5 of the "conservation area" blocks examined within the RPA.

2. Obsolescence: Functional & Economic

A substantial amount of functional obsolescence exists within this sub-area of the RPA today. 6 of the 7 remaining buildings within the Sears Administration Complex were built between 1905 and 1955 (only the parking garage was built later than 1955). The floor layout of these buildings was designed for business operations that have become outmoded. The reconfiguration of these floor layouts would result in substantial cost to any future user and the existing layouts are only useful for certain types of users.

Two of the remaining buildings have limited re-use potential. These two buildings are the original Sears Tower and the Powerhouse. The Sears Tower has small floor layouts of 2500 square feet, stacked 14 stories. The Powerhouse contains mechanical systems that are fixed in place and still functional, servicing the heating, ventilation, and air conditioning needs of the existing complex buildings. The Powerhouse's re-use potential is limited to its current use as the main housing for all complex mechanical systems.

Table 1

HUMAN TIF DISTRIBUTION OF CONSERVATION FACTORS BY BUILDING WITHIN THE FORMER SEARS ADMINISTRATION COMPLEX

Building	PBI	Conservation Factors														
		Age	Dilapidation	Obsolescence	Deterioration	Illegal Use	Below Minimum Code	Abandonment	Excessive Vacancies	Overcrowding	Lack of Vent/Light	Inadequate Utilities	Excessive Land Coverage	Deteriorous Land Use/Layout	Depreciation of Physical Maintenance	Lack of Community Planning
Parking Garage	16-14-415-021				XX			XX								XX
Sears Tower	16-14-416-001	XX		XX												
Administration Building	16-14-417-001	XX		XX	XX				XX							XX
Power House	16-14-417-001	XX		XX			XX									XX
Merchandise Development Lab	16-14-417-001	XX		XX	XX		XX			XX						XX
Alstate Headquarters	16-14-417-002	XX		XX	XX					XX						XX
Future CPD Gang Squad Unit HQ	16-14-420-001	XX		XX	XX		XX			XX						XX
TOTAL FACTORS PRESENT WITHIN RPA		8	0	8	5	0	3	1	4	0	0	0	4	0	5	0
TOTAL %		88%	0%	88%	71%	0%	43%	14%	57%	0%	0%	0%	57%	0%	71%	0%

This type of functional obsolescence directly inhibits the redevelopment of the properties as any potential new users are faced with enormous practical disadvantages brought on by the existing configuration of the buildings.

In addition to functional obsolescence, the economic obsolescence of many area properties is demonstrated by the stagnant, or in some cases declining, assessed valuation (other than routine increases attributable to the effect of inflation upon triennial reassessment values) and lack of viable tenants for commercial space. This conclusion is supported by the large number of vacancies existing in the buildings containing commercial space. With the exception of the Administration Building, all the remaining buildings are completely vacant. In addition, the parking structure is no longer used. Those tenants within the Administration Building include The Shaw Company, several local area non-profit organizations and political offices. In spite of these tenants, much of the existing 290,000 square feet of space is vacant.

Often, the economic disadvantage of an area's buildings is a direct result of their functional obsolescence. Many of these buildings cannot compete in the market without some intervention or correction of obsolete factors. Economically, obsolete buildings and properties have an adverse effect on nearby properties and detract from the physical, functional, and economic vitality of the surrounding community.

Obsolescence, either functional, economic, or some combination of both, has been documented on 6 of the 7 buildings within the "conservation area" sub-area, which is 86% of the total buildings in the sub-area. This factor is meaningfully present within the "conservation area" sub-area.

3. Excessive Vacancies

Of the 5 exclusively commercial buildings--Administration Building, Sears Tower, Merchandise Development Lab, Allstate Headquarters Building and the Spaulding Building (future CPD Gang Squad HQ)--located within the sub-area, 4 are completely vacant, with no business activity occurring on the site, while 1 is only partially utilized. Excessive vacancies are meaningfully distributed throughout the "conservation area" sub-area of the RPA.

4. Excessive Land Coverage

The sub-area consists of parcels which have buildings of excessive size. This configuration contributes to congestion because the parcel is too small to provide adequate space for off-street parking for patrons and employees, poses a danger to emergency vehicles seeking access to the building, results in a lack of proper provision for loading and delivery, produces a lack of or limited provision of natural light and exits along building walls, and has the effect of dwarfing neighboring properties. Of the 7 buildings in the sub-area, 4 exhibit excessive land coverage; this is 57% of the total structures in the "conservation area" sub-area of the RPA. Excessive land coverage is meaningfully distributed within the "conservation area" of the RPA.

5. Deterioration

Five of the 7 buildings (71%) within the “conservation area” sub-area of the RPA have shown some level of deterioration. Cataloged deterioration included lack of paint, mortar joint loss, cracked or broken windows, evidence of roof leaks, and cracked interior wall surfaces. Deterioration is meaningfully distributed throughout the “conservation area” sub-area.

Table 2, below, lists which category of deterioration as attributable to each of the buildings within the “conservation area” of the RPA.

Table 2: Summary of Building Deterioration, Conservation Sub-Area

Building	Sound	Minor Deficiencies	Major Deficiencies	Substandard
Admin. Bldg.		XX		
Sears Tower		XX		
Power House		XX		
Merc. Dev. Lab			XX	
Allstate Bldg.			XX	
Parking Garage			XX	
Future CPD Gang Squad HQ			XX	
TOTAL	0	3	4	0
PERCENT	0%	43%	57%	0%

Deterioration of Streets, Alleys, Sidewalks and Overpasses. The streets within the “conservation area” of the RPA are in generally good conditions. However, Fillmore does evidence significant deterioration between Kedzie and Homan. The railroad overpasses at Homan and Spaulding also evidence deterioration. The sidewalks, alleys, curbs and street gutters have all been replaced within the “conservation area” north of the railroad right-of-way.

6. Presence of Structures below Minimum Code Standards

All of the structures in the Sears Administration Complex that comprise the “conservation area” have been subject to code compliance upgrades; this includes fire sprinkling systems and other safety improvements. However, 3 of the structures have limitations that do not bring them into compliance with ADA requirements or standards, or contain hazardous building materials. This factor is moderately present within the “conservation area” sub-area of the RPA.

7. Abandonment

Only one building, the Parking Structure, could reasonably be categorized as abandoned. This is equivalent to 14% of all buildings within the “conservation area” sub-area of the RPA. It is clear that the structure is not currently being used for area parking, and according to people familiar with the area the structure has been closed for some time. The eligibility factor is only minimally present within the “conservation area” sub-area of the RPA.

The Sears Administration Complex sub-area is not yet blighted, but the presence of these seven eligibility factors increases the likelihood that if these factors are not addressed the sub-area may become a blighted area.

4. Summary of Eligibility Factors

The proposed Homan TIF Redevelopment Project Area contains 84.3 acres of land and approximately 890,000 square feet of existing commercial floor space. According to our analysis, the district qualifies under a combination of "blighted area" and "conservation area" bases.

The former Sears Catalog Building sub-area qualifies under the provisions of the Act as "blighted immediately prior to becoming vacant," based upon the following eligibility factors:

- Age;
- Obsolescence;
- Deterioration;
- Excessive vacancies;
- Excessive land coverage; and
- Presence of structures below minimum code.

Based upon our analysis, each of these eligibility factors were present to a meaningful extent within the entire 2.7 million square feet of the former Sears Catalog Building

The former Sears Administration Complex sub-area qualifies under the provisions of the Act as a "conservation area," based upon the following eligibility factors:

- Age;
- Obsolescence;
- Deterioration;
- Presence of structures below minimum code;
- Excessive vacancies;
- Excessive land coverage;
- Depreciation of physical maintenance; and
- Abandonment.

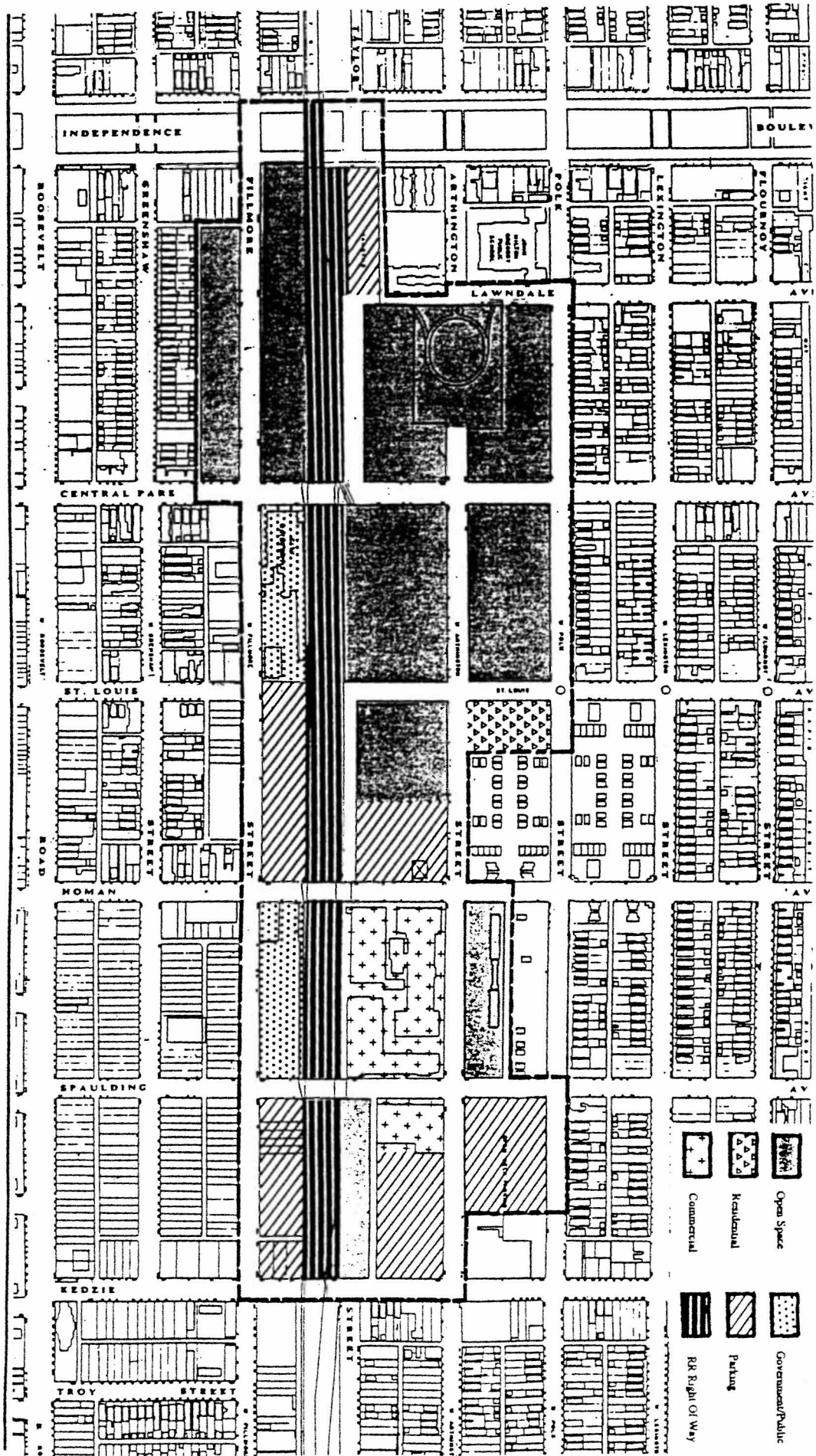
Our research has revealed that of the 14 eligibility factors -- besides age -- found within the Act under "conservation area" eligibility, 5 of these factors are present to a meaningful extent (51%, or more of the buildings within the sub-area exhibit such factors); 1 factor is present to a moderate extent (between 25% to 50% of the buildings within the sub-area exhibit the factor); and 1 factor is present to a very limited extent (less than 25% of the buildings within the sub-area exhibit the factor).

The former Sears Administration Complex sub-area of the RPA, while not yet blighted, may become a blighted area if these seven factors are not addressed.

Vacant land surrounding the former Sears Administration Complex qualifies as a vacant blighted area under "...or if vacant, the sound growth of the taxing district is impaired by..." based upon the following eligibility factors:

- Obsolete platting of the vacant land; and

Existing Land Use



Goals

The overall goal of the redevelopment plan is to provide the direction and mechanisms necessary for the self-sustaining revitalization of the RPA in a manner that complements and enhances redevelopment opportunities in the surrounding residential neighborhoods. This goal is to be achieved through an integrated and comprehensive strategy that utilizes public resources to stimulate additional private investment.

Objectives

Six broad objectives support the broader overall goal of area-wide revitalization of the RPA and the surrounding North Lawndale neighborhood. These include:

- Reduce or eliminate conditions that qualify the area as a blighted or conservation area.
- Increase the value of taxable parcels within the proposed RPA.
- Provide opportunities for women and minority businesses to share in the redevelopment of the RPA.
- Replace or repair all infrastructure to facilitate the construction of new housing within the RPA.
- Rehabilitate and upgrade existing commercial structures in the RPA which supports the retention of a commercial employment base within the neighborhood, creates the opportunity for the addition of new commercial employers and preserves the architecturally significant structures of the former Sears Administration complex.
- Generate resources for the acquisition of vacant parcels, clearance of blighted improvements and environmental remediation to provide additional land for residential and/or commercial development, as appropriate.

Strategies

These objectives will be implemented through five specific and integrated strategies. These are:

Public Improvements

A series of public improvements throughout the Homan Square neighborhood may be designed and implemented to help define the RPA as well as prepare sites in the RPA for anticipated private investment.

Target Anchor Buildings and Opportunity Sites

The rehabilitation of key anchor buildings and redevelopment of key opportunity sites are important projects within the RPA. Because of their size, location and prominence, these are improvements and projects that are anticipated to directly and indirectly impact more than just the project site. Once completed, these projects are expected to stimulate both physical and economic private investment and enhance the RPA and surrounding area.

Encourage Private Sector Activities

Through public/private partnerships, the City and local community may provide financial and other assistance to encourage the private sector to undertake redevelopment and rehabilitation projects and other improvements that are consistent with the goals of the community and this plan.

Selected Acquisition and Land Assembly

Vacant sites throughout the RPA may be acquired and assembled (if necessary) to attract future private investment and development. The consolidated ownership of these sites will make them easier to market to potential community developers and streamline the redevelopment process. In addition, assistance may be provided to private developers seeking to acquire land and assemble sites in order to undertake projects supportive of this plan. To meet the goals, policies or objectives of the plan, the City may acquire and assemble property throughout the RPA. Land assemblage by the City may be by purchase, exchange, donation, lease or eminent domain and may be for the purposes of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. (Selected acquisition parcels and sites have not yet been identified and none are planned; therefore no acquisition map is included with this Redevelopment Project and Plan).

Leveraging Funds for Other Improvements

Remaining uncommitted resources may be used to fund appropriate physical improvements and economic development activities consistent with the Act, and to leverage additional public and private resources to continue the ongoing comprehensive redevelopment of the RPA and surrounding area.

Redevelopment Plan Elements

There are three general categories of activities that may be supported by tax increment funds under the provisions of the Act:

Development/Redevelopment/Rehabilitation Activities, including:
Assembly and Acquisition of Sites, Demolition and Site Preparation

Interest Subsidies
Rehabilitation Costs
Relocation Costs
Environmental Remediation

Public Improvements, including:

Provision or Rehabilitation of Public Improvements and Facilities
Capital Costs

Administrative Support and Financing, including:

Job Training and Related Educational Programs
Analysis, Administration, Studies, Legal, et al.
Financing Costs
Payments in Lieu of Taxes

The City may enter into redevelopment agreements with public or private entities for the furtherance of these activities. A number of key types of projects, activities and improvements were identified for the RPA and are described below. These activities are those which could be undertaken as resources become available. As community needs and market conditions change, it is likely that additional projects may be suggested throughout the life of the RPA. To the extent that these projects are consistent with the goals of this plan and the related costs are eligible under the Act, these projects may be considered for funding.

Public Improvements. Public Improvements within the Homan-Arthington RPA along all internal circulatory streets and railroad right of way overpasses, including:

- Installation of new sewer and water-main lines
- Street, alley and sidewalk resurfacing
- Street lighting
- Traffic signalization
- Reconstruction of street curbs and gutters
- Streetscaping
- Park or other improvements at Arthington and Central Park

Former Sears Administration Complex Rehabilitation. The former Sears Merchandise Development and Testing Lab and Allstate Headquarters buildings within the RPA have been targeted for rehabilitation. Both are prominent anchor buildings and contain a total of approximately 568,000 square feet.

It is anticipated that TIF funds will be used to cover eligible costs of the developer in order to facilitate the rehabilitation and marketing of the commercial spaces in the two buildings. This assistance may be structured to include a combination of grants, pledged tax increment revenues, and other financing mechanisms allowable under the Act.

5. Redevelopment Project & Plan

Existing Land Use

The proposed Homan TIF Redevelopment Project Area has five distinct land use patterns: vacant land, residential, commercial, parking and passive space. Vacant land predominates the land use within the Redevelopment Project Area (RPA), followed by commercial uses clustered within the "conservation area" of the proposed RPA. Surface parking lots are found throughout the RPA, many of which at one time accommodated homes and other commercial structures. Finally, open space areas anchor the RPA at the east and west sides.

Map 6 details the existing land use patterns within the RPA.

Redevelopment Needs of the RPA

The land use, existing conditions, and future plans suggest four redevelopment needs for the RPA:

- infrastructure improvements;
- demolition;
- facilitation of new housing; and
- interior rehabilitation resources for the offices within the former Sears Administration Complex.

The plan provides tools for the City to support the continuing redevelopment of the Homan Square area, as well as other improvements that serve the redevelopment interests of the local community and City. An integrated implementation strategy has been developed to address these needs and facilitate the sustainable redevelopment of the RPA. To support these specific projects and encourage future RPA investment, public resources, including tax increment financing, may be used to repair and modernize RPA infrastructure and other improvements, create an identity for the community, prepare sites for redevelopment, and support building rehabilitation. Land assembly activity may occur to consolidate vacant or blighted sites for future private sector redevelopment activities and/or to assist private developers with acquisition.

Goals, Objectives and Strategies

Goals, objectives and strategies, designed to address the needs of the community, form the overall framework of the plan for the use of anticipated tax increment funds generated by the RPA. The overall goal of the RPA generally outlines the reasons why the RPA is to be created. This goal is followed by more specific objectives regarding what the plan is designed to accomplish, key strategies and projects that are important to the community. These are followed by specific projects that are important to the community.

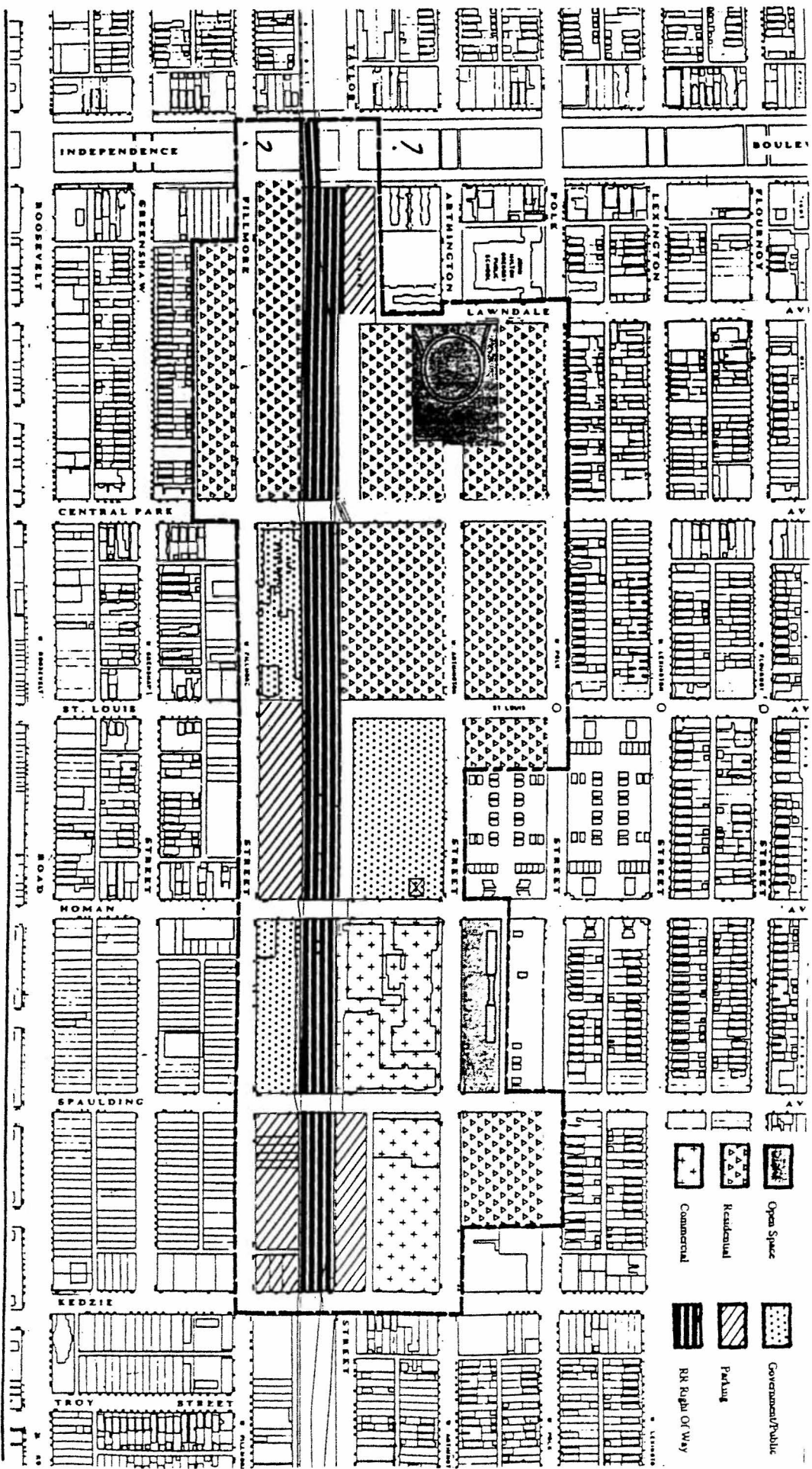
Demolition of Blighted Area Improvements. The parking garage on the northeast corner of Spaulding and Arthington, while structurally sound, has severely deteriorated. Its removal would create additional land for new residential development on the approximately one-third acre site.

Environmental Remediation of Vacant Sites. Several vacant sites within the RPA at one time accommodated either commercial or residential structures. The possibility exists that the vacant land may have hazardous building materials left on the site that must be removed prior to any new construction.

Proposed future land use is shown on Map 7.

These activities are representative of the types of projects contemplated to be undertaken during the life of the RPA. Market forces are critical to the completion of these projects. Phasing of projects will depend on the interests and resources of both public and private sector parties. Not all projects will necessarily be undertaken. Further, additional projects may be identified throughout the life of the RPA. To the extent that these projects meet the goals of this plan, the requirements of the Act and budget outlined in the next section, these projects may be considered for tax increment funding.

Map 7



Future Land Use

**TABLE 3
ESTIMATED TIF ELIGIBLE COSTS**

<u>PROJECTS/IMPROVEMENTS</u>	<u>ESTIMATED COSTS*</u>
Land Acquisition	\$ -
Site Preparation/Environmental Remediation	\$ 100,000
Demolition	\$ 100,000
Rehabilitation	\$2,150,000
Public Improvements	\$7,000,000
Job Training	\$ 500,000
Interest Subsidy	\$ -
Planning, Legal, Professional	<u>\$ 150,000</u>
 TOTAL REDEVELOPMENT PROJECT COSTS	 \$10,000,000

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

All costs are in 1997 dollars. The estimated redevelopment project costs listed above do not reflect capitalized interest, issuance costs, and other financing costs which may be incurred in connection with the issuance of obligations to pay redevelopment project costs. These financing costs also constitute redevelopment projects costs and may include one or more of the following: any interest expense of the City associated with debt obligation, debt service reserves or other forms of credit enhancement, and the cost associated with prepayments and optional redemptions. These costs are subject to prevailing market conditions. Adjustments to the estimated line item costs above are expected. Total redevelopment project costs are inclusive of redevelopment project costs in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes generated in the RPA.

Each individual project will be evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. These costs do not include that portion of each project's total costs financed from private funds or non-TIF public resources. The totals of line items are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment costs.

Phasing and Scheduling of the Redevelopment

The initiator of each project shall be required to submit a current schedule for implementation, which shall be revised as necessary. Where tax increment funds are used to pay eligible redevelopment project costs, to the extent funds are available for such purposes, expenditures by the City shall be

coordinated to coincide on a reasonable basis with the actual redevelopment expenditures of the developer(s). The completion date for the RPA plan shall be no later than 23 years from the date the ordinance establishing the RPA is adopted by the City Council, unless amended pursuant to the Act, as amended from time to time.

Sources of Funds to Pay Costs

Funds necessary to pay for redevelopment project costs and/or municipal obligations which have been issued or incurred to pay for such costs are to be derived principally from tax increment revenues and/or proceeds from municipal obligations which have as a revenue source tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits, reserves, and/or other forms of security made available by private sector developers.

The tax increment revenue which will be used to fund tax increment obligations and eligible redevelopment project costs shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase of the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the redevelopment project area over and above the certified initial equalized assessed value of each such property. **Without the use of such incremental revenues, the redevelopment project area is not likely to redevelop.**

Other sources of funds which may be used to pay for development costs and associated obligations issued or incurred include land disposition proceeds, state and federal grants, investment income, private investor and financial institution funds, and other sources of funds and revenues as the municipality may from time to time deem appropriate such as municipal sales tax revenues, municipal amusement taxes, and other sources.

Revenues from this redevelopment project area may be made available to support any contiguous TIF district/redevelopment project area, and revenues in this TIF district/redevelopment area may be supplemented by revenues generated by other such contiguous areas. This "sharing" may be made without modification to this document so long as the revenues made available to the contiguous area, when added to all amounts used to pay eligible redevelopment project costs within the RPA, at no time exceed the Total Redevelopment Costs described in Table 3 (unless otherwise amended).

The proposed Homan-Arthington RPA (presented in this plan) and the existing Roosevelt-Homan RPA are contiguous to one another, and the City finds that the goals, objectives and financial success of said areas to be interdependent. The City further finds that it is in the best interest of the City and in the furtherance of the purposes of the Act that net revenues from each area be made available to support the other. The City therefore proposes to utilize net incremental property tax revenues (as allowed by the Act) received from one area to pay eligible redevelopment project costs, or obligations to pay such costs, in the other area, and vice versa. The amount of revenues from the Roosevelt-Homan RPA made available to support the Homan-Arthington RPA, when added to all amounts used to pay eligible redevelopment project costs within the RPA, shall not at any time

exceed the Total Project Costs described in Table 3 (unless otherwise modified).

The redevelopment plan for the existing Roosevelt-Homan RPA may be amended and modified to add appropriate and parallel language to allow for sharing of revenues between the districts.

Issuance of Obligations

To finance project costs, a municipality may issue general obligation bonds or obligations secured by the anticipated tax increment revenue generated within the district/redevelopment project area, or the City may permit the utilization of guarantees, deposits or other forms of security made available by private sector developers to secure such obligation. In addition, a municipality may pledge toward 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 municipality; (c) the full faith and credit of the municipality; (d) a mortgage on one or more properties located within the redevelopment project area; or, (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

All obligations issued by the City pursuant to this plan and the Act shall be retired within twenty-three (23) years from the adoption of the ordinance approving the original redevelopment project area. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more of a series of obligations may be sold at one or more times in order to implement this plan. The amounts payable in any year as principal and interest on all obligations issued by the City shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of a parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

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

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

The purpose of identifying the most recent EAV of the redevelopment 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 RPA. The total 1995 EAV for the entire redevelopment area is approximately \$4,801,927. The 1995 EAV, by PIN, is summarized in Appendix 2.

Anticipated Equalized Assessed Valuation

By 2020, the year when the TIF is terminated, the EAV for the redevelopment project area will be approximately *\$18,600,000*. This estimate is based on several key assumptions, including: 1) the commercial structures rehabilitation will be completed by 2006; 2) the Shaw Company will have finished all three phases of the Homan Square project by 2001; 3) the impact of inflation upon the EAV of all properties within the RPA will be 3% per year with its cumulative impact occurring in each triennial reassessment year; 4) the most recent state multiplier of 2.1243 as applied to the 1995 assessed value will remain unchanged; and 5) for the duration of the RPA, the tax rate for the area is assumed to be 9% and stable throughout the life of the RPA.

7. Required Findings and Tests

Lack of Growth and Private Investment

The municipality is required to evaluate whether or not the RPA has been subject to growth and private investment and must substantiate a finding of lack of such investment prior to establishing a tax increment financing district.

The RPA on the whole has not been subject to growth and development through investment by private enterprise. The lack of private investment is evidenced by the loss of tax base reflected in a 19% compound annual growth rate decrease in the Equalized Assessed Valuation of the RPA between 1992 and 1995 (from \$8,937,373 to \$4,801,927).

There is private market investment occurring in areas surrounding the proposed RPA, but this investment has been leveraged with significant public resources other than TIF. This includes:

- Sales price subsidies from the New Homes for Chicago program (from the City of Chicago) for Homan Square for sale housing,
- Loans of City of Chicago HOME dollars to facilitate the construction of low- to moderate-income rental housing;
- Section 108 grants to incorporate public infrastructure improvements; and
- Other public resources to facilitate private market activity.

Finding: The redevelopment project area (RPA) on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the redevelopment plan.

But for....

The municipality is required to find that but for the designation of the TIF district and the use of tax increment financing, it is unlikely that any significant investment will occur in the proposed RPA.

The sustainable redevelopment of the RPA is directly tied to area infrastructure improvements and available resources to leverage private market investments. The local market strength is currently being stimulated by projects occurring immediately on the periphery of the proposed RPA. It is likely that without the support of public resources the development would halt. TIF will be used to fund infrastructure improvements directly in support of development projects and land uses. Accordingly, but for creation of the Homan-Arthington RPA, these projects, which would contribute substantially to area-wide revitalization, are unlikely to occur without TIF designation for the proposed RPA.

Finding: But for the adoption of TIF, critical infrastructure investment resources will be lacking that would otherwise support the sustained redevelopment of the proposed RPA.

Conformance to the Plans of the Municipality

The proposed redevelopment area and plan must conform to the comprehensive plan for the municipality, conform to the strategic economic development plans, or include land uses that have been approved by the planning commission.

The proposed redevelopment activities and future land use within the RPA are consistent with the Revised Lawndale Conservation Plan. Further, this plan, including the proposed land uses described in this plan, will be and approved by the Chicago Plan Commission prior to its adoption by the City Council.

Finding: The redevelopment plan and project conforms to plans for the development of the municipality as a whole, as well as for the Lawndale community specifically, and includes land uses that have been approved by the planning commission of the municipality.

Dates of Completion

This redevelopment project shall be completed and all obligations retired by May, 2020.

Financial Impact of the Redevelopment Project

Without the adoption of this plan, and tax increment financing, the RPA is not expected to be redeveloped by private enterprise. There is a real prospect that blighting conditions will continue to exist and spread, and that the whole area will become less attractive for the maintenance and improvement of existing buildings and sites. The possibility of the continued erosion of the assessed value of property which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment could lead to a reduction of real estate tax revenue to all taxing districts.

This document describes the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can reasonably occur. The redevelopment program will be staged with various developments taking place over a period of years. If a redevelopment project is successful, various new projects will be undertaken that will assist in alleviating blighting conditions, creating new jobs and promoting rehabilitation and development in the RPA.

This redevelopment plan and project is expected to have short and long term financial impacts on the affected taxing districts. During the period when tax increment financing is utilized, real estate tax increment revenues (from the increases in Equalized Assessed Valuation [EAV] over and above the certified initial EAV established at the time of adoption of this document) may be used to pay eligible redevelopment project costs for the RPA. At the time when the RPA is no longer in place under the Act, the real estate tax revenues resulting from the redevelopment of the RPA will be distributed to all taxing district levying taxes against property located in the RPA. These revenues will then be available for use by the affected taxing districts.

Demand on Taxing District Services

The following major taxing districts presently levy taxes on properties located within the RPA:

- City of Chicago
- Chicago Board of Education
- Chicago School Finance Authority
- Chicago Park District
- Chicago Community College District
- Metropolitan Water Reclamation District
- County of Cook
- Cook County Forest Preserve District

The proposed redevelopment plan involves the acquisition of vacant land and existing buildings and underutilized parcels and buildings, demolition and site preparation,, construction of new commercial and residential buildings, improvement/ rehabilitation of existing buildings, provision of new and/or improved public facilities and infrastructure, and other activities as outlined in this document. Both commercial and residential uses will be developed.

Non-residential development, such as retail, commercial, office, hotel, public, and institutional uses, should not cause significant increases in demand for services or capital improvement on any of the above taxing districts except the Metropolitan Water Reclamation District. Replacement of vacant and under-utilized buildings and sites with active and more intensive uses will result in additional demands on services and facilities provided by the District. It is expected that any increase in such demand can be handled by existing facilities, and that increased usage will be compensated through use charges. Additional costs to the City for police, fire and sanitation services arising from non-residential development are expected to be minimal since the area involved is currently developed and receives such services. In addition, to the extent that the revitalization efforts result in reduced crime and physical improvements that reduce the risk of fire, the redevelopment plan may actually result in some cost savings.

Depending on the markets served, the residential development expected within the RPA may cause increased demand for services or capital improvements of the following taxing bodies: Board of Education, Community College District, Chicago Park District, the Metropolitan Water Reclamation District, and the City. These costs may include, but are not limited to, the provision of additional public and open space, additional demands for police, fire, sanitary and educational services, and other similar costs.

In regard to the impact upon the Board of Education, it is likely that a high number of the rental population will include children who are more likely to use public schools. Many of the families who have moved into the new existing rental housing just outside the RPA came from either the immediate surrounding community, or other neighborhoods in this general area of the City. In regard to the families who have bought "for sale" housing many will likely send their children to public schools, but a certain number will likely attend private schools. As with the rental population, a

certain number of the home buyers came from the immediate area, or neighborhoods from this general area of the City.

Data provided by the Chicago Public Schools for the five schools that service the general area of the North Lawndale community shows that these schools operate at no more than 50% of designed capacity. The following details utilization rates for the schools:

TABLE 4⁸
NORTH LAWNDALE SCHOOLS UTILIZATION RATES

School	October 1996 Enrollment	Design Capacity	Utilization Percentage
Gregory	546	1200	46%
Bethune	518	1260	41%
Herzl	931	1845	50%
Lawndale	583	1270	46%
Lathrop	512	1070	48%

Based upon the data presented in Table 4, Giacomo E. Mancuso, Manager of Planning & Educational Programming at the Chicago Public Schools, in a letter dated April 17, 1997 to Jane Bilger, Deputy Commissioner of the Department of Housing, indicated that it was highly unlikely that the scope of anticipated new housing within the proposed Homan-Arthington RPA TIF would exhaust the existing excess capacity in classroom space available at these five schools.

Furthermore, given its size, relative to the total area of the overlying taxing districts, any fiscal impacts upon the other taxing bodies should be absorbed while the RPA exists under the Act. After the RPA is no longer in place the overlying jurisdictions will benefit from any increase in EAV of the RPA.

Given the preliminary nature of the proposed development plan, specific fiscal impacts on the taxing districts and increases in demand for services provided by those districts cannot be accurately assessed within the scope of this plan.

Program to Address Financial and Service Impact

As described in detail in prior sections of this report, the complete scale and amount of development in the RPA project area cannot be predicted with complete certainty at this time and the fiscal impact on the taxing districts and the demand for services provided by those taxing districts cannot be

⁸Table Source: Chicago Public Schools, in letter to Jane Bilger, Deputy Commissioner Dept. Of Housing, dated April 17, 1997 from Giacomo E. Mancuso, Ed.D., Manager of Planning & Educational Programming.

8. Provision for Amending Action Plan

This Redevelopment Plan and Project document may be amended pursuant to the provisions of the Act.

9. 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 and project.

- A. The assurance of equal opportunity in all personnel and employment actions with respect to this redevelopment plan and project, including, but not limited to,, hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, terminations, etc. without regard to race, color, religion, sex, age, handicapped status, national origin, sexual preference, creed, or ancestry.
- B. Redeveloper will meet City standards for participation of Minority Business Enterprise and Women Business Enterprise businesses as required in redevelopment agreements.
- C. The commitment to affirmative action and non-discrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

Appendix 1: Boundary and Legal Description (Manhard Consulting)

Appendix 2: Summary of EAV (by PINs)

HOMAN-ARTHINGTON REDEVELOPMENT PROJECT

DESCRIPTION

THAT PART OF THE SOUTH HALF OF SECTION 14 AND THE SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE NORTHERLY RIGHT-OF-WAY LINE OF ARTHINGTON STREET WITH THE EASTERLY RIGHT-OF-WAY LINE OF KEDZIE AVENUE; THENCE SOUTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO THE SOUTHERLY RIGHT-OF-WAY LINE OF FILLMORE STREET; THENCE WESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE TO THE EASTERLY RIGHT-OF-WAY LINE OF CENTRAL PARK AVENUE; THENCE 140 FEET (MORE OR LESS) SOUTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO THE EASTERLY EXTENSION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF A PUBLIC ALLEY; THENCE WESTERLY ALONG SAID EASTERLY EXTENSION, SAID SOUTHERLY RIGHT-OF-WAY LINE AND THE WESTERLY EXTENSION THEREOF TO THE WESTERLY RIGHT-OF-WAY LINE OF A PUBLIC ALLEY, ALSO BEING THE EASTERLY LINE OF LOT 14 IN EDWARD CASEY'S ADDITION TO CHICAGO; THENCE NORTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID FILLMORE STREET; THENCE WESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE TO THE WESTERLY RIGHT-OF-WAY LINE OF INDEPENDENCE BOULEVARD; THENCE 225 FEET (MORE OR LESS) NORTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE WESTERLY EXTENSION OF THE NORTHERLY RIGHT-OF-WAY LINE OF A DEDICATED ALLEY; THENCE EASTERLY ALONG SAID WESTERLY EXTENSION AND NORTHERLY RIGHT-OF-WAY LINE TO THE WESTERLY RIGHT-OF-WAY LINE OF LAWNDALE AVENUE AS SITUATED SOUTHERLY OF SAID ARTHINGTON STREET; THENCE NORTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE SOUTHERLY RIGHT-OF-WAY LINE OF ARTHINGTON STREET; THENCE WESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE TO THE SOUTHERLY EXTENSION OF THE WESTERLY RIGHT-OF-WAY LINE OF SAID LAWNDALE AVENUE AS SITUATED NORTHERLY OF SAID ARTHINGTON STREET; THENCE NORTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE NORTHERLY RIGHT-OF-WAY LINE OF POLK STREET; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE TO THE EASTERLY RIGHT-OF-WAY LINE OF A PUBLIC ALLEY, BEING ALSO THE SOUTHWEST CORNER OF LOT 29 IN HOMAN SQUARE PHASE ONE; THENCE SOUTHERLY TO THE NORTHWEST CORNER OF LOT 11 IN HOMAN SQUARE PHASE TWO, ALSO BEING ON THE EASTERLY RIGHT-OF-WAY LINE OF A PUBLIC ALLEY; THENCE SOUTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO THE NORTHERLY RIGHT-OF-WAY LINE OF SAID ARTHINGTON STREET; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE TO THE WESTERLY RIGHT-OF-WAY LINE OF HOMAN AVENUE; THENCE NORTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE WESTERLY EXTENSION OF THE NORTHERLY RIGHT-OF-WAY LINE OF A PUBLIC ALLEY, SAID RIGHT-OF-WAY LINE ALSO BEING THE SOUTHERLY LINE OF LOTS 1 THROUGH 24 IN E. A. CUMMINGS & CO.'S CENTRAL PARK AVENUE ADDITION; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE TO THE WESTERLY RIGHT-OF-WAY LINE OF SPAULDING AVENUE; THENCE NORTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE NORTHERLY RIGHT-OF-WAY LINE OF SAID POLK STREET; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE TO THE NORTHERLY EXTENSION OF THE WESTERLY LINE OF LOT 13 IN BLOCK 12 OF SAID E. A. CUMMINGS & CO.'S ADDITION; THENCE SOUTHERLY ALONG SAID NORTHERLY EXTENSION AND WESTERLY LINE TO THE NORTHERLY RIGHT-OF-WAY LINE OF SAID ARTHINGTON STREET; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE TO SAID POINT OF BEGINNING.

Proposed Homan-Arthington Redevelopment Project Area TIF
1995 Base Value

HOMAN TIF 1995 BASE VALUE

PIN	95 EAV
16-14-316-025	\$ 44,736
16-14-316-026	\$ 7,140
16-14-316-027	\$ 13,379
16-14-316-028	\$ 20,126
16-14-321-008	\$ 26,108
16-14-321-009	\$ 36,646
16-14-321-010	\$ 19,418
16-14-322-001	\$ 33,033
16-14-322-010	\$ 42,076
16-14-325-011	\$ 22,322
16-14-325-047	\$ 3,941
16-14-325-048	\$ 11,756
16-14-325-049	\$ 15,777
16-14-412-001	\$ 94,733
16-14-412-002	\$ 102,608
16-14-413-003	\$ 156,187
16-14-415-021	\$ 213,832
16-14-416-001	\$ 764,788
16-14-417-001	\$ 475,724
16-14-417-002	\$ 502,590
16-14-417-003	\$ 99,587
16-14-418-001	\$ -
16-14-419-001	\$ 874,115
16-14-419-002	\$ 17,213
16-14-420-001	\$ 1,168,229
16-14-421-010	\$ -
16-14-421-011	\$ 2,704
16-14-421-013	\$ 33,158
16-14-501-003	\$ -
16-14-501-004	\$ -
16-14-501-005	\$ -
TOTAL (1995 BASE)	\$ 4,801,927