

**TAX INCREMENT FINANCING  
Ten (10) Year Status Report  
2002-2011**

**45<sup>th</sup> AND WESTERN  
Industrial Park Conservation Area  
Designated March 27, 2002**



September 17, 2013

Pursuant to 65 ILCS 5/11-74.6-1  
(Industrial Jobs Recovery Law)

Prepared by  
**CITY OF CHICAGO DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT  
AND  
S. B. FRIEDMAN & COMPANY**

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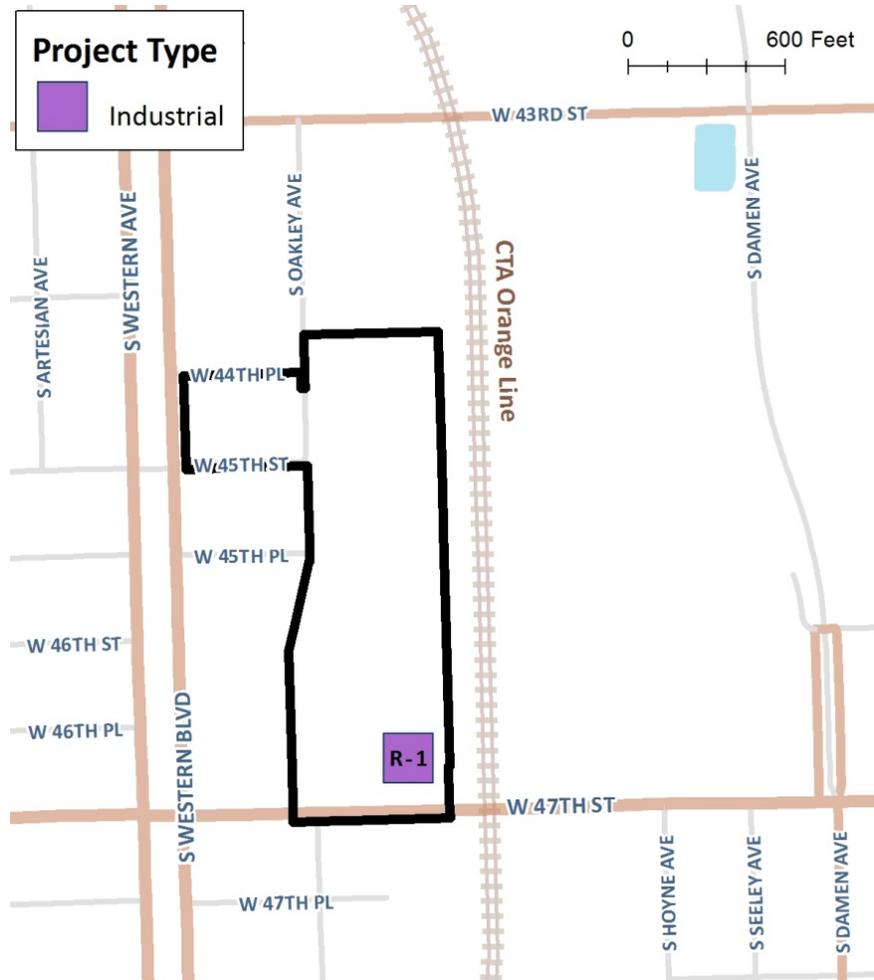
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## Executive Summary

### 45TH AND WESTERN INDUSTRIAL PARK CONSERVATION AREA (IPCA)

- Designated: March 27, 2002 under the Industrial Jobs Recovery Law (IJRL)
- Expires: December 31, 2026
- 42 acres
- 15 parcels at time of designation



Reinforcing the area's viability for existing and future companies, the 45<sup>th</sup> and Western Industrial Park Conservation Area IJRL district provides financial leverage for various public-private projects. Targeted improvements include road surfaces, utility and water lines, sewers, sidewalks, and other public areas. Located in the Stockyards Industrial Corridor, the 42-acre IJRL district also provides land assembly assistance and resources to coordinate the environmental remediation of contaminated industrial land.

## 45th and Western IPCA Activity 2002 - 2011

### INVESTMENT SUMMARY

- \$591,000 in building rehabilitation
- \$23.5 million in total private investment
- \$1.9 million in IJRL Funds leveraged \$21.7 million in other financing

### PROPERTY VALUE

- Equalized Assessed Value - Compound annual growth rate of 2.8 percent

### JOB CREATION

- Construction Jobs - Estimated 94 one-year full-time equivalent (“FTE”) construction jobs created
- Permanent Jobs – Approximately 236 FTE permanent positions created

### Total IJRL-Eligible Project Costs and Expenditures through 2011

Permissible Cost Category	Estimated Project Costs	Project Costs Through 2011	
		Expenditures	Percent of Total
1. Professional Services	\$ 100,000	\$ 40,935	40.9%
2. Marketing of Sites	N/A	\$ 0	N/A
3. Property Assembly & Site Preparation	\$ 290,000	\$ 0	0%
	[1]		
4. Rehabilitation of Existing Public or Private Buildings	\$ 1,160,000	\$ 590,994	50.9%
5. Public Works or Improvements	\$ 250,000	\$ 0	0%
	[1]		
6. Environmental Contaminants Removal	\$250,000	\$0	0%
7. Job Training	\$ 100,000	\$ 0	0%
8. Financing Costs	[1]	\$ 0	N/A
9. Capital Costs	[1]	\$ 0	N/A
10. Relocation Costs	\$ 100,000	\$ 0	0%
11. Payment in Lieu of Taxes	N/A	\$ 0	N/A
12. Interest Costs	\$ 250,000	\$ 0	0%
<b>Total Redevelopment Project Costs</b>	<b>\$2,500,000</b>	<b>\$631,929</b>	<b>25.3%</b>

[1] Additional detail provided in Exhibit 2.

## 1. Industrial Park Conservation Area Information

In July 2010, the Tax Increment Financing (“TIF”) Allocation Redevelopment Act 65 ILCS 5/11-74.4-1, et seq. (“TIF Act”) was amended to require municipalities to assemble a status report covering the history and performance of TIF districts that have been in existence for 9 to 10 years. The TIF Act requires the report to detail:

1. The amount of revenue generated within the district;
2. Expenditures made for the district, including TIF fund expenditures;
3. Status of planned activities, goals and objectives, including new and planned construction;
4. The amount of public and private investment within the TIF district; and
5. Other relevant evaluation or performance data.

***The Industrial Jobs Recovery Law (IJRL) mirrors the TIF Act in many ways, and the City established several IJRL districts or areas specifically to encourage industrial job growth within those areas. The IJRL does not have a 10-year status report requirement. However, the City has chosen to prepare status reports on its IJRL districts as though they were subject to the TIF Act.***

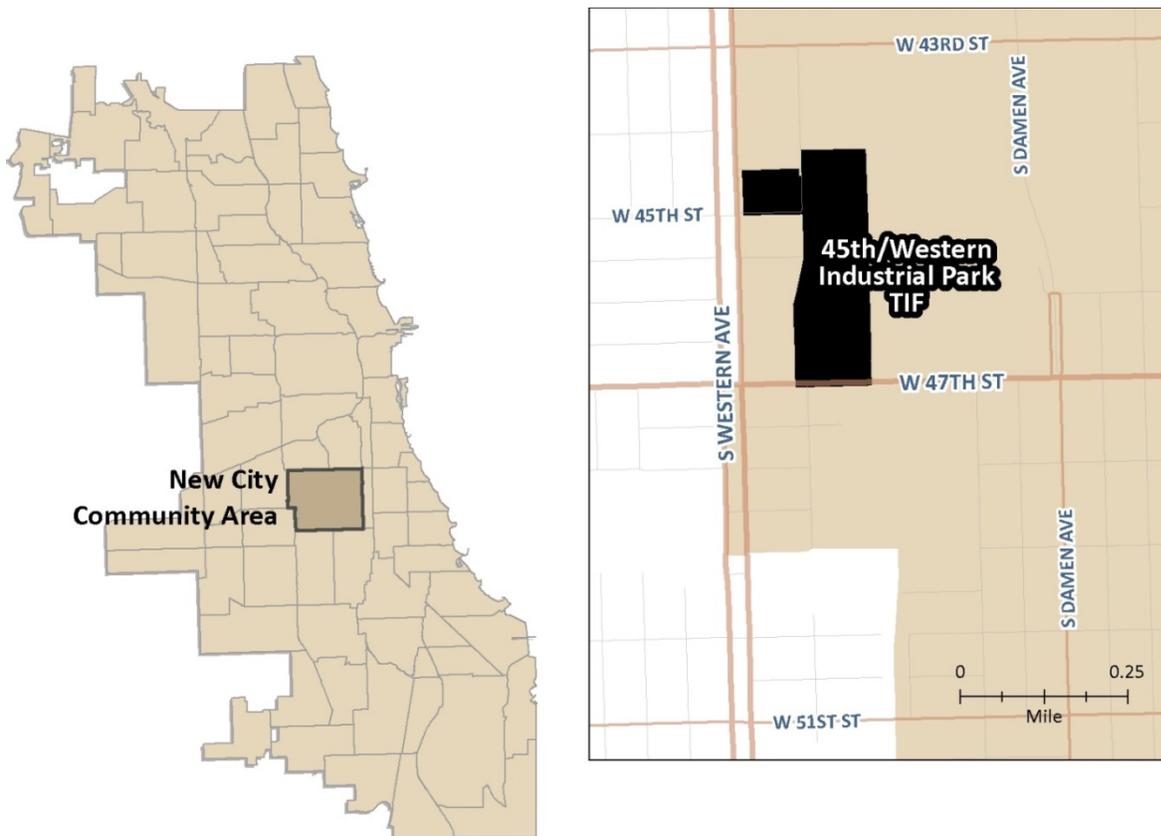
The information summarized herein is for the reporting period from the IJRL district’s inception through the end of the 2011 calendar year and the 2010 tax year. For informational purposes, certain other supplementary information, such as upcoming planned projects or more recent changes to the IPCA boundary, is reported as of December 2012.

Detailed data on the 45th and Western IPCA was compiled similar to the reporting requirements under the TIF Act and is presented in this Ten (10) Year Status Report (the “Report”). The Report contains various data from City of Chicago (“City”) departments, including audited financial statements, Redevelopment Agreements, Intergovernmental Agreements, capital improvement expenditures, and TIF/IJRL-funded program databases (Small Business Improvement Fund, Neighborhood Improvement Program, and TIFWorks) to track financial and programmatic performance. Data sources are referenced throughout this Report.

### Project Area Context and Background

The IPCA is located approximately six miles southwest of the City of Chicago’s central business district in the New City community area. The IPCA was established to promote the redevelopment of industrial land uses and primarily encompasses the Wheatland Tube Company. The IPCA is roughly bounded by 45<sup>th</sup> Street to the north, the Chicago St. Louis and Pacific railroad right-of-way to the east, 47<sup>th</sup> Street to the south, and Western Avenue to the west. This area also lies within the Stockyards Industrial Corridor. The IPCA boundary is shown in **Exhibit 1** on the following page.

The IPCA was designated as an IJRL district on March 27, 2002, and is expected to expire no later than December 31, 2026.

**Exhibit 1. 45th and Western IPCA****Conditions at Time of IPCA Creation**

The 45<sup>th</sup> and Western IPCA was determined to be eligible for IJRL designation as an Industrial Park Conservation Area under the Industrial Jobs Recovery Law. The Industrial Jobs Recovery Law defines an IPCA based on the following criteria:

- Be an industrially zoned area located within a labor surplus municipality<sup>1</sup>;
- Have adequate transportation access for employees, goods and services;
- Have industrial vacant or improved land suitable for use as an industrial park and/or a research park;
- Maintain conditions that cause the area to be classified as an industrial park conservation area, a vacant industrial building conservation area, an environmentally contaminated area, or a combination of these types of areas; and
- Have an equalized assessed value (EAV) that is no more than 2 percent of the municipality's EAV.

<sup>1</sup> A labor surplus municipality is defined as a municipality in which the unemployment rate was over 6% prior to the IPCA's designation and was also 100% or more of the national average unemployment rate for the same time period, as defined by the United States Bureau of Labor Statistics.

At the time of its designation, the 45th and Western IPCA was characterized by industrial uses, lack of growth and investment, deterioration, and high unemployment. One primary industrial use in the area was the Wheatland Tube Company, who had been there for over thirty years. The company had undergone expansion of its original properties during the 1980s and 1990s, including adjacent land acquisition and extensive rehabilitation of a vacant and deteriorating building, but additional building rehabilitation and public infrastructure improvements were required to accommodate expanding operations. The IPCA was designated to strengthen economic vitality and employment in the area through redevelopment.

## Goals and Objectives for the IPCA

The overall goals of the IPCA are to: create an environment that contributes to the health, safety and general welfare of the city; maintain or enhance the value of properties adjacent to the IPCA; and stimulate private investment in new construction, expansion and rehabilitation. Improving existing infrastructure and employing area residents are other key goals for this district.

In furtherance of these overall goals, the following nine (9) objectives were outlined in the 45<sup>th</sup> and Western Industrial Park Conservation Area Redevelopment Plan and Project (the "IJRL Plan"):

1. **Provide sites which are conducive to industrial development**, through activities such as demolition, rehabilitation, etc.;
2. **Encourage the use and maintenance of industrial land;**
3. **Upgrade infrastructure throughout the IPCA;**
4. **Undertake appropriate environmental remediation measures on development sites**, according to customary procedures;
5. **Ensure a sensitive transition between adjacent residential areas and non-residential developments in the IPCA**, in order to minimize conflicts between different land uses;
6. **Support job training programs** to provide residents living in areas surrounding the IPCA with the skills necessary to secure jobs in the IPCA with the Wheatland Tube Company;
7. **Repair and replace the infrastructure where needed**, including, but not limited to, roads, sidewalks, public utilities and other public infrastructure;
8. **Study existing and future traffic conditions on arterial and neighborhood side streets, and improve traffic flow, safety and convenience** through roadway and railway improvements, and other measures as may be necessary; and
9. **Promote women- and minority-owned businesses and affirmative action programs.**

## Estimated Redevelopment Project Costs and Allocations

The estimated Redevelopment Project Costs outlined in the IJRL Plan total \$2.5 million. Through 2011, \$631,929 has been expended on IJRL-supported projects within the IPCA, representing 25.3 percent of the estimated total Redevelopment Project Costs. **Exhibit 2** on the following page displays the estimated eligible costs of the IJRL Plan and the expenditures through 2011 by statutory cost category.

**Exhibit 2. Total IJRL-Eligible Project Costs and Expenditures through 2011**

Permissible Cost Category	Eligible Cost Description	Estimated Project Costs	Project Costs Expended Through 2011	
			Expenditures	Percent of Total
<b>1. Professional Services</b>	Costs of studies, surveys, administration and professional services	\$ 100,000	\$ 40,935	40.9%
<b>2. Marketing of Sites</b>	Cost of marketing sites within IPCA to prospective businesses, developers, investors	[1]	\$0	N/A
<b>3. Property Assembly &amp; Site Preparation</b>	Property assembly costs, including acquisition, demolition, site preparation and environmental site improvement costs	\$ 290,000	\$0	0%
<b>4. Rehabilitation of Existing Public or Private Buildings</b>	Costs of rehabilitation, reconstruction, repair or remodeling, and replacement of existing public or private buildings or fixtures	\$ 1,160,000	\$ 590,994	50.9%
<b>5. Public Works or Improvements</b>	Costs of construction of public works and improvements	\$ 250,000 [2]	\$ 0	0%
<b>6. Environmental Contaminants Removal</b>	Costs of eliminating or removing contaminants as required by Federal or State environmental laws and regulations	\$250,000	\$0	0%
<b>7. Job Training</b>	Cost of job training and retraining implemented by businesses or other taxing bodies, including "welfare-to-work" programs, advanced vocational or career education	\$ 100,000	\$ 0	0%
<b>8. Financing Costs</b>	Financing costs, including interest and issuance costs	[3]	\$ 0	N/A
<b>9. Capital Costs</b>	Taxing districts' capital costs resulting from redevelopment project	[2]	\$ 0	N/A
<b>10. Relocation Costs</b>	Relocation costs	\$ 100,000	\$ 0	0%
<b>11. Payment in Lieu of Taxes</b>	Payments in lieu of taxes	N/A	\$ 0	N/A
<b>12. Interest Costs</b>	Costs of reimbursing developers for interest costs on redevelopment projects	\$ 250,000	\$ 0	0%
<b>TOTAL REDEVELOPMENT PROJECT COSTS [4]</b>		<b>\$2,500,000</b>	<b>\$631,929</b>	<b>25.3%</b>

Source: 45th & Western Industrial Park Conservation Area Redevelopment Plan and Project, dated December 17, 2001.

[1] Professional Services line item may include marketing costs.

[2] Public Works or Improvements may also include capital costs of taxing districts and improvement costs to property and facilities owned or operated by the City or other public entities.

[3] Total Redevelopment Project Costs in IJRL Plan exclusive of capitalized interest, issuance costs and other financing costs.

[4] All costs are in dollars and may be increased by the rate of inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U. S. Department of Labor. Increases in estimated Total Redevelopment Project Costs of more than 5 percent, after adjustment for inflation from the date of adoption of the IJRL Plan, are subject to amendment procedures as provided under the IJRL Act.

## 2. Industrial Park Conservation Area Revenues and Expenditures

This chapter provides information on the incremental property tax revenue generated and associated expenditures within the IPCA from its inception through December 31, 2011. A summary of non-IJRL City funds expended in support of projects through the 2011 calendar year is also presented.

### Growth in EAV and Revenue Generated within IPCA

Incremental property tax revenues are generated based on the growth in equalized assessed value (EAV) that arises during the IJRL district's existence, as compared to the initial EAV at the time of the district's original adoption. The IPCA's initial EAV as of March 27, 2002 was \$1,984,412.<sup>2</sup> As of December 31, 2011, the total taxable EAV (for tax year 2010) of the IPCA was \$3,449,381, representing growth in property value of 74 percent from the initial EAV.<sup>3</sup>

**Exhibit 3. Growth in EAV: Tax Year 2000 – 2010**

Tax Year	EAV	% Increase from Initial EAV
2000 - Initial EAV [1]	\$ 1,984,412	--
2010 - Current EAV	\$ 3,449,381	74%

Source: Cook County Clerk.

[1] The IPCA was designated in 2002 with initial EAV from tax year 2000.

This growth in EAV in the IPCA generated a total of \$966,892 in incremental property tax revenue from 2002 through the end of 2011, as displayed in **Exhibits 4 and 5** on the following page. Property tax is collected in the year after taxes are levied, therefore these exhibits cover the period through tax year 2010, for which property taxes were collected in calendar year 2011.

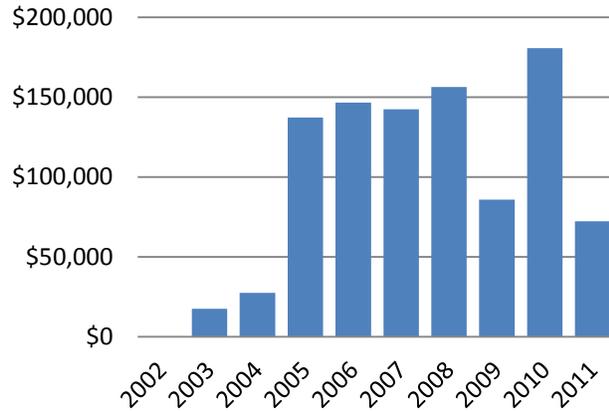
<sup>2</sup> Office of the Cook County Clerk, Certificate of Initial Equalized Assessed Valuation. Initial EAV is from tax year 2000, the most recent EAV available at the time of designation.

<sup>3</sup> Office of the County Clerk Tax Increment Agency Distribution Summary, Tax Year 2010.

**Exhibit 4. Incremental Property Tax Revenue Collected, 2002 - 2011**

Calendar Year	Incremental Property Tax Collected
2002	\$0
2003	\$17,580
2004	\$27,481
2005	\$137,279
2006	\$146,621
2007	\$142,505
2008	\$156,377
2009	\$85,878
2010	\$180,719
2011	\$72,452
<b>TOTAL INCREMENTAL PROPERTY TAX COLLECTED, 2002-2011</b>	
	<b>\$966,892</b>

**Exhibit 5. Annual Incremental Property Tax Revenue Collected**



Source: IJRL Annual Reports: Section (7)(D) in 2002-2009 Reports; Section 3.1 in 2010-2011 Reports. Property tax increment deposited in special tax allocation fund.

**Transfers of IJRL Funds**

No transfers of funds have been made into or out of the 45<sup>th</sup> and Western IPCA during the reporting period.

**City Expenditures within the IPCA**

From 2002 to 2011, \$631,929 in incremental property tax revenue was expended in support of projects within the IPCA. Expenditures of IJRL revenue over this period are presented in **Exhibit 2** (see page 7) by IJRL-eligible cost categories outlined in the IJRL Law.

No additional City non-IJRL investments were made between 2002 and 2011, as displayed in **Exhibit 6** below.

**Exhibit 6. Non-IJRL City Investments in IJRL-Supported Projects, 2002-2011 [1]**

Non-IJRL City investments were not made during the reporting period.

Source: City of Chicago Capital Management System database.

[1] Includes funds directly controlled by City or City sister agencies, and other non-IJRL funds allocated by the City.

**Declaration of Surplus Funds**

No surplus funds have been declared in the 45th and Western special tax allocation fund during the reporting period.

### 3. Industrial Park Conservation Area Accomplishments

This chapter provides information on the status of IPCA project activity, goals and objectives outlined in the IJRL Plan. Detailed information on IJRL-supported projects within the 45th and Western IPCA is provided, followed by a discussion of additional performance metrics relevant to the IJRL district.

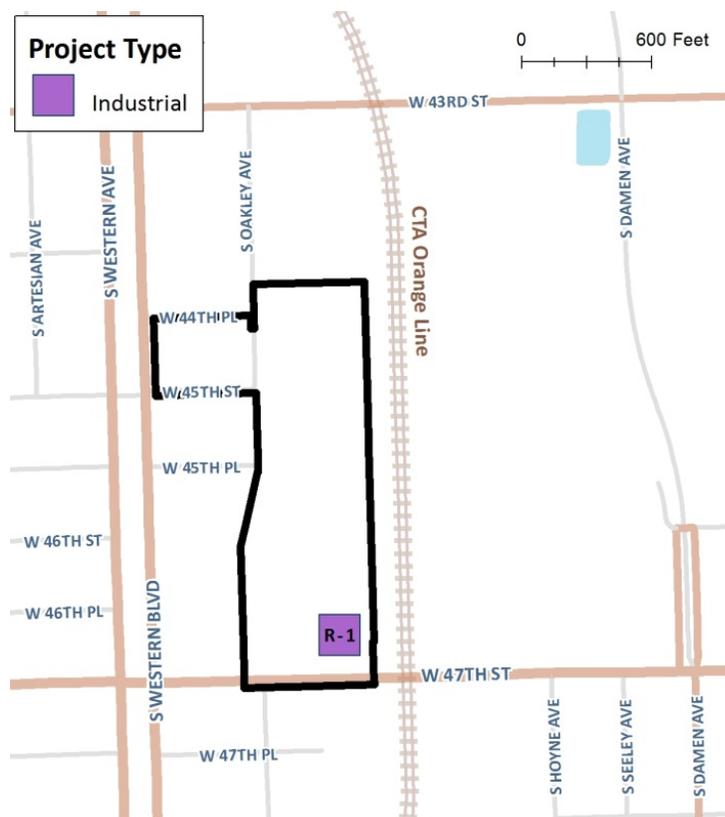
#### IPCA Project Profiles – Major Accomplishments

Project profiles for IJRL-supported projects within the 45th and Western IPCA that are underway or have been completed, as of December 31, 2011, are provided in **Exhibits 8 through 12** (see pages 11 – 13).

Key project information presented includes total project costs, IJRL investment (to date and expected), public-to-private investment ratio, permanent employment counts obligated under Redevelopment Agreements (“RDAs”), and additional community impacts resulting from or expected to result from these projects. The tables include projects receiving IJRL investment through RDAs. Projects that have been allocated IJRL funds, but for which no IJRL expenditures have occurred, are presented in **Exhibit 14** in the following section on planned projects (see page 15).

The IJRL investments made via Redevelopment Agreements within the IPCA, as reported in **Exhibit 8**, are displayed in **Exhibit 7** below.

**Exhibit 7. IJRL-Funded Project Map**



**Exhibit 8. Redevelopment Agreement Projects**

Map ID	Project	Status [1]	Total Project Cost [2]	IJRL Funding Approved [3]	IJRL Investment to Date [4]	Total Non-IJRL Investment Expected [5]	Other City-Controlled Sources		Ratio Non-IJRL to IJRL Invest.
							Source	Funding Amount	
<b>INDUSTRIAL</b>									
<b>R-1</b>	<b>Wheatland Tube</b>	Complete	\$23,533,566	\$1,869,300	\$590,993	\$21,664,266	N/A	\$0	11.6:1
<b>TOTAL</b>			<b>\$23,533,566</b>	<b>\$1,869,300</b>	<b>\$590,993</b>	<b>\$21,664,266</b>	<b>N/A</b>	<b>\$0</b>	<b>11.6:1</b>

[1] "Complete" projects are those listed as "Complete" in 2011 IJRL Annual Report and/or with Certificate of Completion noted in the City's RDA and IGA database, dated November 6, 2012. "In Progress" projects are those indicated in IJRL Annual Reports as being in progress as of December 31, 2011.

[2] Source: Redevelopment Agreement

[3] Maximum IJRL allocation from City Funds as specified in the Redevelopment Agreement, excluding interest and financing costs.

[4] 11/1/1999 to 12/31/2011, as noted in 2011 IJRL Annual Report.

[5] "Total Project Costs" less "IJRL Funding Approved".

**Exhibit 9. Redevelopment Agreement Projects: Community Impacts**

Project	Project Address	Commercial Project Square Footage	RDA-Required Permanent Jobs [1]	Number of Housing Units	Affordability Level (Percent of AMI) [2]	Additional Expected Community Impacts
<b>INDUSTRIAL</b>						
<b>Wheatland Tube</b>	2300 W. 47th St. and 4400 S. Oakley	196,000 [3]	236 [4]	0	N/A	Redevelopment and expansion of storage facilities to support expanded manufacturing capacity; job retention and creation; and donation of electrical conduit materials to Habitat for Humanity.
<b>TOTAL</b>		<b>196,000 [3]</b>	<b>236 [4]</b>			

Source: Redevelopment Agreements, Community Development Commission project summaries.

[1] Minimum threshold required in the Redevelopment Agreement, if applicable.

[2] AMI: Area Median Income, as defined by the U.S. Department of Housing and Urban Development for the Chicago-Joliet-Naperville, IL area.

[3] New construction only.

[4] Years 1 - 3, inclusive of 400,000 "straight time work hours" (200 jobs); Years 4 - 5, inclusive of 448,000 "straight time work hours" (224 jobs); Years 6 - 10, inclusive of 472,000 "straight time work hours" (236 jobs). Minimum threshold required in the Redevelopment Agreement.

**Exhibit 10. Intergovernmental Agreement Projects**

No Intergovernmental Agreement Projects have received IJRL funding through December 2011.

Source: City's RDA and IGA database, dated November 6, 2012, and IGAs provided by the City.

**Exhibit 11. IJRL-Funded Programs**

No IJRL-Funded Programs have been established in the IPCA through December 2011.

Source: City's RDA and IGA database dated November 6, 2012.

**Exhibit 12. Public Infrastructure Projects**

No public infrastructure projects have been funded in the IPCA through December 2011.

Source: Capital Management System database, 2002-2011, Projects listed as Complete or Active; City of Chicago.

## Additional Performance Metrics

Additional performance metrics associated with the IPCA, including construction and permanent job creation, and change in equalized assessed value over time, are presented below.

### CONSTRUCTION JOB CREATION

#### *94 one-year full-time equivalent construction jobs*

Temporary construction employment associated with private projects (those with RDAs) can be estimated using IMPLAN, an economic impact modeling program, which incorporates local employment and economic data from the U.S. Bureau of Labor Statistics (“BLS”) and Bureau of Economic Analysis (“BEA”). The inputs for the IMPLAN analysis are derived from the actual project budgets.

Based on this methodology, an **estimated 94 one-year full-time equivalent (“FTE”) construction jobs** were created as a result of projects that received IJRL funding between 2002 and 2011.

### PERMANENT JOB CREATION

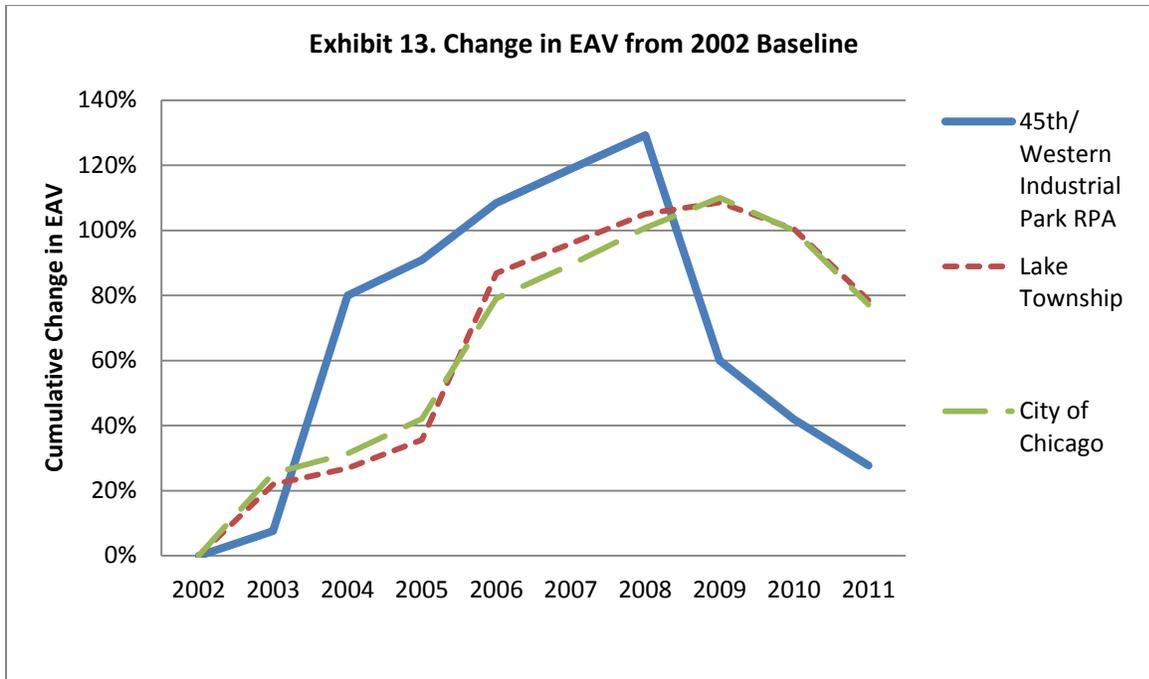
#### *236 FTE permanent jobs*

The City’s Redevelopment Agreement (RDA) with the Wheatland Tube Company requires that a minimum of 200 FTE jobs be maintained during the first three years after the project is completed. Over subsequent years, the RDA requires that 36 additional FTE jobs are created and maintained, for a total of 236 FTE jobs.

### CHANGE IN EQUALIZED ASSESSED VALUE (EAV)

A comparison of the change in equalized assessed value over time in the IPCA to larger geographies is one indication of the relative growth in property values in the IPCA. Growth in property values from the creation of the IPCA is one metric of the relative economic health of the IPCA. The cumulative growth in total EAV for the IPCA, Lake Township, and the City of Chicago, overall, is displayed in **Exhibit 13** on the following page for tax years 2002 through 2011.

Property values within the IPCA have grown at a compound **annual growth rate of 2.7 percent** from tax year 2002 to tax year 2011, while EAV in Lake Township and the City of Chicago has grown at a compound annual growth rate of 6.7 percent and 6.6 percent, respectively.



Source: Cook County Assessor's Office, EAV before exemptions.

## Status of Planned Activities, Goals and Objectives

### PLANNED ACTIVITIES

The projects presented in **Exhibits 8 through 12** include only those IJRL-supported projects for which IJRL funds have been expended through December 31, 2011. Planned projects are defined as those that have met substantial approval criteria for receiving IJRL funds as of December 2012, but as of December 2011 had not received any IJRL funding. These planned projects consist of:

- Projects with an executed RDA, or with an RDA under negotiation following approval by the Community Development Commission;
- IGAs that have received City Council approval but without IJRL expenditures through 2011;
- IJRL-funded programs for which funding has been approved but no IJRL dollars expended; and
- Public infrastructure projects with prior approval but no expenditures through 2011, or projects included in the City's 2012-2014 TIF Projection Reports.

Information on the planned projects in the IPCA is presented in **Exhibit 14** below.

### Exhibit 14. Planned Projects

No planned projects have been identified in the IPCA through December 2011.

Source: Redevelopment Agreements, Intergovernmental Agreements, CDC reports, Capital Management System database, 2002-2011, TIF Projection Reports 2012-2014.

## Progress toward Achieving Goals and Objectives

The TIF Act requires that progress toward achieving goals and objectives outlined in the IJRL Plan be addressed in the Report. **Exhibit 15** below presents a summary of the relevant projects and their progress in addressing the goals and objectives outlined in the IJRL Plan through 2011.

### Exhibit 15. Progress toward Achieving Goals and Objectives in the IJRL Plan

Map ID	Project	Relevant Goals and Objectives Addressed
R-1	Wheatland Tube	1, 2, 4, 6, 9

Source: Redevelopment Agreements, Intergovernmental Agreements, City of Chicago TIF Program Tracking Data, Capital Management System database.

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