

**TAX INCREMENT FINANCING
Ten (10) Year Status Report
2003-2011**

**DIVERSEY/NARRAGANSETT
Redevelopment Project Area
Designated February 5, 2003**



November 15, 2013

Pursuant to 65 ILCS 5/11-74.4-5

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

TABLE OF CONTENTS

Executive Summary..... 1

1. Redevelopment Project Area Information..... 3

 Project Area Context and Background..... 3

 Conditions at Time of TIF Creation 4

 Goals and Objectives for the RPA 5

 Estimated Redevelopment Project Costs and Allocations..... 5

2. Redevelopment Project Area Revenues and Expenditures 7

 Growth in EAV and Revenue Generated within RPA 7

 Transfers of TIF Funds 8

 City Expenditures within the RPA 8

 Declaration of Surplus Funds 8

3. Redevelopment Project Area Accomplishments 9

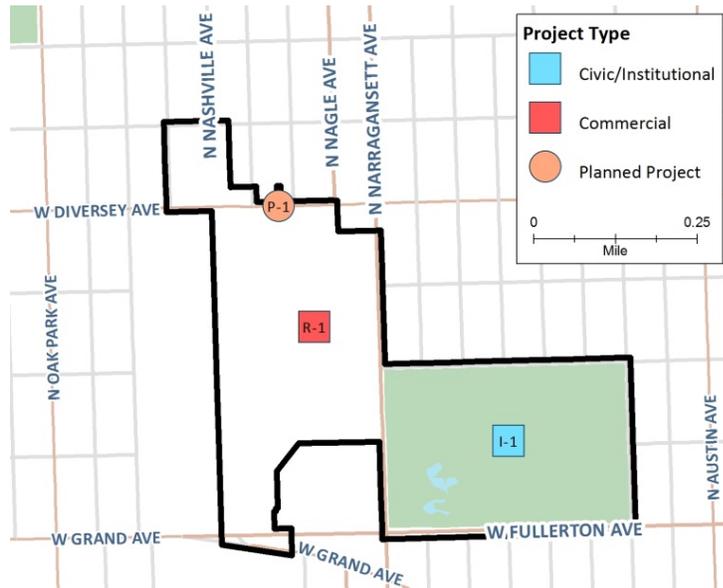
 RPA Project Profiles – Major Accomplishments 9

 Additional Performance Metrics..... 12

 Status of Planned Activities, Goals and Objectives..... 13

 Progress toward Achieving Goals and Objectives..... 15

Executive Summary



DIVERSEY/NARRAGANSETT REDEVELOPMENT PROJECT AREA

- Designated: February 5, 2003
- Expires: December 31, 2027
- 154 acres
- 24 parcels at time of designation

The 154-acre Diversey/Narragansett Redevelopment Project Area (“RPA”) encompasses the site of the former Brickyard Mall, Riis Park, and an adjacent industrial area on the northwest side of Chicago in the Belmont Cragin and Montclare community areas. The RPA was designated to foster improvements to all three sites, especially the mall site, which lost three of its four anchor tenants and saw total sales revenues decrease by approximately 75 percent between 2000 and 2001. Funds are targeted for the rehabilitation of existing buildings and to create job training programs.

Diversey/Narragansett RPA Activity 2003 - 2011

INVESTMENT SUMMARY

- \$110.0 million in total private development value
- \$26.5 million in TIF Funds leveraged \$83.5 million in other financing
- \$1.1 million in public improvements to Riis Park

PROPERTY VALUE

- Equalized Assessed Value - Compound annual growth rate of 13.1 percent

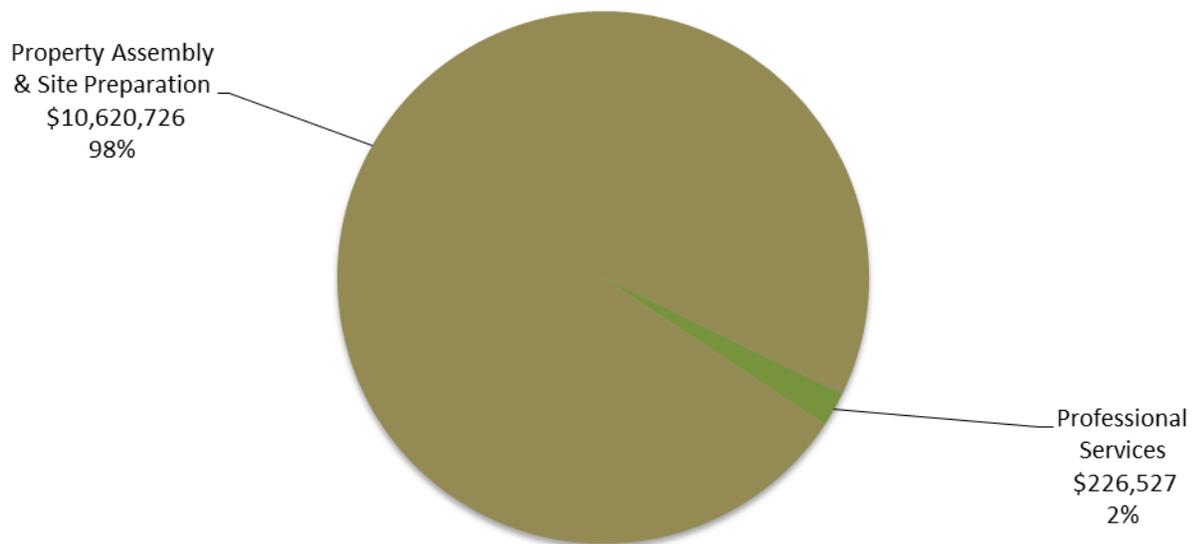
DEVELOPMENT

- 575,000 square feet of retail redevelopment

JOB CREATION

- Construction Jobs – Estimated 503 one-year full-time equivalent (“FTE”) construction jobs created
- Permanent Jobs – Approximately 592 FTE permanent positions created

DISTRIBUTION OF TIF-ELIGIBLE EXPENDITURES THROUGH 2011 [1]



[1] Additional detail on expenditures provided in Exhibit 2.

1. Redevelopment Project Area Information

In July 2010, the Tax Increment Financing (“TIF”) Allocation Redevelopment Act 65 ILCS 5/11-74.4-5-1, 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 Act requires the report to detail:

1. The amount of revenue generated within the district;
2. Expenditures made for the Redevelopment Project Area (“RPA”), 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 information summarized herein is for the reporting period from the TIF 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, is reported as of December 2012.

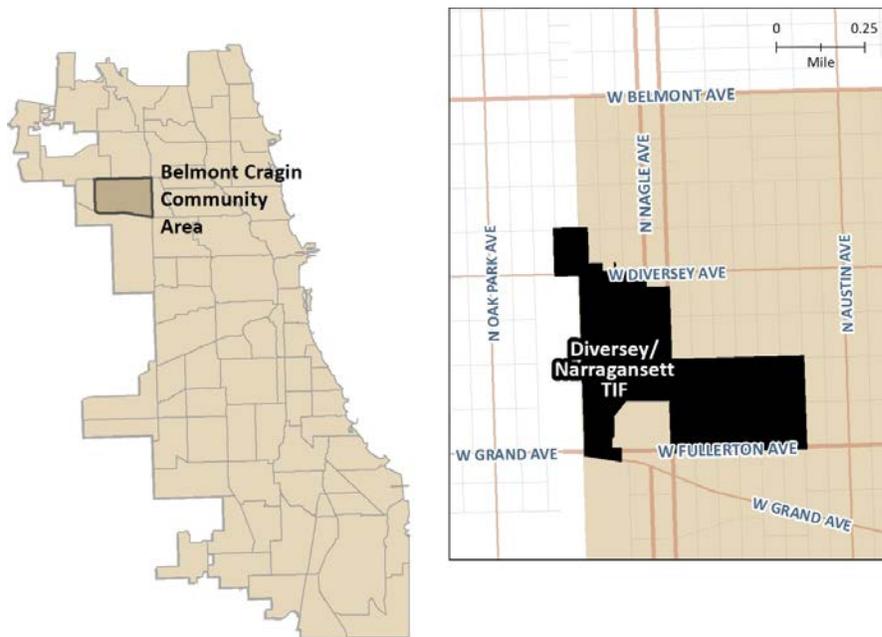
Detailed data on the Diversey/Narragansett RPA was compiled to meet reporting requirements under the TIF Act and is presented in this Ten (10) Year Status Report (the “Report”). The Report contains various data from City of Chicago (“City”) departments, including audited financial statements, Redevelopment Agreements, Intergovernmental Agreements, capital improvement expenditures, and TIF-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 approximately 154-acre Diversey/Narragansett RPA is located in the Belmont Cragin and Montclare community areas on the City’s northwest side, approximately 8.5 miles from the Central Business District (“the Loop”). The RPA is roughly bounded by George Street on the north, Fullerton Avenue on the south, Meade Avenue on the east, and Natoma Avenue and the Chicago, Milwaukee, St. Paul and Pacific Railroad on the west. The RPA boundary is shown in **Exhibit 1** on the following page.

The RPA was designated as a TIF district on February 5, 2003, and is expected to expire no later than December 31, 2027. There have been no major or minor amendments to the Diversey/Narragansett Redevelopment Project Area Tax Increment Financing Program Redevelopment Plan and Project (the “TIF Plan”) as of December 31, 2011.

Exhibit 1. Diversey/Narragansett RPA



Conditions at Time of TIF Creation

The RPA was determined to be eligible for TIF designation as a “conservation area” under the TIF Act, which requires that at least 50 percent of buildings be 35 years of age or older, and three additional eligibility factors be present to a meaningful extent and reasonably distributed throughout the RPA. The following eligibility factors were described in the Diversey/Narragansett TIF Plan:

- 76 percent of structures were found to be at least 35 years of age or older
- Factors present to a major extent:
 - Obsolescence
 - Deterioration
 - Excessive land coverage
 - Deleterious land use or layout
 - Environmental clean-up
 - Lack of growth in equalized assessed value (EAV)
- Minor supporting factors:
 - Dilapidation
 - Presence of structures below minimum code standards
 - Excessive vacancies

The Diversey/Narragansett RPA was designated to foster improvements to the former Brickyard Mall, Riis Park and an adjacent industrial area, with a primary focus on the mall, which lost three of its four anchor tenants and saw total sales revenues decrease by approximately 75 percent between 2000 and 2001. Funds are targeted for the rehabilitation of existing buildings and to create job training programs.

Goals and Objectives for the RPA

The Diversey/Narragansett RPA was designated to improve the quality of life in and around the RPA, and eliminate the factors that qualified the RPA as a conservation area. Primary goals include enhancing properties, strengthening the local tax base, and re-establishing the area's business viability and vitality.

The following five (5) objectives were outlined in the TIF Plan:

1. **Redevelop the existing underutilized Brickyard Mall;**
2. **Encourage private investment in new development and rehabilitation of buildings** in the RPA;
3. **Provide public infrastructure improvements where necessary.** Replace and repair sidewalks, curbs and alleys throughout the RPA;
4. **Provide public and private infrastructure and streetscape improvements** and other available assistance necessary to promote commercial (office and retail) and open space development in the RPA; and
5. **Establish job training and job-readiness programs** to provide residents within and near the RPA with skills necessary to secure jobs.

Estimated Redevelopment Project Costs and Allocations

The estimated Redevelopment Project Costs outlined in the Diversey/Narragansett TIF Plan total \$60.7 million. Through 2011, \$10.8 million has been expended on TIF-supported projects within the RPA, representing 17.9 percent of estimated total Redevelopment Project Costs. **Exhibit 2** on the following page displays the estimated eligible costs of the TIF Plan and the expenditures through 2011 by statutory cost category.

Exhibit 2. Total TIF-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
1. Professional Services	Costs of studies, surveys, administration and professional services	\$2,725,000	\$226,527	8.3%
2. Marketing of Sites	Cost of marketing sites within RPA to prospective businesses, developers, investors	N/A	\$0	N/A
3. Property Assembly & Site Preparation	Property assembly costs, including acquisition, demolition, site preparation and environmental site improvement costs	\$24,250,000	\$10,620,726	43.8%
4. Rehabilitation of Existing Public or Private Buildings	Costs of rehabilitation, reconstruction, repair or remodeling, and replacement of existing public or private buildings or fixtures	\$2,000,000 [1]	\$0	0.0%
5. Public Works or Improvements	Costs of construction of public works and improvements	\$1,500,000 [2]	\$0	0.0%
6. Job Training and Retraining	Cost of job training and retraining implemented by businesses or other taxing bodies, including "welfare-to-work" programs, advanced vocational or career education	\$3,120,000	\$0	0.0%
7. Financing Costs	Financing costs, including interest and issuance costs	[3]	\$0	N/A
8. Capital Costs	Taxing districts' capital costs resulting from redevelopment project	[2]	\$0	N/A
9. Increased Education Costs	Costs of reimbursing school districts for their increased costs attributable to TIF-assisted housing projects	[2]	\$0	N/A
10. Relocation Costs	Relocation costs	\$9,000,000	\$0	0.0%
11. Interest Costs	Costs of reimbursing developers for interest costs on redevelopment projects	\$16,200,000	\$0	0.0%
12. Affordable Housing Construction	Costs of construction, renovation, rehabilitation of housing for low-income and very low-income households	N/A [1]	\$0	N/A
13. Day Care Reimbursements	Costs of day care services and operational costs of day care centers for low-income families in RPA	\$1,935,000	\$0	0.0%
TOTAL REDEVELOPMENT PROJECT COSTS [4]		\$60,730,000	\$10,847,253	17.9%

Source: Diversey/Narragansett TIF Plan, dated November 1, 2002.

[1] Rehabilitation of Existing Public or Private Buildings line item may include the costs of Affordable Housing Construction, as noted in the TIF Plan.

[2] Public Works or Improvements line item may include 1) paying for or reimbursing an elementary, secondary, or unit school district's increased costs attributed to assisted housing units, and 2) reimbursement of Capital Costs, as noted in the TIF Plan.

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

[4] All costs 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. In addition to the above stated costs, each issue of obligations issued to finance a phase of the Redevelopment Project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations, including interest costs.

2. Redevelopment Project Area Revenues and Expenditures

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

Growth in EAV and Revenue Generated within Diversey/Narragansett RPA

Incremental property tax revenues are generated based on the growth in equalized assessed value (EAV) that arises during the TIF district’s existence, as compared to the initial EAV at the time of the TIF’s original adoption. The RPA’s initial EAV as of February 5, 2003 was \$34,746,231.¹ As of December 31, 2011, the total taxable EAV (for tax year 2010) of the RPA was \$79,702,322, representing growth in property value of 129% from the initial EAV.²

Exhibit 3. Growth in EAV: Tax Year 2001 – 2010

Tax Year	EAV	% Increase from Initial EAV
2001 - Initial EAV [1]	\$34,746,231	--
2010 - Current EAV	\$79,702,322	129%

Source: Cook County Clerk.

[1] The RPA was designated in 2003 with initial EAV from tax year 2001.

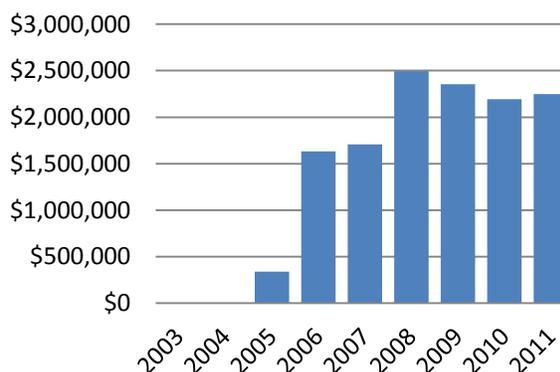
This growth in EAV in the RPA generated a total of \$13.0 million in incremental property tax revenue from 2003 through the end of 2011, as displayed in **Exhibits 4 and 5** on the following page. Property tax is collected in the year after taxes are levied, therefore these exhibits cover the period through tax year 2010, for which property taxes were collected in calendar year 2011.

¹ Office of the Cook County Clerk, Certificate of Initial Equalized Assessed Valuation. Initial EAV is from tax year 2001, the most recent EAV available at the time of designation.

² Office of the County Clerk Tax Increment Agency Distribution Summary, Tax Year 2010.

Exhibit 4. Incremental Property Tax Revenue Collected, 2003 - 2011

Calendar Year	Incremental Property Tax Collected
2003	\$0
2004	\$0
2005	\$337,763
2006	\$1,631,859
2007	\$1,708,888
2008	\$2,494,399
2009	\$2,355,904
2010	\$2,194,406
2011	\$2,248,183
TOTAL INCREMENTAL PROPERTY TAX COLLECTED, 2003-2011	\$12,971,402

Exhibit 5. Annual Incremental Property Tax Revenue Collected

Source: TIF Annual Reports: Section (7)(D) in 2003-2009 reports; Section 3.1 in 2010-2011 Reports. Property tax increment deposited in special tax allocation fund.

Transfers of TIF Funds

No funds were transferred (or “ported”) into or out of the Diversey/Narragansett special tax allocation fund from or to adjacent TIF districts through December 31, 2011.

City Expenditures within the RPA

From 2003 to 2011, \$10.8 million in incremental property tax revenue was expended in support of projects within the RPA. Expenditures of TIF revenue over this period are presented in **Exhibit 2** (see page 6) by TIF-eligible cost categories outlined in the TIF Act.

No additional City non-TIF investments were made between 2003 and 2011, as shown in **Exhibit 6** below.

Exhibit 6. Non-TIF City Investments in TIF-Supported Projects, 2003-2011

Non-TIF City investments were not made through December 2011.

Source: City of Chicago Capital Management System database 2002-2011; City’s RDA and IGA database dated November 6, 2012.

Declaration of Surplus Funds

A total of \$21,000 in the Diversey/Narragansett special tax allocation fund has been declared surplus and returned to the Cook County Treasurer’s Office (“Treasurer”) for redistribution to various taxing agencies. The breakdown of funds that were declared surplus is as follows:

- In December 2011, the City declared a surplus of \$21,000 in the Diversey/Narragansett special tax allocation fund. In June 2012, the surplus funds were sent to the Treasurer.

3. Redevelopment Project Area Accomplishments

This chapter provides information on the status of TIF project activity, goals and objectives outlined in the TIF Plan. Detailed information on TIF-supported projects within the Diversey/Narragansett RPA is provided, followed by a discussion of additional performance metrics relevant to the TIF district.

RPA Project Profiles – Major Accomplishments

Project profiles for TIF-supported projects within the Diversey/Narragansett RPA that are underway or have been completed, as of December 31, 2011, are provided in **Exhibits 8 through 12** (see pages 10 – 11).

Key project information presented includes total project costs, TIF investment (to date and expected), public-to-private investment ratio, commercial development square footage, and additional community impacts resulting from or expected to result from these projects. The tables include private development projects with Redevelopment Agreements (“RDAs”) and public projects receiving TIF investment through Intergovernmental Agreements (“IGAs”). Projects that have been allocated TIF funds, but for which no TIF expenditures have occurred, are presented in **Exhibit 14** in the section on planned projects (see page 14).

The TIF investments made via RDAs and IGAs within the RPA, as reported in **Exhibits 8 through 10** are displayed in **Exhibit 7** below. Planned projects, as reported in **Exhibit 14**, are also featured in the map below (projects without defined locations are not mapped).

Exhibit 7. TIF-Funded Project Map

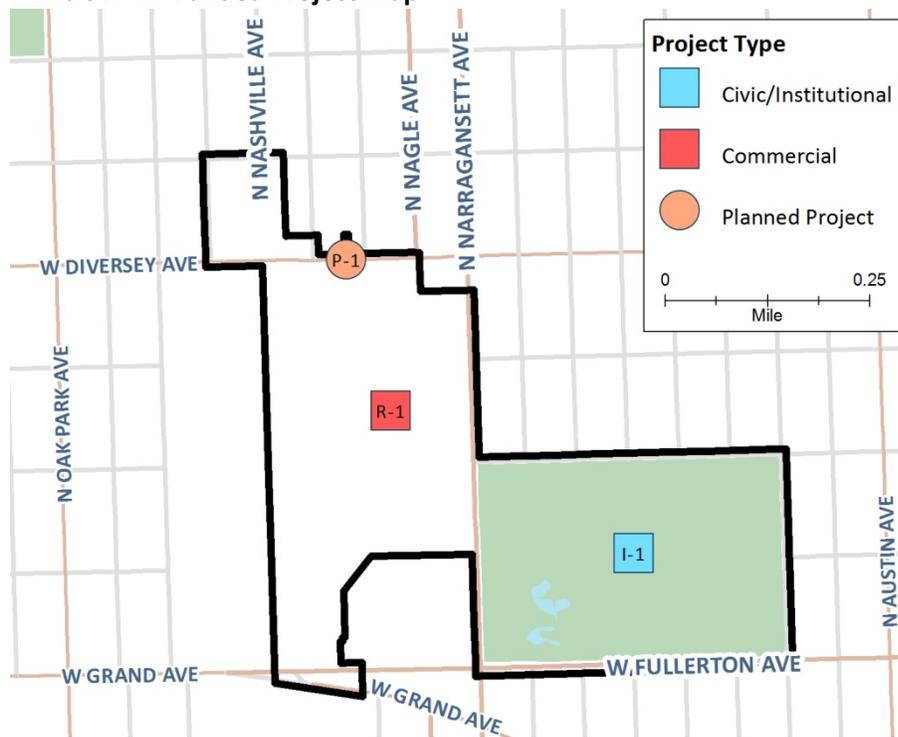


Exhibit 8. Redevelopment Agreement Projects

Map ID	Project	Status [1]	Total Project Cost [2]	TIF Funding Approved [3]	TIF Investment to Date [4]	Total Non-TIF Investment Expected [5]	Other City-Controlled Sources [6]		Ratio Non-TIF to TIF Invest.
							Source	Funding Amount	
COMMERCIAL									
R-1	Brickyard Retail Center	Complete	\$109,959,532	\$26,500,000	\$8,992,384	\$83,459,532	--	\$0	3.1:1
TOTAL			\$109,959,532	\$26,500,000	\$8,992,384	\$83,459,532		\$0	3.1:1

[1] "Complete" projects are those listed as "Complete" in 2011 TIF 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 TIF Annual Reports as being in progress as of December 31, 2011.

[2] Source: Redevelopment Agreement.

[3] Maximum TIF 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 TIF Annual Report.

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

[6] LIHTC: Low-Income Housing Tax Credit equity; Conduit Bond: Multifamily Conduit Bond; CDBG: Community Development Block Grant loan; HOME Funds: federal housing financing passed through as a City loan. Source: Redevelopment Agreement and City of Chicago Affordable Housing Plan Quarterly Reports.

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
COMMERCIAL						
Brickyard Retail Center	6465 W. Diversey Ave.	575,000	0	0	--	Demolition of 878,000 sf shopping center and redevelopment of 575,000 sf shopping center with a modern layout, greater accessibility and 2,306 parking spaces. The RDA requires that the project maintain 60% occupancy for 10 years.
TOTAL		575,000	0	0		

Source: Redevelopment Agreements, Affordable Housing Quarterly Progress Reports, Community Development Commission project summaries.

[1] Minimum threshold required in the Redevelopment Agreement.

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

Exhibit 10. Intergovernmental Agreement Projects

Map ID	Project	Address	Project Type	Total Project	TIF Funding	TIF Investment	Other City-Controlled Sources		Description/ Key Community Impacts
				Cost [1]	Approved [1]	through 2011 [2]	Source	Amount	
I-1	Riis Park	6100 W. Fullerton Ave.	Civic/ Institutional Projects	\$1,115,671	\$1,000,000	\$0	--	\$0	Artificial soccer/ football field in 56-acre Belmont Cragin community park
TOTAL				\$1,115,671	\$1,000,000	\$0		\$0	

[1] Source: Intergovernmental Agreement; Capital Management System Database, 2002-2011.

[2] Source: 2011 TIF Annual Report, City of Chicago.

Exhibit 11. TIF-Funded Programs

No TIF-Funded Programs have received financing in the RPA through December 2011.

Source: City's RDA and IGA database dated November 6, 2012, SBIF Grant Agreements provided by the City, TIFWorks Grant Agreements provided by the City, Housing Quarterly Reports.

Exhibit 12. Public Infrastructure Projects

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

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

Additional Performance Metrics

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

CONSTRUCTION JOB CREATION

503 one-year full-time equivalent construction jobs

Temporary construction employment associated with projects receiving TIF funds through Redevelopment Agreements and Intergovernmental Agreements has been estimated for this Report. For consistency, estimates for all projects were developed 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 were derived from the actual project budgets, as presented in the RDA and IGA.

Based on this methodology, an **estimated 503 one-year full-time equivalent (“FTE”) construction jobs** were created as a result of one Diversey/Narragansett RDA project and one IGA project between 2003 and 2011.

PERMANENT JOB CREATION

592 FTE permanent positions

In some cases, RDAs require private, TIF-supported projects to create or retain a certain number of permanent jobs as a condition of receiving TIF funding. The one RDA to date within the RPA did not include a permanent job creation covenant.

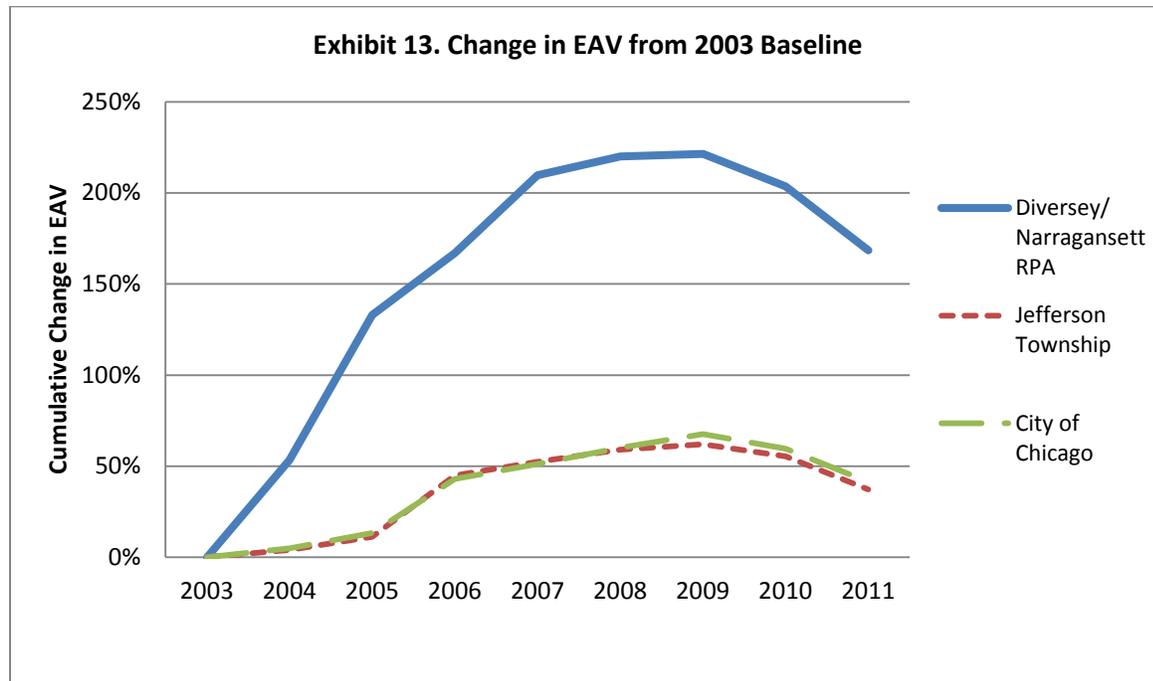
In light of this, permanent job creation associated with private, non-residential TIF-supported projects (see Redevelopment Agreement Projects in **Exhibit 8**) has therefore been estimated using industry benchmarks and other available sources. Where possible, these estimates are based on public data provided by tenants or employment figures for similar completed projects in the City; other sources of data include average job creation by square footage of land use development, as published by the Urban Land Institute and U.S. Energy Information Administration. All employment figures have been converted to FTE positions for comparability, using U.S. BLS and BEA conversion factors.

Based on this methodology, an **estimated 592 FTE permanent positions** are expected to be created by the 575,000 square feet of commercial redevelopment resulting from the Brickyard Retail Center project.

CHANGE IN EQUALIZED ASSESSED VALUE (EAV)

A comparison of the change in equalized assessed value (EAV) over time in the RPA to larger geographies is one indication of the relative growth in property values in the RPA. Growth in property values from the creation of the RPA is one metric of the relative economic health of the RPA. The cumulative growth in total EAV for the RPA, Jefferson Township, and the City of Chicago, overall, is displayed in **Exhibit 13** on the following page for tax years 2003 through 2011.

Property values within the Diversey/Narragansett RPA have grown at a **compound annual growth rate (CAGR) of 13.1 percent** from tax year 2003 to tax year 2011, while EAV in Jefferson Township and the City of Chicago has grown at a CAGR of 4.0 percent and 4.4 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 TIF-supported projects for which TIF funds have been expended through December 31, 2011. Planned projects are defined as those that have met substantial approval criteria for receiving TIF funds as of December 2012, but as of December 2011 had not received any TIF funding. These planned projects consist of:

- Projects with an executed RDA, or with an RDA under negotiation following approval by the Community Development Commission (CDC);
- IGAs that have received City Council approval but without TIF expenditures through 2011;
- TIF-funded programs for which funding has been approved but no TIF dollars expended; and
- Public infrastructure projects with prior approval but no expenditures through 2011, or projects included in the City's 2013-2017 TIF Projection Reports as "potential projects."

Information on the planned projects in the RPA is presented in **Exhibit 14** on the following page and displayed in **Exhibit 7** on page 9.

Exhibit 14. Planned Projects

Map ID	Project	Project Location	Project Type	Total Project Cost	Tentative TIF Funding [1]	Description
P-1	Lighting Improvements	Diversey Ave., from Nagle Ave. to Nashville	Public Improvements	N/A	\$420,000	Install new arterial lighting, including gateway poles and teardrop luminarie in 36th Ward along Diversey Ave. from Nagle to Nashville.
TOTAL				N/A	\$420,000	

Source: Redevelopment Agreements, Intergovernmental Agreements, CDC reports, Capital Management System database, 2002-2011, TIF Projection Reports 2013-2017.

[1] Allocated TIF amount as specified in the Redevelopment Agreement, Intergovernmental Agreement, CDC report, or TIF Projection Report, excluding interest and financing costs.

Progress toward Achieving Goals and Objectives

The TIF Act requires that progress toward achieving goals and objectives outlined in the TIF Plan be addressed in the 10-Year Status Report. **Exhibit 15** below presents a summary of the relevant projects and their progress in addressing the goals and objectives outlined in the TIF Plan through 2011.

Exhibit 15. Progress toward Achieving Goals and Objectives Outlined in the TIF Plan

Map ID	Project	Relevant Goals and Objectives Addressed
R-1	Brickyard Retail Center	1, 2, 4
I-1	Riis Park	4

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

S. B. FRIEDMAN & COMPANY

221 N. LaSalle St. Suite 820 Chicago IL 60601

T: 312.424.4250 F: 312.424.4262 E: sbf@sbfriedman.com

www.sbfriedman.com
