

This agreement was prepared by and after recording return to:
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City of Chicago Law Department
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PARK BOULEVARD IIB RENTAL PROJECT REDEVELOPMENT AGREEMENT

This Park Boulevard IIB Rental Project Redevelopment Agreement (the "**Agreement**") is made as of this 18th day of December, 2013, by and among the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Housing and Economic Development ("**HED**"), Park Boulevard IIB, LLC, an Illinois limited liability company ("**Owner**"), and Park Boulevard IIB Manager LLC, an Illinois limited liability company ("**Manager**" and together with Owner, "**Developer**").

RECITALS:

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Section VII of the 1970 Constitution of the State of Illinois (the "**State**"), the City has the power to regulate for the protection of the public health, safety, morals, and welfare of its inhabitants and, pursuant thereto, has the power to encourage private development in order to enhance the local tax base and create employment opportunities, and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (2002 State Bar Edition), as amended from time-to-time (the "**Act**"), to finance projects that eradicate blighted conditions through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority: To induce redevelopment under the provisions of the Act, the City Council of the City (the "**City Council**") adopted the following ordinances on January 14, 2004: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the 35th/State Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the 35th/State Redevelopment Project Area as a Redevelopment Project Area Pursuant to Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the 35th/State Redevelopment Project Area" (the "**TIF Adoption Ordinance**"). Collectively the three ordinances are defined as the "**TIF Ordinances**". The Redevelopment Area (as defined below) is legally described on Exhibit A.

D. The Project: An affiliate of the Developer previously entered into a Contract for Redevelopment of Stateway Gardens dated May 3, 2003 (the "**CHA Redevelopment Agreement**") with the Chicago Housing Authority ("**CHA**") and The Habitat Company LLC for the construction by Owner of 1,316 housing units, including replacement public housing, on sites located within the Bronzeville Tax Increment Financing Redevelopment Project Area ("**Bronzeville Redevelopment Area**") and the 35th/State Tax Increment Financing Redevelopment Project Area (the "**35th/State Redevelopment Area**"). The project contemplated by this Agreement is for the construction of approximately 108 of those units in four buildings located at 3633-47 South State Street, 4-10 West 37th Street, 16-22 West 37th Street and 3720 South Dearborn Street, all in Chicago, Illinois (collectively, the "**Property**"). CHA has leased the Property to Owner pursuant to two separate 99-year ground leases. The Property is approximately 1.788 acres, and is located wholly within the Redevelopment Area. A legal description of the Property is stated in Exhibit B-1. The Property is currently undeveloped and subject to the zoning requirements stated in Residential-Business Planned District No. 897 (including any approved amendment thereof, the "**PD**"). Developer plans to construct four new buildings, consisting of three 12-flats and one mid-rise. The buildings will collectively comprise: approximately 108 residential units, 71 of which will be affordable for low-income families; 109 parking spaces; and approximately 5,762 square feet of retail space. The new construction work is collectively defined as the "**Project**". A site plan for the Project (the "**Site Plan**") is Exhibit B-2. The completion of the Project would not reasonably be anticipated to occur without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement, the PD and the City of Chicago 35th/State Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project dated May 29, 2003, as revised on October 7, 2003 and attached as Exhibit B-3 hereto (the "**Redevelopment Plan**"), and as amended from time-to-time.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT:

SECTION 1: RECITALS

The recitals stated above are an integral part of this Agreement and are hereby incorporated into this Agreement by reference and made a part of this Agreement.

SECTION TWO: DEFINITIONS

For purposes of this Agreement the following terms shall have the meanings stated below:

"35th/State Redevelopment Area" has the meaning defined in the recitals.

"35th/State Redevelopment Project Area Special Tax Allocation Fund" means the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes (as defined below) will be deposited.

"Act" has the meaning defined in the recitals.

“Actual Residents of the City” has the meaning defined for such phrase in Section 11.02(c).

“Affiliate” means any individual, corporation, partner, partnership, trust or entity which owns or controls a controlling interest, or is owned or controlled by, or is under common ownership or control with, in whole or in part, Developer or any successor to Developer or its subsidiary(ies) or parent(s).

“Agreement” has the meaning defined in the Agreement preamble.

“AMI” shall mean Chicago-area median income, adjusted for family (as defined in 24 C.F.R. Part 5.403) size, as determined from time to time by HUD.

“Annual Compliance Report” shall mean a signed report from the Developer to the City (a) itemizing each of the Developer’s obligations under the RDA during the preceding calendar year, (b) certifying the Developer’s compliance or noncompliance with such obligations, (c) attaching evidence (whether or not previously submitted to the City) of such compliance or noncompliance and (d) certifying that the Developer is not in default with respect to any provision of the RDA, the agreements evidencing the Lender Financing, if any, or any related agreements; provided, that the obligations to be covered by the Annual Compliance Report shall include the following: (1) delivery of Financial Statements and unaudited financial statements (**Section 9.12**); (2) delivery of updated insurance certificates, if applicable (**Section 9.13**); (3) delivery of evidence of payment of Non-Governmental Charges, if applicable (**Section 9.14**); and (4) compliance with all other executory provisions of the RDA.

“Available Incremental Taxes” means an amount equal to \$5,000,000 of the Incremental Taxes (as defined below), including the Bronzeville Ported Funds, deposited after the Closing Date in the 35th/State Redevelopment Project Area Special Tax Allocation Fund, to the extent available and subject to Prior TIF Obligations (as set forth on **Exhibit L** hereto).

“Available Project Funds” has the meaning defined for such phrase in Section 5.07.

“Bonds” has the meaning defined in Section 9.05.

“Bronzeville Ported Funds” shall mean up to \$3,500,000 of funds ported from the Bronzeville Special Tax Allocation Fund to the 35th/State Redevelopment Project Area Special Tax Allocation Fund for the sole purpose of funding the TIF Payments.

“Bronzeville Redevelopment Area” has the meaning defined in the recitals.

“Bronzeville Special Tax Allocation Fund” shall mean the special tax allocation fund created by the City in connection with the Bronzeville Redevelopment Area into which incremental taxes from the Bronzeville Redevelopment Area are deposited.

“Business Day” means any day other than Saturday, Sunday or a legal holiday in the State.

“Business Relationship” shall have the meaning set forth for such term in Section 2-156-080 of the Municipal Code of Chicago.

“Certificate” means the Certificate of Completion of Construction described in Section 8.01.

“CHA Redevelopment Agreement” means that certain Redevelopment Agreement dated as of May 3, 2003 between CHA, The Habitat Company and Park Boulevard LLC.

"Change Order" means any amendment or modification to the Scope Drawings, the Plans and Specifications, or the Project Budget (all as defined below) within the scope of Section 4.04.

"City" has the meaning defined in the Agreement preamble.

"City Contract" has the meaning defined in Section 9.01(m).

"City Council" means the City Council of the City of Chicago as defined in the recitals.

"City Funds" means the funds described in Section 5.03(a).

"City Group Member" has the meaning defined in Section 9.10.

"City Regulatory Agreements" means, collectively: that certain Regulatory Agreement entered into on the date hereof by Developer and the City; and that certain Donations Tax Credit Regulatory Agreement entered into on the date hereof by Developer, The Interfaith Housing Development Corporation of Chicago, an Illinois not-for-profit corporation, and the City.

"Closing Date" means the date of execution and delivery of this Agreement by all parties hereto.

"Construction Contract" means that certain contract substantially in the form of Exhibit E, to be entered into between Developer and the General Contractor (as defined below) providing for construction of the TIF-Funded Improvements. The parties may agree that the Construction Contract may be provided after Closing.

"Construction Program" has the meaning defined in Section 11.03.

"Corporation Counsel" means the City's Office of Corporation Counsel.

"Developer" has the meaning defined in the Agreement preamble.

"Employer(s)" has the meaning defined in Section 11.01.

"Environmental Laws" means any and all Federal, State or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago (as defined below).

"Equity" means funds of Developer (other than funds derived from Lender Financing (as defined below)) available for the Project, in the amount stated in Exhibit J attached hereto, which amount may be increased under Section 5.06 (Cost Overruns).

Escrow shall mean the construction escrow established pursuant to the Escrow Agreement.

Escrow Agreement shall mean the Escrow Agreement establishing a construction escrow, to be entered into as of the date hereof by the City, the Title Company (or an affiliate of the Title Company), the Developer and the Developer's lender(s), in such form as may be approved by the City.

Event of Default has the meaning defined in Section 16.01.

Existing Materials shall mean the Hazardous Materials and other environmental conditions described in any SRP reports existing on the Property prior to or as of the Closing Date.

Existing Mortgages has the meaning defined in Section 17.01.

Financial Statements means the financial statements of Developer regularly prepared by Developer, and including, but not limited to, a balance sheet, income statement and cash-flow statement, in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods, and which are delivered to the lender(s) providing Lender Financing pursuant to Developer's loan agreement(s), if any.

General Contractor means the general contractor(s) hired by Developer under Section 7.01.

Governmental Charge has the meaning defined in Section 9.18(a).

Hazardous Materials means any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

HED has the meaning defined in the Agreement preamble.

HUD shall mean the U.S. Department of Housing and Urban Development.

Human Rights Ordinance has the meaning defined in Section 11.01(a).

In Balance has the meaning defined in Section 5.07.

Incremental Taxes means such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to, and when collected are paid to, the Treasurer of the City for deposit by the Treasurer into a special tax allocation fund established to pay Redevelopment Project Costs (as defined below) and obligations incurred in the payment thereof, such fund for the purposes of this Agreement being the 35th/State Redevelopment Project Area Special Tax Allocation Fund.

Indemnitee and **Indemnitees** have the respective meanings defined in Section 14.01.

Labor Department has the meaning defined in Section 9.08.

Lender Financing means funds borrowed by Developer from lenders and available to

pay for costs of the Project, in the amount stated in Exhibit J, if any.

"MBE(s)" means a business identified in the Directory of Certified Minority Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a minority-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

"MBE/WBE Program" has the meaning defined in Section 11.03.

"Municipal Code" means the Municipal Code of the City of Chicago as presently in effect and as hereafter amended from time to time.

"New Mortgage" has the meaning defined in Section 17.01.

"NFRL" shall mean a No Further Remediation Letter issued pursuant to the SRP.

"Non-Governmental Charges" means all non-governmental charges, liens, claims, or encumbrances relating to Developer, the Property or the Project.

"PD" has the meaning defined in the recitals.

"Permitted Liens" means those liens and encumbrances against the buildings in the Project and/or the Project stated in Exhibit G.

"Permitted Mortgage" has the meaning defined in Section 17.01.

"Plans and Specifications" means final construction documents containing a site plan and working drawings and specifications for the Project, as submitted to the City as the basis for obtaining building permits for the Project.

"Prior Expenditure(s)" has the meaning defined in Section 5.05.

"Procurement Program" has the meaning defined in Section 11.03.

"Project" has the meaning defined in the recitals.

"Project Budget" means the budget stated in Exhibit C, showing the total cost of the Project by line item, as furnished by Developer to HED, in accordance with Section 4.03.

"Property" has the meaning defined in the recitals.

"Recorded Affordability Documents" means, collectively: the City Regulatory Agreements; that certain Declaration of Restrictive Covenants by and among the CHA and Owner dated as of the date hereof; that certain Regulatory and Operating Agreement by and among the CHA and Owner dated as of the date hereof.

"Redevelopment Area" means the redevelopment project area as legally described in Exhibit A.

"Redevelopment Plan" has the meaning defined in the recitals.

"Redevelopment Project Costs" means redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget stated in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

Requisition Form shall mean the document, in the form attached hereto as Exhibit K, to be delivered by the Developer to HED pursuant to Section 5.04 of this Agreement.

Scope Drawings means preliminary construction documents containing a site plan and preliminary drawings and specifications for the Project.

Site Plan has the meaning defined in the recitals.

SRP means the State of Illinois Site Remediation Program, as codified at 415 ILCS 5/58, et seq., as amended from time to time.

State means the State of Illinois as defined in the recitals.

Survey means a Class A plat of survey in the most recently revised form of ALTA/ACSM urban survey of the Property dated within 45 days prior to the Closing Date, reasonably acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and any updates thereof to reflect improvements to the Property in connection with the construction of the Project as required by the City or the lender(s) providing Lender Financing, if any).

Term of the Agreement means the period of time commencing on the Closing Date and ending on December 31, 2028, such date being the last day of the calendar year in which taxes levied in the year that is 23 years after the creation of the Redevelopment Area are paid.

TIF Adoption Ordinance has the meaning stated in the recitals.

TIF Ordinances has the meaning stated in the recitals.

TIF Payments has the meaning stated in Section 5.03.

TIF-Funded Improvements means those improvements of the Project which: (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to reimburse and/or pay for out of the City Funds, subject to the terms of this Agreement, and (iv) are stated in Exhibit E.

Title Company means Near North National Title LLC.

Title Policy means a leasehold title insurance policy in the most recently revised ALTA or equivalent form, showing Developer as the insured, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the Project related to Lender Financing, if any, issued by the Title Company.

WARN Act means the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.).

WBE(s) means a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

SECTION THREE: [INTENTIONALLY OMITTED]

SECTION FOUR: THE PROJECT

4.01 **The Project.** Developer will: (i) begin redevelopment construction no later than ninety days after the Closing Date, and (ii) complete redevelopment construction no later than the third anniversary of the Closing Date, subject to the provisions of Section 19.16 (Force Majeure).

4.02 **Scope Drawings and Plans and Specifications.** Developer has delivered the Scope Drawings and Plans and Specifications to HED and HED has approved them or HED has agreed to approve them as a post-closing item. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications within the scope of Section 4.04 will be submitted to HED as a Change Order under Section 4.04. The Scope Drawings and Plans and Specifications will at all times conform to the Redevelopment Plan as in effect on the date of this Agreement, the draft NFRL for the Property to be obtained by the Developer from the IEPA, and all applicable Federal, State and local laws, ordinances and regulations. Developer will submit all necessary documents to the City's Department of Buildings, Department of Transportation, and to such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

4.03 **Project Budget.** Developer has furnished to HED, and HED has approved, a Project Budget which is Exhibit C, showing total costs for the Project in an amount not less than \$42,718,111. Developer hereby certifies to the City that: (a) in addition to City Funds, the Lender Financing and/or Equity described in Exhibit J shall be sufficient to pay for all Project costs; and (b) the Project Budget is true, correct and complete in all material respects. Developer will promptly deliver to HED copies of any Change Orders with respect to the Project Budget as provided in Section 4.04.

4.04 **Change Orders.** Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to HED for HED's prior written approval. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of HED's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer.

4.05 **HED Approval.** Any approval granted by HED under this Agreement of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only, and any such approval does not affect or constitute any approval required by any other City department or under any City ordinance, code, regulation, or any other governmental approval, nor does any such approval by HED under this Agreement constitute approval of the utility, quality, structural soundness, safety, habitability, or investment quality of the Project.

4.06 **Other Approvals.** Any HED approval under this Agreement will have no effect upon, nor will it operate as a waiver of, Developer's obligations to comply with the provisions of Section 6.03 (Other Governmental Approvals).

4.07 **Progress Reports and Survey Updates.** After the Closing Date, on or before the 15th day of each reporting month, Developer will provide HED with written quarterly construction progress reports detailing the status of the Project, including a revised completion date, if necessary (with any delay in completion date being considered a Change Order, requiring HED's written approval under Section 4.04). Developer must also deliver to the City written progress reports by draw, but not less than quarterly, detailing compliance with the requirements of Section 9.08 (Prevailing Wage), Section 11.02 (City Resident Construction Worker Employment Requirement) and Section 11.03 (Developer's MBE/WBE Commitment). If the reports reflect a shortfall in compliance with the requirements of Sections 9.08, 11.02 and 11.03, then there must also be included a written plan from Developer acceptable to HED to address and cure such shortfall. At Project completion, upon the request of HED, Developer will provide 3 copies of an updated Survey to HED reflecting improvements made to the Property.

4.08 **Inspecting Agent or Architect.** An independent agent or architect (other than Developer's architect) approved by HED shall be selected to act as the inspecting agent or architect for HED for the Project, and any fees and expenses connected with its work or incurred by such independent agent or architect will be solely for Developer's account and will be promptly paid by Developer. The inspecting agent or architect will perform periodic inspections with respect to the Project, providing written certifications with respect thereto to HED, prior to requests for disbursements for costs related to the Project. At the Developer's option, the inspecting architect may be the inspecting architect engaged by any lender providing Lender Financing for the Project, provided that said architect is an independent architect licensed by the State of Illinois, or an inspecting agent of HED.

4.09 **Barricades.** Developer will install a construction barricade of a type and appearance satisfactory to the City and which barricade was constructed in compliance with all applicable Federal, State or City laws, ordinances, rules and regulations. HED retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content, and design of all barricades (other than the name and logo of the Project) installed after the date of this Agreement.

4.10 **Signs and Public Relations.** Developer will erect in a conspicuous location on the Property during the Project a sign of commercially reasonable size and style, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and any other pertinent, non-confidential information regarding Developer and the Project in the City's promotional literature and communications.

4.11 **Utility Connections.** Developer may connect all on-site water, sanitary, storm and sewer lines constructed as a part of the Project to City utility lines existing on or near the perimeter of the Property, provided Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

4.12 **Permit Fees.** In connection with the Project, Developer is obligated to pay only those building, permit, engineering, tap on, and inspection fees that are assessed on a uniform basis throughout the City of Chicago and are of general applicability to other property within the City of Chicago.

4.13 **Accessibility for Disabled Persons.** Developer acknowledges that it is in the public interest to design, construct and maintain the Project in a manner that promotes, enables, and maximizes universal access throughout the Project. Plans for all buildings on the Property and related improvements have been reviewed and approved by the Mayor's Office for People with Disabilities ("MOPD") to ensure compliance with all applicable laws and regulations related to access for persons with disabilities and to promote the highest standard of accessibility.

4.14 **Relocation of Utilities, Curb Cuts and Driveways.** The Developer shall be solely responsible for and shall pay all costs associated with: (a) the relocation, installation or construction of public or private utilities, curb cuts and driveways; (b) the repair or reconstruction of any curbs, vaults, sidewalks or parkways required in connection with or damaged as a result of the Developer's construction of the Project; (c) the removal of existing pipes, utility equipment or building foundations; and (d) the termination of existing water or other services. The City shall have the right to approve any streetscaping provided by the Developer as part of the Project, including, without limitation, any paving of sidewalks, landscaping and lighting.

4.15 **City's Right to Inspect Property.** For the period commencing on the Closing Date and continuing through the date the City issues the Certificate, any duly authorized representative of the City shall have access to the Property at all reasonable times for the purpose of determining whether the Developer is constructing the Project in accordance with the terms of this Agreement and all applicable federal, state and local statutes, laws, ordinances, codes, rules, regulations, orders and judgments, including, without limitation, Sections 7-28 and 11-4 of the Municipal Code of Chicago relating to waste disposal (collectively, "Laws").

SECTION FIVE: FINANCING

5.01 **Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be \$42,718,111, to be applied in the manner stated in the Project Budget and funded from the sources identified in Exhibit J.

5.02 **Developer Funds.** Equity and Lender Financing will be used to pay all Project costs, including but not limited to costs of TIF-Funded Improvements.

5.03 **City Funds.**

(a) **Uses of City Funds.**

(i) Any funds expended by the City under this Agreement or otherwise related to the Project or to the TIF-Funded Improvements, are defined as "City Funds". City Funds may be used to pay directly or reimburse Developer only for costs incurred by Developer of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit D states, by line item, the TIF-Funded Improvements for the Project contingent upon receipt by the City of documentation satisfactory in form and substance to HED evidencing such costs and their respective eligibility as a Redevelopment Project Cost.

(b) **Sources of City Funds.** Subject to the terms and conditions of this Agreement, including but not limited to this Section 5.03 and Section 6 hereof, the City hereby agrees to provide City funds from the sources and in the amounts described directly below (the "City Funds") to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements:

(i) **TIF Payments.** The City will make three payments, from Available Incremental Taxes (the "TIF Payments"), to Developer as follows: (i) \$2,500,000 at approximately 50% completion of the Project (Draw #9); (ii) \$1,500,000 at approximately 83% completion of the Project (Draw #12); and (iii) \$1,000,000 at the later of Draw #15 and issuance of the Certificate, each as further depicted in the Developer's Draw Schedule attached as Exhibit C and identified in each Requisition Form submitted to the City.

5.04 **Construction Escrow; Requisition Form.** The City and the Developer hereby agree to enter into the Escrow Agreement. All disbursements of Project funds shall be made

through the funding of draw requests with respect thereto pursuant to the Escrow Agreement and this Agreement. The City must receive copies of any draw requests and related documents submitted to the Title Company for disbursements under the Escrow Agreement. Notwithstanding any other provision in this Agreement, in the event of a conflict between the provisions in this Agreement governing the disbursement of the City Funds and the provisions in the Escrow Agreement relating to the disbursement of the City Funds and the order of disbursement and conditions to disbursement of the City Funds and all other Lender Financing sources, the terms of the Escrow Agreement shall control.

At Closing, the Developer shall provide HED with a Requisition Form, along with the documentation described therein. HED shall retain the right to approve or reject any cost in the Project or in any Requisition Form as (i) a TIF-Funded Improvement or (ii) a part of the actual total Redevelopment Project Costs.

5.05 Treatment of Prior Expenditures. Only those expenditures made by Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to HED and approved by HED as satisfying costs covered in the Project Budget, will be considered previously contributed Equity or Lender Financing, if any, hereunder (the "**Prior Expenditure(s)**"). HED has the right, in its sole discretion, to disallow any such expenditure (not listed on Exhibit F) as a Prior Expenditure as of the date hereof. Exhibit F states the prior expenditures approved by HED as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements will not be reimbursed to Developer, but will reduce the amount of Equity and/or Lender Financing, if any, required to be contributed by Developer under Section 5.01.

5.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available under Section 5.03, Developer will be solely responsible for such excess costs, and will hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and from any and all costs and expenses of completing the Project in excess of the Project Budget.

5.07 Preconditions of Disbursement. Prior to each disbursement of City Funds pursuant to the terms of Section 5.03(b) above, the Developer shall submit documentation regarding the applicable expenditures to HED (per the Requisition Form), which shall be satisfactory to HED in its sole discretion. Delivery by the Developer to HED of any request for TIF Payments hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

(a) the total amount of the disbursement request represents the actual amount payable to (or paid to) the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees;

(b) all amounts shown as previous payments on the current disbursement request have been paid to the parties entitled to such payment;

(c) the Developer has approved all work and materials for the current disbursement request, and such work and materials conform to the Plans and Specifications;

(d) the representations and warranties contained in this Redevelopment Agreement are true and correct and the Developer is in compliance with all covenants contained herein;

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens;

(f) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred; and

(g) the Project is In Balance. The Project shall be deemed to be in balance ("In Balance") only if the total of the available Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "Available Project Funds" as used herein shall mean: (i) the undisbursed City Funds; (ii) the undisbursed Lender Financing, if any; (iii) the undisbursed Equity and (iv) any other amounts deposited by the Developer pursuant to this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, deposit with the escrow agent or will make available (in a manner acceptable to the City), cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement of the City Funds shall be made.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in the Bond Ordinance, if any, TIF Bond Ordinance, if any, the Bonds, if any, the TIF Bonds, if any, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

SECTION SIX: CONDITIONS PRECEDENT

The following conditions precedent to closing must be complied with to the City's satisfaction within the time periods set forth below or, if no time period is specified, prior to the Closing Date:

6.01 **Project Budget.** Developer will have submitted to HED, and HED will have approved, a Project Budget in accordance with the provisions of Section 4.03.

6.02 **Scope Drawings and Plans and Specifications.** Developer will have submitted to HED, and HED will have approved, the Scope Drawings and Plans and Specifications as provided in Section 4.02.

6.03 **Other Governmental Approvals.** Developer will have secured or applied for all other necessary approvals and permits required by any Federal, State, or local statute, ordinance, rule or regulation to begin or continue construction of the Project, and will submit evidence thereof to HED.

6.04 **Financing.**

(a) Developer will have furnished evidence acceptable to the City that Developer has Equity and Lender Financing, if any, at least in the amounts stated in Section 5.01 to complete the Project and satisfy their obligations under this Agreement. If a portion of such financing consists of Lender Financing, Developer will have furnished evidence as of the Closing Date that the proceeds thereof are available to be drawn upon by Developer as needed and are sufficient (along with the Equity and other financing sources, if any, stated in Section 5.01 and Exhibit J) to complete the Project.

(b) Prior to the Closing Date, Developer will deliver to HED a copy of the

Construction Escrow Agreement entered into by Developer regarding Developer's Lender Financing, if any. The Construction Escrow Agreement must provide that HED will receive copies of all construction draw request materials submitted by Developer after the date of this Agreement.

(c) Any financing liens against the Property and Project in existence at the Closing Date will be subordinated to certain encumbrances of the City stated in this Agreement under a subordination agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of Developer, in the Office of the Recorder of Deeds of Cook County.

(d) The City agrees that the Developer may collaterally assign its interest in this Agreement to any of its lenders if any such lenders require such collateral assignment.

6.05 **Acquisition and Title.** On the Closing Date, Developer will furnish the City with a copy of the Title Policy for the Property, showing Developer as the named insured. The Title Policy will be dated as of the Closing Date and will contain only those title exceptions listed as Permitted Liens on Exhibit G and will evidence the recording of this Agreement under the provisions of Section 9.17. The Title Policy will also contain the following endorsements as required by Corporation Counsel: an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access, and survey.

6.06 **Evidence of Clear Title.** Not less than 5 Business Days prior to the Closing Date, Developer, at its own expense, will have provided the City with current searches under the names of each of the entities comprising Developer as follows:

Secretary of State (IL)	UCC search
Secretary of State (IL)	Federal tax lien search
Cook County Recorder	UCC search
Cook County Recorder	Fixtures search
Cook County Recorder	Federal tax lien search
Cook County Recorder	State tax lien search
Cook County Recorder	Memoranda of judgments search
U.S. District Court (N.D. IL)	Pending suits and judgments
Clerk of Circuit Court, Cook County	Pending suits and judgments

showing no liens against Developer, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

6.07 **Surveys.** Developer will have furnished the City with 3 copies of the Survey.

6.08 **Insurance.** Developer, at its own expense, will have insured the Property and the Project as required under Section 13. Prior to the Closing Date, certificates required under Section 13 evidencing the required coverages will have been delivered to HED.

6.09 **Opinions of Developer's Counsel.** On the Closing Date, Developer will furnish the City with an opinion of counsel, substantially in the form of Exhibit H, with such changes as may be required by or acceptable to Corporation Counsel. If Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions stated in Exhibit H, such opinions shall be obtained by Developer from its general corporate counsel.

6.10 **Evidence of Prior Expenditures.** Developer will have provided evidence

satisfactory to HED of the Prior Expenditures as provided in Section 5.05.

6.11 **Financial Statements.** Developer will have provided Financial Statements to HED for its fiscal year 2011, and its most recently available unaudited interim Financial Statements.

6.12 **Additional Documentation.** Developer will have provided documentation to HED, satisfactory in form and substance to HED concerning Developer's employment profile and copies of any ground leases or operating leases and other tenant leases executed by Developer for leaseholds in the Project, if any.

6.13 **Environmental Audit.** Developer will have provided HED with copies of all phase I environmental audits completed with respect to the Property, if any, and a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits. If environmental issues exist on the Property, the City will require written verification from the Illinois Environmental Protection Agency that all identified environmental issues have been or will be resolved to its satisfaction.

6.14 **Entity Documents.** Developer will provide a copy of the current Articles of Organization for Developer, with all amendments, containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state or organization and all other states in which Developer is qualified to do business; the current Operating Agreement for Developer; a secretary's certificate in such form and substance as the Corporation Counsel may require; and such organizational documentation as the City may request.

6.15 **Litigation.** Developer will provide to Corporation Counsel and HED a description of all pending or threatened litigation or administrative proceedings involving Developer or any Affiliate of Developer specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith, and whether (and to what extent) such potential liability is covered by insurance.

6.16 **Environmental.** Developer shall deliver to the City a copy of HUD's NEPA clearance with respect to the Property.

SECTION SEVEN: AGREEMENTS WITH CONTRACTORS

7.01 Bid Requirement for General Contractor and Subcontractors.

(a) HED acknowledges that Developer has selected Walsh Construction or an Affiliate as the General Contractor for the Project. Developer will cause the General Contractor to solicit bids for work on the Project solely from qualified subcontractors eligible to do business with the City of Chicago.

(b) Developer must submit copies of the Construction Contract to HED as required under Section 7.02 below. Upon the written request of the City, Developer will provide photocopies of all subcontracts entered or to be entered into in connection with the Project within five (5) Business Days of the execution thereof. The Developer must ensure that the General Contractor will not (and must cause the General Contractor to ensure that the subcontractors will not) begin work on the Project (or any phase thereof) until the applicable Plans and Specifications for that phase have been approved by the City and all requisite permits have been obtained.

7.02 **Construction Contract.** Prior to the execution thereof, Developer must deliver to HED a copy of the proposed Construction Contract with the General Contractor selected to work on the Project, for HED's prior written approval. Following execution of such contract by Developer, the General Contractor and any other parties thereto, Developer must deliver to HED and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

7.03 **Performance and Payment Bonds.** Prior to commencement of construction of any work in the public way, Developer will require that the General Contractor and any applicable subcontractor(s) be bonded (as to such work in the public way) for their respective payment and performance by sureties having an AA rating or better using the bond form attached as Exhibit I. The City will be named as obligee or co-obligee on such bond.

7.04 **Employment Opportunity.** Developer will contractually obligate and cause the General Contractor to agree and contractually obligate each subcontractor to agree to the provisions of Section 11; provided, however, that the contracting, hiring and testing requirements associated with the MBE/WBE and the City resident obligations in Section 11 shall be applied on an aggregate basis and the failure of the General Contractor to require each subcontractor to satisfy or the failure of any one subcontractor to satisfy, such obligation shall not result in a default or a termination of this Agreement or require payment of the City resident hiring shortfall amounts so long as such Section 11 obligations are satisfied on an aggregate basis.

7.05 **Other Provisions.** In addition to the requirements of this Section 7, the Construction Contract and each contract with any subcontractor must contain provisions required under Section 4.04 (Change Orders), Section 9.08 (Prevailing Wage), Section 11.01(e) (Employment Opportunity), Section 11.02 (City Resident Construction Worker Employment Requirement), Section 11.03 (Developer's MBE/WBE Commitment), Section 13 (Insurance) and Section 15.01 (Books and Records).

SECTION EIGHT: COMPLETION OF CONSTRUCTION

8.01 **Certificate of Completion of Construction.**

(a) Upon substantial completion of the construction of the Project in compliance with the terms and conditions of this Agreement, and upon Developer's written request, HED will issue to Developer a certificate of completion of construction in recordable form (the "**Certificate**") certifying that Developer has fulfilled its obligation to complete the Project in compliance with the terms and conditions of this Agreement. HED will respond to Developer's written request for a Certificate within 30 days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed and the measures which must be taken by Developer in order to obtain the Certificate. Developer may resubmit a written request for a Certificate upon completion of such measures, and the City will respond within 30 days in the same way as the procedure for the initial request. Such process may repeat until the City issues a Certificate.

(b) Developer acknowledges and understands that the City will not issue a Certificate until the City's Monitoring and Compliance unit has determined in writing that Developer is in complete compliance with all City requirements (M/WBE, City residency and prevailing wage) as required in this Agreement.

8.02 Effect of Issuance of Certificate; Continuing Obligations.

(a) The Certificate relates only to the construction of the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to Developer's obligation to complete such activities have been satisfied. After the issuance of the Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate must not be construed as a waiver by the City of any of its rights and remedies under such executory terms.

(b) Those covenants specifically described at Section 9.02 (Covenant to Redevelop), Section 9.18 (Real Estate Provisions), and Section 9.19 (Affordability Requirements) as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement. The other executory terms of this Agreement that remain after the issuance of the Certificate will be binding only upon Developer or a permitted assignee of Developer who, as provided in Section 19.14 (Assignment) of this Agreement, has contracted to take an assignment of Developer's rights under this Agreement and assume Developer's liabilities hereunder.

8.03 Failure to Complete. If Developer fails to timely complete the Project in compliance with the terms of this Agreement, then the City will have, but will not be limited to, any of the following rights and remedies:

(a) the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed under this Agreement;

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of such TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. If the aggregate cost of completing the TIF-Funded Improvements exceeds the amount of City Funds available under Section 5.01, Developer will reimburse the City for all reasonable costs and expenses incurred by the City in completing such TIF-Funded Improvements in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from Developer.

8.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, HED will provide Developer, at Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

SECTION NINE: REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEVELOPER.

9.01 General. Each of Owner and Manager represents, warrants, and covenants, as of the date of this Agreement as follows.

(a) Owner is an Illinois limited liability company, duly organized, validly existing and in good standing, and consists of 3 members: its managing member, Manager (0.005%); Interfaith Housing Development Corporation of Chicago (or a wholly-owned affiliate) (0.005%); and Wincopin Circle LLLP (99.99%).

(b) Manager is an Illinois limited liability company, duly organized, validly existing

and in good standing, and consists of one member, Stateway Associates IIB LLC (100%).

(c) Each of Owner and Manager has the right, power and authority to enter into, execute, deliver and perform this Agreement or has otherwise applied for permits and approvals required to complete the Project;

(d) The execution, delivery and performance of this Agreement has been duly authorized by all necessary limited liability company action, and does not and will not violate Owner's or Manager's Articles of Organization as amended and supplemented, its respective Operating Agreements, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which Owner or Manager is now a party or by which Owner or Manager or any of its respective assets is now or may become bound;

(e) Owner has acquired and will maintain good and merchantable leasehold title, or fee simple title, as the case may be, to the Property (and improvements) free and clear of all liens except for the Permitted Liens or Lender Financing, if any, as disclosed in the Project Budget;

(f) Each of Owner and Manager is now, and until the earlier to occur of the expiration of the Term of the Agreement and the date, if any, on which Owner or Manager has no further economic interest in the Project, will remain solvent and able to pay its respective debts as they mature;

(g) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending or, to Owner's or Manager's actual knowledge threatened or affecting Owner or Manager which would impair its respective ability to perform under this Agreement;

(h) Developer has or will acquire as necessary and will maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project;

(i) Neither Owner nor Manager is in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which either is a party or by which Owner or Manager or any of its respective assets is bound which would materially adversely effect its ability to comply with its respective obligations under this Agreement;

(j) the Financial Statements are, and when hereafter required to be submitted will be, complete, correct in all material respects and accurately present the respective assets, liabilities, results of operations and financial condition of Owner and Manager; and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of Owner or Manager since the date of its most recent respective Financial Statements;

(k) prior to the issuance of the Certificate, if it would materially adversely affect Developer's ability to perform its obligations under this Agreement, each of Owner and Manager will not do any of the following without the prior written consent of HED: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose (directly or indirectly) of all or substantially all of its respective assets or any portion of the Property or the Project (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction

outside the ordinary course of its respective business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to Owner's or Manager's financial condition; provided, however, this section shall not apply to any commercial leases entered into in the ordinary course of business, it being acknowledged that Developer shall have the right to enter into commercial leases in the ordinary course of business for all or any portion of the Property on such terms as are determined by Developer;

(l) Developer has not incurred and, prior to the issuance of the Certificate, will not, without the prior written consent of the Commissioner of HED, allow the existence of any liens against the Project other than the Permitted Liens; or incur any indebtedness secured or to be secured by the Project or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget;

(m) Developer has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or under City ordinance, for services to any City agency ("**City Contract**") as an inducement for the City to enter into the Agreement or any City Contract with Developer in violation of Chapter 2-156-120 of the Municipal Code of the City, as amended; and

(n) None of Owner, Manager or any affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subsection only, "affiliate" means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through shared ownership, a trust, a contract or otherwise.

9.02 **Covenant to Redevelop.** Upon HED's approval of the Scope Drawings and Plans and Specifications, and the Project Budget as provided in Sections 4.02 and 4.03, and Developer's receipt of all required building permits and governmental approvals, Developer will redevelop the Property in compliance with this Agreement, the TIF Ordinances, the PD, the CHA Redevelopment Agreement, the Scope Drawings, the Plans and Specifications, the Project Budget, any draft NFRLs, and all amendments thereto, and all Federal, State and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project and/or Developer. Specifically, Developer shall:

- (a) construct the improvements constituting the rental units, the parking spaces and the retail space in accordance with the recitals and Section 9.19;
- (b) fund the construction of the Project in accordance with Section 5.01;
- (c) devote the Property solely to the Project, and to a use consistent with the Redevelopment Plan;
- (d) not discriminate on the basis of race, color, sex, gender identity, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, or source of income in the use or occupancy of

the Property or any part thereof or the Project or any part thereof; and

- (e) cause its General Contractor (or, if such work is subcontracted or handled by a third party, such subcontractor or third party) to complete such work and provide such cooperation with the City and CHA as may be necessary to cover one or more NFRLs as may be necessary or appropriate to cover the entire Property.

The covenants set forth in this Section 9.02 will run with the land and will be binding upon any transferee of the Property, or a portion thereof, unless terminated in whole or in part by the City, acting through HED, pursuant to a written instrument executed pursuant to Section 8.02 and recorded against the Property, or any portion thereof.

9.03 **Redevelopment Plan.** Developer represents that the Project is and will be in compliance with all applicable terms of the Redevelopment Plan, as in effect on the date of this Agreement.

9.04 **Use of City Funds.** City Funds disbursed to Developer will be used by Developer to either reimburse Developer for its payment for the TIF-Funded Improvements as provided in this Agreement or to pay third parties directly, on behalf of Developer, for the TIF-Funded Improvements as provided in this Agreement.

9.05 [Intentionally omitted]

9.06 **Employment Opportunity.**

(a) Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and, as applicable, to cause the General Contractor to contractually obligate each subcontractor to abide by the terms set forth in Section 9.08 and Section 11; provided, however, that the contracting, hiring and testing requirements associated with the MBE/WBE and City resident obligations in Section 11 shall be applied on an aggregate basis and the failure of the General Contractor to require each subcontractor to satisfy, or the failure of any one subcontractor to satisfy, such obligations shall not result in a default or a termination of the Agreement or require payment of the City resident hiring shortfall amount so long as such Section 11 obligations are satisfied on an aggregate basis. Developer will submit to HED a plan describing its compliance program prior to the Closing Date.

(b) Developer will deliver to the City written progress reports by draw, but not less than quarterly, detailing compliance with the requirements of Sections 9.08, 11.02 and 11.03 of this Agreement. If any such reports indicate a shortfall in compliance, Developer will also deliver a plan to HED which will outline, to HED's satisfaction, the manner in which Developer will correct any shortfall.

9.07 **Employment Profile.** Developer will submit, and contractually obligate and cause the General Contractor to submit and contractually obligate any subcontractor to submit, to HED, from time to time, statements of its employment profile upon HED's request.

9.08 **Prevailing Wage.** Unless required to pay federal Davis Bacon wages pursuant to the terms of any Lender Financing received by the Owner for the Project, Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor to pay and to contractually cause each subcontractor to pay, the prevailing wage rate as ascertained by the State Department of Labor (the "**Labor Department**"), to all of their respective employees working on constructing the Project or otherwise completing the TIF-Funded Improvements. All such contracts will list the specified rates to be paid to all laborers,

workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Labor Department revises such prevailing wage rates, the revised rates will apply to all such contracts. Upon the City's request, Developer will provide the City with copies of all such contracts entered into by Developer or the General Contractor to evidence compliance with this Section 9.08.

9.09 **Arms-Length Transactions.** Unless HED has given its prior written consent with respect thereto, no Affiliate of Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. Developer will provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to an Affiliate by Developer and reimbursement to Developer for such costs using City Funds, or otherwise), upon HED's request, prior to any such disbursement.

9.10 **No Conflict of Interest.** Under Section 5/11-74.4-4(n) of the Act, Developer represents, warrants and covenants that to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or Developer with respect thereto, (a "**City Group Member**") owns or controls, has owned or controlled or will own or control any interest, and no such City Group Member will represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in Developer, the Property, the Project, or to Developer's actual knowledge, any other property in the Redevelopment Area.

9.11 **Disclosure of Interest.** Developer's counsel does not have direct or indirect financial ownership interest in Developer, the Property, or any other feature of the Project.

9.12 **Financial Statements.** Developer will obtain and provide to HED Financial Statements for Developer's fiscal year ended 2011, and each yearly thereafter for the Term of the Agreement. In addition, if requested by HED, Developer will submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as HED may request.

9.13 **Insurance.** Solely at its own expense, Developer will comply with all provisions of Section 13 hereof.

9.14 **Non-Governmental Charges.**

(a) **Payment of Non-Governmental Charges.** Except for the Permitted Liens, and subject to subsection (b) below, Developer agrees to pay or cause to be paid when due any Non-Governmental Charges assessed or imposed upon the Project, or any fixtures that are or may become attached thereto and which are owned by Developer, which create, may create, or appear to create a lien upon all or any portion of the Project; provided however, that if such Non-Governmental Charges may be paid in installments, Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. Developer will furnish to HED, within thirty (30) days of HED's request, official receipts from the appropriate entity, or other evidence satisfactory to HED, evidencing payment of the Non-Governmental Charges in question.

(b) **Right to Contest.** Developer will have the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charges by appropriate legal proceedings properly and diligently

instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charges, prevent the imposition of a lien or remove such lien, or prevent the transfer or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend Developer's covenants to pay any such Non-Governmental Charges at the time and in the manner provided in this Section 9.14); or

(ii) at HED's sole option, to furnish a good and sufficient bond or other security satisfactory to HED in such form and amounts as HED will require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such transfer or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charges and all interest and penalties upon the adverse determination of such contest.

9.15 **Developer's Liabilities.** Developer will not enter into any transaction that would materially and adversely affect its ability to perform its obligations under this Agreement. Developer will immediately notify HED of any and all events or actions which may materially affect its ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements related to this Agreement or the Project.

9.16 **Compliance with Laws.** To the best of Developer's knowledge, after diligent inquiry, the Property and the Project are in compliance with all applicable Federal, State and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Property and the Project. Upon the City's request, Developer will provide evidence satisfactory to the City of such current compliance.

9.17 **Recording and Filing.** Developer will cause this Agreement, certain exhibits (as specified by Corporation Counsel) and all amendments and supplements hereto to be recorded and filed on the date hereof in the conveyance and real property records of Cook County, Illinois against the Property. Developer will pay all fees and charges incurred in connection with any such recording. Upon recording, Developer will immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

9.18 **Real Estate Provisions.**

(a) **Governmental Charges.**

(i) **Payment of Governmental Charges.** Subject to subsection (ii) below, Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon Developer or all or any portion of the Property or the Project. "**Governmental Charge**" means all Federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook County, and municipalities other than the City) relating to Developer, the Property, or the Project, including but not limited to real estate taxes.

(ii) **Right to Contest.** Developer has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and

prevent the imposition of a lien or the sale or transfer or forfeiture of the Property. No such contest or objection will be deemed or construed in any way as relieving, modifying or extending Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless Developer has given prior written notice to HED of Developer's intent to contest or object to a Governmental Charge and, unless, at HED's sole option:

(x) Developer will demonstrate to HED's satisfaction that legal proceedings instituted by Developer contesting or objecting to a Governmental Charge will conclusively operate to prevent or remove a lien against, or the sale or transfer or forfeiture of, all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings, and/or;

(y) Developer will furnish a good and sufficient bond or other security satisfactory to HED in such form and amounts as HED may require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or transfer or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

(b) Developer's Failure To Pay Or Discharge Lien. If Developer fails to pay or contest any Governmental Charge or to obtain discharge of the same, Developer will advise HED thereof in writing, at which time HED may, but will not be obligated to, and without waiving or releasing any obligation or liability of Developer under this Agreement, in HED's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which HED deems advisable. All sums so paid by HED, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, will be promptly disbursed to HED by Developer. Notwithstanding anything contained herein to the contrary, this paragraph must not be construed to obligate the City to pay any such Governmental Charge. Additionally, if Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require Developer to submit to the City audited Financial Statements at Developer's own expense.

9.19 Affordability Requirements.

(a) Of the 108 units comprising the Project, 6 units (or 5% of the Project's units) shall be rental units affordable to households averaging less than 50% AMI; 62 units (or 57% of the Project's units) shall be rental units affordable to households averaging less than 60% AMI; 3 units (or 2% of the Project's units) shall be rental units affordable to households averaging less than 80% AMI; and 37 units shall be market rate rental units.

(b) The affordability requirements applicable to the rental units, as set forth in the Recorded Affordability Documents, shall be covenants running with the land and shall survive any foreclosure of any portion of the Property or any leasehold interest therein for the applicable affordability periods set forth in such agreement.

9.20 Job Readiness Program. If requested by the City, Developer will use its best efforts to encourage its tenants at the Project to participate in job readiness programs established by the City to help prepare individuals to work for businesses located within the Redevelopment Area.

9.21 **Broker's Fees.** Developer has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to any of the transactions contemplated by this Agreement for which the City could become liable or obligated.

9.22 **No Business Relationship with City Elected Officials.** Developer acknowledges receipt of a copy of Section 2-156-030(b) of the Municipal Code and that Developer has read and understands such provision. Under Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080(b)(2) of the Municipal Code), or to participate in any discussion of any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to this Agreement, or in connection with the transactions contemplated thereby, will be grounds for termination of this Agreement and the transactions contemplated thereby. Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to this Agreement or the transactions contemplated thereby.

9.23 **Compliance with the Multi-Project Labor Agreement.** Developer shall cause the General Contractor to comply with that certain Settlement Agreement dated November 3, 2011, by and among the City, Chicago Regional Council of Carpenters, the Metropolitan Pier and Exposition Authority, the Public Building Commission of the City of Chicago, and the State of Illinois, because the Project budget is in excess of \$25,000,000, and, therefore, is subject to the provisions of that certain City of Chicago Multi-Project Labor Agreement (the "MPLA") dated February 9, 2011, by and among the City and the labor organizations comprising the Chicago & Cook County Building & Construction Trades Council. Developer shall cause the General Contractor to comply with the MPLA to the fullest extent legally permissible without violating other requirements applicable to the construction of the Project, including, without limitation, the requirements of the MBE/WBE Program, the City resident employment provisions contained herein, Housing Act Section 3, Davis-Bacon Act, the Contract Work Hours and Safety Standards Act and the Labor Standards Deposit Agreement. At the direction of HED, affidavits and other supporting documentation shall be required of Developer, the General Contractor and the Subcontractors to verify or clarify compliance with the MPLA.

9.24 **Survival of Covenants.** All warranties, representations, covenants and agreements of Developer contained in this Section 9 and elsewhere in this Agreement are true, accurate and complete at the time of Developer's execution of this Agreement, and will survive the execution, delivery and acceptance by the parties and (except as provided in Section 8 upon the issuance of the Certificate) will be in effect throughout the Term of the Agreement.

9.25 **Annual Compliance Report.** Beginning with the issuance of the Certificate and continuing throughout the Term of the Agreement, the Developer shall submit to HED the Annual Compliance Report within 30 days after the end of the calendar year to which the Annual Compliance Report relates.

SECTION TEN: REPRESENTATIONS, WARRANTIES AND COVENANTS OF CITY

10.01 **General Covenants.** The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder.

10.02 **Survival of Covenants.** All warranties, representations, and covenants of the City contained in this Section 10 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION ELEVEN: DEVELOPER'S EMPLOYMENT OBLIGATIONS

11.01 **Employment Opportunity.** Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of Developer operating on the Project (collectively, with Developer, such parties are defined herein as the "**Employers**," and individually defined herein as an "**Employer**") to agree, that for the Term of this Agreement with respect to Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time-to-time (the "**Human Rights Ordinance**"). Each Employer must take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, must state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

(b) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

(c) Each Employer will comply with all applicable Federal, State and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the State Human Rights Act, 775 ILCS 5/1-101 et seq. (2002 State Bar Edition, as amended), and any subsequent amendments and regulations promulgated thereto.

(d) Each Employer, in order to demonstrate compliance with the terms of this Section, will cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of Federal, State and municipal agencies.

(e) Each Employer will include the foregoing provisions of subparagraphs (a) through (d) in every construction contract entered into in connection with the Project (other than for remediation and demolition entered into prior to the date of this Agreement), and will require inclusion of these provisions in every subcontract entered into by any subcontractors and every agreement with any Affiliate operating on the Property, so that each such provision will be binding upon each contractor, subcontractor or Affiliate, as the case may be.

(f) Failure to comply with the employment obligations described in this Section 11.01 will be a basis for the City to pursue remedies under the provisions of Section 16.02 hereof, subject to the cure rights under Section 16.03.

11.02 City Resident Construction Worker Employment Requirement.

(a) Developer agrees for itself and its successors and assigns, and will contractually obligate its General Contractor and will cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they will comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project will be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, Developer, its General Contractor and each subcontractor will be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions. Developer, the General Contractor and each subcontractor will use their respective best efforts to exceed the minimum percentage of hours stated above, and to employ neighborhood residents in connection with the Project.

(b) Developer may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Chief Procurement Officer of the City.

(c) **"Actual residents of the City"** means persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

(d) Developer, the General Contractor and each subcontractor will provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer will maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

(e) Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) will be submitted to the Commissioner of HED in triplicate, which will identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

(f) Upon 2 Business Days prior written notice, Developer, the General Contractor and each subcontractor will provide full access to their employment records related to the Construction of the Project to the Chief Procurement Officer, the Commissioner of HED, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. Developer, the General Contractor and each subcontractor will maintain all relevant personnel data and records related to the Construction of the Project for a period of at least 3 years after final acceptance of the work constituting the Project.

(g) At the direction of HED, affidavits and other supporting documentation will be required of Developer, the General Contractor and each subcontractor to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

(h) Good faith efforts on the part of Developer, the General Contractor and each subcontractor to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer) will not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

(i) When work at the Project is completed, in the event that the City has determined that Developer has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual residents of the City or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project Budget undertaken by Developer (and specifically excluding any tenant improvements which are not undertaken by Developer) (the product of .0005 x such aggregate hard construction costs) (as the same will be evidenced by approved contract value for the actual contracts) will be surrendered by Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly will result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject Developer, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether Developer must surrender damages as provided in this paragraph.

(j) Nothing herein provided will be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement or related documents.

(k) Developer will cause or require the provisions of this Section 11.02 to be included in all construction contracts and subcontracts related to the Project (other than contracts for remediation and demolition entered into prior to the date of this Agreement).

11.03 **Developer's MBE/WBE Commitment.** The Developer agrees for itself and its successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate the General Contractor to agree that during the Project:

(a) Consistent with the findings which support, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code of Chicago (the "**Procurement Program**"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code of Chicago (the "**Construction Program**," and collectively with the Procurement Program, the "**MBE/WBE Program**"), and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 11.03, during the course of the Project, at least the following percentages shall be expended for contract participation by MBEs and by WBEs:

- (1) At least 24 percent by MBEs.
- (2) At least four percent by WBEs.

(b) For purposes of this Section 11.03 only:

(i) The Developer (and any party to whom a contract is let by Developer in connection with the Project) shall be deemed a "contractor" and this Agreement (and any contract let by Developer in connection with the Project) shall be deemed a "contract" or a "construction contract" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, Developer's MBE/WBE commitment may be achieved in part by Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials or services used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to Developer's MBE/WBE commitment as described in this Section 11.03. In accordance with Section 2-92-730, Municipal Code of Chicago, Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of HED.

(d) The Developer shall deliver quarterly reports to the City's monitoring staff during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, inter alia, the name and business address of each MBE and WBE solicited by Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist the City's monitoring staff in determining Developer's compliance with this MBE/WBE commitment. The Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and the City's monitoring staff shall have access to all such records maintained by Developer, on five Business Days' notice, to allow the City to review Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

(e) Upon the disqualification of any MBE or WBE General Contractor or subcontractor, if such status was misrepresented by the disqualified party, Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(f) Any reduction or waiver of Developer's MBE/WBE commitment as described in this Section 11.03 shall be undertaken in accordance with Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(g) Prior to the commencement of the Project, Developer shall be required to meet with

the City's monitoring staff with regard to Developer's compliance with its obligations under this Section 11.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 11.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, Developer shall submit the documentation required by this Section 11.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that Developer is not complying with its obligations under this Section 11.03, shall, upon the delivery of written notice to Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to Developer to halt the Project, (2) withhold any further payment of any City Funds to Developer or the General Contractor, or (3) seek any other remedies against Developer available at law or in equity.

SECTION TWELVE: ENVIRONMENTAL MATTERS

12.01 **Environmental Matters.** Developer hereby represents and warrants to the City that all necessary environmental studies have been performed sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws (taking into account the anticipated issuance and applicability of any NFRLs issued with respect to the Property), this Agreement and all Exhibits, the Scope Drawings, the Plans and Specifications and all amendments thereto, the TIF Bond Ordinance, if any, and the Redevelopment Plan.

Without limiting any other provisions hereof, Developer agrees to indemnify, defend and hold the City (except with respect to Existing Materials and any gross negligence or wanton or willful misconduct by the City) harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of Developer: (i) the presence of any Hazardous Materials on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Materials from all or any portion of the Property, or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or Developer or any of its Affiliates under any Environmental Laws relating to the Property.

This Section shall not be construed to require Developer to assume any of the obligations of the CHA with respect to remediation work required to be performed by the CHA, and Developer may exercise such rights and remedies it may have to enforce the CHA's performance of the work, provided, however, that this sentence shall not be construed to limit Developer's indemnification obligations hereunder.

SECTION THIRTEEN: INSURANCE

13.01 **Insurance.** Developer will provide and maintain, or cause to be provided and maintained, at Developer's own expense, during the Term of this Agreement, the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to Execution and Delivery of this Agreement and Throughout the Period of Developer's Ownership

(i) Workers' Compensation and Employers Liability Insurance

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$100,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: All premises and operations, products/completed operations, independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) All Risk Property Insurance

All Risk Property Insurance in the amount of the full replacement value of the buildings in the Project. The City is to be named as an additional insured.

(b) Construction. Prior to the construction of any portion of the Project, Developer will cause its architects, contractors, sub-contractors, project managers and other parties constructing the Project to procure and maintain the following kinds and amounts of insurance:

(i) Workers Compensation and Employers Liability Insurance

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$500,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: All premises and operations, products/completed operations (for a minimum of 2 years following Project completion), explosion, collapse, underground, independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) Automobile Liability Insurance (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, Developer must cause each

contractor to provide Automobile Liability Insurance with limits of not less than \$2,000,000 per occurrence for bodily injury and property damage. The City is to be named as an additional insured on a primary, non-contributory basis.

(iv) Railroad Protective Liability Insurance

When any work is to be done adjacent to or on railroad or rail transit property or within 50 feet of railroad or rail transit property, contractor must provide, or cause to be provided with respect to the operations that the contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy must have limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) All Risk Builders Risk Insurance

When the contractor undertakes any construction, including improvements, betterments, and/or repairs, Developer must cause each contractor to provide, or cause to be provided All Risk Blanket Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the Project. Coverages shall include but are not limited to the following: collapse, boiler and machinery if applicable, flood including surface water backup. The City will be named as an additional insured and loss payee.

(vi) Professional Liability

When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Developer must cause such parties to maintain Professional Liability Insurance covering acts, errors, or omissions which shall be maintained with limits of not less than \$1,000,000. Coverage must include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work performed in connection with this Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of 2 years.

(vii) Valuable Papers Insurance

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement by Developer's architects, contractors, sub-contractors, project managers and other parties constructing the Project, Developer will cause such parties to maintain Valuable Papers Insurance which must be maintained in an amount to insure against any loss whatsoever, and which must have limits sufficient to pay for the re-creations and reconstruction of such records.

(viii) Contractor's Pollution Liability

When any environmental remediation work is performed which may cause a pollution exposure, Developer will cause the party performing such work to maintain contractor's Pollution Liability insurance with limits

of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When policies are renewed, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of 1 year. The City is to be named as an additional insured on a primary, non-contributory basis.

(c) After Completion of Construction

- (i) All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable. The City of Chicago shall be named as an additional insured and loss payee.
- (ii) Commercial General Liability insurance as described above in subparagraph (b)(ii). The City of Chicago shall be named an additional insured on a primary, non-contributory basis.

(d) Other Requirements

- (i) Developer will furnish the City of Chicago, Department of Housing and Economic Development, City Hall, Room 1000, 121 North LaSalle Street, Chicago, Illinois 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the Term of this Agreement. Developer will submit evidence of insurance on the City Insurance Certificate Form or commercial equivalent prior to closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from Developer must not be deemed to be a waiver by the City. Developer will advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance will not relieve Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided.
- (ii) The insurance will provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.
- (iii) Any and all deductibles or self insured retentions on referenced insurance coverages are borne by Developer.
- (iv) Developer agrees that insurers must waive rights of subrogation against the City, its employees, elected officials, agents, or representatives.
- (v) Developer expressly understands and agrees that any coverages and limits furnished by Developer will in no way limit Developer's liabilities and

responsibilities specified within the Agreement documents or by law.

- (vi) Developer expressly understands and agrees that Developer's insurance is primary and any insurance or self insurance programs maintained by the City will not contribute with insurance provided by Developer under the Agreement.
- (vii) The required insurance will not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.
- (viii) Developer will require its general contractor and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the contractor or subcontractors. All contractors and subcontractors will be subject to the same requirements of Developer unless otherwise specified herein.
- (ix) If Developer, contractor or subcontractor desires additional coverages, Developer, contractor and each subcontractor will be responsible for the acquisition and cost of such additional protection.
- (x) The City Risk Management Department maintains the right to modify, delete, alter or change these requirements, so long as such action does not, without Developer's written consent, increase such requirements.

SECTION FOURTEEN: INDEMNIFICATION

14.01 **General Indemnity.** Developer agrees to indemnify, pay and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "**Indemnitee**," and collectively the "**Indemnitees**") harmless from and against, any and all liabilities, obligations, losses, damages (arising out of a third party action against the City), penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever, (and including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitees shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees by a third party in any manner relating to or arising out of:

- (i) Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or
- (ii) Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project feature or improvement; or
- (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by Developer or any Affiliate or any of their respective agents, employees, contractors or persons acting under the control or at the request of Developer or any Affiliate; or
- (iv) Developer's failure to cure any misrepresentation in this Agreement or any other document or agreement relating hereto; or

- (v) any act or omission by Developer or any Affiliate.

provided, however, that Developer shall not have any obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it is violative of any law or public policy, Developer will contribute the maximum portion that it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 14.01 will survive the termination of this Agreement.

SECTION FIFTEEN: MAINTAINING RECORDS/RIGHT TO INSPECT

15.01 **Books and Records.** Developer will keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual costs of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to Developer's loan statements, if any, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, will be available at Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at Developer's expense. Developer will not pay for salaries or fringe benefits of auditors or examiners. Developer must incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by Developer with respect to the Project.

15.02 **Inspection Rights.** Upon 3 Business Days notice, any authorized representative of the City will have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION SIXTEEN: DEFAULT AND REMEDIES

16.01 **Events of Default.** The occurrence of any one or more of the following events, subject to the provisions of Section 16.03, will constitute an "Event of Default" by Developer hereunder:

(a) the failure of Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of such party under this Agreement or any related agreement;

(b) the failure of Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of such party under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer's business, property (including the Property or the Project), assets (including the Property or the Project), operations or condition, financial or otherwise;

(c) the making or furnishing by Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt by Developer to create, any lien or other encumbrance upon the Property or the Project, including any fixtures now or hereafter attached thereto, other than the Permitted Liens (and/or liens bonded over by the Developer or insured by the Title Company), or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against Developer or for the liquidation or reorganization of Developer, or alleging that Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of Developer's debts, whether under the United States Bankruptcy Code or under any other state or Federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving Developer; provided, however, that if such commencement of proceedings is involuntary, such action will not constitute an Event of Default unless such proceedings are not dismissed within 90 days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for Developer, for any substantial part of Developer's assets, or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action will not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within 90 days after the commencement thereof;

(g) the entry of any judgment or order against Developer for an amount in excess of \$1.0 million which remains unsatisfied or undischarged and in effect for 60 days after such entry without a stay of enforcement or execution;

(h) the occurrence of an event of default under the Lender Financing, if any, which default is not cured within any applicable cure period;

(i) the dissolution of Developer; or

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against Developer or any natural person who owns a material interest in Developer, which is not dismissed within 30 days, or the indictment of Developer or any natural person who owns a material interest in Developer, for any crime (other than a misdemeanor).

For purposes of Section 16.01(j) hereof, a natural person with a material interest in Developer is one owning in excess of thirty-three percent (33%) of Developer's or Developer's ultimate parent entity's issued and outstanding ownership shares or interest.

16.02 Remedies. Subject to the notice and cure provisions set forth in Section 16.03, upon the occurrence of an Event of Default, the City may terminate this agreement, suspend payment of City Funds and seek reimbursement of City Funds from Developer. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

16.03 Curative Period.

(a) In the event Developer fails to perform a monetary covenant which it is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default will not be deemed to have occurred unless the Applicable Party (as hereinafter defined) has failed to perform such monetary covenant within 10 days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. The term "Applicable Party" shall mean the Developer, any partner or member of the Developer, the holder of any mortgage approved under this Agreement, and the investor member of Owner.

(b) In the event Developer fails to perform a non-monetary covenant which it is required to perform under this Agreement, then notwithstanding any other provision of this Agreement to the contrary, an Event of Default will not be deemed to have occurred unless the Applicable Party has failed to cure such default within 30 days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such 30 day period, the Applicable Party will not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such 30 day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

(c) The City hereby agrees that any cure of a default made by or tendered by the Owner's investor member or by any lender providing Lender Financing shall be deemed to be a cure by the Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer.

SECTION SEVENTEEN: MORTGAGING OF THE PROJECT

17.01 **Mortgaging of the Project.** All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "**Existing Mortgages.**" Any mortgage or deed of trust that Developer may hereafter elect to record or permit to be recorded against the Property or any portion thereof without obtaining the prior written consent of the City is referred to herein as a "**New Mortgage.**" Any mortgage or deed of trust that Developer may hereafter elect to record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "**Permitted Mortgage.**" It is hereby agreed by and between the City and Developer as follows:

(a) If a mortgagee or any other party shall succeed to Developer's interest in the Property or any portion thereof by the exercise of remedies under a mortgage or deed of trust (other than an Existing Mortgage or a Permitted Mortgage) whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of Developer's interest hereunder in accordance with Section 19.14 hereof, the City may, but will not be obligated to, attorn to and recognize such party as the successor in interest to Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party will be entitled to no rights or benefits under this Agreement, but such party will be bound by those provisions of this Agreement that are covenants expressly running with the land specified in Section 8.02.

(b) If any mortgagee or any other party shall succeed to Developer's interest in the Property or any portion thereof by the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of Developer's interest hereunder in accordance with Section 19.14 hereof, then the City hereby agrees to attorn to and recognize such party as the successor in interest to Developer for all purposes under this Agreement so long as such party accepts all of the executory obligations and liabilities of "Developer" hereunder. Notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of Developer's interest under this Agreement, such party will have no liability under this Agreement for any Event of Default of Developer which occurred prior to the time such party succeeded to the interest of Developer under this Agreement, in which case Developer will be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of Developer's interest hereunder, such party will be entitled to no rights and benefits under this

Agreement, and such party will be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land specified in Section 8.02.

(c) Prior to the issuance by the City to Developer of a Certificate under Section 8 hereof, no New Mortgage will be executed with respect to the Property or the Project or any portion thereof without the prior written consent of the Commissioner of HED. A feature of such consent will be that any New Mortgage will subordinate its mortgage lien to the covenants in favor of the City that run with the land. After the issuance of a Certificate, consent of the Commissioner of HED is not required for any such New Mortgage.

SECTION EIGHTEEN: NOTICES

18.01 **Notices.** All notices and any other communications under this Agreement will: (A) be in writing; (B) be sent by: (i) telecopier/fax machine, (ii) delivered by hand, (iii) delivered by an overnight courier service which maintains records confirming the receipt of documents by the receiving party, or (iv) registered or certified U.S. Mail, return receipt requested; (C) be given at the following respective addresses:

If to the City: City of Chicago
Department of Housing and Economic Development
Attn: Commissioner
121 North LaSalle Street, Room 1000
Chicago, IL 60602
312/744-2271 (Fax)

With Copies To: City of Chicago
Corporation Counsel
Attn: Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, IL 60602
312/744-8538 (Fax)

If to Developer: Park Boulevard IIB Manager LLC
10 West 35th Street, Suite 9C9
Chicago, Illinois 60616
Attn: James Miller, Jr.
Fax: 312/654-9349

With Copies To: Applegate & Thorne-Thomsen, P.C.
626 West Jackson Blvd. Suite 400
Chicago, Illinois 60661

And With Copies To: Chicago Housing Authority
60 E. Van Buren Street, 12th floor
Chicago, Illinois 60605
Attn: Chief Executive Officer

Chicago Housing Authority
Office of General Counsel
60 E. Van Buren Street, 12th floor.
Chicago, Illinois 60605
Attn: Chief Legal Officer

And With Copies To: Enterprise Community Asset Management, Inc.

11000 Broken Land Parkway, Suite 700
Columbia, Maryland 21044
Attn: General Counsel

or at such other address or telecopier/fax number or to the attention of such other person as the party to whom such information pertains may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address" and, (D) be effective or deemed delivered or furnished: (i) if given by telecopier/fax, when such communication is confirmed to have been transmitted to the appropriate telecopier/fax number specified in this section, and confirmation is deposited into the U.S. Mail, postage prepaid to the recipient's address shown herein; (ii) if given by hand delivery or overnight courier service, when left at the address of the addressee, properly addressed as provided above.

18.02 **Developer Requests for City or HED Approval.** Any request under this Agreement for City or HED approval submitted by Developer will comply with the following requirements:

- (a) be in writing and otherwise comply with the requirements of Section 18.01 (Notices);
- (b) expressly state the particular document and section thereof relied on by Developer to request City or HED approval;
- (c) if applicable, note in bold type that failure to respond to Developer's request for approval by a certain date will result in the requested approval being deemed to have been given by the City or HED;
- (d) if applicable, state the outside date for the City's or HED's response; and
- (e) be supplemented by a delivery receipt or time/date stamped notice or other documentary evidence showing the date of delivery of Developer's request.

SECTION NINETEEN: ADDITIONAL PROVISIONS

19.01 **Amendments.** Except as provided in this Section 19.01, and except for changes or amendments that are otherwise expressly identified as being in the discretion of the Commissioner, this Agreement and the Schedules and Exhibits attached hereto may not be modified or amended except by an agreement in writing signed by the parties. In addition to consents and discretion expressly identified herein, the Commissioner, in his sole discretion, may amend or otherwise revise: (a) any exhibits containing legal descriptions in order to correct a surveyor's, scrivener's or clerical error in such a legal description, provided that such correction does not have a material effect on any portion of the Project; and (b) Exhibit G to correct inadvertent omissions or permit other minor title encumbrances not in the nature of a lien. The City in its sole discretion, may amend, modify or supplement the Redevelopment Plan. For purposes of this Agreement, Developer is only obligated to comply with the Redevelopment Plan as in effect on the date of this Agreement.

19.02 **Complete Agreement, Construction, Modification.** This Agreement, including any exhibits and the other agreements, documents and instruments referred to herein or contemplated hereby, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous negotiations, commitments and writings with respect to such subject matter.

19.03 **Limitation of Liability.** No member, elected or appointed official or employee or

agent of the City shall be individually, collectively or personally liable to Developer or any successor in interest to Developer in the event of any default or breach by the City or for any amount which may become due to Developer or any successor in interest, from the City or on any obligation under the terms of this Agreement.

19.04 **Further Assurances.** Developer and City each agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement, and to accomplish the transactions contemplated in this Agreement.

19.05 **Waivers.** No party hereto will be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by such party. No delay or omission on the part of a party in exercising any right will operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement will not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, will constitute a waiver of any of such parties' rights or of any obligations of any other party hereto as to any future transactions.

19.06 **Remedies Cumulative.** The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein must not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

19.07 **Parties in Interest/No Third Party Beneficiaries.** The terms and provisions of this Agreement are binding upon and inure to the benefit of, and are enforceable by, the respective successors and permitted assigns of the parties hereto. This Agreement will not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right. Nothing contained in this Agreement, nor any act of the City or the Developer, will be deemed or construed by any of the parties hereto or by third persons, to create any relationship of third party beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the City or Developer.

19.08 **Titles and Headings.** The Section, section and paragraph headings contained herein are for convenience of reference only and are not intended to limit, vary, define or expand the content thereof.

19.09 **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, must be construed together and will constitute one and the same instrument.

19.10 **Severability.** If any provision of this Agreement, or the application thereof, to any person, place or circumstance, is held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances will remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms will provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth herein. In such event, the parties will negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the parties' intent in entering into this Agreement.

19.11 **Conflict.** In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances in effect as of the date of this Agreement, such ordinance(s) will prevail and control.

19.12 **Governing Law.** This Agreement is governed by and construed in accordance with the internal laws of the State, without regard to its conflicts of law principles.

19.13 **Form of Documents.** All documents required by this Agreement to be submitted, delivered or furnished to the City will be in form and content satisfactory to the City.

19.14 **Assignment.** Prior to the issuance by the City to Developer of the Certificate, Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City; provided, however, that the Developer may collaterally assign its interests in this Agreement to any of its lenders identified to the City as of the Closing Date if any such lenders require such collateral assignment. Any successor in interest to Developer under this Agreement will certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Section 9.24 (Survival of Covenants) hereof, for the Term of the Agreement. Developer hereby consents to the City's transfer, assignment or other disposal of this Agreement at any time in whole or in part.

19.15 **Binding Effect.** This Agreement is binding upon Developer, the City and their respective successors and permitted assigns (as provided herein) and will inure to the benefit of Developer, the City and their respective successors and permitted assigns (as provided herein).

19.16 **Force Majeure.** Neither the City nor Developer nor any successor in interest to either of them will be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, war, terrorism, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. Such force majeure events shall also include the City's failure to complete the public improvements within the Property which, at the Closing Date, the City has agreed to undertake within a construction schedule mutually acceptable to the City, and the CHA's failure to complete any environmental remediation work that is the CHA's responsibility under applicable agreements between the CHA and the Developer, if applicable. The individual or entity relying on this section with respect to any such delay will, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

19.17 **Exhibits and Schedules.** All of the exhibits and schedules attached hereto are incorporated herein by reference. Any exhibits and schedules to this Agreement will be construed to be an integral part of this Agreement to the same extent as if the same has been set forth verbatim herein.

19.18 **Business Economic Support Act.** Under the Business Economic Support Act (30 ILCS 760/1 et seq. 2002 State Bar Edition, as amended), if Developer is required to provide notice under the WARN Act, Developer will, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and Minority Leader of the Senate of State, and the Mayor of each municipality where Developer

has locations in the State. Failure by Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

19.19 **Approval.** Wherever this Agreement provides for the approval or consent of the City, HED or the Commissioner, or any matter is to be to the City's, HED's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, HED or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or HED in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

19.20 **Construction of Words.** The use of the singular form of any word herein includes the plural, and vice versa. Masculine, feminine and neuter pronouns are fully interchangeable, where the context so requires. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section, Section or other subdivision. The term "include" (in all its forms) means "include, without limitation" unless the context clearly states otherwise. The word "shall" means "has a duty to."

19.21 **Date of Performance.** If any date for performance under this Agreement falls on a Saturday, Sunday or other day which is a holiday under Federal law or under State law, the date for such performance will be the next succeeding Business Day.

19.22 **Survival of Agreements.** Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement will survive the consummation of the transactions contemplated hereby.

19.23 **Equitable Relief.** In addition to any other available remedy provided for hereunder, at law or in equity, to the extent that a party fails to comply with the terms of this Agreement, any of the other parties hereto shall be entitled to injunctive relief with respect thereto, without the necessity of posting a bond or other security, the damages for such breach hereby being acknowledged as unascertainable.

19.24 **Venue and Consent to Jurisdiction.** If there is a lawsuit under this Agreement, each party hereto agrees to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois.

19.25 **Costs and Expenses.** In addition to and not in limitation of the other provisions of this Agreement, Developer agrees to pay upon demand the City's reasonable out-of-pocket expenses, including attorneys' fees, incurred in connection with the enforcement of the provisions of this Agreement but only if the City is determined to be the prevailing party in an action for enforcement. This includes, subject to any limits under applicable law, reasonable attorneys' fees and legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Developer also will pay any court costs, in addition to all other sums provided by law.

19.26 **Compliance with "Waste" Provisions.** Any duly authorized representative of the City shall have access to the City Property and to the real property on which the work related to the Project is performed at all reasonable times for the purpose of determining whether the Developer is constructing the Project in accordance with the terms of this Agreement and all applicable federal, state and local statutes, laws, ordinances, codes, rules,

regulations, orders and judgments, including, without limitation, Sections 7-28 and 11-4 of the Municipal Code of Chicago relating to waste disposal (collectively, the "Waste Sections"). Developer's violation of the Waste Sections (including, but not limited to, Sections 7-28-390 Dumping on public way; 7-28-440 Dumping on real estate without permit; 11-4-1410 Disposal in waters prohibited; 11-4-1420 Ballast tank, bilge tank or other discharge; 11-4-1450 Gas manufacturing residue; 11-4-1500 Treatment and disposal of solid or liquid waste; 11-4-1530 Compliance with rules and regulations required; 11-4-1550 Operational requirements; and 11-4-1560 Screening requirements), whether or not relating to the performance of this Agreement, constitutes a breach of and an event of default under this Agreement and entitles the City to all remedies under the Agreement, at law or in equity. This section does not limit Developer, general contractor's and its subcontractors' duty to comply with all applicable federal, state, county and municipal laws, statutes, ordinances and executive orders, in effect now or later, and whether or not they appear in this Agreement.

19.27 **No Merger.** The terms of this Agreement shall not be merged with the Deed, and the delivery of the Deed shall not be deemed to affect or impair the terms of this Agreement.

19.28 **Business Relationships.** The Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (C) that a violation of Section 2-156-030 (b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

[The remainder of this page is intentionally left blank and the signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Park Boulevard IIB Rental Project Redevelopment Agreement to be signed on or as of the day and year first above written.

PARK BOULEVARD IIB, LLC, an Illinois limited liability company

By: Park Boulevard IIB Manager LLC, an Illinois limited liability company, its manager

By: JLM Investment IIB LLC, an Illinois limited liability company, its manager

By: _____
James L. Miller, Jr., its member

PARK BOULEVARD IIB MANAGER LLC, an Illinois limited liability company

By: JLM Investment IIB LLC, an Illinois limited liability company, its manager

By: _____
James L. Miller, Jr., its member

CITY OF CHICAGO

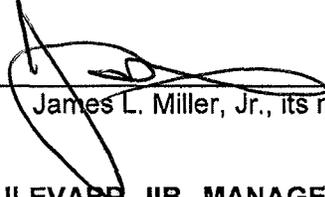
By:  _____
Andrew J. Modney, Commissioner
Department of Housing and Economic
Development

IN WITNESS WHEREOF, the parties hereto have caused this Park Boulevard IIB Rental Project Redevelopment Agreement to be signed on or as of the day and year first above written.

PARK BOULEVARD IIB, LLC, an Illinois limited liability company

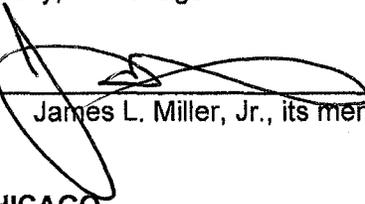
By: Park Boulevard IIB Manager LLC, an Illinois limited liability company, its manager

By: JLM Investment IIB LLC, an Illinois limited liability company, its manager

By: 
James L. Miller, Jr., its member

PARK BOULEVARD IIB MANAGER LLC, an Illinois limited liability company

By: JLM Investment IIB LLC, an Illinois limited liability company, its manager

By: 
James L. Miller, Jr., its member

CITY OF CHICAGO

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

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that James L. Miller, Jr., personally known to me to be a member of JLM Investment IIB LLC, an Illinois limited liability company and the manager of Park Boulevard IIB Manager LLC, an Illinois limited liability company (the "Manager") and the manager of Park Boulevard IIB, LLC (the "Owner"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that s/he signed, sealed, and delivered said instrument, pursuant to the authority given to her/him by the Owner and the Manager, as her/his free and voluntary act and as the free and voluntary act of Owner and Manager, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 19th day of December, 2013.

Margaret A. Grassano
Notary Public



(SEAL)

My Commission Expires _____

STATE OF ILLINOIS)

COUNTY OF COOK)

) SS
)

I, Patricia Sulewski, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew J. Mooney, personally known to me to be the Commissioner of the Department of Housing and Economic Development of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument pursuant to the authority given to him/her by the City, as his/her free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 18th day of December, 2013.



Patricia Sulewski
Notary Public

My Commission Expires 5/7/14

**PARK BOULEVARD IIB PROJECT
REDEVELOPMENT AGREEMENT**

LIST OF EXHIBITS

Exhibit A	Legal Description of the Redevelopment Area
Exhibit B-1	*Legal Description of the Property
Exhibit B-2	Site Plan for the Project
Exhibit B-3	Redevelopment Plan
Exhibit C	*Project Budget
Exhibit D	*TIF-Funded Improvements
Exhibit E	Construction Contract
Exhibit F	Approved Prior Expenditures
Exhibit G	Permitted Liens
Exhibit H	Opinion of Counsel for Developer
Exhibit I	Form of Payment and Performance Bond
Exhibit J	Lender Financing
Exhibit K	Requisition Form
Exhibit L	* Prior TIF Obligations

(An asterisk (*) indicates which exhibits are to be recorded.)

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT A

REDEVELOPMENT AREA LEGAL DESCRIPTION

Exhibit A

*35th/State Redevelopment And Project
Area Legal Description.*

All that part of the east half of Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, bounded and described as follows:

beginning at the point of intersection of the north line of West Pershing Road with the west line of South State Street; thence north along said west line of South State Street to the north line of heretofore vacated West 34th Street; thence west along said north line of heretofore vacated West 34th Street to the northerly extension of the east line of Lot 26 in Hanna Busby's Subdivision of part of the southwest quarter of Block 16 in the Canal Trustee's Subdivision of Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, said northerly extension being also the east line of that part of heretofore vacated West 34th Street bearing Permanent Index Number 17-33-221-003; thence south along said east line of that part of heretofore vacated West 34th Street bearing Permanent Index Number 17-33-221-003 to the centerline of said vacated West 34th Street, said centerline of vacated West 34th Street being also the south line of the parcel of property bearing Permanent Index Number 17-33-221-003; thence west along said south line of the parcel of property bearing Permanent Index Number 17-33-221-003 to the west line of the east 22.50 feet of vacated South Federal Street (formerly South Butterfield Street), said west line of the east 22.50 feet of vacated South Federal Street (formerly South Butterfield Street) being also the west line of the parcel of property bearing Permanent Index Number 17-33-221-003; thence north along said west line of the parcel of property bearing Permanent Index Number 17-33-221-003 and along the northerly extension thereof to the north line of West 33rd Street; thence west along said north line of West 33rd Street to the west line of the vacated alley lying west of and adjoining Lot 182 in Boone, Jones and Kiefer's Subdivision of the north three-quarters of Block 1 and the east 75 feet of Block 2 and Lot 49 in Beecher's Subdivision of the south half of the south half of Block 1 of the Canal Trustee's Subdivision of Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, said west line of the vacated alley being also the east line of the joint railroad right-of-way of the New York Central System and the Chicago, Rock Island and Pacific Railway; thence north along said east line of the joint railroad right-of-way to the north line of aforesaid Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, said north line being also the centerline of West 31st Street; thence west along said centerline of West 31st Street to the west line of the aforesaid joint railroad right-of-way; thence south along said joint railroad right-of-way to the north line of West 33rd Street; thence

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT B-1

LEGAL DESCRIPTION OF THE PROPERTY

BUILDING T

Parcel 1: LOT 4 IN STATEWAY GARDENS PHASE II-B, BEING A SUBDIVISION OF PART OF VACATED WEST 37TH STREET, VACATED WEST 38TH STREET, VACATED SOUTH DEARBORN STREET, VACATED SOUTH FEDERAL STREET, BLOCK 2 AND THE 16 FOOT VACATED ALLEY IN SAID BLOCK 2, IN THE SUBDIVISION OF BLOCK 32 AND THE EAST 68 FEET OF BLOCK 31 OF CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 3, 2012, AS DOCUMENT 1233829122, IN COOK COUNTY, ILLINOIS.

Parcel 2: LOT 3 IN STATEWAY GARDENS PHASE II-B, BEING A SUBDIVISION OF PART OF VACATED WEST 37TH STREET, VACATED WEST 38TH STREET, VACATED SOUTH DEARBORN STREET, VACATED SOUTH FEDERAL STREET, BLOCK 2 AND THE 16 FOOT VACATED ALLEY IN SAID BLOCK 2, IN THE SUBDIVISION OF BLOCK 32 AND THE EAST 68 FEET OF BLOCK 31 OF CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 3, 2012, AS DOCUMENT 1233829122, IN COOK COUNTY, ILLINOIS.

Parcel 3: LOT 2 IN STATEWAY GARDENS PHASE II-B, BEING A SUBDIVISION OF PART OF VACATED WEST 37TH STREET, VACATED WEST 38TH STREET, VACATED SOUTH DEARBORN STREET, VACATED SOUTH FEDERAL STREET, BLOCK 2 AND THE 16 FOOT VACATED ALLEY IN SAID BLOCK 2, IN THE SUBDIVISION OF BLOCK 32 AND THE EAST 68 FEET OF BLOCK 31 OF CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 3, 2012, AS DOCUMENT 1233829122, IN COOK COUNTY, ILLINOIS.

Commonly known as: 3720 South Dearborn Street, Chicago, Illinois

P.I.N.: 17-33-416-048-0000

BUILDING M:

LOT 16 IN STATEWAY GARDENS PHASE II-A, BEING A SUBDIVISION OF PART OF VACATED WEST 37TH STREET IN CANAL TRUSTEE'S SUBDIVISION, AND PART OF VACATED SOUTH DEARBORN STREET, PART OF BLOCK 4 AND PART OF THE VACATED ALLEY IN SAID BLOCK 4, IN THE SUBDIVISION OF BLOCK 17 IN CANAL TRUSTEE'S SUBDIVISION AFORESAID, ALL IN SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 21, 2011, AS DOCUMENT 1117245033, IN COOK COUNTY, ILLINOIS.

Commonly known as: 16-22 West 37th Street, Chicago, Illinois

P.I.N.s: 17-33-408-068-0000 (part of)
 17-33-408-069-0000 (part of)
 17-33-408-070-0000 (part of)

BUILDING N:

LOTS 17 AND 18 IN STATEWAY GARDENS PHASE II-A, BEING A SUBDIVISION OF PART OF VACATED WEST 37TH STREET IN CANAL TRUSTEE'S SUBDIVISION, AND PART OF VACATED SOUTH DEARBORN STREET, PART OF BLOCK 4 AND PART OF THE VACATED ALLEY IN SAID BLOCK 4, IN THE SUBDIVISION OF BLOCK 17 IN CANAL TRUSTEE'S SUBDIVISION AFORESAID, ALL IN SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 21, 2011, AS DOCUMENT 1117245033, IN COOK COUNTY, ILLINOIS.

Commonly known as: 4-10 West 37th Street, Chicago, Illinois

P.I.N.s: 17-33-408-068-0000 (part of)
 17-33-408-069-0000 (part of)
 17-33-408-070-0000 (part of)

BUILDING J:

LOTS 46 THROUGH 51, BOTH INCLUDED, AND THE VACATED ALLEY LYING BETWEEN SAID LOTS, IN FREEMAN'S ADDITION TO CHICAGO, BEING THE 10 ACRES NEXT TO AND ADJOINING THE NORTH 20 ACRES OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, AND ALSO LOT 24, EXCEPT THE EAST 25 FEET, IN E. SMITH'S SUBDIVISION OF THE SOUTH 10 ACRES OF THE NORTH HALF OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 34, ALL IN COOK COUNTY, ILLINOIS.

Commonly known as: 3633-3647 South State Street, Chicago, Illinois

P.I.N.s: 17-34-306-004-0000
 17-34-306-015-0000
 17-34-306-049-0000
 17-34-306-050-0000
 17-34-306-051-0000
 17-34-306-052-0000

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT B-2

SITE PLAN FOR THE PROJECT

A site plan for the Project is attached to this exhibit cover sheet.

PHASE IB
159 UNITS
COMPLETED

5 STORY BUILDING
MARKING 1 - FLOOR 1 STAIRS

ONE BEDROOM	10
TWO BEDROOM	11
THREE BEDROOM	6
UNIT TOTAL	27

PHASE III
AREA

OVERTON HYGIENIC
COMPANY BUILDING

RENTAL PHASE IIB

12 - FLAT FOR RENT
MARKING 1 - STAIRS 2 STAIRS

ONE BEDROOM	9
TWO BEDROOM	4
THREE BEDROOM	5
FOUR BEDROOM	5
TOTAL AREA	5,857 SF
UNIT TOTAL	23

CHICAGO BEE LIBRARY

12 - FLAT FOR RENT
MARKING 1 - STAIRS 2 STAIRS

ONE BEDROOM	6
TWO BEDROOM	6
THREE BEDROOM	11
FOUR BEDROOM	1
UNIT TOTAL	24

12 - FLAT FOR RENT
MARKING 1 - STAIRS 2 STAIRS

ONE BEDROOM	6
TWO BEDROOM	6
THREE BEDROOM	11
FOUR BEDROOM	1
UNIT TOTAL	24

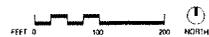
PERSHING
COURTS

PHASE IA
COMPLETED

MASTER PLAN

1,266 TOTAL UNITS
PARK BOULEVARD PHASE IIB
CHICAGO, ILLINOIS
PARK BOULEVARD, LLC

- PHASE I
- PHASE IIA
- PHASE IIB
- PHASE III
- EXISTING BUILDING



VOA ASSOCIATES INC
DECEMBER 2011

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT B-3

REDEVELOPMENT PLAN

The Redevelopment Plan is attached to this exhibit cover sheet.

**35TH/STATE
TAX INCREMENT FINANCING
REDEVELOPMENT PLAN AND PROJECT**

**Prepared for:
Stateway Associates
and
The City of Chicago**

**By:
Ernest R. Sawyer Enterprises, Inc.**

with assistance from Camiros, Ltd.

May 29, 2003

(Revised October 7, 2003)

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1. INTRODUCTION

This document presents a Tax Increment Financing Redevelopment Plan and Project (hereinafter referred to as the "Plan") pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) as amended, (the "Act") for the 35th/State Redevelopment Project Area (the "Project Area") located in the City of Chicago, Illinois (the "City"). The Project Area boundaries are delineated on *Figure 1, Redevelopment Project Area Boundary Map in Appendix A* and legally described in *Appendix B*. The Project Area boundaries are generally West 33rd Street and West 34th Street on the north, South State Street on the east, West Pershing Road on the south and South Wentworth Avenue and the Dan Ryan Expressway on the west. The Project Area also includes Chicago Rock Island and Pacific Railroad right-of-way that extends north to 31st Street.

35th Street divides the Project Area into two separate, but linked components. Improved property north of 35th Street is owned by the Illinois Institute of Technology (IIT) and includes a mix of vacant and underutilized facilities, some of which has been leased to for-profit entities. Most of the land south of 35th Street is owned by the Chicago Housing Authority (CHA) and comprised the Stateway Gardens public housing complex, which is slated for redevelopment as a new mixed-income community. Public right-of-way and active rail lines forms the western portion of the Project Area.

With the exception of the Crispus Attucks School, all the buildings in the Stateway Gardens (CHA) portion of the Project Area (south of 35th Street) will be demolished as part of the revitalization effort.

The IIT portion of the Project Area contains several buildings, including the IIT Research Institute (IITRI) Materials Technology Building which was the first building in the United States designed by the world famous architect, Ludwig Mies van der Rohe, in 1943.

The Plan responds to problem conditions within the Project Area and reflects a commitment by the City to improve and revitalize the Project Area.

The Plan summarizes the analyses and findings of Ernest R. Sawyer Enterprises, Inc. (hereinafter referred to as "The Consultant") which, unless otherwise noted, is the responsibility of the Consultant. The City is entitled to rely on the findings and conclusions of this Plan in designating the Redevelopment Project Area as a redevelopment project area under the "Act". The Consultant has prepared this Plan, the related eligibility study and housing impact study ("Housing Impact Study") with the understanding that the City would rely: 1) on the findings and conclusions of the Plan and the related eligibility study in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Plan, and 2) on the fact that the Consultant has obtained the necessary information so that the Plan and the related eligibility study and Housing Impact Study will comply with the Act.

The Plan presents certain factors, research and analysis undertaken to document the eligibility of the Project Area for designation as a "blighted area" tax increment financing ("TIF") district. The need for public intervention, goals and objectives, land use policies, and other policy materials are presented in the Plan. ~~The results of a study documenting the eligibility of the Project Area as a blighted area are presented in *Appendix C, Eligibility Study* (the "Study").~~

Tax Increment Financing

In adopting the Act, the Illinois State Legislature pursuant to Section 5/11-74.4-2(a) found that:

...there exists in many municipalities within this State blighted, conservation and industrial park conservation areas as defined herein;

and pursuant to Section 5/11-74.4-2(b) also found that:

...in order to promote and protect the health, safety, morals and welfare of the public, that blighted conditions need to be eradicated... and that redevelopment of such areas be undertaken... The eradication of blighted areas... by redevelopment projects is hereby declared to be essential to the public interest.

In order to use the tax increment financing technique, a municipality must first establish that the proposed redevelopment project area meets the statutory criteria for designation as a "blighted area," "conservation area" or "industrial park conservation area." A redevelopment plan must then be prepared pursuant to Sections 65 ILCS 5/11-74.4-3, et seq. of the Act, which describes the development or redevelopment program intended to be undertaken to reduce or eliminate those conditions which qualified the redevelopment project area as a "blighted area," "conservation area," or combination thereof, or "industrial park conservation area," and thereby enhance the tax base of the taxing districts which extend into the redevelopment project area.

In order to be adopted, a municipality seeking to qualify a redevelopment project area as a "blighted area" must find that a Plan meets the following conditions pursuant to Section 5/11-74.4-3(n) of the Act:

(1) The redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not be reasonably anticipated to be developed without the adoption of the redevelopment plan; (2) the redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the redevelopment plan and project was adopted, the redevelopment plan and project either: (i) conforms to the strategic economic development or redevelopment plan issued by the designated planning authority of the municipality, or (ii) includes land uses that have been approved by the planning commission of the municipality; and (3) the redevelopment plan establishes the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs (which dates shall not be later than December 31 of the year in which the payment to the municipal treasurer as provided in 65 ILCS 5/11-74.4-8(b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted.

Redevelopment projects are defined as any public or private development projects undertaken in ~~furtherance of the objectives of the redevelopment plan and in accordance with the Act. The Act~~ provides a means for municipalities, after the approval of a redevelopment plan and project, to

redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current equalized assessed value ("EAV") of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate to arrive at the Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, a municipality may issue obligations secured by Incremental Property Taxes to be generated within the redevelopment project area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following:

- (a) net revenues of all or part of any redevelopment project;
- (b) taxes levied and collected on any or all property in the municipality;
- (c) the full faith and credit of the municipality;
- (d) a mortgage on part or all of the redevelopment project; or
- (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

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

The City authorized an evaluation to determine whether a portion of the City, to be known as the 35th/State Redevelopment Project Area, qualifies for designation as a blighted area pursuant to the provisions contained in the Act. If the Project Area is so qualified, the City requested the preparation of a redevelopment plan for the Project Area in accordance with the requirements of the Act.

The 35th/State Redevelopment Project Area Overview

The Project Area is approximately 91.2 acres in size, of which 33.5 acres (36.7%) are devoted to alley, street and rail rights-of-way. The Project Area is comprised of improved property and vacant land. Of the 57.7 acres not devoted to public or railroad rights-of-way, approximately 26.2 acres are classified as improved property and approximately 31.5 acres consists of vacant land.

There are a total of 122 tax parcels within the Project Area, 99 of which are located within the Dan Ryan Expressway and LaSalle Street right-of-way. One tax parcel contains active railroad right-of-way. The remaining 22 tax parcels comprise the improved and vacant portions of the Project Area. These tax parcels are located on 17 tax blocks, as defined by Cook County, and shown on *Figure C, Tax Block Map* in *Appendix C*. Nine of these tax blocks are improved property, five tax blocks are entirely vacant, and three tax blocks contain only public and railroad rights-of-way. There are a total of 16 buildings located on seven improved tax blocks. Two tax parcels contain multiple buildings.

The improved portion of the Project Area is characterized by:

- Dilapidation
- Obsolescence
- Deterioration
- Presence of structures below minimum code standards
- Excessive vacancies
- Inadequate utilities
- Excessive land coverage or overcrowding of community facilities
- Deleterious land use or layout
- Lack of community planning

Vacant land within the Project Area suffers from the following statutory qualifying factors:

- Obsolete platting
- Diversity of ownership
- Tax and special assessment delinquencies
- Deterioration of structures or site improvements in adjacent areas
- Stagnant or declining equalized assessed valuation (EAV)
- Blighted before becoming vacant

As a result of these conditions, the Project Area is in need of redevelopment, rehabilitation and/or revitalization. In recognition of the unrealized potential of the Project Area, the City is taking action to facilitate its revitalization.

The Project Area, as a whole, has not been subject to growth and development by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Plan. The *Eligibility Study*, attached hereto as *Appendix C*, concludes that property in this area is experiencing deterioration and disinvestment. The analysis of conditions within the Project Area indicates that it is appropriate for designation as a blighted area in accordance with the Act.

The purpose of the Plan is to create a mechanism to allow for the development of new residential, commercial and community facilities on existing vacant and underutilized land; the development of research and development facilities or other commercial uses that will provide jobs for area residents and expansion of existing businesses; the redevelopment of obsolete land uses; and the improvement of the area's physical environment and infrastructure. The redevelopment of the Project Area is expected to encourage residential and economic revitalization within the community and the surrounding area.

The Plan has been formulated in accordance with the provisions of the Act. This document is a guide to all proposed public and private actions in the Project Area.

2. PROJECT AREA DESCRIPTION

The proposed boundaries of the 35th/State Redevelopment Project Area are shown in *Figure 1, Redevelopment Project Area Boundary Map* (see *Appendix A*). The Project Area is approximately 91.2 acres in size, including public rights-of-way. A legal description of the Project Area is included as *Appendix B* of this document. The Project Area includes only those contiguous parcels that are anticipated to be substantially benefited by the proposed redevelopment project improvements and, which, collectively qualify for designation as a "blighted area."

The general area has been the subject of various planning studies in recent years. Specifically, in 2001, the Chicago Housing Authority (CHA) began comprehensive planning and coordination with the City of Chicago and selected development teams for the redevelopment of the CHA's Stateway Gardens housing complex and its surrounding area. IIT has also been actively pursuing improvements to its campus, including development of a new Green Line CTA station.

Despite the troubled state of public housing and economic conditions, the Project Area contains numerous physical assets as highlighted below:

- The Project Area has excellent access to and from the interstate highway system including entrances and exits to Interstate 90/94 (Dan Ryan Expressway) at 35th Street and Pershing Road (39th Street) and access to Lake Shore Drive at Oakwood Boulevard and 31st Street.
- Public transportation options include CTA elevated service, CTA buses and the Metra Illinois-Central Electric Rail Line. CTA trains to the Loop and other locations are available via the Green Line and Red Line, located at 35th Street and State Street and 35th Street & the Dan Ryan Expressway, respectively. CTA buses that serve the area include the #1, #35 and #39 buses. The Metra station is located less than one mile northeast of the Project Area at 27th Street, just east of Ellis Avenue.
- Pedestrian access to the lakefront is available via 35th Street while vehicular and pedestrian access is available via Oakwood Boulevard and 31st Street.
- Community facilities within the Project Area include the 35th Street Red Line CTA station, Stateway Park and Crispus Attucks School, which are expected to serve as anchors as the revitalization of the Project Area evolves.
- The Project Area is surrounded by a number of public facilities including public parks, schools, libraries, transit stations, and police stations. Stateway Park is located within the boundaries of the Project Area. 31st Street Beach and Oakwood Beach are located within one mile of the Project Area.
- The Project Area is in close proximity to multiple landmark structures from the golden age of the Black Metropolis-Bronzeville area, including the Chicago Bee Building and the Overton Hygienic Building across the street from the Project Area on State Street within the Bronzeville TIF district. In addition, several buildings owned by IIT within the Project Area are recognized as landmark structures.

In general, the Project Area has experienced a lack of growth or development from investment from the private sector. Evidence of this lack of growth and development is detailed in *Section 4* of this Plan and summarized below.

- Between 1998 and 2002, the growth in EAV of the vacant areas lagged behind the average EAV growth for property in the City in three of the last five years. In two of those years, the EAV actually declined.
- Of the three taxable properties within the Project Area, two (66.6%) were tax delinquent in 2001.
- Between 1998 and 2002, there were a total of 23 building permits issued in the Project Area. The majority of those permits were issued to address basic maintenance needs. Sixteen permits were issued for rehabilitation and repairs, representing 69.6% of the total number of permits issued. Five permits or 21.7% of the total were issued for demolition. Only two permits were issued for new construction, with an estimated total construction value of \$238,905.
- The City of Chicago's Department of Buildings issued a total of 10 violations to buildings in the Project Area between 1998 and 2002.

The nine tax blocks that comprise the improved portion of Project Area are characterized by nine improved "blighted area" qualifying factors: 1) dilapidation, 2) obsolescence, 3) deterioration, 4) presence of structures below the minimum code standards, 5) excessive vacancies, 6) inadequate utilities, 7) excessive land coverage or overcrowding of community facilities, 8) deleterious land use or layout, and 9) an overall lack of community planning

The five tax blocks that comprise the vacant part of the Project Area are characterized by five vacant "blighted area" qualifying factors under Section 74.4-3(a)(2) of the Act (the "Vacant Blighted Area Option A Factors"): 1) obsolete platting, 2) diversity of ownership, 3) tax and special assessment delinquencies, 4) deterioration of structures or site improvements in neighboring areas adjacent to the vacant land, and 5) stagnant or declining EAV. The CHA and City documentation also indicate that the vacant portion of the Project Area also satisfies one of the vacant "blighted area" qualifying factors under Section 74.4-3(a)(3) of the Act (the "Vacant Blighted Area Option B Factors") in that it qualified as blighted prior to becoming vacant. These declining physical and economic conditions impede the potential for growth and development through private investment. Without the intervention of the City and the adoption of tax increment financing and this Plan, the Project Area would not reasonably be expected to be redeveloped.

Three tax blocks consist entirely of public or active railroad right-of-way. These blocks were not analyzed as part of the *Eligibility Study* in *Appendix C* because they contain only public or railroad right-of-way, not subject to private investment.

Community Context

The Project Area lies within the Douglas Community which has a long and diverse history. Earliest use of the area was by Native Americans who marked a trail that became the modern-day Vincennes Avenue. White settlement came as a result of the development of the Illinois Central railroad. The Douglas Community was home to Irish Catholic immigrants working on the railroads in the 1850s and a large population of German Jews following the Chicago Fire of 1871.

The area has a minor connection to Illinois and Civil War politics. Former Senator Stephen A. Douglas, who in the 1858 Senatorial campaign famously debated Abraham Lincoln, lived here and lent his name to the area. While the area was not the center of ethnic tensions at the time, Douglas was at the forefront of the slavery debate with Lincoln. Douglas supported the idea of popular sovereignty – that the people of the new states of the union should decide by popular referendum if the state would be slave or free. That Douglas' namesake area later became an important African-American neighborhood is ironic.

In the late 19th century, as the population in the Douglas Community grew, African-American settlements were concentrated in the area bounded by the rail yard and industrial properties on the north and west and the affluent white neighborhoods on the east. Restrictive covenants and racial discrimination confined black families of all income levels to the overcrowded slums that became known as the "Black Belt" or the "Black Metropolis" and was largely ignored by Chicago's business and social community.

As a result, the African-American business and political community began to satisfy its own demand for goods and services. A tremendous influx of African-Americans leaving the South between 1910 and 1920, a period often referred to as the Great Migration, fueled the community's financial independence and established the Black Metropolis as the center for African-American business and political power nationally.

African-American culture flourished, invigorated by the nationally-influential spirit of the Harlem Renaissance and W.E.B. DuBois' idea of the "Talented Tenth," who formed black artistic class culture into a classical tradition. International stars of African-American literary arts, music and visual arts frequented the areas clubs, restaurants and shops. Famous writers like Langston Hughes, Ama Bontemps and Richard Wright saw the Douglas neighborhood as an inspiration. Wright's novel *Native Son* is largely set in the area and reflects the sentiments and anxieties of the time.

Several landmark buildings owned and financed by African-American entrepreneurs were built during the heyday of the Black Metropolis including the Chicago Bee Building and the Overton Hygienic Building on State Street which remain standing today. The area was also home to a number of music-oriented clubs and cafés that earned Chicago its reputation as the jazz center and attracted such performers as Louis Armstrong, Jelly Roll Morton, King Oliver and Duke Ellington.

Despite hope and progress, the area has reflected physically and spiritually the tragedy of American race relations. The race riots of the "Red Summer of 1919" reflected the belief of many white Chicagoans that the growing African-American population should and must remain within the boundaries established for it. While this type of segregation allowed for the development of some African-American businesses and institutions, the lack of access to financing and other resources hindered growth. The Black Metropolis reached its peak in the mid 1920s. By 1925, the number of new arrivals had decreased considerably along with employment opportunities undermining the stability of the African-American owned business community. New business and commercial opportunities established outside the community to compete with the businesses within the Black Metropolis further weakened its energy and financial base. Jobs disappeared. The final blow came with the Stock Market Crash of 1929 and

the Great Depression. The independent businesses that relied strictly on the local community were unable to recover.

The housing infrastructure became overcrowded and dilapidated. In the 1950's many homes were abandoned or destroyed for urban renewal and large-scale public housing projects. Pockets of concentrated poverty were created in the CHA's public housing complex and the surrounding area as the economy of the South Side, and Chicago in general, became less industrialized during the ensuing decades.

Overcrowding, unemployment and deteriorating living conditions worsened in the years that followed. The urban renewal program of the 1950s and 1960s dramatically changed the landscape of the neighborhood. Entire blocks were cleared along State Street for the construction of public housing and the campus of the Illinois Institute of Technology.

In 1955, the City began constructing what was to become Stateway Gardens, a 32.7-acre public housing development of eight residential high rise buildings and three non-residential buildings. The development was fully occupied by 1958.

At a density of 50.3 units per acre, Stateway Gardens provided 1,644 units. Other public housing projects in the Douglas area including the Robert Taylor Homes, the Ida B. Wells Homes, Dearborn Homes, Prairie Avenue Courts and Clarence Darrow Homes resulted in historic overcrowded and racially concentrated housing.

In 1969, the Court's ruling in *Dorothy Gautreaux et al. vs. The Chicago Housing Authority* ("Gautreaux") imposed location and density restrictions on the CHA's ability to redevelop new public housing units. After nearly two decades of inactivity on the part of CHA, the court appointed a Receiver, The Habitat Company, to administer the CHA's new housing construction. Section 202 of the 1996 HUD appropriations bill mandates demolition of certain distressed developments, including eight high rise developments and five low and mid rise developments for a total of approximately 14,000 units. Stateway Gardens is included among the Section 202 mandated demolitions in Chicago.

In 2001, the CHA began comprehensive planning and coordination with the City of Chicago and selected a development team for the Stateway Gardens redevelopment project.

It is important to note that in addition to the impressive history of the Douglas Community as a whole, the history of the Illinois Institute of Technology (IIT) is equally impressive. Located within the Douglas Community Area, for more than 100 years, IIT is the result of the merger of the Armour and Lewis Institutes. Ludwig Mies van der Rohe arrived in the United States in 1938 to direct the architecture program at Armour Institute. He had been the director of the Bauhaus, a renowned school of art and architecture in Germany. The Armour and Lewis Institutes were close to a merger at the time and Armour's president, Henry Heald, asked Mies to plan an extended campus for the university that would be known as the Illinois Institute of Technology.

His new curriculum reflected the revolutionary influence of the German Bauhaus School. ~~Unifying art and technology, his vision found expression in the new campus he designed for IIT,~~ a campus selected in 1976 by the American Institute of Architecture national membership as one of the top 200 architectural achievement in the United States. Mies' masterpiece, S.R. Crown

Hall, recognized as one of the most significant buildings of the 20th century, continues to house IIT's College of Architecture, Mies' "home of ideas and adventures." Crown Hall was designated as a National Historic Landmark in 2001.

IIT's commitment to architecture has also shaped the skyline of Chicago. Many of the city's soaring buildings and most innovative spaces were designed or engineered by College of Architecture alumni and faculty.

Current Land Use and Community Facilities

The current land use within the Project Area consists of residential, institutional and for-profit business uses. The existing business uses are located within the IIT buildings included in the Project Area. The Project Area also includes a significant amount of vacant land, created through the demolition of obsolete and deteriorated CHA high-rise buildings. The current configuration of land use is represented in *Figure 2, Existing Land Use (see Appendix A)*.

The Project Area is located within a half mile of 38 public facilities including public parks, schools, libraries, transit stations, and police stations. One public park, Stateway Park is located within the boundaries of the Project Area. Crispus Attucks School is also located within the Project Area. Two other educational facilities are housed in IIT buildings within the Project Area. Other public parks and recreation opportunities that are available in close proximity to the Project Area are identified on *Figure 3, Community Facilities in Appendix A*.

The Project Area is in close proximity to multiple landmark structures from the golden age of the Black Metropolis-Bronzeville area, including the Chicago Bee Building and the Overton Hygienic Building which is across the street from the Project Area on State Street. Additionally, as stated else where in this document, there are many buildings of architectural significance located on the IIT Campus, a portion of which is located within the Project Area.

Transportation Characteristics

The Project Area has excellent access to and from the interstate highway system including entrances and exits to Interstate 90/94 (Dan Ryan Expressway) at 35th Street and Pershing Road (39th Street); access to Lake Shore Drive at Oakwood Boulevard and 31st Street.

Public transportation options include CTA elevated service, CTA buses and the Metra Illinois-Central Electric Rail Line. CTA trains to the Loop and other locations are available via the Green and Red Lines, located at 35th Street and State Street and 35th Street and the Dan Ryan Expressway respectively. Each of these rapid transit stations is within a five minute walking distance from more than half of the Project Area and have a commute time of seven minutes to the Loop. CTA buses that serve the area include the #1, #35 and #39 buses. The #1 bus runs north and south along Indiana Avenue between 29th Street and 51st Street and eventually reaches the Loop. The #35 bus runs east and west on 35th Street between Cottage Grove Avenue and Kedzie Street, then to 36th Street and Mercy Hospital. The #39 bus runs east and west along Pershing Road between the lakefront and St. Louis Avenue. The Metra station is located less than one mile northeast of the Project Area at 27th Street, just east of Ellis Avenue and a new Metra Commuter Rail station has been proposed as part of the Redevelopment Plan.

Additionally, pedestrian access to the lakefront is available via 35th Street while vehicular and pedestrian access is available via Oakwood Boulevard and 31st Street. 31st Street Beach and Oakwood Beach are located within one mile of the Project Area.

The combination of CTA and the possible future Metra service provides good public transportation to the Project Area. The excellent public transportation to the area will make the entire Chicago Metro Area easily accessible for jobs and entertainment outside the immediate Project Area.

3. ELIGIBILITY OF THE PROJECT AREA FOR DESIGNATION AS A BLIGHTED AREA

The Project Area, on the whole, has not been subject to significant growth and development through investment by private enterprise. Based on the conditions present, the Project Area is not likely to be comprehensively or effectively developed without the adoption of the Plan. A series of studies were undertaken to establish whether the proposed Project Area is eligible for designation as a blighted area in accordance with the requirements of the Act. This analysis concluded that the Project Area so qualifies.

The Project Area contains a total of 17 tax blocks, which are identified in *Figure C, Tax Block Map in Appendix C*. Nine tax blocks consist of improved property and five tax blocks consist entirely of vacant land. Three tax blocks consist of public or active railroad right-of-way not subject to private investment, and were not analyzed as part of the Eligibility Study.

For improved property, the presence of five of the 13 conditions set forth in the Act is required for designation as a blighted area. These factors must be meaningfully present and reasonably distributed within the Project Area. Of the 13 factors cited in the Act for improved property, nine factors are present within the Project Area. Seven of these factors are meaningfully present, while two factors are present to a minor extent. All factors are reasonably distributed throughout the Project Area.

The following factors were found to a meaningful extent within the Project Area:

- Obsolescence (affecting 67% of improved tax blocks)
- Deterioration (affecting 88% of improved tax blocks, four tax blocks to a major extent and four tax blocks to a minor extent)
- Presence of structures below minimum code standards (affecting 56% of improved tax blocks)
- Inadequate utilities (affecting 100% of improved tax blocks)
- Excessive land coverage or overcrowding of community facilities (affecting 78% of improved tax blocks)
- Deleterious land use or layout (affecting 56% of improved tax blocks)
- Lack of community planning (affecting 100% of improved tax blocks)

The following factors are present to a *minor* extent with respect to improved property, affecting less than 50% of the improved tax blocks within the Project Area:

- Dilapidation (affecting 22% of improved tax blocks)
- Excessive vacancies (affecting 44% of improved tax blocks)

Five tax blocks are comprised entirely of vacant land. With respect to vacant land within the Project Area, the following Vacant Blighted Area Option A factors were found to be present:

- Obsolete platting (meaningfully present, affecting all five vacant tax blocks)
- Diversity of ownership (present to a minor extent, affecting one tax block)
- Tax or special assessment delinquencies (present to a minor extent, affecting one tax block)

- Deterioration of structure or site improvements in areas adjacent to vacant land (meaningfully present, affecting all five vacant tax blocks)
- Stagnant or declining EAV (present to a meaningful extent affecting all five vacant tax blocks)

In addition, the following Vacant Blighted Area Option B factor was found to be present:

- Qualified as blighted before becoming vacant (present to a major extent, affecting three of the five vacant tax blocks)

For more detail on the basis for eligibility, refer to the Study in *Appendix C*.

Need for Public Intervention

The analysis of conditions within the Project Area included an evaluation of construction activity between 1998 and 2002. *Table 1, Building Permit Activity (1998-2002)*, summarizes construction activity within the Project Area by year and project type.

Table 1
BUILDING PERMIT ACTIVITY (1998-2002)

Construction Activity	1998	1999	2000	2001	2002	Total
<i>Construction Value</i>						
New Construction	\$0	\$0	\$200,000	\$38,905	\$0	\$238,905
Rehab/Repairs	70,000	7,746,747*	1,219,000	4,265,891	369,567	13,671,205
Demolition	0	0	900,000	2,173,891	2,536,847	5,610,738
Total	\$70,000	\$7,746,747	\$2,319,000	\$6,478,687	\$2,906,414	\$19,520,848
<i># of Permits Issued</i>						
New Construction	0	0	1	1	0	2
Rehab/Repairs	1	1	4	5	5	16
Demolition	0	0	1	1	3	5
Total	1	1	6	7	8	23

* - This improvement was related to the rehabilitation and repair of a building on IIT's campus at 142 W. 35th Street.
Source: City of Chicago, Dept. of Buildings

During this five-year period, a total of 23 building permits were issued for projects within the Project Area. In analyzing the building permit activity, it should be recognized that a certain level of activity occurs merely to address basic maintenance needs, which appears to account for the majority of the construction activity in the project area. 16 permits were issued for rehabilitation and repairs, representing 69.6% of the total number of permits issued, and five permits (21.7%) were issued for demolition. Only two permits for an estimated total construction value of \$238,905 were issued for new construction during the five-year period. Much of the recent construction activity is related to the demolition of CHA buildings within the Project Area.

~~Between 1998 and 2002, the growth in the EAV of the vacant portions of the Project Area, which contain 31.5 acres of land, has not kept pace with the EAV growth of the City. The EAV~~

of the vacant tax parcels increased by a total of \$1,583 over this period. Of the three taxable properties within the Project Area two were tax delinquent in 2001.

Given the blighting factors that have been documented, the overall redevelopment of the Project Area would not reasonably be expected to occur without public intervention and the adoption of the Plan. The economic and social conditions of the residents residing in the Project Area are such that the private sector would not engage in redevelopment of the Project Area or make significant private investments without active public involvement and intervention. As documented in the *Housing Impact Study* presented in *Section 9* of this Plan, all of the residents of the Project Area are classified as very, very low-income households. The transformation of the Project Area, in particular the property south of 35th Street, from a deteriorated and obsolete public housing project into a dynamic mixed-income community cannot be accomplished without public assistance.

4. REDEVELOPMENT PLAN GOALS AND OBJECTIVES

The proposed Redevelopment Plan and Project is consistent with City plans for the area. The land uses will be approved by the Chicago Plan Commission prior to the adoption of the Plan. The following goals and objectives are provided to guide development in the Project Area.

General Goals

- Reduce or eliminate deleterious conditions.
- Provide for the orderly transition from obsolete land uses to more appropriate land use patterns.
- Facilitate the CHA's efforts to revitalize the Project Area as set forth in the *Chicago Housing Authority Plan for Transformation Stateway Gardens Redevelopment Plan*.
- Redevelop the Stateway Gardens housing development as a mixed-income residential community with appropriate neighborhood commercial facilities, employment centers and community uses.
- Create an attractive environment through streetscape enhancements and other public improvements that encourage new residential and commercial development.
- Employ residents within and surrounding the Project Area in jobs generated by area development.
- Improve public facilities and amenities including new streets, utility infrastructure, and parks.
- Enhance the tax base of the Project Area.

Redevelopment Objectives

- Encourage private investment, especially new development on vacant land within the Project Area.
- Direct development activities to appropriate locations within the Project Area in accordance with the land use plan and general land use strategies.
- Facilitate development of underutilized property for uses that have demonstrated market support.
- Provide opportunities for business and commercial development to support new residential neighborhoods.
- Encourage development of affordable for-sale and rental housing, as defined by the City's Department of Housing, including for-sale housing for persons earning no more than 100% of the area median income and rental housing for persons earning no more than 60% of area median income, or such other language that may be applicable.
- Encourage development of market-rate housing as part of an overall program to create a mixed-income neighborhood.
- Re-establish the traditional Chicago street grid system that existed prior to the construction of the Stateway Gardens Housing Development by rebuilding 36th Street and 37th Street west to the railroad embankment, and Dearborn Street between 38th Street and 35th Street.

- Establish job readiness and job training programs to provide residents within and surrounding the Project Area with the skills necessary to secure jobs in the Project Area and in adjacent redevelopment project areas.
- Promote the hiring of local residents, including graduates of the Project Area's job readiness and job training programs.
- Improve recreational amenities within the Project Area.
- Strengthen the economic well being of the Project Area by returning public, vacant and underutilized properties to the tax rolls.
- Encourage visually attractive buildings, rights-of-way and open spaces and encourage high standards of design.
- Encourage improvements in accessibility for people with disabilities.
- Upgrade public utilities, infrastructure and streets, including streetscape and beautification projects, improvements to schools and community facilities, and transit stations.
- Provide opportunities for minority-owned, women-owned, local businesses and local residents to share in the redevelopment of the Project Area.

Design Objectives

- Establish design standards for commercial and residential redevelopment to ensure compatible high-quality development.
- Enhance the appearance of major thoroughfares including 35th Street and State Street through streetscape improvements.
- Encourage increased use of public transit facilities through pedestrian-friendly design, while also improving vehicular movement.
- Design new structures that are of the quality and standard to blend in with the existing structures within the larger community area.
- Develop a series of neighborhood parks and open spaces.
- Create a system of high quality, pedestrian friendly streets.

5. REDEVELOPMENT PLAN

The City proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques, including tax increment financing, and by undertaking some or all of the following actions:

Property Assembly, Site Preparation and Environmental Remediation

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

Figure 4, Land Acquisition Overview Map (see Appendix A), indicates the parcels currently proposed to be acquired for redevelopment in the Project Area. There are currently three vacant parcels proposed to be acquired: 17-33-420-024, 17-33-420-025 and 17-33-420-026. These parcels are located on South Dearborn Street within the Stateway Gardens portion of the Project Area.

Table 8, Land Acquisition by Block & Parcel Identification Number and Address (see Appendix A), portrays the acquisition properties in more detail.

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

For properties described in *Figure 4, Acquisition Map*, the acquisition of occupied properties by the City shall commence within four years from the date of the publication of the ordinance approving the Plan. Acquisition shall be deemed to have commenced with the sending of an offer letter. After the expiration of this four-year period, the City may acquire such property pursuant to this Plan under the Act according to its customary procedures as described in the preceding paragraph.

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

Affordable Housing

The City requires that developers who receive TIF assistance for market rate housing set aside 20% of the units to meet affordability criteria established by the City's Department of Housing or any successor agency. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 100% of the area median income, and affordable rental units should be affordable to persons earning no more than 60% of the area median income.

Intergovernmental and Redevelopment Agreements

The City may enter into redevelopment agreements or intergovernmental agreements with private entities or public entities to construct, rehabilitate, renovate or restore private or public improvements on one or several parcels (collectively referred to as "Redevelopment Projects"). Such redevelopment agreements may be needed to support the rehabilitation or construction of allowable private improvements, in accordance with the Plan; incur costs or reimburse developers for other eligible redevelopment project costs as provided in the Act in implementing the Plan; and provide public improvements and facilities which may include, but are not limited to utilities, street closures, transit improvements, streetscape enhancements, signalization, parking, surface right-of-way improvements, public schools and parks.

Terms of redevelopment as part of this redevelopment project may be incorporated in the appropriate redevelopment agreements. For example, the City may agree to reimburse a developer for incurring certain eligible redevelopment project costs under the Act. Such agreements may contain specific development controls as allowed by the Act.

Job Training

To the extent allowable under the Act, job training costs may be directed toward training activities designed to enhance the competitive advantages of the Project Area and to attract additional employers to the Project Area. Working with employers and local community organizations, job training and job readiness programs may be provided that meet employers' hiring needs, as allowed under the Act.

A job readiness/training program is a component of the Plan. The City expects to encourage hiring from the community that maximizes job opportunities for Chicago residents.

Relocation

In the event that the implementation of the Plan results in the removal of residential housing units in the Project Area occupied by low-income households or very low-income households, or the displacement of low-income households or very low-income households from such residential housing units, such households shall be provided affordable housing and relocation assistance not less than that which would be provided under the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations thereunder, including the eligibility criteria. Affordable housing may be either existing or newly constructed housing. The City shall make a good faith effort to ensure that this affordable housing is located in or near the Project Area.

As used in the above paragraph, "low-income households," "very low-income households," and "affordable housing" shall have the meanings set forth in Section 3 of the Illinois Affordable Housing Act, 310 ILCS 65/3. As of the date of this Plan, these statutory terms are defined as follows: (i) "low-income household" means a single person, family or unrelated persons living together whose adjusted income is more than 50 percent but less than 80 percent of the median income of the area of residence, adjusted for family size, as such adjusted income and median income are determined from time to time by the United States Department of Housing and Urban Development ("HUD") for purposes of Section 8 of the United States Housing Act of 1937; (ii) "very low-income household" means a single person, family or unrelated persons living together whose adjusted income is not more than 50 percent of the median income of the area of residence, adjusted for family size, as so determined by HUD; and (iii) "affordable housing" means residential housing that, so long as the same is occupied by low-income households or very low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than 30 percent of the maximum allowable income for such households, as applicable.

Financial Impact on Taxing Districts

The Act requires an assessment of any financial impact of the Project Area on, or any increased demand for services from, and any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the Project Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

Analysis, Professional Services and Administrative Activities

The City may undertake or engage professional consultants, engineers, architects, attorneys, and others to conduct various analyses, studies, administrative or legal services to establish, implement, and manage the Plan.

Provision of Public Improvements and Facilities

Adequate public improvements and facilities may be provided to service the Project Area. Public improvements and facilities may include, but are not limited to, street closures to facilitate assembly of development sites, upgrading streets including reconstruction of streets in order to reestablish the original street grid pattern, development of parks and recreational facilities, signalization improvements, provision of streetscape amenities, parking improvements, utility improvements and the provision of daycare facilities designed to meet the needs of the community.

Financing Costs Pursuant to the Act

Interest on any obligations issued under the Act accruing during the estimated period of construction of the redevelopment project and other financing costs may be paid from the incremental tax revenues pursuant to the provisions of the Act.

Interest Costs Pursuant to the Act

Pursuant to the Act, the City may allocate a portion of the incremental tax revenues to pay or reimburse developers for interest costs incurred in connection with redevelopment activities in order to enhance the redevelopment potential of the Project Area.

Construction of New Low-Income Housing Pursuant to the Act

Pursuant to the Act, the City may pay from incremental tax revenues up to 50% of the cost of construction of new housing units to be occupied by low-income and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the City under the Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from incremental tax revenues or the proceeds of bonds issued to finance the construction of that housing.

6. REDEVELOPMENT PROJECT DESCRIPTION

The Plan seeks to address the obsolete pattern of land use and street system incongruities resulting from the development of the Chicago Housing Authority (CHA) Stateway Gardens housing project. The Plan seeks to encourage redevelopment of the Stateway Gardens public housing site into a mixed-income community with appropriate neighborhood commercial, employment centers and community uses. The construction of new infrastructure, including re-establishing a neighborhood street grid and the enhancement of major thoroughfare rights-of-way is seen as an essential part of needed redevelopment.

The Plan also seeks to expand employment opportunities for residents of the Project Area through the development of research and development facilities or other institutional and commercial uses to be located within the IIT portion of the Project Area.

The Plan recognizes that new investment in residential and commercial property is needed to improve the Project Area. Attracting new private investment will require the redevelopment of existing properties and the rehabilitation of certain other properties. Proposals for infrastructure improvements will stress projects that serve and benefit the surrounding residential, commercial and institutional uses. A comprehensive program of aesthetic enhancements will include streetscape improvements and aesthetically compatible new development. The components will create the quality environment required to sustain the revitalization of the Project Area. The major physical improvement elements anticipated as a result of implementing the proposed Plan are outlined below.

Residential Redevelopment

Residential redevelopment is proposed for majority of the Project Area. Residential building types may include single-family, townhouses, and multi-family units including mid-rise buildings. Neighborhood open space and community facilities may be incorporated into the overall residential development pattern as appropriate.

Commercial Development

The Plan recognizes that attractive new commercial development will help promote investment in residential property and serve the people who live in this community. The Plan seeks to promote new commercial development along 35th Street and State Street as part of a mixed-use environment. Commercial uses may also be considered along Pershing Road as a component of residential mixed-use buildings. As described above, IIT intends to work to convert underutilized portions of its campus located within the Project Area into productive commercial and institutional uses such as research and development facilities that would provide training and employment opportunities to new residents within the Project Area and CHA residents.

Community and Institutional Facilities

A daycare center is planned to support the residential and commercial uses within the Project Area. Several park facilities are expected to be incorporated into the design of the Stateway Gardens portion of the Project Area. Improvements to the Crispus Attucks School, which is in

the Project Area, or other educational facilities that serve the Project Area may also be undertaken under the Plan.

Public Improvements

Improvements to public infrastructure and facilities are needed to complement and attract private sector investment. Infrastructure improvements may include:

- Construction and dedication of new streets to provide adequate access to individual properties;
- New water and sewer infrastructure;
- New street lighting;
- New landscaping in compliance with the City of Chicago Landscape ordinance;
- New parks and recreation areas;
- Improvement of other public facilities that meet the needs of the community;
- New pedestrian-friendly streets and walkways;
- Streetscape enhancements along 35th Street;
- Improvements to the viaducts providing access to the Project Area; and
- New Metra station at 35th Street.

7. GENERAL LAND USE PLAN AND MAP

Figure 5. Land Use Plan (see Appendix A), identifies land use policies to be pursued in the implementation of the Plan. The land use categories planned for the Project Area are: 1) residential; 2) residential/commercial/community mixed use; 3) institutional/commercial mixed-use; and 4) public use. The *Land Use Plan* allows for a prudent level of flexibility in land use policy to respond to future market forces. This is accomplished through the mixed-use land use category. The "residential/commercial/community" category allows for residential, commercial and community-oriented public and private institutional uses. The "institutional/commercial mixed-use" land use category is designed to accommodate the proposed IIT biomedical research and development complex and other appropriate commercial and institutional uses. The "public" land use category is limited to governmental uses and facilities, including schools, parks, libraries and public service facilities. The *Land Use Plan* is intended to serve as a guide for future land use improvements and developments within the Project Area.

The land uses proposed for the Project Area are consistent with the redevelopment goals of this Plan and are generally consistent with existing zoning.

The *Land Use Plan* is intended to serve as a broad guide for land use and redevelopment policy. The plan is general in nature to allow adequate flexibility to respond to shifts in the market and private investment. A more specific discussion of the proposed uses within the Project Area is outlined below.

Residential

Residential use is proposed for most of the Project Area. This will primarily take the form of single-family and multi-family development, including townhouses and mid-rise residential buildings. Open space and neighborhood-oriented community facilities are also allowable uses within the residential land use category.

Residential/Commercial/Community Mixed-Use

This land use designation applies to portions of the Project Area where supportive commercial and community uses such as a day care center and educational facilities will be incorporated into the planned residential neighborhood. Commercial uses may be located along the 35th Street, State Street and Pershing Road frontages.

Institutional/Commercial Mixed-Use

This land use designation has been applied to portions of the Project Area that are part of the IIT campus. It is intended to accommodate IIT facilities and other public and institutional uses, as well as for-profit research and development facilities and office uses.

Public/Community Facility

This land use category is limited to the planned public park along State Street. Other public and institutional uses will be accommodated within the other land use designations.

Transportation

This land use category has been applied to the portions of the Project Area that contain the Dan Ryan Expressway and railroad rights-of-way. New development under this category could include construction of a new Metra commuter rail station at 35th Street.

These land use strategies are intended to direct development toward the most appropriate land use pattern for the various portions of the Project Area and enhance the overall development of the Project Area in accordance with the goals and objectives of the Plan. Locations of specific uses, or public infrastructure improvements, may vary from the *Land Use Plan* as a result of more detailed planning and site design activities. Such variations are permitted without amendment to the Plan as long as they are consistent with the Plan's goals and objectives and the land uses and zoning approved by the Chicago Plan Commission.

8. REDEVELOPMENT PLAN FINANCING

Tax increment financing is an economic development tool designed to facilitate the redevelopment of blighted areas and to arrest decline in areas that may become blighted without public intervention. It is expected that tax increment financing will be an important means, although not necessarily the only means, of financing improvements and providing development incentives in the Project Area throughout its 23-year life.

Tax increment financing can only be used when private investment would not reasonably be expected to occur without public assistance. The Act sets forth the range of public assistance that may be provided.

It is anticipated that expenditures for redevelopment project costs will be carefully staged in a reasonable and proportional basis to coincide with expenditures for redevelopment by private developers and the projected availability of tax increment revenues.

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

In the event the Act is amended after the date of the approval of this Plan by the City Council of Chicago to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/11-74.4-3(q)(11)), this Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as Redevelopment Project Costs under the Plan, to the extent permitted by the Act. In the event of such amendment(s) to the Act, the City may add any new eligible redevelopment project costs as a line item in Table 2 or otherwise adjust the line items in Table 2 without amendment to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total Redevelopment Project Costs without a further amendment to this Plan.

Eligible Redevelopment Project Costs

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

1. Costs of studies and surveys, development of plans and specifications, implementation and administration of the Plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided however, that no charges for professional services may be based on a percentage of the tax increment collected;
- ~~2. The cost of marketing sites within the Project Area to prospective businesses, developers and investors;~~

3. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
4. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings, fixtures and leasehold improvements; and the cost of replacing an existing public building, if pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
5. Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
6. Costs of job training and retraining projects including the cost of "welfare-to-work" programs implemented by businesses located within the Project Area and such proposals featuring a community-based training program which ensures maximum reasonable employment opportunities for residents of the Project Area with particular attention to the needs of those residents who have previously experienced inadequate opportunities and development of job-related skills, including residents of public and other subsidized housing and people with disabilities.
7. Financing costs, including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and, which may include payment of interest on any obligations issued thereunder, including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
8. To the extent the City, by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.
9. Relocation costs, to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by state or federal law or in accordance with the requirements of Section 74.4-3(n)(7) of the Act (see "Relocation" section);
10. Payment in lieu of taxes, as defined in the Act;
11. Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs: (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to

be employed by employers located in the Project Area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a.

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

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

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

Estimated Project Costs

A range of activities and improvements may be required to implement the Plan. The proposed eligible activities and their estimated costs over the life of the Project Area are briefly described below and shown in *Table 2. Estimated Redevelopment Project Costs.*

1. Professional services including planning studies, legal, surveys, real estate marketing costs, fees and other costs related to the implementation and administration of the Plan. This budget element provides for studies and survey costs for planning and implementation of the project, including planning and legal fees, architectural and engineering, development site marketing, financial and special service costs. *(Estimated cost: \$3,000,000)*
2. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, and other appropriate and eligible costs needed to prepare the property for redevelopment. These costs may include the reimbursement of acquisition costs incurred by private developers. Land acquisition may include acquisition of both improved and vacant property in order to create development sites, accommodate public rights-of-way or to provide other public facilities needed to achieve the goals and objectives of the Plan. Property assembly costs also include: demolition of existing improvements, including clearance of blighted properties or clearance required to prepare sites for new development, site preparation, including grading, and other appropriate and eligible site activities needed to facilitate new construction, and environmental remediation costs associated with property assembly which are required to render the property suitable for redevelopment. *(Estimated cost: \$10,000,000)*
3. Rehabilitation, reconstruction, repair or remodeling of existing public or private buildings and fixtures; and up to 50% of the cost of construction of low-income and very low-income housing units. *(Estimated cost: \$10,000,000)*
4. Construction of public improvements, infrastructure and facilities. These improvements are intended to improve access within the Project Area, stimulate private investment and address other identified public improvement needs, and may include all or a portion of a taxing district's eligible costs, including increased costs of the Chicago Public Schools attributable to assisted housing units within the Project Area in accordance with the requirements of the Act. *(Estimated cost: \$15,000,000)*

5. Relocation costs, as judged by the City to be appropriate or required to further implementation of the Plan. *(Estimated cost: \$1,000,000)*
6. Costs of job training and retraining projects, advanced vocational education or career education, as provided for in the Act. *(Estimated cost: \$4,000,000)*
7. Interest subsidy associated with redevelopment projects, pursuant to the provisions of the Act. *(Estimated cost: \$5,000,000)*
8. Provision of day care services as provided in the Act. *(Estimated cost: \$2,000,000)*

The estimated gross eligible project cost over the life of the Project Area is approximately \$50 million. All project cost estimates are in 2003 dollars. Any bonds issued to finance portions of the redevelopment project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with issuance of such obligations, as well as to provide for capitalized interest and reasonably required reserves. The total project cost figure excludes any costs for the issuance of bonds. Adjustments to estimated line items, which are upper estimates for these costs, are expected and may be made without amendment to the Plan.

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

Table 2
ESTIMATED REDEVELOPMENT PROJECT COSTS

Eligible Expense	Estimated Cost
1. Analysis, Administration, Studies, Surveys, Legal, Marketing, etc.	\$3,000,000
2. Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	\$10,000,000
3. Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation Cost	\$10,000,000
4. Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) ^[1]	\$15,000,000
5. Relocation Costs	\$1,000,000
6. Job Training, Retraining, Welfare-to-Work	\$4,000,000
7. Interest Subsidy	\$5,000,000
8. Day Care Services	\$2,000,000
TOTAL REDEVELOPMENT COSTS ^{[2][3]}	\$50,000,000 ^[4]

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

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

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

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

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

Sources of Funds

The funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs, are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing, and other legally permissible funds as the City may deem appropriate. The City may incur redevelopment project costs (costs for line items listed on *Table 2, Estimated Redevelopment Project Costs*) which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed for such costs from incremental taxes. Also, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

Additionally, the City may utilize revenues, other than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received.

As shown in *Figure 6, Adjacent TIF Districts*, the Project Area is contiguous to the Bronzeville Redevelopment Project Area on the east and south, and the 35th and Wallace Redevelopment Project Area on the west. The Stockyards Annex Redevelopment Project Area is located immediately southwest of the Project Area, separated only by public rights-of-way.

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

The Project Area may become contiguous to, or be separated only by a public right-of-way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.61-1 *et seq.*). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas, or those separated only by a public right-of-way, are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and the furtherance of the purposes of the Plan that net revenues from the Project Area be made available to support any such redevelopment project areas and vice versa. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas, and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible redevelopment project costs within the Project Area, or other areas described in the preceding paragraph, shall not at any time

exceed the total redevelopment project costs described in *Table 2, Estimated Redevelopment Project Costs*.

Development of the Project Area would not be reasonably expected to occur without the use of the incremental revenues provided by the Act. Redevelopment project costs include those eligible project costs set forth in the Act. Tax increment financing or other public sources will be used only to the extent needed to secure commitments for private redevelopment activity.

Nature and Term of Obligations to be Issued

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

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., assuming City Council approval of the Project Area and Plan in 2003, by 2027). Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Plan. Obligations may be issued on a parity or subordinated basis.

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

Most Recent Equalized Assessed Valuation

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Project Area is to provide an estimate of the initial EAV, which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The 2002 EAV of all taxable parcels within the Project Area is \$3,722,416. This total EAV amount by Parcel Identification Number (PIN) is summarized in *Appendix D*. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by Cook County.

Anticipated Equalized Assessed Valuation

By the tax year 2026 (collection year 2027) and following the substantial completion of 35th/State Redevelopment Project, the EAV of the Project Area is estimated to range between approximately \$40 million and \$42 million. The estimated range is based on several key assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2) approximately 880 new residential units will be constructed in the Project Area, including approximately 1/3 CHA units, 1/3 market-rate for sale units, and 1/3 affordable units (both rental and for-sale); 3) Stateway Gardens development will occur over multiple phases and be completed and occupied by May 2009; 4) approximately 27,500 square feet of new commercial space will be constructed in the Project Area and occupied by May 2009; 5) approximately 100,000 square feet of additional taxable commercial and research space in the IIT portion of the Project Area will be developed and occupied by the end of 2008; 6) an estimated annual inflation rate in EAV of 2.0 percent through 2026, realized in triennial reassessment years only (6.12 percent per triennial reassessment period); 7) the five-year average state equalization factor of 2.2225 (tax years 1998 through 2002) is used in all years to calculate estimated EAV; and 8) the land associated with for-sale units will be taxable whereas the land associated with CHA units will be completely tax-exempt.

Financial Impact on Taxing Districts

The Act requires an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the Project Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

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

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

Chicago Park District: The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs.

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

Board of Education of the City of Chicago: General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade.

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

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

Cook County Forest Preserve District: The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public.

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

The proposed revitalization of the Project Area would be expected to create moderate demands on public services. The development of new residential property on vacant and deteriorated land could increase the demand for school services as well as parks and other population-based services.

Within the land use designations on the *Land Use Plan* that allow for residential use, 880 new dwelling units are planned. Total population is estimated to increase substantially from the 561 current residents. The number of school age children is also likely to increase as a result of residential redevelopment from a current population of 293 residents under the age of 18. An estimated 343 children under the age of 18 could reside in the Project Area when redevelopment is completed. This estimate was derived by applying the average number of children per household in the three adjacent census tracts, based on 2000 U.S. Census data, to the 582 residential dwelling units that are expected to accommodate households with children.

The demand for water and sewer services would increase as well. Proposed commercial development would not increase the demand for population-based services, but would increase demand for water and sewer services and similar types of infrastructure, including the Metropolitan Water Reclamation District.

Redevelopment of the Project Area may result in changes to the level of required public services. The required level of these public services will depend upon the uses that are ultimately included within the Project Area. Although the specific nature and timing of the private investment expected to be attracted to the Project Area cannot be precisely quantified at this time, a general assessment of financial impact can be made based upon the level of development and timing anticipated by the proposed Plan.

When completed, developments in the Project Area will generate property tax revenues for all taxing districts. Other revenues may also accrue to the City in the form of sales tax, business fees and licenses, and utility user fees. ~~The costs of some services such as water and sewer service,~~ building inspections, etc. are typically covered by user charges. However, others are not and

should be subtracted from the estimate of property tax revenues to assess the net financial impact of the Plan on the affected taxing districts.

For the taxing districts levying taxes on property within the Project Area, increased service demands are expected to be negligible because they are already serving the Project Area. Upon completion of the Plan, all taxing districts are expected to share the benefits of a substantially improved tax base. However, prior to the completion of the Plan, certain taxing districts may experience an increased demand for services.

It is expected that most of the increases in demand for the services and programs of the aforementioned taxing districts, associated with the Project Area, can be adequately handled by the existing services and programs maintained by these taxing districts. However, \$15 million has been allocated within the Project Budget to public improvements, including "taxing district capital costs" to address potential demands associated with implementing the Plan.

Real estate tax revenues resulting from increases in the EAV, over and above the Certified Initial EAV established with the adoption of the Plan, will be used to pay eligible redevelopment costs in the Project Area. Following termination of the Project Area, the real estate tax revenues, attributable to the increase in the EAV over the Certified Initial EAV, will be distributed to all taxing districts levying taxes against property located in the Project Area. Successful implementation of the Plan is expected to result in new development and private investment on a scale sufficient to overcome blighted conditions and substantially improve the long-term economic value of the Project Area.

Completion of the Redevelopment Project and Retirement of Obligations to Finance Redevelopment Project Costs

The Plan will be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31st of the year in which the payment to the City Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Plan is adopted (assuming adoption in 2003, by December 31, 2027).

9. HOUSING IMPACT STUDY

A Housing Impact Study has been conducted for the Project Area to determine the potential impact of redevelopment on area residents. As set forth in the Act, if the redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and the City is unable to certify that no displacement of residents will occur, the municipality shall prepare a housing impact study and incorporate the study as part of the separate feasibility report required by the Act and in the redevelopment project plan. As of April 25, 2003, the Project Area contained 191 inhabited residential units. The Plan provides for the redevelopment of portions of the Project Area that contain occupied residential units. As a result, implementation of this Plan will result in the displacement of residents from 10 or more inhabited residential units. Therefore, a housing impact study is required. The Housing Impact Study, set forth in this *Section 9* presents certain factual information required by the Act and fulfills the Act's housing impact study requirement. It is also integral to the formulation of the goals, objectives, and policies of the Plan.

This Housing Impact Study is organized into two parts. Part I describes the housing survey conducted within the Project Area to determine existing housing characteristics. Part II describes the potential impact of the Plan. Specific elements of the Housing Impact Study include:

Part I - Housing Survey

- i. Type of residential unit, either single-family or multi-family.
- ii. The number and type of rooms within the units, if that information is available.
- iii. Whether the units are inhabited or uninhabited, as determined not less than 45 days before the date that the ordinance or resolution required by subsection (a) of Section 11-74.4-5 of the Act is passed.
- iv. Data as to the racial and ethnic composition of the residents in the inhabited residential units, which shall be deemed to be fully satisfied if based on data from the most recent federal census.

Part II - Potential Housing Impact

- i. The number and location of those units that will be or may be removed.
- ii. The municipality's plans for relocation assistance for those residents in the proposed redevelopment project area whose residencies are to be removed.
- iii. The availability of replacement housing for those residents whose residences are to be removed, and the identification of the type, location and cost of the replacement housing.
- iv. The type and extent of relocation assistance to be provided.

PART I - HOUSING SURVEY

Part I of this study provides, as required by the Act, the number, type and size of residential units within the Project Area, the number of inhabited and uninhabited units, and the racial and ethnic composition of the residents in the inhabited residential units.

Number and Type of Residential Units

The number and type of residential units within the Project Area were identified during the building condition and land use survey conducted as part of the eligibility analysis for the area. This survey, completed on April 25, 2003, revealed that the Project Area contains two residential buildings containing a total of 362 units. The number of residential units by building type is outlined in *Table 3, Number and Type of Residential Units*.

Table 3
NUMBER AND TYPE OF RESIDENTIAL UNITS

Building Type	Total Number of Buildings	Total Number of Units
Single-Family	0	0
Multi-Family (1)	2	362 (2)
Total	2	362

Source: Chicago Housing Authority and ERS Enterprises

(1) 3616-18 S. State is a 10-story residential that contains 132 units. 3651-53 S. Federal St is a 17-story residential building that contains 230 units.

(2) Of the 362 units in the two buildings 12 (3.32%) have been converted to non-dwelling uses.

Number and Type of Rooms in Residential Units

The distribution of the 362 residential units within the Project Area by the number of bedrooms is identified in *Table 4, Units by Number of Bedrooms*.

Table 4
UNITS BY NUMBER OF BEDROOMS¹

Number of Bedrooms	Number of Units	% of Total
Studio	0	0.0%
1 Bedroom	50	13.8%
2 Bedroom	150	42.5%
3 Bedroom	154	41.4%
4 Bedroom	4	1.1%
5+ Bedroom	4	1.1%
TOTAL	362	100.00%

Source: Chicago Housing Authority

¹ As defined by the Census Bureau, number of bedrooms includes all rooms intended for use as bedrooms even if they are currently used for some other purpose. A housing unit consisting of only one room, such as a one-room efficiency apartment, is classified, by definition, as having no bedroom.

Number of Inhabited Units

A review of data provided by the CHA of inhabited dwelling units within the Project Area was conducted by Ernest R. Sawyer Enterprises, Inc. This analysis identified 362 residential units, of which 159 (43.9%) were identified as vacant and 12 (3.32%) were identified as being converted to non-residential uses. Therefore, there are 191 total inhabited units within the Project Area. As required by the Act, this information was ascertained as of April 25, 2003, which is a date not less than 45 days prior to the date that the resolution required by subsection (a) of Section 11-74.4-5 of the Act is or will be passed (the resolution setting the public hearing and Joint Review Board meeting dates).

Race and Ethnicity of Residents

The racial and ethnic composition of the residents within the Project Area is identified in *Table 5, Race, Ethnicity, Age, and Gender Characteristics*, within this section. The racial and ethnic composition of the residents in the inhabited residential units was determined by using demographic information which was provided by the Chicago Housing Authority.

Table 5
RACE, ETHNICITY, AGE, AND GENDER CHARACTERISTICS

<i>Race</i>	TOTAL	% of Total
White	0	0.0%
Hispanic	0	0.0%
African-American	561	100.0%
American Indian & Alaska Native	0	0.0%
Pacific Islander	0	0.0%
Asian	0	0.0%
Other Race	0	0.0%
TOTAL	561	100.0%

Source: Chicago Housing Authority

Hispanic Origin	TOTAL	% of Total
Hispanic	0	0.0%
Non-Hispanic	561	100.0%
TOTAL	561	100.0%

Source: Chicago Housing Authority

Age Range	Male	Female	TOTAL	% of Total
0-4 years	22	19	41	7.3%
5-13 years	82	81	163	29.0%
14-16 years	30	26	56	10.0%
17-18 years	15	18	33	5.9%
19+ years	67	201	268	47.8%
TOTAL	216	345	561	100.0%

Source: Chicago Housing Authority

PART II - POTENTIAL HOUSING IMPACT

Part II of this study contains, as required by the Act, information on any acquisition, relocation program, along with replacement housing and relocation assistance.

Number and Location of Units That May Be Removed

The primary objectives of the Plan are to redevelop vacant land and correct obsolete land use patterns through redevelopment, including replacement of existing CHA housing units. All of the 191 inhabited residential units are scheduled to be removed as this Plan is implemented. *Figure 7, Housing Impact Study Map (See Appendix A)*, identifies the 191 inhabited residential units that will be removed during the 23-year life of the 35th/State Redevelopment Project Area.

Plans For Relocation Assistance

The City's efforts will provide assistance not less than that which would be provided under the Federal Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

A copy of the Chicago Housing Authority's Leaseholder Housing Choice and Relocation Rights Contract is provided in *Appendix E*. The attached contract sets forth the rights and responsibilities of the Chicago Housing Authority, its agents, and the CHA Leaseholder regarding relocation either temporarily or permanently for a CHA unit and will be used to ensure that displaced residents are relocated in keeping with the intent of the Act.

Replacement Housing

In accordance with Section 11-74.4-3 (n)(7) of the Act, the City shall make a good faith effort to ensure that affordable replacement housing for any qualified displaced resident whose residence is removed is located in or near the Project Area. Newly constructed affordable replacement housing built as part of the 35th/State Redevelopment Project will constitute a part of such permanent replacement housing. If affordable replacement housing cannot be provided to a displaced resident within the Project Area, then the City will make a good faith effort to ensure that appropriate replacement housing will be found in either the Project Area or the surrounding community areas.

The location, type and cost of a sample of possible replacement housing units located within the surrounding community areas were determined through classified advertisements from the Multiple Listing Service of Northern Illinois, the Chicago Association of Realtors, the *Chicago Sun-Times*, *Chicago Tribune*, *Chicago Defender*, *Hyde Park Herald*, and *Lakefront Outlook*, and from Internet listings on Apartments.com and HomeStore.com during the first part of the month of April 2003. The results of this research are presented in *Table 6, Survey of Available Rental Housing Units*. It is important to note that Chicago has a rental cycle where apartments turn over at a greater rate on May 1 and October 1 of each year. These times would likely reflect a wider variety of rental rates, unit sizes and locations than those available at other times throughout the

year.

Table 6
SURVEY OF AVAILABLE RENTAL HOUSING UNITS

No.	Location	Distance from Area	Bedrooms	Rent	Amenities	Section 8 Accepted	Community Area
1	4335 S Greenwood	1 mile	1	\$675	Central Heat/Air	No	Kenwood
2	4711 S Greenwood	1.5 miles	1	\$550	Central Heat/Air	No	Kenwood
3	49 th and St. Lawrence	2.0 miles	3	\$975	Central Heat/Air	No	Grand Boulevard
4	4220 S Michigan	1.25 miles	2 to 3	\$750 - \$900	New Renovation	Yes	Grand Boulevard
5	4509 S Michigan	2.0 miles	3	\$1,200		Yes	Grand Boulevard
6	4026 S Calumet	1.25 miles	2	\$625		No	Grand Boulevard
7	5522 S Wells	2.5 miles	4	\$1,000 - \$1,500	Central Heat/Air	Yes	Grand Boulevard
8	4901 S Michigan	2.5 miles	2 to 3	\$750 - \$900		Yes	Grand Boulevard
9	3631 S King Drive	0.5 mile	2	\$850		No	Douglas
10	4724 S Vincennes	1.5 miles	1 to 2	\$800 - \$900	New Renovation	Yes	Grand Boulevard
11	44 th and Wells	1.5 miles	2	\$980	New Renovation	Yes	Grand Boulevard
12	817 E 47 th Place	2.5 miles	4	\$900		No	Grand Boulevard
13	40 th and Calumet	1.0 miles	2 to 3	\$750-\$850	Individual heat	Yes	Grand Boulevard
14	48 th and Prairie	1.5 miles	2 to 3	\$750-\$850		Yes	Grand Boulevard
15	5136 S King Drive	2.0 miles	3	\$1,200	Heat Included	Yes	Grand Boulevard
16	4841 S Evans	1.5 miles	2	\$650	New Renovation	Yes	Grand Boulevard
17	4423 S Indiana	1.5 miles	2	\$775	New Renovation	No	Grand Boulevard
18	4856 S Prairie	1.5 miles	5	\$1,500	New Renovation	Yes	Grand Boulevard
19	4420 S Calumet	1.5 miles	3	\$950	New Renovation	Yes	Grand Boulevard
20	3840 S King Drive	0.5 miles	1	\$675	New Renovation	Yes	Douglas
21	4110 S King Drive	.075 miles	2	\$700	Heat Included	No	Grand Boulevard
22	34 th and Giles	0.25 miles	1 to 2	\$550-\$900	New Renovation	Yes	Douglas
23	4329 S Indiana	1.25	4	\$1,400	Central Heat/Air	No	Grand Boulevard

Source: Chicago Sun-Times, Chicago Tribune, Chicago Defender, Lakefront Outlook, Hyde Park Herald, Apartments.com, and Homestorm.com

Relocation Assistance

If the removal or displacement of low-income, very low-income or very, very low-income households is required, such residents will be provided with relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations there under, including the eligibility criteria. The City shall make a good faith effort to ensure that affordable replacement housing for the aforementioned households is located in or near the Project Area.

As used in the above paragraph, "low-income households," "very low-income households," "very, very low-income households" and "affordable housing" have the meanings set forth in Section 3 of the Illinois Affordable Housing Act, 310 ILCS 65/3. These statutory terms have the following meanings:

- a. "low-income households" means a single-person, family or unrelated persons living together whose adjusted income is more than 50 percent but less than 80 percent of the median income of the area of residence, adjusted for family size, as such adjusted income and median income are determined from time to time by the United States Department of Housing and Urban Development (HUD) for purposes of Section 8 of the United States Housing Act of 1937;
- b. "very low-income households" means a single-person, family or unrelated persons living together whose adjusted income is not more than 50 percent of the median income of the area of residence, adjusted for family size, as so determined by HUD;
- c. "very, very low-income households" means a single-person, family or unrelated persons living together whose adjusted income is not more than 30 percent of the median income of the area of residence, adjusted for family size, as so determined by HUD; and
- d. "affordable housing" means residential housing that, so long as the same is occupied by low-income households or very low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than 30 percent of the maximum allowable income for such households, as applicable.

In order to estimate the number of moderate-, low-, very low- and very, very low-income households within the Project Area, ERS obtained demographic information from the Chicago Housing Authority. Based on the available information from the Chicago Housing Authority and the Income limits provided by Housing and Urban Development Agency (HUD) and the Illinois Housing Development Authority (IHDA). It is estimated that 100% of the households within the Project Area can be classified as very, very low-income. This information is summarized in *Table 7, Household Income*.

Table 7
HOUSEHOLD INCOME

Income Category	Annual Income Range	% of Households	Number of Households
Very, Very, Low-Income	\$0-\$15,850	100%	191
Very Low Income	\$15,851 - \$26,400	0.0%	0
Low-Income	\$26,401 - \$39,550	0.0%	0
Moderate-Income	\$39,551 - \$52,800	0.0%	0
Above Moderate-Income	\$52,801 or above	0.0%	0
TOTAL		100.0%	191

Source: HUD, IHDA, and CHA.

As described above, the estimates of the total number of moderate-, low-, very low- and very, very low-income households within the Project Area collectively represent 100% of the total inhabited units, and the number of households in the low-income categories collectively represent 100% of the total inhabited units. Therefore, replacement housing for any displaced households over the course of the 23-year life of the 35th/State Redevelopment Project Area should be affordable at these income levels. It should be noted that these income levels are likely to change over the 23-year life of the Project Area as both median income and income levels within the Project Area change.

10. PROVISIONS FOR AMENDING THE PLAN

The Plan may be amended pursuant to the provisions of the Act.

11. CITY OF CHICAGO COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION

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

1. The assurance of equal opportunity in all personnel and employment actions, with respect to the Redevelopment Project, including but not limited to: hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, or housing status.
2. Redevelopers must meet the City of Chicago's standards for participation of 25 percent Minority Business Enterprises and 5 percent Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.
3. This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
4. Redevelopers will meet City standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

APPENDIX A
35TH/STATE
REDEVELOPMENT PROJECT AREA
FIGURES 1-7 and TABLE 8

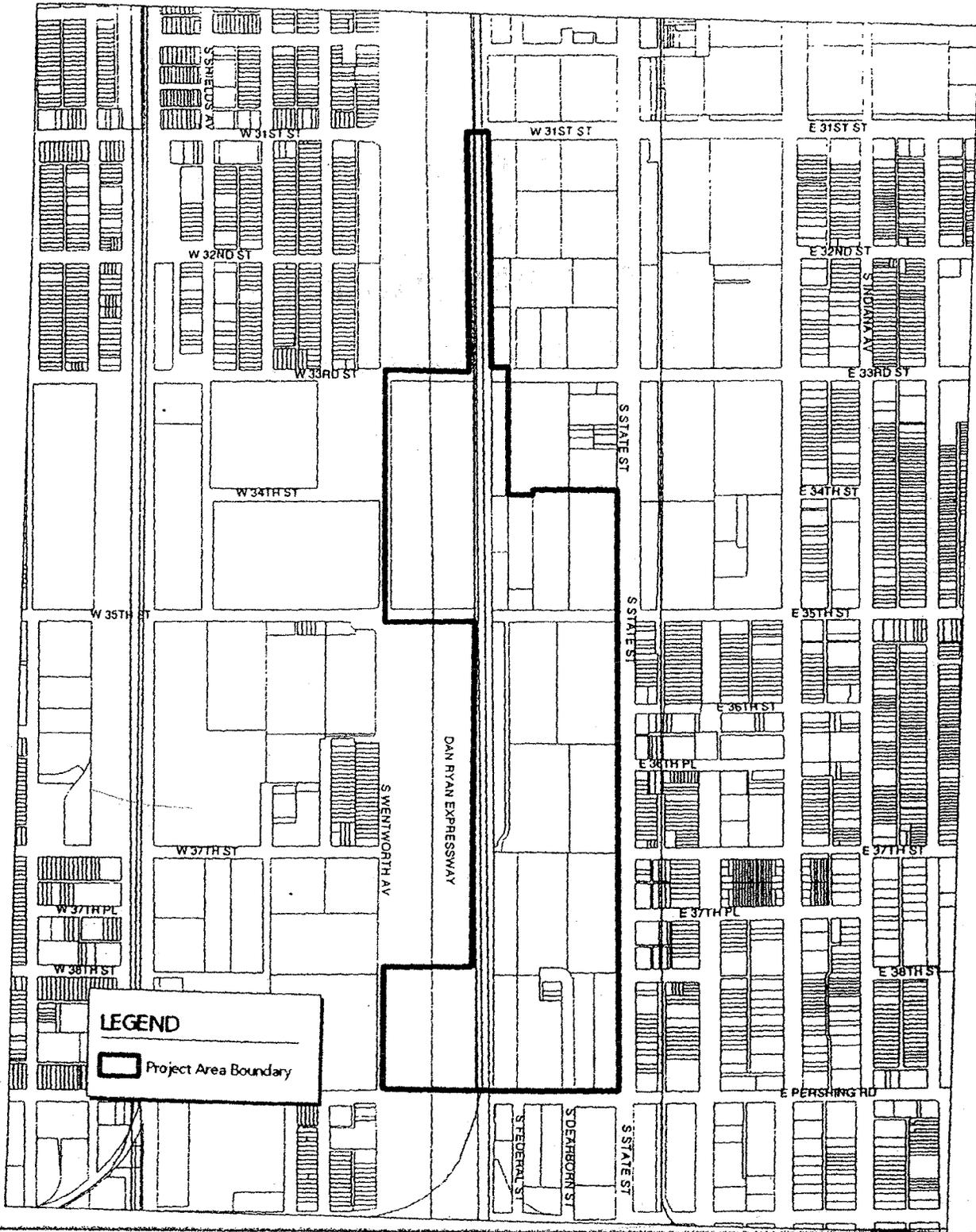
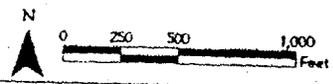


FIGURE 1
35th/STATE REDEVELOPMENT PROJECT AREA
 BOUNDARY MAP



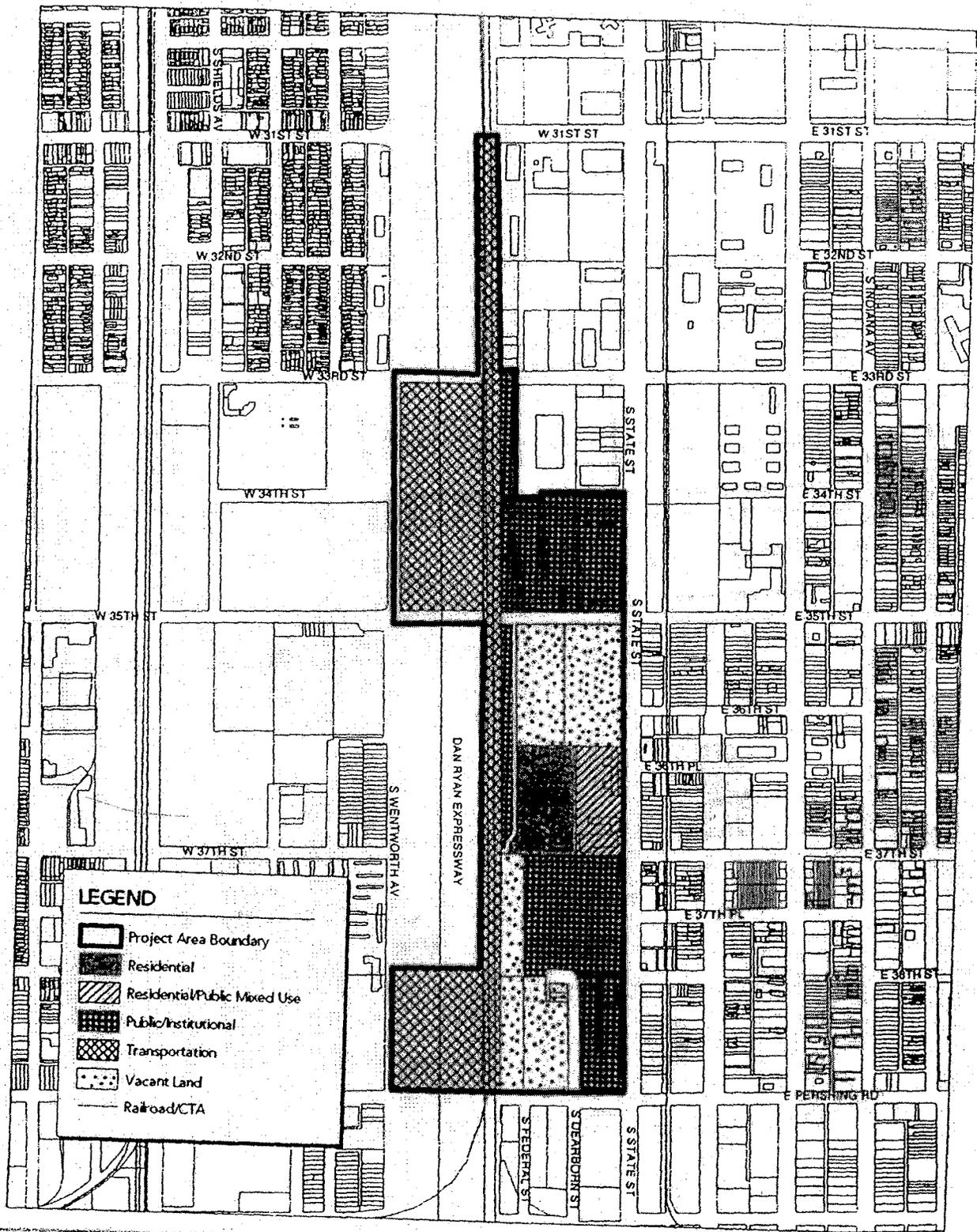
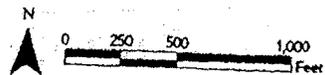


FIGURE 2
35th/STATE REDEVELOPMENT PROJECT AREA
 EXISTING LAND USE



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 MAY 2003

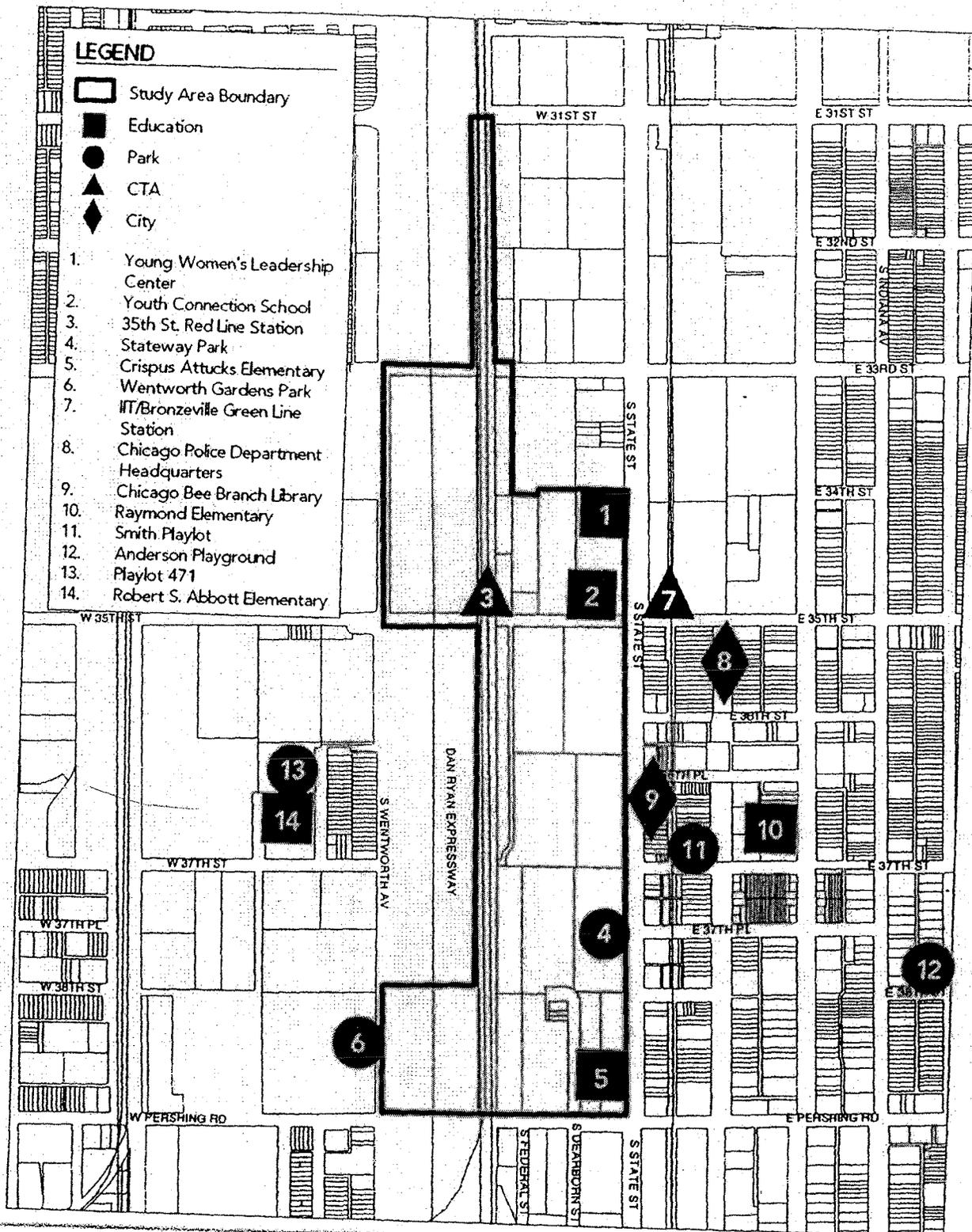
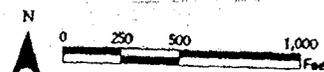


FIGURE 3
35th/STATE REDEVELOPMENT PROJECT AREA
 COMMUNITY FACILITIES



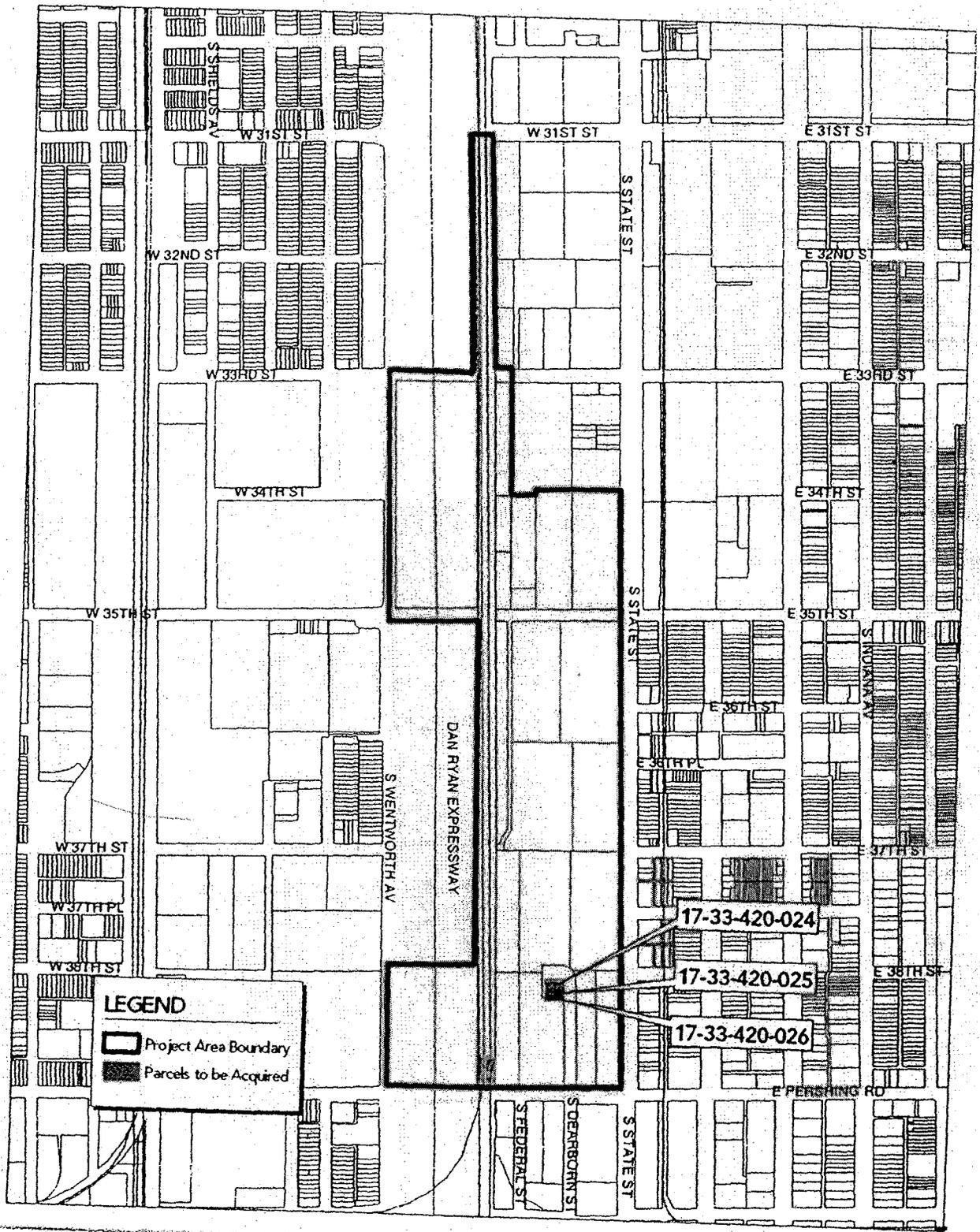


FIGURE 4
35th/STATE REDEVELOPMENT PROJECT AREA
 ACQUISITION MAP

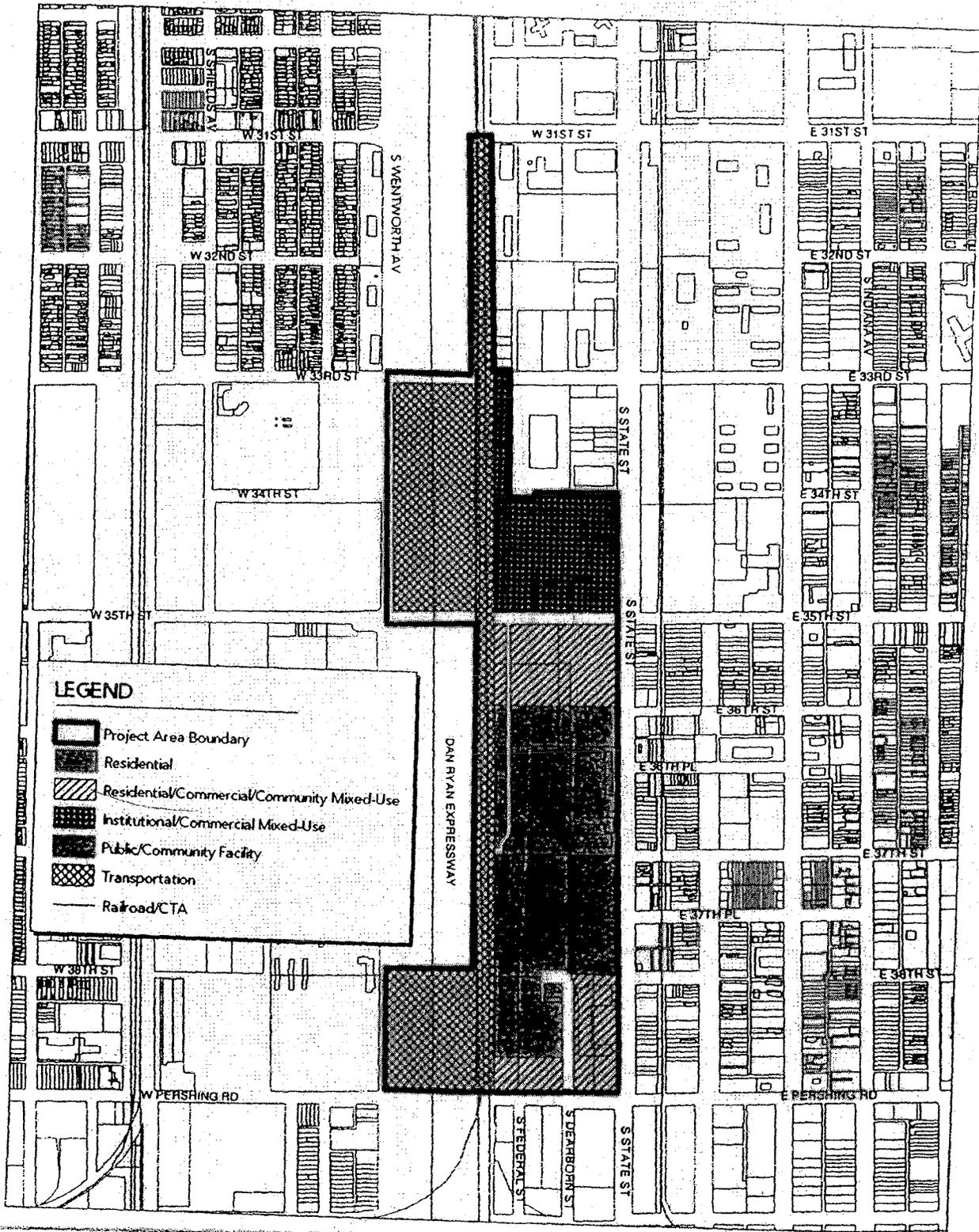
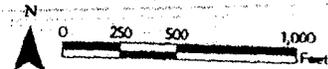


FIGURE 5
35th/STATE REDEVELOPMENT PROJECT AREA
 LAND USE PLAN



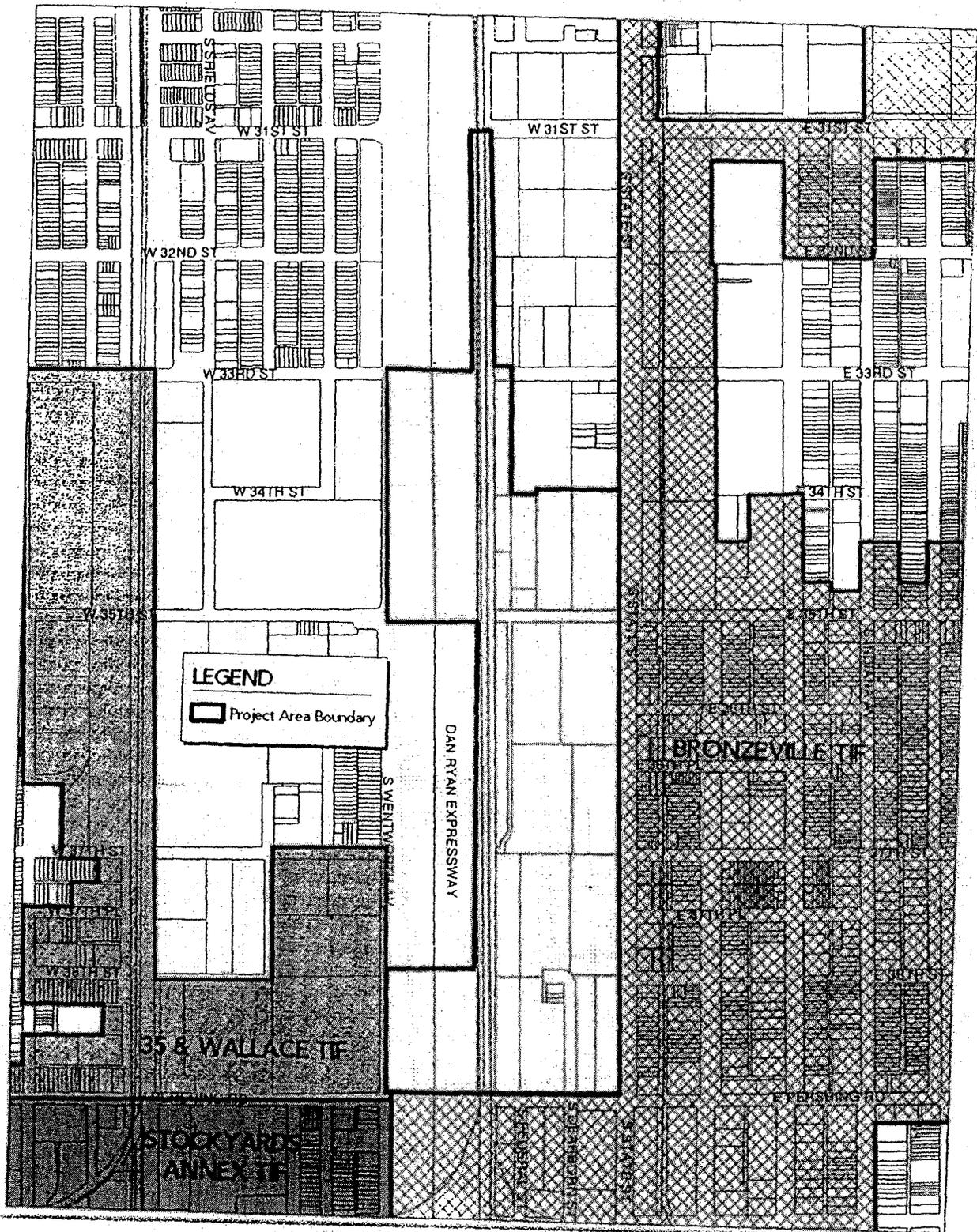
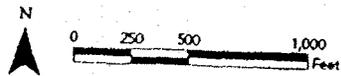


FIGURE 6
35th/STATE REDEVELOPMENT PROJECT AREA
 ADJACENT TIF DISTRICTS



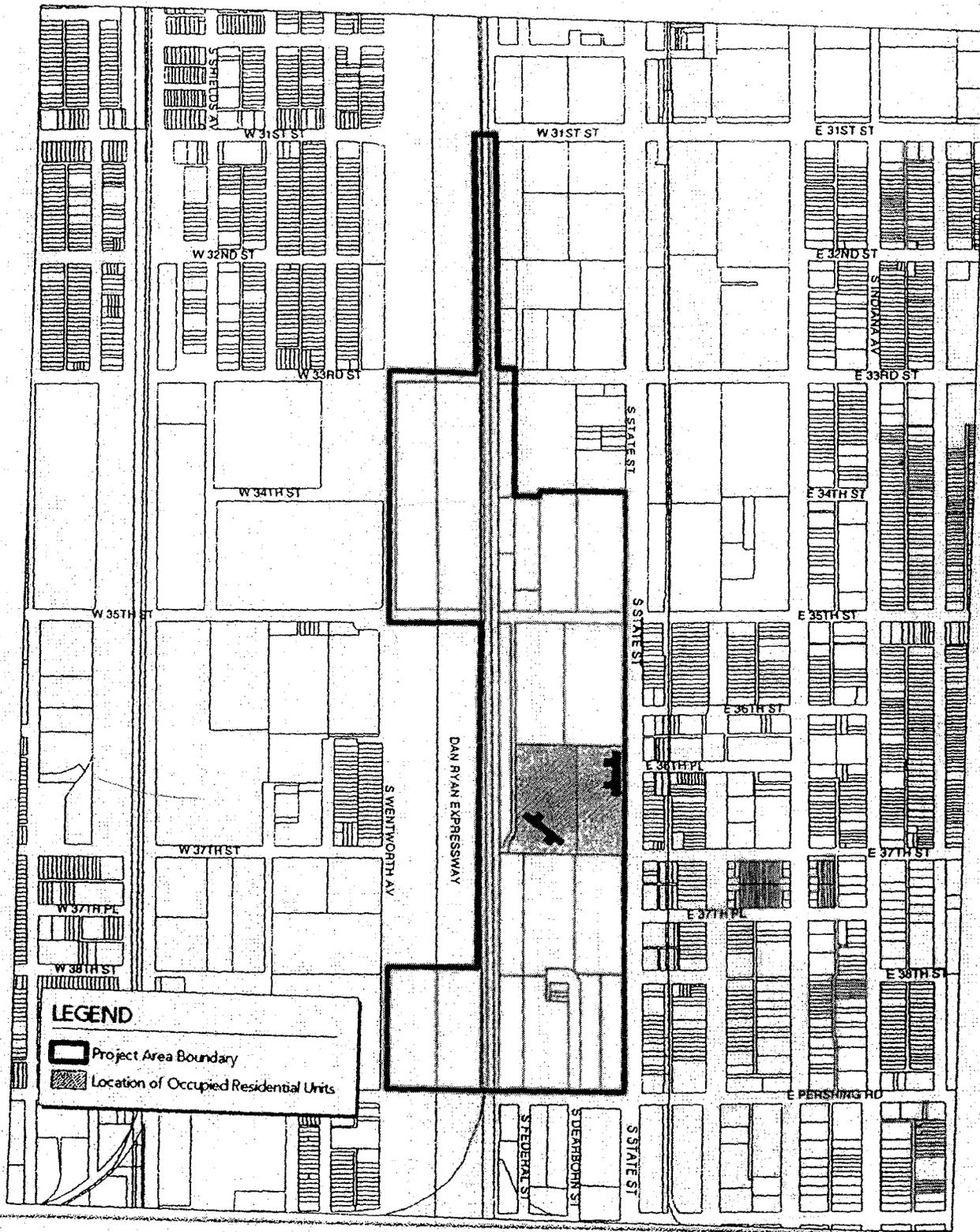
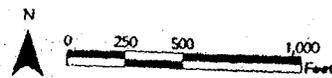


FIGURE 7
35th/STATE REDEVELOPMENT PROJECT AREA
 HOUSING IMPACT STUDY MAP



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 MAY 2003

Table 8

LAND ACQUISITION BY PARCEL IDENTIFICATION NUMBER AND ADDRESS

The following list of parcels represents those parcels identified for acquisition on the Acquisition Map of this Plan.

Properties to Be Acquired Under this Plan

PIN NUMBER	STREET ADDRESS	CITY	STATE	ZIP CODE
17-33-420-024	3800 South Dearborn Street	CHICAGO	IL	60609
17-33-420-025	3804 South Dearborn Street	CHICAGO	IL	60609
17-33-420-026	3806 South Dearborn Street	CHICAGO	IL	60609

APPENDIX B
35TH/STATE
REDEVELOPMENT AND PROJECT AREA

LEGAL DESCRIPTION

ALL THAT PART OF THE EAST HALF OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF WEST PERSHING ROAD WITH THE WEST LINE OF SOUTH STATE STREET;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH STATE STREET TO THE NORTH LINE OF HERETOFORE VACATED 34TH STREET;

THENCE WEST ALONG SAID NORTH LINE OF HERETOFORE VACATED 34TH STREET TO THE NORTHERLY EXTENSION OF THE EAST LINE OF LOT 26 IN HANNA BUSBY'S SUBDIVISION OF PART OF THE SOUTHWEST QUARTER OF BLOCK 16 IN THE CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTHERLY EXTENSION BEING ALSO THE EAST LINE OF THAT PART OF HERETOFORE VACATED 34TH STREET BEARING PIN 17-33-221-003;

THENCE SOUTH ALONG SAID EAST LINE OF THAT PART OF HERETOFORE VACATED 34TH STREET BEARING PIN 17-33-221-003 TO THE CENTER LINE OF SAID VACATED 34TH STREET, SAID CENTER LINE OF VACATED 34TH STREET BEING ALSO THE SOUTH LINE OF THE PARCEL OF PROPERTY BEARING PIN 17-33-221-003;

THENCE WEST ALONG SAID SOUTH LINE OF THE PARCEL OF PROPERTY BEARING PIN 17-33-221-003 TO THE WEST LINE OF THE EAST 22.50 FEET OF VACATED FEDERAL STREET (FORMERLY BUTTERFIELD STREET), SAID WEST LINE OF THE EAST 22.50 FEET OF VACATED FEDERAL STREET (FORMERLY BUTTERFIELD STREET) BEING ALSO THE WEST LINE OF THE PARCEL OF PROPERTY BEARING PIN 17-33-221-003;

THENCE NORTH ALONG SAID WEST LINE OF THE PARCEL OF PROPERTY BEARING PIN 17-33-221-003 AND ALONG THE NORTHERLY EXTENSION THEREOF TO THE NORTH LINE OF WEST 33RD STREET;

THENCE WEST ALONG SAID NORTH LINE OF WEST 33RD STREET TO THE WEST LINE OF THE VACATED ALLEY LYING WEST OF AND ADJOINING LOT 182 IN BOONE, JONES AND KIEFER'S SUBDIVISION OF THE NORTH THREE QUARTERS OF BLOCK 1 AND THE EAST 75 FEET OF BLOCK 2 AND LOT 49 IN BEECHER'S SUBDIVISION OF THE SOUTH HALF OF THE SOUTH HALF OF BLOCK 1 OF THE CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID WEST LINE OF THE VACATED ALLEY BEING ALSO THE EAST LINE OF THE JOINT RAILROAD RIGHT OF WAY OF THE NEW YORK CENTRAL SYSTEM AND THE CHICAGO, ROCK ISLAND AND PACIFIC RAILWAY;

THENCE NORTH ALONG SAID EAST LINE OF THE JOINT RAILROAD RIGHT OF WAY TO THE NORTH LINE OF AFORESAID SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTH LINE BEING ALSO THE CENTER LINE OF WEST 31ST STREET;

THENCE WEST ALONG SAID CENTER LINE OF WEST 31ST STREET TO THE WEST LINE OF THE AFORESAID JOINT RAILROAD RIGHT OF WAY;

THENCE SOUTH ALONG SAID JOINT RAILROAD RIGHT OF WAY TO THE NORTH LINE OF WEST 33RD STREET;

THENCE WEST ALONG SAID NORTH LINE OF WEST 33RD STREET AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF THE EAST HALF OF THE NORTHEAST QUARTER OF AFORESAID SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID WEST LINE BEING ALSO THE CENTER LINE OF SOUTH WENTWORTH AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 33 AND ALONG THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 33 TO THE WESTERLY EXTENSION OF THE NORTH LINE OF LOTS 57 THROUGH 61, BOTH INCLUSIVE, IN ENOS AYRES' SUBDIVISION OF LOT 2 IN THE SUBDIVISION OF LOT 18 OF THE CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTH LINE OF LOTS 57 THROUGH 61, BOTH INCLUSIVE, BEING ALSO THE SOUTH LINE OF WEST 35TH STREET;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE SOUTH LINE OF WEST 35TH STREET TO THE EAST LINE OF THE ALLEY LYING EAST OF AND ADJOINING LOT 1 IN SAID ENOS AYRES' SUBDIVISION, SAID EAST LINE BEING ALSO THE WEST LINE OF THE JOINT RAILROAD RIGHT OF WAY OF THE NEW YORK CENTRAL SYSTEM AND THE CHICAGO, ROCK ISLAND AND PACIFIC RAILWAY;

~~THENCE SOUTH ALONG SAID WEST LINE OF THE JOINT RAILROAD RIGHT OF WAY OF THE NEW YORK CENTRAL SYSTEM AND THE CHICAGO, ROCK ISLAND AND PACIFIC RAILWAY TO THE NORTH LINE OF WEST 38TH STREET;~~

THENCE WEST ALONG SAID NORTH LINE OF WEST 38TH STREET AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID WEST LINE BEING ALSO THE CENTER LINE OF SOUTH WENTWORTH AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF AFORESAID SECTION 33 TO THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 72 IN YOUNG AND ROWLEY'S SUBDIVISION OF THE SOUTH HALF OF BLOCK 31 OF THE CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF THE CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD LAND, SAID SOUTH LINE OF LOT 72 IN YOUNG AND ROWLEY'S SUBDIVISION BEING ALSO THE NORTH LINE OF WEST PERSHING ROAD;

THENCE EAST ALONG SAID NORTH LINE OF WEST PERSHING ROAD TO THE POINT OF BEGINNING AT THE WEST LINE OF SOUTH STATE STREET, ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

APPENDIX C

35TH/STATE

REDEVELOPMENT AND PROJECT AREA

ELIGIBILITY STUDY

The purpose of this study is to determine whether a portion of the City of Chicago identified as the 35th/State Redevelopment Project Area qualifies for designation as a tax increment financing district within the definitions set forth under 65 ILCS 5/11-74.4 contained in the "Tax Increment Allocation Redevelopment Act" (65 ILCS 5/11-74.4-1 *et seq.*), as amended. This legislation focuses on the elimination of blighted or rapidly deteriorating areas through the implementation of a redevelopment plan. The Act authorizes the use of tax increment revenues derived in a project area for the payment or reimbursement of eligible redevelopment project costs.

The area proposed for designation as the 35th/State Redevelopment Project Area, hereinafter referred to as the "Study Area," is shown in *Figure A, Study Area Boundary Map*. The Study Area is approximately 91.2 acres in size and includes 122 tax parcels. The Study Area includes approximately 33.5 acres of land devoted to public and railroad rights-of-way. One tax parcel (17-33-502-001) is devoted to active rail right-of-way. The Study Area also includes 99 tax parcels on four tax blocks that contain Dan Ryan right-of-way and a relocated LaSalle Street. Although these parcels are clearly devoted to transportation use, they were never replatted by Cook County to delineate the public right-of-way as it presently exists.

Improved property within the Study Area totals 26.2 acres on nine tax blocks. Of the 14 improved tax parcels, 12 contain buildings and two contain park improvements. There are a total of 16 buildings within the improved portions of the Study Area.

There are eight vacant parcels within the Study Area found on five tax blocks. Vacant land accounts for 31.5 acres within the Study Area.

This study summarizes the analyses and findings of the consultant's work, which, unless otherwise noted, is solely the responsibility of Ernest R. Sawyer Enterprises, Inc. and its sub-consultants and does not necessarily reflect the views and opinions of potential developers or the City of Chicago. Ernest R. Sawyer Enterprises, Inc. has prepared this report with the understanding that the City would rely 1) on the findings and conclusions of this report in proceeding with the designation of the Study Area as a redevelopment project area under the Act, and 2) on the fact that Ernest R. Sawyer Enterprises, Inc. has obtained the necessary information to conclude that the Study Area can be designated as a redevelopment project area in compliance with the Act.

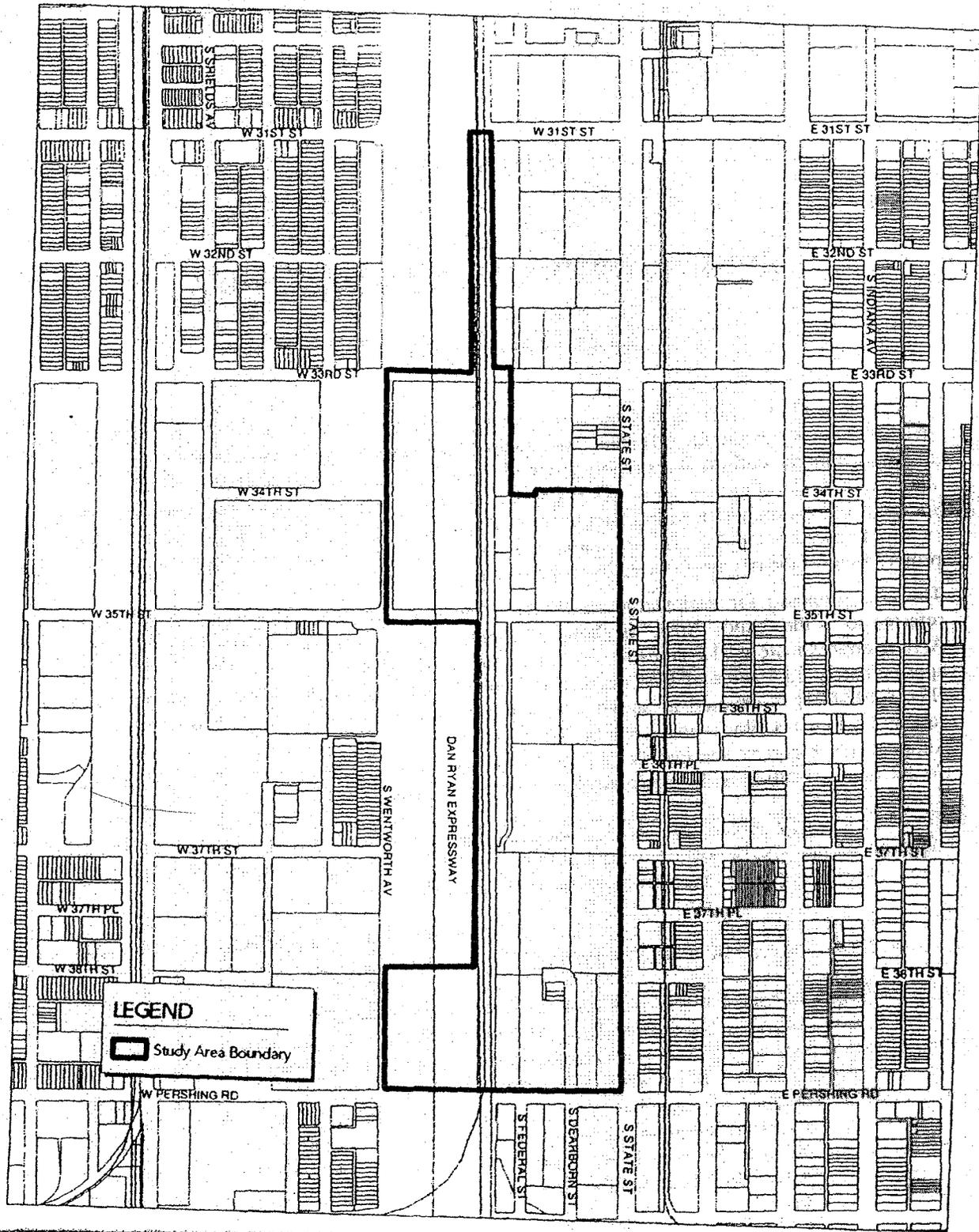
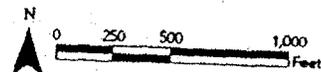


FIGURE A
35th/STATE REDEVELOPMENT PROJECT AREA
 BOUNDARY MAP



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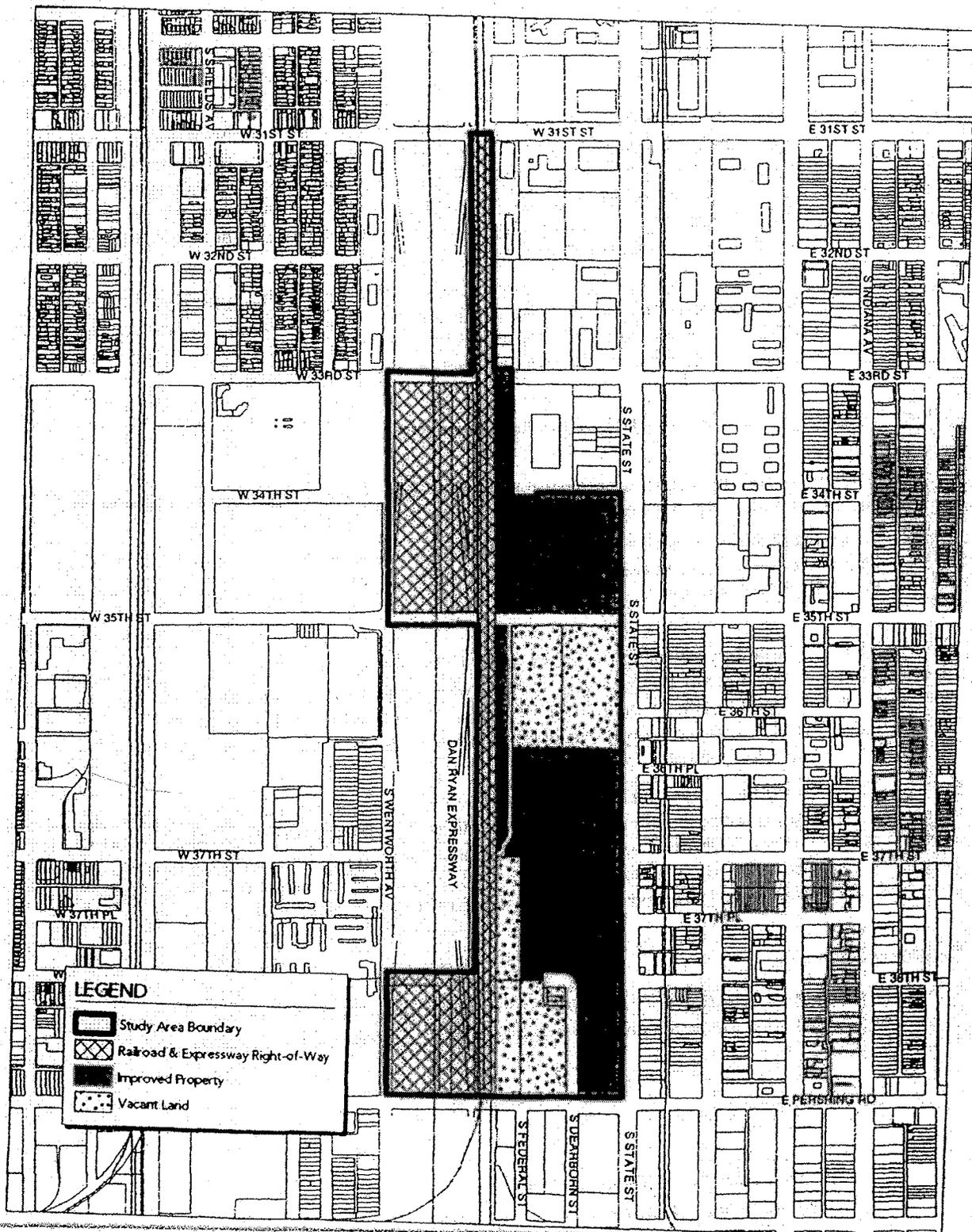
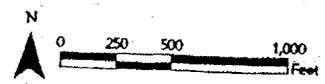


FIGURE B
35th/STATE REDEVELOPMENT PROJECT AREA
 PROPERTY TYPE



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1. INTRODUCTION

The Tax Increment Allocation Redevelopment Act (the "Act") permits municipalities to induce redevelopment of eligible "blighted," "conservation" or "industrial park conservation areas" in accordance with an adopted redevelopment plan. The Act stipulates specific procedures, which must be adhered to, in designating a redevelopment project area. One of those procedures is the determination that the area meets the statutory eligibility requirements. Under 65 ILCS 5/11-74.4-3(p), the Act defines a "redevelopment project area" as:

"... an area designated by the municipality, which is not less in the aggregate than 1-1/2 acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area, conservation area or industrial park conservation area, or combination of both blighted and conservation areas."

In adopting the Act, the Illinois State Legislature found that:

1. ...there exists in many municipalities within this State blighted, conservation and industrial park conversation areas...(at 65 ILCS 5/11-74.4-2(a)); and
2. ...the eradication of blighted areas and treatment and improvement of conservation areas by redevelopment projects is hereby declared to be essential to the public interest (at 65 ILCS 5/11-74.4-2(b)).

The legislative findings were made on the basis that the presence of blight, or conditions that lead to blight, is detrimental to the safety, health, welfare and morals of the public. The Act specifies certain requirements, which must be met, before a municipality may proceed with implementing a redevelopment project in order to ensure that the exercise of these powers is proper and in the public interest.

Before the tax increment financing ("TIF") technique can be used, the municipality must first determine that the proposed redevelopment area qualifies for designation as a "blighted area," "conservation area," or "industrial park conservation area." Based on the conditions present, this Eligibility Study (the "Study") finds that the Study Area qualifies for designation as a blighted area, both with respect to its improved area and with respect to its vacant area.

Blighted Areas

If the property under consideration is improved, a combination of five or more of the following factors must be present for designation as a blighted area, as more fully discussed in Section 74.4-3(a)(1) of the Act:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. ~~Illegal use of individual structures~~
6. Excessive vacancies

7. Lack of ventilation, light or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land use or layout
11. Environmental clean-up requirements
12. Lack of community planning
13. Stagnant or declining equalized assessed value

If the property consists of vacant land, a combination of two or more of the following factors qualifies the area as blighted, all as more fully discussed in Section 74.4-3(a)(2) of the Act (the "Vacant Blighted Area Option A Factors"):

1. Obsolete platting of vacant land
2. Diversity of ownership of vacant land
3. Tax or special assessment delinquencies on such land
4. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
5. Environmental clean-up requirements
6. Stagnant or declining equalized assessed value

Vacant land may also qualify as blighted if any one of the following factors is present, all as more fully described in Section 74.4-3(a)(3) of the Act (the "Vacant Blighted Area Option B Factors"):

1. The area consists of one or more unused quarries, mines or strip mine ponds;
2. The area consists of unused rail yards, tracks or rights-of-way;
3. The area is subject to flooding as certified by a registered professional engineer or appropriate regulatory agency;
4. The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation or dredge sites;
5. The area is between 50 to 100 acres, 75 percent vacant, shows deleterious qualities and was designated as a town center before 1982, but not developed for that purpose;
6. The area qualified as blighted immediately before it became vacant.

The Act defines blighted areas and recent amendments to the Act also provide guidance as to when the factors present qualify an area for such designation. Where any of the factors defined in the Act are found to be present in the Study Area, they must be: 1) documented to be present to a meaningful extent so that the municipality may reasonably find that the factor is clearly present within the intent of the Act; and 2) reasonably distributed throughout the vacant or improved part of the Study Area, as applicable, to which such factor pertains.

The test of eligibility of the Study Area is based on the conditions of the area as a whole. The Act does not require that eligibility be established for each and every property in the Study Area.

2. ELIGIBILITY STUDIES AND ANALYSIS

An analysis was undertaken to determine whether any or all of the blighting factors listed in the Act are present in the Study Area, and if so, to what extent and in which locations.

In order to accomplish this evaluation the following tasks were undertaken:

1. Exterior survey of the condition and use of each building.
2. Field survey of environmental conditions involving parking facilities, public infrastructure, site access, fences and general property maintenance.
3. Analysis of existing land uses and their relationships.
4. Comparison of surveyed buildings to zoning regulations.
5. Analysis of the current platting, building size and layout.
6. Analysis of building floor area and site coverage.
7. Review of previously prepared plans, studies, inspection reports and other data.
8. Analysis of real estate assessment data.
9. Review of available building permit records to determine the level of development activity in the area.
10. Review of building code violations

The exterior building condition survey and site conditions survey of the Study Area were undertaken between April 11, 2003 and April 24, 2003. The analysis of site conditions was organized by tax block as shown in *Figure C: Tax Block Map*, with the corresponding existing land use shown in *Figure D: Existing Land Use*.

Where a factor is described as being present to a *meaningful* extent, the factor is present with respect to a majority of the improved or vacant tax blocks in the Study Area, as applicable. The presence of such conditions has a major adverse impact or influence on adjacent and nearby property. A factor described as being present to a *minor* extent indicates that the factor is present, but that the distribution of impact of the condition is more limited, affecting fewer than 50% of the improved or vacant tax blocks, as applicable. A statement that the factor is *not present* indicates that either no information was available or that no evidence was documented as a result of the various surveys and analyses. Factors whose presence could not be determined with certainty were not considered in establishing eligibility.

Each factor identified in the Act for determining whether an area qualifies as a blighted area is discussed below and a conclusion is presented as to whether or not the factor is present in the Study Area to a degree sufficient to warrant its inclusion as a blighting factor in establishing the eligibility of the area as a blighted area under the Act. These findings describe the conditions that exist and the extent to which each factor is present.

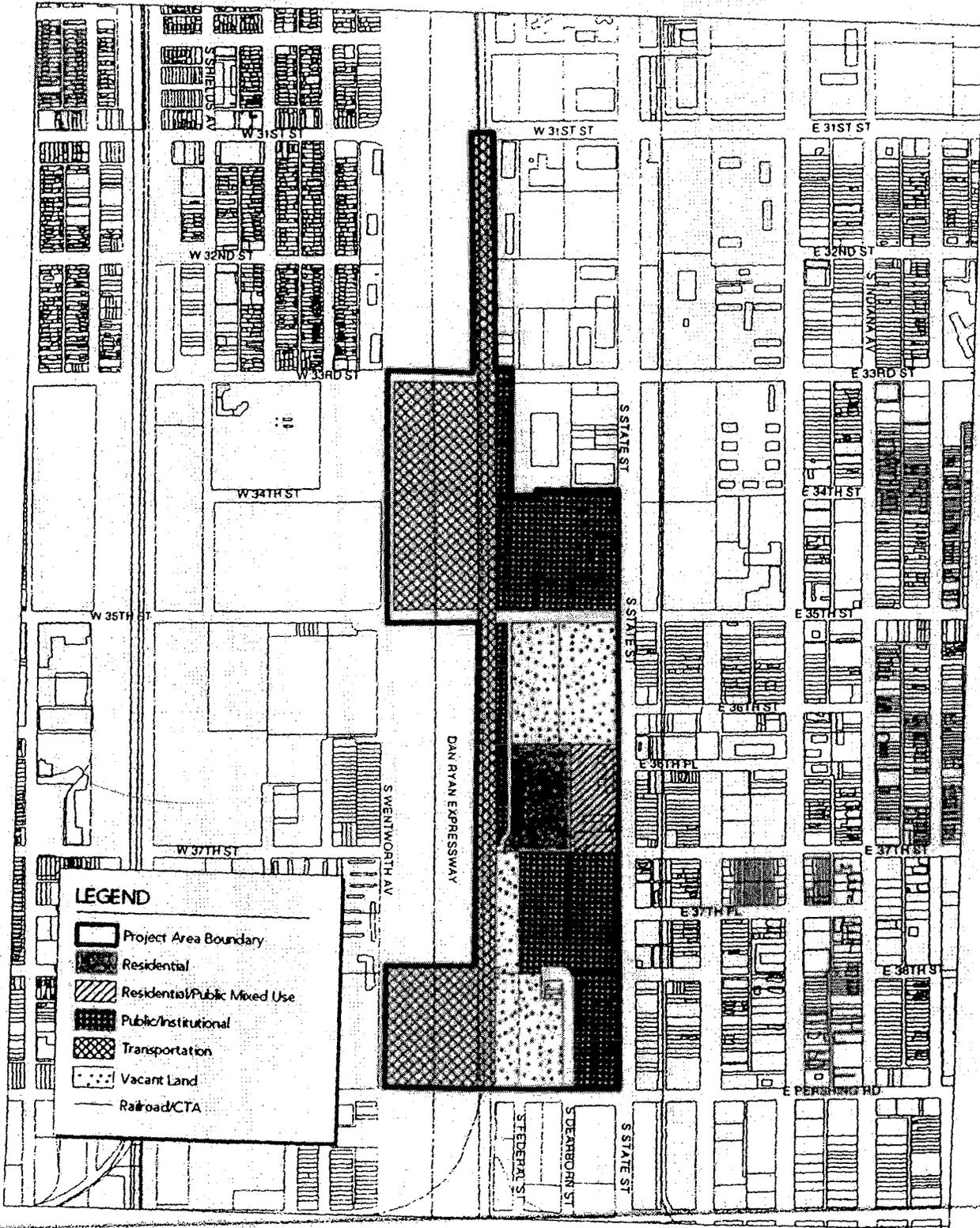
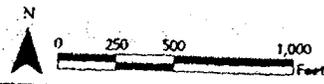


FIGURE D
35th/STATE REDEVELOPMENT PROJECT AREA
 EXISTING LAND USE



3. PRESENCE AND DISTRIBUTION OF ELIGIBILITY FACTORS

The Act establishes different eligibility factors for improved property versus vacant land. Property within the Study Area consists of a combination of improved property and vacant land. Three tax blocks within the Study Area consist entirely of public or railroad right-of-way not subject to private investment and have been excluded from the eligibility analysis which follows.

Improved property includes parcels that contain buildings, structures, parking or other physical improvements. Improved property may include single parcels or multiple parcels under single or common ownership. Landscaped yards, open space or other ancillary functions may also be classified as improved property for the purposes of the eligibility analysis if they are obviously accessory to an adjacent building (primary use). For the purpose of this analysis, Stateway Park, located on tax blocks 17-33-416 and 17-33-417, has been classified as improved property.

In order to establish the eligibility of a redevelopment project area under the improved "blighted area" criteria established in the Act, at least five of 13 eligibility factors must be meaningfully present and reasonably distributed throughout the Study Area with respect to improved property. For vacant land, either two Vacant Blighted Area Option A Factors or one Vacant Blighted Area Option B Factor must be meaningfully present and reasonably distributed with respect to the vacant land.

This eligibility study finds that the Study Area qualifies for designation as a combination of an improved blighted area and vacant blighted area under the criteria contained in the Act. The following seven qualifying factors for an improved blighted area are meaningfully present to a major extent and reasonably distributed within the improved portions of the Study Area:

1. Obsolescence
2. Deterioration
3. Presence of structures below minimum code standards
4. Inadequate utilities
5. Excessive land coverage or overcrowding of community facilities
6. Deleterious land use or layout
7. Lack of community planning

Two other qualifying factors for improved property are present to a minor extent within the Study Area. Dilapidation is present on two of the nine improved tax blocks. Excessive vacancies were found on four of the nine improved tax blocks.

The following five Vacant Blighted Area Option A Factors apply to the vacant land in the Study Area:

1. Obsolete platting
2. Diversity of ownership
3. Tax and special assessment delinquencies
4. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
5. Stagnant or declining EAV

Three of these factors are meaningfully present to a major extent, affecting each of the five vacant tax blocks. Two factors (diversity of ownership and tax and special assessment delinquencies) are present to a minor extent affecting only one tax block. Although these conditions affect only a small portion of the Study Area, the location of the affected tax parcels adversely impacts the redevelopment potential of a much larger portion of the Study Area.

In addition, the following Vacant Blighted Area Option B Factor is present with respect to vacant parcels on three of the five vacant tax blocks:

- The area qualified as blighted immediately before it became vacant

Vacant land that previously contained CHA buildings qualifies as blighted because it qualified as a blighted improved area immediately prior to becoming vacant by virtue of the presence of the following eligibility factors applicable to improved property:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Excessive vacancies
6. Deleterious land use or layout
7. Lack of community planning
8. Deleterious land use or layout
9. Stagnant or declining equalized assessed value

The presence and distribution of eligibility factors related to the qualification of the Study Area for designation as a combination of an improved blighted area and a vacant blighted area are discussed below. The thirteen conditions that were analyzed with respect to the improved portion of the Study Area are presented in two sections: factors present within the Study Area and factors not found to be present or whose presence could not be determined. Following this discussion, the eligibility factors related to vacant land are discussed.

All of these factors are well distributed throughout the Study Area, as indicated in *Table C, Distribution of Blighting Factors*.

Improved Property

Of the 14 tax blocks within the Study Area that are not exclusively devoted to rights-of-way, nine tax blocks, containing a total of 14 tax parcels were characterized as improved property.

Factors Present Within The Study Area

1. Dilapidation

As defined in the Act, "dilapidation" refers to an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvement in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

This section summarizes the process used for assessing building conditions in the Study Area, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation or deterioration of structures.

The building condition analysis is based on a thorough exterior inspection of the buildings and sites conducted by Ernest R. Sawyer Enterprises, Inc., in April, 2003. Structural deficiencies in building components and related environmental deficiencies in the Study Area were noted during the survey.

Building Components Evaluated

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

Primary Structural Components

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

Secondary Components

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

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

Building Component Classification

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

Sound

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

Deficient – Requiring Minor Repair

Building components containing defects (loose or missing material or holes and cracks over a limited area), which often may be corrected through the course of normal maintenance. Minor defects have no real effect on either the primary or secondary components and the correction of such defects may be accomplished by the owner or occupants, such as tuckpointing masonry joints over a limited area or replacement of less complicated components. ~~Minor defects are not considered in rating a building as structurally substandard.~~

Deficient – Requiring Major Repair

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

Critical

Building Components that contain major defects (bowing, sagging, or settling to any or all exterior components causing the structure to be out-of-plumb, or broken, loose or missing material and deterioration over a widespread area) so extensive that the cost of repair would be excessive.

Final Building Rating

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

Sound

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

Deficient

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

- Deficient-Minor

Buildings classified as "deficient – requiring minor repairs" have more than one minor defect, but no major defects.

- Deficient-Major

Buildings classified as "deficient – requiring major repairs" have at least one major defect in one of the primary components or in the combined secondary components, but less than one critical defect.

Substandard

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

Minor deficient and major deficient buildings are considered to be the same as deteriorating buildings as referenced in the Act. Substandard buildings are the same as dilapidated buildings. The words building and structure are presumed on the exterior survey.

Conclusion: Dilapidation was found to be present within the Study Area to a major extent on two tax blocks (blocks 17-33-407 and 17-33-408). However, because dilapidation affected fewer

than 50% of the improved tax blocks, this condition was found to be present to a minor extent within the Study Area overall.

2. Obsolescence

As defined in the Act, "obsolescence" refers to the condition or process of falling into disuse. Structures have become ill suited for the original use.

In making findings with respect to buildings, it is important to distinguish between *functional obsolescence* which relates to the physical utility of a structure, and *economic obsolescence* which relates to a property's ability to compete in the marketplace.

Functional Obsolescence

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

Economic Obsolescence

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

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

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

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

Obsolescence is present in the two Stateway Gardens high rises and the IIT buildings. The CHA and IIT buildings are obsolete with limited amenities, outdated plumbing, electrical and heating systems, lack of energy efficiency based on inadequate insulation and single pane window walls and a lack of provisions for American Disability Act (ADA) accessibility, all of which would require major renovation to update these structures. Estimates to renovate the CHA high-rise residential buildings are close to \$30 million per building. The Stateway Gardens development was constructed between 1955 and 1958, and has not been substantially improved or rehabilitated. IIT buildings were constructed in 1951 and expanded in 1959 and are impacted by similar obsolete characteristics.

A block in which more than 20% of the buildings or sites are obsolete is indicated as characterized by the presence of obsolescence to a major extent. A block in which less than 20% of the buildings or sites are obsolete is indicated as characterized by the presence of obsolescence to a minor extent.

Conclusion: Obsolescence is present to a meaningful extent, affecting buildings on six of the nine improved tax blocks to a major extent and buildings on one improved tax block to a minor extent. Therefore, this factor is present to a meaningful extent and reasonably distributed throughout the Study Area.

3. Deterioration

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

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

Deterioration of streets and sidewalks is present along Federal Street, south of 35th Street, and Dearborn Street, north of 39th Street. The pavement is deteriorated and includes broken sections and potholes. Sidewalks contain broken, settled sections and broken or missing curbs. The plaza section above the basement level around the IIT Research Tower contains settled and broken sections that allow water penetration into the space below.

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding discussion of "dilapidation." Each of the 16 buildings within the Study Area contains either minor or major deficiencies. Advanced deterioration, broken and/or missing components in the CHA buildings included fascias, door canopies, windows, doors, gutters and downspouts and peeling paint. The IIT buildings in blocks 17-33-220, 17-33-223 and 17-33-224 show presence of peeling paint on windows and broken concrete on the plaza of the tower building.

Conclusion: Deterioration is present to a major extent in four of the nine improved tax blocks and to a minor extent in four other improved tax blocks. Therefore, the factor of deterioration is present to a meaningful extent and reasonably distributed throughout the Project Area, affecting eight of the nine improved tax blocks.

4. Presence of Structures Below Minimum Code Standards

As defined in the Act, the "presence of structures below minimum code standards" refers to all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

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

Determination of the presence of structures below minimum code standards was based upon visible defects and advanced deterioration of building components from the exterior surveys. Data contained in the Chicago Housing Authority Plan for Transformation Stateway Gardens Redevelopment Plan was also reviewed.

City of Chicago Building Department records between 1998 and 2002 include code violations for both the IIT and CHA buildings within the Study Area. These code violations affect three of the of the 16 buildings that remain in the Study Area. Code violations were identified in buildings on two other tax blocks during the building condition survey conducted in April 2003. In conjunction with the CHA Demolition Applications and accompanying HUD Forms 52860 and 531, specific code violations cited by the City of Chicago include:

- Exposed wiring and loose electrical fixtures and outlets
- Broken windows, doors and frames
- Broken flooring
- Broken exterior balconies
- Missing plumbing fixtures, water leaks or lack of hot water in units
- Plaster damage from plumbing leaks, loose and cracked plaster
- Broken or missing exit signs or smoke detectors
- Interior garbage dumping, exposed debris in hallways
- Infestation of rodents and roaches

The factor is considered to be present to a major extent in a block if 20% or more of the buildings on a block are below minimum code standards. The factor is considered to be present to a minor extent on a block if fewer than 20% of the buildings are below minimum code standards.

Conclusion: The factor of structures below minimum code standards is present to a major extent in five of the nine improved tax blocks. Therefore, the factor of structures below minimum code standards is present to a meaningful extent and reasonably distributed throughout the Study Area.

5. Excessive Vacancies

As defined in the Act, "excessive vacancies" refers to the presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

Wide-spread vacancies of residential units within the Stateway Gardens high rises as well as ~~within the IIT buildings~~ were documented in consultants' field evaluations and documents received from CHA and IIT in April of 2003. There are two remaining residential towers in the

CHA Stateway Gardens development. Of the 362 total units in the two remaining towers, only 191 are occupied.

According to detailed information received from IIT staff, vacancies within their existing buildings are significant. The three-cluster building group fronting 35th Street contains vacant floor areas ranging from 100 percent (Chemical Research Building) to 33 percent. Within the four building group fronting State Street, vacant space varies from 28 to 60 percent. Four of the seven tax blocks containing buildings have excessive vacancies.

A block in which 20% or more of the buildings are partially or totally vacant is characterized by the presence of excessive vacancies to a major extent. A block where fewer than 20% of the buildings partially or totally vacant is characterized by the presence of excessive vacancies to a minor extent.

Conclusion: Excessive vacancies, as a factor, is present to a major extent in four of the nine improved tax blocks within the Study Area. Therefore, while present, the factor of excessive vacancies is not considered present to a meaningful extent because it affects fewer than 50% of the improved tax blocks. Although present to a minor extent, this condition is reasonably distributed throughout the Study Area.

6. Inadequate Utilities

As defined in the Act, "inadequate utilities" refers to underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

According to reports received from the City's Department of Water and Sewers, existing sewers in the Study Area were installed between 1873 and 1881, an age of 121 to 129 years. Future replacement of the aging sewers will cost more than \$2 million. Some water mains are over 100 years of age and other water mains are approaching 100 years. Existing 6-inch lines need to be replaced with the minimum 8-inch ductile iron lines. The projected cost for replacement of existing water mains is estimated at \$1,167,500.

Conclusion: Inadequate utilities, as a factor, is present to a meaningful extent and reasonably distributed throughout all portions of the Study Area.

7. Excessive Land Coverage or Overcrowding of Community Facilities

As defined in the Act, "excessive land coverage or overcrowding of community facilities" refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or

proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.

The improved portion of the Study Area consists of larger, super-block areas where local streets were vacated for the development of the southern portion of the IIT campus and the CHA Stateway Gardens public housing complex. This layout restricts accessibility to the area and prohibits accessibility within the interior of these blocks. A narrow strip of land with limited width along the rail line, the result of street closures, remains but houses two power plants and limited parking. The super block configuration created for the CHA housing developments and the IIT buildings lack proper interior street access for circulation, loading and parking. The existing block and limited street pattern of the area does not satisfy contemporary standards and limits potential for private development.

The IIT portion of the Study Area includes a group of three buildings on one block fronting 35th Street and a group of four buildings fronting State Street. These buildings occupy almost the entire block on which they are located. There is very limited vehicle access and parking on the interior of the building group fronting 35th Street and no vehicle access for parking, loading and service for the building group fronting State Street. Parking for these IIT structures is in a remote area, east of State Street and east of the "L" tracks.

The Stateway Gardens housing development originally consisted of 8 buildings containing 1,644 dwelling unit on 33 acres, or approximately 50 dwelling units per acre. Apart from the overcrowding of dwelling units within buildings, the high-rise structures are placed with only interior walkways for site access. There are no interior streets, parking or loading areas within the blocks where buildings are located. Current standards require a minimum of at least one parking space per dwelling unit. A narrow strip of surface parking exists along the Metra Rail Line which can accommodate approximately 30 cars and is insufficient for the number of units that remain in adjacent high-rise buildings and does not provide access to the interior for loading and service.

The Crispus Attucks Elementary School covers its entire site, with the building located on two tax parcels. The amount of space for the structure and the open space and related play areas around the school also prohibits proper access, loading and parking provisions comparable to current standards.

Conclusion: Excessive land coverage and overcrowding of structures and community facilities is present to a major extent in seven improved tax and is reasonably distributed throughout the Project Area. Therefore, this factor is meaningfully present and reasonably distributed throughout the Study Area.

8. Deleterious Land Use or Layout

As defined in the Act, "deleterious land-use or layout" refers to the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.

~~The present uses on the Stateway Gardens portion of the Study Area are incompatible in terms of configuration and location with the CHA's efforts to develop the area as a mixed income residential community. The central power plant, located on tax block 17-33-404, is one example~~

of a use that is incompatible with the intended residential character of the portion of the Study Area located south of West 35th Street. Additionally, the present layout of the blocks is not conducive to redevelopment within the Study Area.

Conclusion: The factor of deleterious land-use or layout is found to be present to a major extent in five of the nine improved tax blocks. Therefore, this factor is meaningfully present and reasonably distributed throughout the Study Area.

9. Lack of Community Planning

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

The Study Area's block, parcel and street configuration, assembly of blocks for the placement of CHA and IIT buildings with a lack of interior vehicular access and sufficient off-street parking, are evidence of the absence of effective community planning. Although the development of Stateway Gardens and the IIT campus were the result of major redevelopment efforts following World War II, these planning approaches have been demonstrated to be flawed, especially with respect to the decision to concentrate the poor in high-rise public housing projects. The *Chicago Housing Authority Plan For Transformation Stateway Gardens Redevelopment Plan* recognizes the inadequacies of the current land use and community plan and will address these deficiencies accordingly.

Additionally, the Court decision in *Gautreaux vs. The CHA et al.* concluded in 1969, that the CHA program for locating public housing between 1949 and 1969 was flawed in that the CHA located new public housing projects only in poor and minority neighborhoods. As a result, the location and arrangement of high concentrations of public housing developments has proven to be evidence of ineffective community planning.

Conclusion: Lack of community planning as a factor is present to a major extent, affecting the entire Study Area. Therefore, this factor is meaningfully present and reasonably distributed throughout the Study Area.

Factors Found Not To Be Present Or Whose Presence Could Not Be Determined

Illegal Use of Structures

There is an illegal use of a structure when structures are used in violation of federal, state or local laws. Based on the surveys conducted, no structures in the Study Area are used illegally. *This factor was found not to be present within the Study Area.*

Lack of Ventilation, Light, or Sanitary Facilities

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

Conclusion: Conditions pertaining to a lack of ventilation, light, or sanitary facilities were not documented to an extent sufficient to warrant use of this factor to qualify the area as an improved blighted area.

Environmental Clean-Up

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

Conclusion: No existing environmental surveys were found that identify sites within the Study Area as environmentally contaminated, nor were any such surveys conducted as part of this Study. Therefore, the presence of environmental contamination could not be determined.

Stagnant or Declining Equalized Assessed Value

As defined in the Act, this factor is present when the Study Area can be described by one of the following three conditions: 1) the total equalized assessed value ("EAV") has declined in three of the last five years; 2) the total EAV is increasing at an annual rate that is less than the balance of the municipality for three of the last five years; or 3) the total EAV is increasing at an annual rate that is less than the Consumer Price Index for all Urban Consumers for three of the last five years.

Table A, Comparative Increase in Equalized Assessed Value – Improved Property compares the annual change in EAV for improved property within the Study Area with the balance of the City. There is only one taxable improved tax parcel within the Study Area. This property is the owned by IIT. The portion of the building occupied by for-profit entities is assessed for property tax purposes. The fluctuation in EAVs is a reflection of the number of taxable uses located in the IIT buildings within the Study Area in a given year.

**Table A
COMPARATIVE INCREASE IN EQUALIZED ASSESSED VALUE - IMPROVED
PROPERTY**

	2002	2001	2000*	1999	1998
Improved Property within the Study Area	\$3,708,892	\$3,708,892	\$3,571,281	\$5,079,914	\$1,632,054
	0%	3.85%	-29.70%	211.26%	1.44%
City of Chicago	7.98%	3.71%	14.50%	4.20%	1.70%

*Reassessment years

Source: Cook County Tax Extension Office

Conclusion: Stagnant or declining EAV was found to be present within the Study Area for only two of the last five years as shown in Table A, Comparative Increase in Equalized Assessed Value. Therefore, this factor is not present within the improved portion of the Study Area.

Summary Conclusions – Improved Area

On the basis of the above review of current conditions, the improved part of the Study Area meets the criteria for qualification as a blighted area. The Project Area exhibits the presence of nine of the 13 improved blighted area factors. Seven of these factors are meaningfully present and reasonably distributed throughout the Study area. Only five factors are required to qualify as a blighted area under the Act. Two factors are present to a more limited extent and were not used to qualify the Study Area as an improved blighted area.

VACANT LAND

Five tax blocks are classified as vacant land for purposes of this eligibility analysis. The vacant areas were previously occupied by six Stateway Gardens high-rise buildings demolished in 2001 and 2002 and a daycare center demolished in May 2003. Vacant land may qualify as a blighted area if any of two of the six Vacant Blighted Area Option A Factors exist or if any one of the Vacant Blighted Area Option B factors exist. The five vacant tax blocks include eight tax parcels. Each of the five vacant tax blocks within the Study Area meets the criteria required for designation as a "vacant blighted area" as set forth in the Act.

The vacant part of the Study Area satisfies three of the Vacant Blighted Area Option A Factors and one of the Vacant Blighted Area Option B Factors, thus qualifying under each of the blighted area tests.

Vacant Blighted Area Option A Factors

Vacant areas within the Study Area may qualify for designation as part of a redevelopment project area, if the sound growth of the redevelopment project area is impaired by a combination of two of six factors listed in section 11-74.4-3(a)(2) of the Act, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains. These factors include:

a. *Obsolete Platting*

This factor is present when the platting of vacant land results in parcels of limited or narrow size or configuration of parcels in irregular size or shape that would be difficult to develop on a planned basis, in a manner compatible with contemporary standards and requirements. Obsolete platting is also evident where there is a failure to create rights-of-way for streets or alleys or where public rights-of-way are of inadequate widths, or easements for public utilities have not been provided.

When the Stateway Gardens public housing was developed, the traditional lot and block structure of the original neighborhood was eliminated. In its place, superblocks were created and the underlying street grid was eliminated. Redevelopment of the Study Area as a mixed income residential community that includes single-family, townhouse and mid-rise multi-family building types cannot occur given the current platting of the vacant portions of the Study Area.

This factor affects all five of the vacant tax blocks and is present to a major extent in the Study Area. Therefore, this factor is meaningfully present and reasonably distributed within the Study Area.

b. *Diversity of Ownership*

This factor is present when the number of owners of the vacant land is sufficient in number to retard or impede the assembly of land for development. *This factor affects one tax block with three small, strategically located parcels that will hinder the ability of the CHA and selected developer to redevelop the Stateway Gardens site. While present, this factor was not used to qualify the vacant part of the Study Area as a blighted vacant area under the Act.*

c. *Tax and Special Assessment Delinquencies*

This factor exists when tax or special assessment delinquencies exist or the vacant land has been the subject of tax sales under the property tax code within the last five years. *This condition applies to two tax parcels located on one tax block. This factor is present to a minor extent within the Study Area and is not present to a degree that is sufficient to qualify the vacant portions of the Study Area as a blighted vacant area under the Act.*

d. *Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land*

Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land includes the improved areas as described in the previous sections. ~~The criteria used for evaluating the deterioration of structures and site improvements in neighboring areas is presented in greater detail elsewhere in the Eligibility Study.~~

The improved part of the Study Area is adjacent to the vacant portion of the Study Area. As described previously in this report, deterioration is present to a meaningful degree in the improved portion of the Study Area. The factor of deterioration of structures or site improvements in neighboring areas adjacent to the vacant land is present to a meaningful extent and impacts all of the vacant tax blocks.

Conclusion: Deterioration of structures or site improvements in neighboring areas adjacent to the vacant area impacts each of the five vacant tax blocks to a major extent and is therefore present to a meaningful extent and reasonably distributed throughout the vacant parts of the Study Area.

e. Declining or Lagging EAV

As defined in the Act, a "declining or lagging equalized assessed valuation" means that the total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

Collectively, the vacant portion of the Study Area experienced a growth rate in EAV that lagged behind the growth rate for the balance of the City in four of the last five years and actually declined in one of those years. *Table B, Comparative Increase in Equalized Assessed Value – Vacant Land* presents the percent change in EAV by year for the vacant portion of the Study Area and the rate of growth in EAV for the balance of the City.

**Table B
COMPARATIVE INCREASE IN EQUALIZED ASSESSED VALUE – VACANT LAND**

	2002	2001	2000	1999	1998
Vacant Land within the Study Area	\$13,524 7.04%	\$12,635 3.88%	\$12,180 -1.21%	\$12,329 3.25%	\$11,941 1.44%
City of Chicago	7.98%	3.71%	14.50%	4.20%	1.77%

*Reassessment years
Source: Cook County Tax Extension Office

Conclusion: The vacant portion of the Study Area satisfies the definition contained in the Act with respect to stagnant or declining EAV for four of the past five years. Therefore, this factor is meaningfully present and reasonably distributed throughout the Study Area.

f. Environmental Clean-Up

As defined in the Act, "environmental clean-up" means that the area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency

remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

Conclusion: No existing environmental surveys were found that identify sites within the Study Area as environmentally contaminated, nor were any such surveys conducted as part of this Study. Therefore, this factor was not found to be present within the Study Area.

Blighted Vacant Area Option B Factors

Vacant areas within the Study Area may also qualify for designation as part of a redevelopment project area, if the sound growth of the redevelopment project area is impaired by one of six other factors listed in section 11-74.4-3(a)(3) of the Act, that (i) is present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains. The only factor that is present is defined in the Act as follows:

The area qualified as a blighted improved area immediately prior to becoming vacant and there has not been substantial private investment in the immediately surrounding area.

When it was originally built during the period 1955 to 1958, the Stateway Gardens development included eight high-rise buildings located between State and Federal Streets, from 35th Street to Pershing Road. Four of the eight buildings were demolished in 2001 and early 2002 as part of *Chicago Housing Authority Plan for Transformation Stateway Gardens Redevelopment Plan*. More recently, in November 2002, one more CHA high-rise building (3542-44 South State Street) was demolished. Building conditions in the first four CHA buildings prior to their demolition were documented in the *Request for Approval of Demolition of One High-Rise Building within the STATEWAY GARDENS (IL2-22)* and *Request for Approval for the Demolition of 3 High-Rise Buildings within the STATEWAY GARDENS (IL2-22)* (collectively referred to as "CHA Demolition Applications"), which were submitted to the U.S. Department of Housing and Urban Development, March 14, 2000 and May 19, 2000, respectively. Conditions in the fifth building at 3543-44 South State, demolished in November 2002, were documented by field-surveys taken by Trkla, Pettigrew, Allen & Payne, Inc. in October and November of 2002 and by S.B. Friedman & Company in August and June of 2002 (collectively referred to as "Consultants field surveys"). All of the aforementioned was reviewed and field surveys were updated in April 2003 by Ernest R. Sawyer Enterprises, Inc. The problem conditions documented in the CHA Demolition Applications and the Consultants field surveys are the basis by which it has been determined that the area qualified as a blighted improved area immediately prior to becoming vacant.

Using the definitions for an improved blighted area as stated in the Act, presented below is a summary evaluation of the eight improved blighted area factors that were present with respect to the three vacant tax blocks that previously contained CHA buildings before becoming vacant.

- a. **Obsolescence** - The CHA Demolition Applications cited a number of obsolete systems by today's standards including the central heating system, the electrical service, which required an upgrade in order to comply with City of Chicago Building Code; and dwelling units, common areas and elevators, which required upgrades to meet current ADA codes. In addition, a majority of all units in each building required comprehensive modernization.
- b. **Deterioration** - Both building and site deterioration were present prior to demolition and cited in the CHA Demolition Applications. The buildings exhibited concrete spalling and cracking of the exterior walls, stairwells, and open gallery areas.
- c. **Presence of structures below minimum code standards** - Prior to demolition each of the buildings had received one or more building code violations. The CHA Demolition Applications indicates that the one building had been cited for 29 building code violations by the City of Chicago and a second had been cited for 23. Building code violations ranged from missing doors, interior repairs, and lighting repairs to rodent and insect infestation, plumbing and sewage problems, and exterior wall, floor and balcony repairs. Three of the five building had been remanded to housing court in 1997 for failure to correct code violations. Between 1987 and 1997 nearly every building on site appeared before the City of Chicago Housing Court for code violations.
- d. **Excessive vacancies** - At the time of the CHA Demolition Applications in the spring of 2000, 59.6% of the units in four of the five buildings had been vacant for 12 or more months. CHA documents from 1997 indicated an overall vacancy rate for Stateway Gardens as 28.7%.
- e. **Inadequate utilities** - Based on reports provided by the City of Chicago's Water and Sewer Departments, a number of utilities within the vacant areas, in addition to the remaining Project Area, are aging or inadequate. This includes sewers that were built between 1873 and 1881, water mains that are over 100 years of age and others that are approaching 100 years. Existing 6-inch water lines are of insufficient capacity and need to be replaced with the minimum 8-inch ductile iron lines.
- f. **Excessive Land Coverage and Overcrowding** - The site design and high density of the Stateway Gardens development have contributed to the physical, social and economic isolation of residents which has been cited in the CHA Demolition Applications as having "an imminent threat to the health and safety of not only the public housing residents but the surrounding community as well." Stateway Gardens were developed at a density of 50.3 units per acre. In addition to the high density, the development lacked through streets and was physically isolated by the IIT Campus on the north the expressway on the west and the Robert Taylor Homes on the south. Because of its physical isolation from the rest of the community, Stateway Gardens became a haven for crime. The placement of the high-rise buildings and excessive site coverage did not permit sufficient off-street parking for residents or close-in access for loading, servicing or delivery.
- g. **Lack of Community Planning** - As evidenced in the Gautreaux decision in 1969, the CHA program for locating public housing between 1949 and 1969 was flawed in that the CHA located new public housing projects only in poor and minority neighborhoods. The CHA

Plan for Transformation Proposes to address this deficiency by developing mixed income neighborhood housing types.

h. Stagnant or Declining Equalized Assessed Value

This factor is present when the Study Area can be described by one of the following three conditions: 1) the total equalized assessed value ("EAV") has declined in three of the last five years; 2) the total EAV is increasing at an annual rate that is less than the balance of the municipality for three of the last five years; or 3) the total EAV is increasing at an annual rate that is less than the Consumer Price Index for all Urban Consumers for three of the last five years.

Stagnant or declining EAV was found to be present with respect to vacant land within the Study Area to a major extent. A stagnant or declining EAV is indicative of economic and functional obsolescence. This condition relates to the lack of growth and private investment in an area resulting in economic and physical decline. Table B, Comparative Increase in Equalized Assessed Value, shows that the EAV for the Study Area declined for one of the past five years and increased at a slower rate than the balance of the City in three other tax years.

Lack of Investment in Surrounding Area – The eligibility criterion under which “the area qualified as a blighted improved area immediately prior to becoming vacant” cannot be used if there has been substantial private investment in the immediately surrounding area. Publicly owned properties border the vacant areas on the south and west, IIT properties are located to the north, and privately and publicly held land is located to the east. There have been no building or repair permits issued for the properties immediately east of the vacant areas and only one of the three IIT buildings has received private investment or improvements in the last five years. It is therefore determined that substantial private investment has not occurred in the immediately surrounding area.

**Table C:
DISTRIBUTION OF BLIGHTING FACTORS**

Improved Tax Blocks	Improved Property Eligibility Factors												
	("X": factor present to major extent; "*" : Factor present to minor extent)												
Tax Block	1	2	3	4	5	6	7	8	9	10	11	12	13
17-33-219*													
17-33-220		X	*			X		X	X			X	
17-33-223		X	*					X	X			X	
17-33-224		*	*	X		X		X	X			X	
17-33-404		X	X	X				X		X		X	
17-33-407	X	X	X	X		X		X	X	X		X	
17-33-408	X	X	X	X		X		X	X	X		X	
17-33-416		X		X				X	X	X		X	
17-33-417			X					X		X		X	
17-33-418*													
17-33-421			*					X	X			X	
17-33-502*													

* - These blocks are comprised solely of railroad or highway right-of-way not subject to private investment and were, therefore, not analyzed as part of the Eligibility Study.

Total: Major Presence	2	6	4	5	0	4	0	9	7	5	0	9	0
Total: Minor Presence	0	1	4	0	0	0	0	0	0	0	0	0	0
	Legend of Eligibility Factors- Improved Property												
1	Dilapidation												
2	Obsolescence												
3	Deterioration												
4	Presence of structures below minimum code standards												
5	Illegal use of structures												
6	Excessive vacancies												
7	Lack of ventilation, light or sanitary facilities												
8	Inadequate utilities												
9	Excessive land coverage or overcrowding of community facilities												
10	Deleterious land use or layout												
11	Environmental contamination												
12	Lack of community planning												
13	Stagnant or declining EAV												

Table C: (Continued)
DISTRIBUTION OF BLIGHTING FACTORS

Vacant Tax Blocks	Vacant Land Eligibility Factors										
	("X"; factor present to major extent; "***"; factor present to minor extent)										
Tax Block	A	B	C	D	E	F	G	H	I	J	K
17-33-405	X			X		X					X
17-33-406	X			X		X					X
17-33-415	X			X		X					
17-33-419	X			X		X					
17-33-420	X	X	X	X		X					X
Total: Major Presence	5	1	1	5	0	5	0	0	0	0	3
Total: Minor Presence	0	0	0	0	0	0	0	0	0	0	0

Legend of Eligibility Factors - Vacant Land	
A	Obsolete platting
B	Diversity of ownership
C	Tax and special assessment delinquencies
D	Deterioration of structure or site improvements in areas adjacent to vacant land
E	Environmental contamination
F	Stagnant or declining equalized assessed valuation
G	Unused quarries, mines or strip ponds
H	Unused rail yards, rail tracks or railroad right-of-ways
I	Subject to chronic flooding as certified by registered engineer or regulatory agency
J	Unused or illegal disposal site
K	Blighted before becoming vacant

APPENDIX D

35TH/STATE REDEVELOPMENT AND PROJECT AREA INITIAL EQUALIZED ASSESSED VALUE

#	PIN NO.	2002 EAV	#	PIN NO	2002 EAV
1	17-33-219-001	Exempt	37	17-33-405-050	Exempt
2	17-33-219-002	Exempt	38	17-33-406-050	Exempt
3	17-33-219-003	Exempt	39	17-33-407-059	Exempt
4	17-33-219-004	Exempt	40	17-33-408-048	Exempt
5	17-33-219-005	Exempt	41	17-33-415-045	Exempt
6	17-33-219-006	Exempt	42	17-33-416-048	Exempt
7	17-33-219-007	Exempt	43	17-33-417-048	Exempt
8	17-33-219-008	Exempt	44	17-33-418-001	Exempt
9	17-33-219-009	Exempt	45	17-33-418-002	Exempt
10	17-33-219-010	Exempt	46	17-33-418-003	Exempt
11	17-33-219-011	Exempt	47	17-33-418-004	Exempt
12	17-33-219-012	Exempt	48	17-33-418-005	Exempt
13	17-33-219-013	Exempt	49	17-33-418-006	Exempt
14	17-33-219-014	Exempt	50	17-33-418-007	Exempt
15	17-33-219-015	Exempt	51	17-33-418-008	Exempt
16	17-33-219-016	Exempt	52	17-33-418-009	Exempt
17	17-33-219-017	Exempt	53	17-33-418-010	Exempt
18	17-33-219-018	Exempt	54	17-33-418-011	Exempt
19	17-33-220-001	Exempt	55	17-33-418-012	Exempt
20	17-33-220-005	Exempt	56	17-33-418-013	Exempt
21	17-33-220-006	Exempt	57	17-33-418-014	Exempt
22	17-33-220-007	Exempt	58	17-33-418-015	Exempt
23	17-33-220-008	Exempt	59	17-33-418-016	Exempt
24	17-33-220-009	Exempt	60	17-33-418-017	Exempt
25	17-33-220-010	Exempt	61	17-33-418-018	Exempt
26	17-33-220-011	Exempt	62	17-33-418-019	Exempt
27	17-33-220-012	Exempt	63	17-33-418-020	Exempt
28	17-33-220-015	Exempt	64	17-33-418-021	Exempt
29	17-33-220-016	Exempt	65	17-33-418-022	Exempt
30	17-33-220-017	Exempt	66	17-33-418-023	Exempt
31	17-33-220-018	Exempt	67	17-33-418-024	Exempt
32	17-33-223-020	Exempt	68	17-33-418-025	Exempt
33	17-33-223-038	Exempt	69	17-33-418-026	Exempt
34	17-33-223-039	Exempt	70	17-33-418-027	Exempt
35	17-33-224-054	\$3,708,892	71	17-33-418-028	Exempt
36	17-33-404-101	Exempt	72	17-33-418-029	Exempt

#	PIN NO.	2002 EAV	#	PIN NO.	2002 EAV
73	17-33-418-030	Exempt	99	17-33-419-013	Exempt
74	17-33-418-031	Exempt	100	17-33-419-014	Exempt
75	17-33-418-032	Exempt	101	17-33-419-015	Exempt
76	17-33-418-033	Exempt	102	17-33-419-016	Exempt
77	17-33-418-034	Exempt	103	17-33-419-017	Exempt
78	17-33-418-035	Exempt	105	17-33-419-019	Exempt
79	17-33-418-036	Exempt	106	17-33-419-020	Exempt
80	17-33-418-037	Exempt	107	17-33-419-021	Exempt
81	17-33-418-038	Exempt	108	17-33-419-022	Exempt
82	17-33-418-039	Exempt	109	17-33-419-023	Exempt
83	17-33-418-040	Exempt	110	17-33-419-024	Exempt
84	17-33-418-041	Exempt	111	17-33-419-025	Exempt
85	17-33-418-042	Exempt	112	17-33-419-026	Exempt
86	17-33-418-043	Exempt	113	17-33-419-050	Exempt
87	17-33-418-044	Exempt	114	17-33-419-051	Exempt
88	17-33-419-002	Exempt	115	17-33-419-052	Exempt
89	17-33-419-003	Exempt	116	17-33-420-024	\$8,473
90	17-33-419-004	Exempt	117	17-33-420-025	\$5,051
91	17-33-419-005	Exempt	118	17-33-420-026	Exempt
92	17-33-419-006	Exempt	119	17-33-420-049	Exempt
93	17-33-419-007	Exempt	120	17-33-421-047	Exempt
94	17-33-419-008	Exempt	121	17-33-421-048	Exempt
95	17-33-419-009	Exempt	122	17-33-502-001	Exempt
96	17-33-419-010	Exempt			
97	17-33-419-011	Exempt			
98	17-33-419-012	Exempt			
				Total Initial EAV	\$3,722,416

APPENDIX E

**CHICAGO HOUSING AUTHORITY'S
LEASEHOLDER HOUSING CHOICE AND RELOCATION
RIGHTS CONTRACT**

CHA LEASEHOLDER HOUSING CHOICE AND RELOCATION RIGHTS CONTRACT¹

General Purpose.

This Contract sets forth the rights and responsibilities of the Chicago Housing Authority (CHA), its agents, and the CHA Leaseholder. The terms of this Contract shall apply in the event that CHA relocates said Leaseholder from his or her CHA unit either temporarily or permanently for any reason beyond the control of the Leaseholder when in conjunction with redevelopment, demolition, consolidation, rehabilitation, court order or required conversion to tenant-based assistance.

It is understood that CHA's ability to offer a right of return is subject to the federal funding commitments identified in the Moving to Work Agreement ("MTW") with the United States Department of Housing and Urban Development ("HUD"). To the extent HUD reduces its commitment, fewer hard units will be built or rehabilitated. In the event that federal funds are reduced to a level that is insufficient to meet the level of hard unit production as described in the Plan for Transformation, it is the CHA's obligation under the Plan to consult with the Central Advisory Council ("CAC") to make revisions to the Plan as necessitated by this reduced funding. The MTW Agreement also provides that if there is insufficient funding to meet the level of hard unit production, Leaseholders covered by this contract will receive a Section 8 voucher. This contract does not commit CHA to build units at a particular development to satisfy all families with a right of return. After meeting the Plan for Transformation goal of approximately twenty five thousand (25,000) public housing units, CHA agrees to make reasonable efforts to identify opportunities to add public housing units to its inventory.

This Contract does not apply to transfers required to fill vacant units (routine turnover units), to address building system failures, or CHA's failure to provide habitable housing when such housing is not subject to the redevelopment process as laid out in the CHA's Plan for Transformation. This contract, including the rights and obligations set forth herein and implementation thereof, is subject to any decisions or orders of the Gautreaux Court or any other applicable court order.

This Contract constitutes the basic rights and responsibilities of the CHA, its agents and the Leaseholder during the redevelopment process. Any existing or proposed Redevelopment Agreement between the developer and the CHA negotiated as part of the redevelopment process may contain additional relocation terms, conditions, and property specific requirements for admission and continued occupancy. In such cases, the Redevelopment Agreement will govern, provided that the protections to Leaseholders under this Contract are not diminished. CHA agrees to modify the terms and conditions of any existing or proposed Redevelopment Agreement(s) to ensure that Leaseholder rights and housing options covered by this Contract are retained. Similarly, if a Memorandum of Agreement (MOA) with the Local Advisory Council (LAC)

¹ If the agreed upon language conflicts with CHA's Admissions and Occupancy Policy, the Policy will be amended accordingly.

results from the redevelopment process, the terms and conditions of that MOA may not diminish the rights and protections afforded under this contract.

This Contract shall provide the rights and responsibilities for:

1. Leaseholders in occupancy on October 1, 1999 that are determined lease compliant; and
2. Household members of Leaseholders described above that become Leaseholders pursuant to the Admissions and Occupancy Policy (A&O Policy) and CHA's Split Family Transfer Procedures in order to address overcrowded conditions or for CHA initiated reasons. Household members must be authorized occupants as defined by the A & O Policy.
3. This Contract is not applicable to residents whose occupancy begins after 10/1/99.
 - a. These families do not have a right to return to a public housing unit. These families are, however, provided the relocation process protections outlined in this contract. The rights and responsibilities of these families are discussed in more detail in a separate contract.
 - b. The CHA agrees to track these families while they participate in the Section 8 Program. These families will be offered a Section 8 voucher with a preference on a site based waiting list and Citywide preference list. These families will be provided a priority over new admissions but after families with a right of return under this contract (See Section 4(d) & (c)(2)).

1. Lease Compliance, Additional Lease Requirements, Property Specific Requirements and Lease Amendments.

This Contract applies to lease compliant Leaseholders as determined by this paragraph and paragraphs 3 and 5 below. The conditions of lease compliance, additional lease requirements and property specific requirements are:

- a. Leaseholder is current with rent, or is current in a repayment agreement.
- b. When the Leaseholder is responsible for utility charges as a CHA Leaseholder, the Leaseholder has no unpaid balance with the CHA or a utility company or is current on a repayment agreement with the CHA or utility company.
- c. The Leaseholder, household member, or guest under the control of the Leaseholder is in compliance with the terms of the CHA lease adopted by

the CHA board on August 15, 2000, and any additional terms subsequently required to be added to such lease by federal law. Non-compliance with respect to the Lease obligations must be demonstrated by notices of Lease violations and/or evidence of serious or repeated violations of material terms of the Lease.

- d. Compliance with Section II of the A&O Policy, which prohibits unauthorized occupants, as defined in subparagraphs 6(c) and (d) of the Lease, or requires the household to add such occupants in accordance with the Lease.
- e. Leaseholder has a good housekeeping record (Leaseholder has maintained a clean and safe unit) as indicated by the housekeeping inspection reports in the Leaseholder's file.
- f. Leaseholder has not destroyed, defaced, damaged, or removed any part of a dwelling unit or development as indicated by the housekeeping inspection reports in the Leaseholder's file or work orders reflecting a pattern of Leaseholder damage or abuse.
- g. Lease compliance as defined above shall include the period during which the family lives in CHA housing and any period of Section 8 assistance.
- h. New Authority-Wide Requirements: In addition to the lease requirements established by subparagraphs 1 (a) through (g) above, additional lease requirements may be adopted pursuant to subparagraph 1 (j) below. A Leaseholder who is and remains lease compliant as provided in subparagraphs 1 (a) through (g) above, but who is not in compliance with the additional lease requirements shall have the right not to be evicted and shall continue to have the right to return to a newly constructed or rehabilitated public housing unit as described in paragraphs 4 and 8 below, unless an independent hearing officer, as described in subparagraph 1(l), finds that the Leaseholder is not making a good faith effort to comply with the additional lease requirements. In making such a determination, the hearing officer shall take into consideration all of the Leaseholder's circumstances, including, but not limited to, the ability of the Leaseholder to comply with the additional lease requirements and to access adequate outreach, assessment, referral or follow-up services as part of the initiative to assist the Leaseholder to comply with additional lease requirements. The determination of the hearing officer shall be subject to the applicable provisions of existing law.

Additional lease requirements shall not include minimum income requirements. A Leaseholder who is ~~exempt under the Community Service Requirements of the Quality Housing and Work Responsibility Act of 1998, and/or any amendments thereto, as set forth in 24 CFR 960.601,~~

or exempt under any provisions set forth in the Relocation Rights Contract, shall not be required to comply with additional lease requirements that consist of work requirements or require other actions related to the basis for such exemption.

- i. Property Specific Requirements: In addition to the lease compliance requirements established by subparagraphs 1 (a) through (h) above, existing or proposed Redevelopment Agreements may include property specific requirements. Property specific requirements include but are not limited to: criteria for admission, return to the property, requirements for continued occupancy, time periods and activities for meeting or curing a failure to meet such requirements, and documentation to establish or verify compliance with such requirements. Such requirements are to be developed by the working group engaged in the planning process for a property. As soon as such requirements are developed and adopted for the property, notice of such requirements to affected residents will be provided no less than one year prior to the date of housing offer.
- j. Any amendments to the CHA Residential Lease that exceed the minimum HUD regulatory requirements (24 CFR 966) will be subject to public notice and comment and HUD approval, consistent with paragraph 18 of the Resident Protection Agreement/MTW Agreement.
- k. At sites where property specific requirements are in place, lease compliance shall be defined to include such additional criteria. At sites where property specific requirements are not in place, lease compliance shall include only those criteria established in subparagraphs 1 (a) through (h) above.
- l. Determinations of lease compliance with respect to new authority-wide requirements as described in 1 (h) and of property specific requirements as described in 1 (i) are subject to the grievance procedures as referenced in subparagraph 11 (b) of this contract. Hearing Officers for such grievances will be independent parties jointly agreed to by the CAC and CHA.
- m. The benefit of any priority or preference for right of return or continued occupancy based on property specific requirements that include work must also be given to households where the head, spouse, or sole member is age 62 or older or is a person with disabilities (24 CFR 960.206 (b) (2)).
- n. Property specific requirements will apply equally to the private and public housing rental units in mixed income developments, unless otherwise required by law.

2. Utility Connections.

Families who select a permanent housing choice that requires tenant paid utilities must be able to obtain utility connections for that unit. If the Leaseholder (head of household) cannot demonstrate the ability to have utilities turned on in the Leaseholder's name at the time a permanent relocation unit is identified for that Leaseholder, the Leaseholder will not be offered the permanent relocation unit.

Prior to being made an offer, the Leaseholder must demonstrate to the CHA that the Leaseholder can have utilities turned on in the Leaseholder's name. Failure to obtain utility connections will not result in the loss of the right to return under this contract; however, prior to any subsequent unit offers, the Leaseholder must demonstrate the ability to obtain utility connections.

3. Recertifications and Determination of Lease Compliance.

The CHA has two recertification processes:

- a. Annual or interim recertifications, completed as a normal function of property management; and
- b. "Right of return" recertifications (annual or interim), that are completed in conjunction with relocation and in accordance with this contract.

(1) Initial Right of Return Recertification: Upon implementation of this Contract, all families who were in occupancy as of October 1, 1999 will attend a right of return recertification interview as a part of an annual or interim recertification. At this right of return recertification interview, families will be asked to sign a Residential Lease Agreement which incorporates their rights under the Relocation Rights Contract and complete a Housing Choice Survey.

(2) Final Right of Return Recertification: This right of return recertification process will begin when the CHA is ready to fill new or rehabilitated public housing units at a particular site. At this right of return recertification interview, families will be examined for continued lease compliance and compliance with any applicable property specific requirements.

The recertification to determine lease compliance shall be made as described in subparagraph 5(h) below. Serious Lease violations subsequent to recertification of either type, may result in termination of the Lease.

4. **Basic Rights of CHA Leaseholders.**

In cases of relocation due to redevelopment, demolition, required conversion, tenant-based assistance, rehabilitation, consolidation or court order, the CHA shall provide the following basic rights to the Leaseholders as described in the General Purpose Section of this Contract:

- a. Comparable replacement housing as defined in paragraph 10 below.
- b. To the maximum extent possible and subject to subparagraph 4(c) below, CHA will house each Leaseholder in the Leaseholder's preferred housing choice. CHA will provide each Leaseholder with all relevant information regarding the available replacement housing choices. In the event of permanent relocation, the Leaseholder will be allowed to select up to three replacement housing choices in order of preference. Where temporary relocation is necessary, the Leaseholder will be able to choose a temporary Section 8 voucher, or state a public housing development preference that will be honored to the extent feasible. These choices are defined in Section 8 of this document and shall be listed on the Housing Choice Survey (HCS).

c. **Lottery System and Unit Offers:**

- (1) Lease compliant Leaseholders are guaranteed the right to return to a newly constructed or rehabilitated public housing unit. However, the CHA cannot guarantee that all families displaced by redevelopment activity will be able to return to their site of origin or receive their permanent housing choice.

When public housing units become available, first priority for these units (see order of offers provided in subparagraph 4(d) below) will be determined by lottery. The lottery will be by priority group and type and size of unit.

- (2) In order to satisfy the right of return, CHA will, in accordance with subparagraph 4(b) above, make two offers of otherwise comparable dwelling units. It is understood that these offers may not be the Leaseholder's site of origin or HCS preference. Failure to accept the second offer will result in the loss of right of return under this contract. Upon loss of the right of return, CHA will offer a preference for return to a public housing unit. This preference will be based on the Housing Choice Survey (HCS) and will permit the Leaseholder to obtain a preference on a site-based waiting list and preference on a citywide placement list. Families in occupancy after 10/1/99 will get a preference on these lists after right of return families who fail to accept a second offer of housing.

A Leaseholder will be offered the first available unit from the site-based waiting list or citywide placement list. A Leaseholder in preference status will be offered a unit based on availability and only after a right of return Leaseholder is offered a unit, but prior to a new admission.

If the Leaseholder rejects an offer from a site based or citywide preference list, the Leaseholder will be removed from all lists and will not retain a preference for a public housing unit. CHA's exercise of this paragraph is subject to the grievance procedures under this Contract, pursuant to subparagraph 10(b).

- d. The CHA will house Leaseholders using the priorities listed below. Within any priority group, a lottery will be used to determine the order of offers. Lease compliant families not selected in a lottery will be eligible for lotteries at other sites where units are available.

For all public housing units, subject to applicable court orders and provided for in a redevelopment plan, the order of offers by unit type and bedroom size shall be as follows, subject to the additional requirements listed on pages 7 through 10 of this contract:

- (1) Leaseholders who lived at the site on October 1, 1999 and chose that site as their permanent housing choice, are lease compliant, and meet property specific requirements.
- (2) Leaseholders who lived at the site on October 1, 1999 and chose that site as their permanent housing choice, are lease compliant, and are engaged in activities to meet property specific requirements.
- (3) Leaseholders who did not live at the site on October 1, 1999, but chose that site as their permanent public housing choice, are lease compliant, and meet property specific requirements.
- (4) Leaseholders who did not live at the site on October 1, 1999 and chose that site as their permanent public housing choice, are lease compliant, and are engaged in activities to meet property specific requirements.
- (5) Leaseholders who were moved temporarily to the site due to redevelopment activities at their site of origin, are lease compliant, and meet property specific requirements.
- (6) Leaseholders who were moved temporarily to the site due to redevelopment activities at their site of origin, are lease compliant,

and are engaged in activities to meet property specific requirements.

- (7) Leaseholders who were not selected in other lotteries, are lease compliant, and meet property specific requirements.
- (8) Leaseholders who were not selected in other lotteries, are lease compliant, and are engaged in activities to meet property specific requirements.
- (9) Leaseholders who receive a temporary Section 8 voucher in accordance with the criteria established for households who are unable to meet property specific requirements. (If such households are being offered units at a property without a redevelopment plan, the move from temporary Section 8 to a public housing unit will be treated as an administrative transfer.)
- (10) Leaseholders with a return preference as described in subparagraph 4(c)(2) above, who are lease compliant, and meet property specific requirements.
- (11) Leaseholders with a return preference as described in subparagraph 4(c)(2) above, who are lease compliant, and are engaged in activities to meet property specific requirements.
- (12) Leaseholders who wish to make a Gautreaux transfer as described in the A & O Policy to a redeveloped property, are lease compliant, and meet property specific requirements.
- (13) Leaseholders who wish to make a Gautreaux transfer as described in the A & O Policy to a redeveloped property, are lease compliant, and are engaged in activities to meet property specific requirements.
- (14) New admissions based on income requirements established in the A&O Policy or as agreed to in the Redevelopment Agreement for that site. Families in this group must meet the property specific requirements as established in the redevelopment plan for the site.

For categories 1, 3, 5, 7, 10, 12, and 14, the following must be true at the time of the housing offer:

- The household meets any additional property specific requirements established in the redevelopment agreement for the property; and
-

- The household must be lease compliant as defined in subparagraphs 1 (a) through (h) of this contract.

In the event the household subsequently fails to meet the property specific requirements, in order to continue in occupancy, the household must show evidence in activities to meet the property specific requirements and meet such requirements within a minimum of one (1) year (or a longer period as specified in the Redevelopment Agreement). The Property Manager will retain the discretion to provide the Leaseholder with additional time to cure.

Should the household fail to meet such requirements within one (1) year or a longer period as specified in the Redevelopment Agreement, the Leaseholder is entitled to one transfer to another CHA unit in accordance with the following:

- CHA will offer a unit that meets Housing Quality Standards (HQS) as defined by HUD's regulations at a property where the Leaseholder meets the property specific requirements.
- If the Leaseholder declines the transfer unit, the CHA will offer a permanent Section 8 voucher.
- In the event a unit of appropriate bedroom size as defined in the Admissions and Occupancy Policy is unavailable; CHA will offer the family a temporary Section 8 until such time as an appropriate unit becomes available. The family must be relocated to temporary Section 8, or housed in a CHA unit as described in (a), not more than 180 days after expiration of the one-year cure period. Public housing units offered to families in temporary Section 8 as a result of this paragraph will be located in a development where the household meets the property specific requirements. Such moves will be made in accordance with the order of offers established in this contract.

Notwithstanding the above mentioned one-transfer entitlement, such transfer will not diminish the Leaseholder's right to remain in a public housing unit subject to being lease compliant, as defined in the CHA Residential Lease and its attachments.

For categories 2, 4, 6, 8, 11, and 13, the following must be true at the time of the housing offer:

- ~~The household must provide evidence that they are engaged in activities in order to meet the property specific requirements; and~~

- The household must be lease compliant as defined in subparagraphs 1 (a) through (h) of this contract.
- The household must meet the property specific requirements referenced above within a minimum of one year (or a longer period as specified in the Redevelopment Agreement) from the date of admission.

In the event the household fails to meet the property specific requirements within one year (or a longer period as specified in the Redevelopment Agreement) the Leaseholder is entitled to one transfer to another CHA unit. The Property Manager will retain the discretion to provide the Leaseholder with additional time to cure. The transfer unit will be offered in accordance with the following:

- CHA will offer a unit that meets HQS as defined by HUD's regulations at a property where the Leaseholder meets the property specific requirements.
- If the Leaseholder declines the transfer unit, the CHA will offer a permanent Section 8 voucher.
- In the event a unit of appropriate bedroom size as defined in the Admissions and Occupancy Policy is unavailable; CHA will offer the family a temporary Section 8 housing choice voucher until such time as an appropriate unit becomes available. The family must be relocated to temporary Section 8, or housed in a CHA unit as described in (a) above, not more than 180 days after expiration of the one-year cure period. Public Housing units offered to families in temporary Section 8 as a result of this paragraph will be located in a development where the Leaseholder meets the property specific requirements. Such moves will be made in accordance with the order of offers established in this contract.

Notwithstanding the above mentioned one-transfer entitlement, such transfer will not diminish the leaseholder rights to remain in a public housing unit subject to their being lease compliant, as defined in the CHA Residential Lease and its attachments.

e. Emergency Transfers.

- (1) Emergency transfers (moves required when a building or unit's condition poses an immediate threat to the Leaseholders' safety and welfare) shall be executed as expeditiously as possible and in accordance with the Emergency Transfer section of the CHA's A&O Policy. As soon as practical after the occurrence, but in no event

later than forty-five (45) days, the CHA shall inform the LAC in writing about such moves, the nature of the emergency, names of Leaseholders affected and the temporary or permanent location where they are housed. The release of personal information to the LAC is contingent upon the Leaseholder's authorization as provided by the release at the end of this document. Refusal to comply with a request from the CHA for an emergency transfer can be grounds for Lease termination. A move as a result of an Emergency Transfer does not extinguish any right of return or other relocation rights as provided by this contract.

- (2) CHA will not provide prior written notice to Leaseholders in situations where CHA has little or no warning of the condition or situation that results in an emergency. To the extent feasible, CHA will provide prior written notice within a reasonable time period to Leaseholders where there is prior knowledge or information concerning the conditions or situation creating the emergency (e.g. court ordered closing due to code violations). CHA will not use the emergency transfer provision for the purpose of building consolidation. To the maximum extent possible, CHA will close buildings using a building consolidation plan with notice as required by this contract.

5. CHA Responsibilities Prior to Relocation.

Prior to relocating any Leaseholder, the CHA shall:

a. Conduct Relocation Planning Meetings for all affected Leaseholders to:

- (1) Explain the reason for the relocation and any proposed plans for the development, including the proposed numbers of newly constructed or rehabilitated units (if applicable).
- (2) Develop a relocation plan in consultation with the LAC and affected residents. CHA will conduct at least two such information sessions with at least one to be held during evening or weekend hours.
- (3) Review the Relocation Packet described in subparagraph 5(c) below.
- (4) Present residents with any existing scale models, photographs, video of other similar units built or rehabilitated in other CHA developments, or renderings of units to be built or rehabilitated.

b. ~~As part of the redevelopment process, enter into a Redevelopment Agreement that may include terms that affect the relocation process for~~

the development. The Redevelopment Agreement will address site specific relocation issues not covered in this Contract. If there is no Redevelopment Agreement, then this Contract represents the applicable rights and procedures for the relocation process. The CHA will make a good faith effort to enter into a MOA with the LAC that reflects any property specific understandings with respect to the redevelopment process.

- c. At the time of the Relocation Planning Meetings, provide Leaseholders with a Relocation Packet that contains information on their rights under the Uniform Relocation Act (URA) or Section 531 (Demolition and Disposition) of the Quality Housing and Work Responsibility Act (QHWRA). All Leaseholders will be required to sign for the receipt of the Relocation Packet. The Relocation Packet will include information on relocation assistance benefits, replacement housing choices as outlined in paragraph 6 of this Contract, processing time frames for Section 8 relocatees, and identify the office where the CHA Relocation Procedures Manual is available for inspection. If a Leaseholder cannot attend any of the Relocation Planning Meetings, then the CHA will provide the name of a contact person and the office address with telephone number where information may be obtained.
- d. As part of the initial right of return recertification, provide a HCS. The HCS will include the following information for each family member: name, age, gender, and any accessibility needs (e.g., wheelchair). In addition, HCS's shall allow families to identify characteristics of desirable neighborhoods and/or developments to which they are seeking to transfer. The CHA shall allow Leaseholders the opportunity to select up to three permanent replacement housing choices (including permanent Section 8) and a temporary housing choice (either public housing or Section 8). In conducting HCS's, CHA will provide written notice in accordance with subparagraph 5(h)(1)(ii) below. Families have the option to change their permanent housing choices on their HCS one time. This change may be made at any time between submitting their HCS in conjunction with their initial right of return recertification and accepting an offer of permanent replacement housing.
- e. Ensure that all communication regarding any relocation activities be written in plain, understandable language and posted and made available in the property management offices and any relocation site offices. Persons who are unable to read or understand relocation documents or notices (e.g. illiterate, foreign language, or impaired vision or other disability) must be provided with appropriate translation/communication (e.g. sign language interpreter or reader) and appropriate follow up by CHA staff. Each written communication shall indicate the name, address and telephone number (including the telecommunication device for the

deaf (TDD/TTY) number, if applicable) of a person who may be contacted for answers to questions or other needed help.

- f. Amend its property management contracts or other applicable contracts to include all rights, responsibilities, and obligations required by this Contract.
- g. Make offers of housing in accordance with the priorities established in this Contract and in accordance with CHA's approved A&O Policy and the Tenant Selection and Assignment Plan, as conformed to this Contract.
- h. Provide Leaseholders with the following written notices in the order described below:

(1) For All CHA Leaseholders

- (i) **Relocation Contract Notice:** The CHA will provide Leaseholders with information regarding lease compliance as it relates to this Contract. Any Leaseholder who was in occupancy on October 1, 1999 and is lease compliant is protected by this contract. A sample notice is attached hereto as Exhibit A.
- (ii) **Right of Return Recertification Notice:** The CHA shall provide each affected Leaseholder a fourteen (14) day written notice to attend the recertification interview that is completed in preparation for relocation and in accordance with paragraph 3 of this Contract. Sample notices are attached hereto as Exhibits B and K.

Subsequent to the right of return recertification, the property manager will prepare a building roster. The roster will identify the status of each Leaseholder with respect to right of return, family size and other household information necessary to effect the relocation process. The roster will be used to distribute and track the completion of the HCS's. This roster will also track Leaseholders with a right of return to a particular site who have been relocated to another site as the result of an emergency transfer.

- (iii) **Notice of Lease Compliance:** This written notice describes the outcome of the right to return recertification. Samples of these notices are attached hereto as Exhibits E1-E3 and L1-L2. ~~The right to return recertification will result in one of three outcomes:~~

- The Leaseholder will be found lease compliant and will be recertified with the right of return; or
- Evidence of incurable Lease violations will be discovered and the CHA will begin the Lease termination process or, if applicable, terminate Section 8 assistance. If the Court enters judgment for eviction or a hearing officer upholds termination of Section 8 assistance, the Leaseholder will be evicted with no right to return and receive a Loss of Right of Return Notice, Exhibit D1. If the Court or hearing officer enters judgment in favor of the Leaseholder, the Leaseholder is deemed lease compliant and retains all rights under this contract. If the CHA does not begin the eviction or Section 8 termination process within sixty (60) days, the Leaseholder will be deemed lease compliant; or
- Evidence of curable Lease violations will be discovered and the Leaseholder will be given one hundred eighty (180) days to cure.

(iv) **Notice of Final Determination of Lease Compliance (Initial Right of Return Recertification):** The CHA will notify the Leaseholder in writing at the end of the one hundred eighty (180) days as to the result of the attempt to cure. If the Leaseholder cures all existing Lease violations, then the Leaseholder will be determined Lease compliant. If the Lease violations are not cured, the CHA will terminate the Lease in accordance with subparagraph 5(h)(2)(iii). A sample of these notices are attached hereto as Exhibit F1-F2 and M1-M2.

(2) For First Moves, Permanent or Temporary:

(i) **180/120 Day General Information and Eligibility Notice (required by 49 CFR 24.203(a) & (b)):** The CHA shall provide each affected Leaseholder a written general information notice stating their rights under Section 531 of QHWRA (Demolition and Disposition), or the URA, as applicable. This written notice shall state:

-
- ~~Whether the Leaseholder will or may have to move and caution them not to move prematurely.~~

- The reason for the relocation and information regarding the Relocation Planning meetings described in subparagraph 5(a) above.
- That the Leaseholder is entitled to the relocation assistance as provided by this contract.

This notice shall be issued as soon as feasible, but in no event less than six months (180 days) prior to the proposed date of relocation resulting from demolition, rehabilitation, or conversion to tenant-based assistance. A minimum of four months (120 days) prior notice is required for relocation due to planned building consolidation. A sample notice is attached hereto as Exhibit G.

(ii) **Ninety (90) Day Notice: (required by 49 CFR 24.203(c))** CHA shall provide each affected Leaseholder notice of displacement in the following manner:

- **Leaseholders moving to temporary or permanent Section 8** Leaseholders moving to Section 8 units will receive a ninety (90) day notice of displacement when an ~~approveable request for the unit has passed an HQS inspection has been submitted.~~ A sample of the notice is attached hereto as Exhibit H and N.
- **Leaseholders moving out of their development of origin** Leaseholders requiring a move to a unit that is not in their development of origin will receive a ninety (90) day notice once the address of a comparable replacement housing unit has been identified. A sample of the notices are attached hereto as Exhibit H and N.
- **Leaseholders moving to another unit within their development of origin** Leaseholders who do not leave their development of origin will be treated as administrative transfers. If applicable, leaseholders will receive notice pursuant to 49 CFR 24.203.

(iii) **Notice of Satisfaction of Right of Return:** Leaseholders moving permanently will receive a notice stating that choosing a permanent Section 8 or new or rehabilitated ~~public housing unit constitutes their final housing choice and that the leaseholder's right of return has been satisfied,~~ Exhibit D2.

(3) **For Subsequent Temporary Moves:** The notice process for subsequent temporary moves will follow the process outlined in subparagraph 5(h)(1)(ii - iv) and (2) of this Contract with the following exceptions:

- (i) At the option of the CHA, if a Leaseholder was recertified within six (6) months of a notice of subsequent temporary move, then an additional recertification will be waived. If the CHA opts to recertify the Leaseholder, then the CHA is required to provide the Leaseholder with all applicable notices as set forth in subparagraph 5(h)(2) above.
- (ii) **Temporary Housing Choice Survey (HCS) Notice:** In the event of subsequent temporary relocation(s), the Leaseholder will have the option to fill out a temporary HCS. The permanent housing choice indicated on the first housing choice survey will remain the Leaseholder's permanent housing choice preference. The CHA will provide each Leaseholder with at least four (4) days advance written notification of the dates and times when temporary replacement housing choice surveys will be conducted by CHA relocation staff.

(4) **Invoking the Right to Return - Final Move:**

The written notice process for permanent or final moves follows the process for first moves as outlined in subparagraph 5(h) (1) and (2), with the following exceptions:

- (i) No Relocation Contract Notice will be given for the final move.
- (ii) No 180/120 General Information Notice will be given for the final move.
- (iii) A Leaseholder who is given written notice of Lease violations will have thirty (30) days to cure and will be reevaluated following the cure period. A Leaseholder who has cured will receive written notice that the Leaseholder will be relocated ninety (90) days from the date of the notice as described in subparagraph 5(h)(2)(vi). During the cure period, the Leaseholder's priority for a unit of the Leaseholder's choice will be suspended.

- (iv) The CHA will move to terminate assistance for a Section 8 Leaseholder or evict a Leaseholder who has not cured within the thirty (30) days. If a hearing officer upholds a termination of assistance or if the Court enters judgment for eviction, the Leaseholder will lose assistance or be evicted with no right to return. If the hearing officer or Court enters judgment in favor of the Leaseholder, the Leaseholder is deemed lease compliant and retains all rights under this contract. If the CHA does not begin the assistance termination or eviction process within sixty (60) calendar days, the Leaseholder will be deemed Lease compliant.
- i. In addition to the notices described above, the following notice will be given in conjunction with the Redevelopment Process:
 - (i) **Notice of Property Specific Requirements:** As redevelopment working groups develop property specific requirements for sites undergoing redevelopment, the CHA will give notice to all families with a right of return describing the approved requirements. Such notice will be given no less than one (1) year prior to an offer of a replacement housing unit.

6. CHA Responsibilities During Relocation.

- a. Good Neighbor and Transition counseling will be made available to all Leaseholders and members of their household. Transition counseling consists of an introductory information session that includes an overview of the Section 8 program, information on private sector housing requirements, home management training, and Leaseholder rights under the Federal Fair Housing Act and related state and local Fair Housing laws. Individual counseling sessions will also occur. Individual counseling will provide families with the opportunity to connect to supportive services, receive information on housing search techniques, engage in financial planning, and if requested receive a referral to a Mobility Counseling program. Transition Counseling will also include limited follow-up contact after the move.

Mobility Counseling is available for Leaseholders interested in moving to opportunity areas. Opportunity areas are defined as census tracts with no more than 23.49 % of families with incomes below the poverty level ("low poverty census tract") and no more than 30 % African-American population ("~~racially diverse census tract~~"). ~~Mobility Counseling is available for~~ Leaseholders who indicate an interest in moving to opportunity areas or to low poverty or racially diverse census tracts. Mobility Counseling will also

include follow-up contact by telephone and at least one (1) post-move visit to the family (provided the family is within the Chicago metropolitan area).

- b. The CHA or its designee shall provide public transportation stipends for any relocatee to Section 8 housing, and transportation assistance for mobility moves sufficient to allow the Leaseholder in each case to inspect up to three Section 8 units.
- c. The CHA shall allow the Leaseholder adequate time to enter into a lease for the unit selected. Adequate time for public housing Leaseholders will be defined as one (1) year. The CHA or its Section 8 contractor will permit increased time through extensions or re-issuance of vouchers for relocatees.
- d. The CHA shall provide the Leaseholder with relocation assistance or services in accordance with either the URA or Section 531 of QHWA, titled Demolition and Disposition, as applicable. Such assistance shall apply for both temporary and permanent relocation. Upon request, the CHA will make available a copy of any applicable property specific Redevelopment Agreement to the Leaseholder.
- e. The CHA shall ensure that each comparable replacement dwelling unit is decent, safe, and sanitary, at a minimum meets the Section 8 housing quality standards and conforms to the requirements in subparagraphs 10(a) and (b) of this Contract.
- f. The CHA will provide the following moving services to the Leaseholder for relocation: transportation (as described in subparagraph 6(b) above), packing materials, temporary storage (not to exceed ninety (90) days), reimbursements for utility hook-up including telephone and cable, and credit checks. Through the moving company, CHA will also provide property replacement insurance. CHA will reimburse families for any reasonable losses sustained during the move. CHA may also provide reimbursement for other moving related activities determined by the CHA to be reasonable and necessary to the move.
- g. In providing moving services pursuant to subparagraph 6(f) above, the following shall apply: For all local temporary moves to Section 8, defined as any move within the Chicago metropolitan area, CHA will provide moving services for both the initial move to the temporary housing choice and the return move to the permanent housing offered. CHA will not reimburse or provide moving services for Leaseholders using a temporary Section 8 voucher outside the Chicago metropolitan area. For permanent ~~Section 8 moves outside the Chicago metropolitan area~~, CHA will provide moving services as outlined in subparagraph 6(f) above.

- h. The CHA is obligated to abide by the above set of responsibilities for all Leaseholder relocation associated with this Contract.
- i. CHA will work to assure access to existing social services for CHA residents.

7. Leaseholder Obligations.

During the relocation process, the Leaseholder shall be bound by certain duties and responsibilities. Failure to adhere to these duties and responsibilities may result in the delay or forfeiture of the right of return as provided for in this Contract.

- a. A Leaseholder may lose the right to return by failing to abide by any of the following:

- (1) Provide all relevant information, in a timely manner, to the CHA during a recertification process and attend recertification appointments.

If the Leaseholder fails to comply with this obligation, CHA will send written notice of this failure to the Leaseholder. The Leaseholder must provide the necessary information and/or schedule any necessary appointments within fifteen (15) calendar days from the verified date of mailing. In the event the Leaseholder fails to respond to this notice within fifteen (15) calendar days, the CHA may evict the Leaseholder, resulting in the loss of the right to return.

- (2) Attend at least one (1) Relocation and/or Redevelopment Planning Meeting described in subparagraph 5(a) that explains the relocation process, plans for development, and the timing of such procedures to be implemented, or pick up a Relocation Packet at the Redevelopment Planning Meeting or at the Leaseholder's management office and sign a certification attesting to its receipt.

If the Leaseholder fails to pick up and sign for a Relocation Packet, the CHA will send written notice of failure to comply with this obligation. The Leaseholder must attend a presentation to receive a Relocation Packet or retrieve one from the management office within fifteen (15) calendar days from the verified date of mailing and sign a certification. Failure of the Leaseholder to respond to this notice within the fifteen (15) calendar days may result in the loss of the right to return.

- (3) Complete and return a signed Housing Choice Survey (HCS) form.

If the Leaseholder fails to comply with this obligation, the CHA will send written notice to the Leaseholder informing the Leaseholder of the failure. The Leaseholder must return a signed HCS within fifteen (15) calendar days from the verified date of mailing of the notice of failure to comply. If no HCS is received from the Leaseholder, the CHA will assign the Leaseholder a temporary relocation unit based on availability, without regard to preference, and the Leaseholder will lose the right to return.

- (4) Maintain lease compliance in accordance with the terms and conditions in CHA's Lease and Leases executed during tenure as a temporary Section 8 resident. When notified of lease compliance issues, the Leaseholder must take appropriate steps to remedy such issues. Failure to maintain lease compliance may result in eviction and loss of the right to return as stated in paragraphs 3 and 5.
- (5) Remove a household member who is subject to a lifetime registration requirement under a state sex offender registration program within fifteen (15) days of notice to do so.
- (6) Accept one of two (2) housing offers as described in subparagraph 4(c)(2) of this contract.

b. A Leaseholder may delay the right of return by failing to abide by any one of the following:

- (1) If applicable, failing to attend and participate in all required Section 8 screening, orientation, briefing sessions, and recertifications; and
- (2) At the time of the permanent move, failing to abide by the personal housing choice ranking identified through the HCS process outlined in paragraph 5 of this document.

c. The Right of Return is extinguished at the time of acceptance of an offer of a CHA newly rehabilitated or newly constructed unit.

8. Types of Permanent Housing.

The CHA will provide lease compliant Leaseholders with the following permanent comparable replacement housing options:

-
- a. Section 8. A Section 8 unit is an existing unit owned by a private landlord located anywhere in the United States, and is in compliance with all

Section 8 Program standards. Permanent Section 8 is a final housing choice. If a Leaseholder is successful in securing a Section 8 unit within the one year time allotment as provided in subparagraph 6(c), then the CHA will not provide a Right to Return. Therefore, if the Leaseholder chooses Permanent Section 8 on the HCS, then the Leaseholder must select two (2) public housing choices in the event that no Section 8 unit is secured within one (1) year.

b. Rehabilitated Scattered Site. A scattered site unit is a public housing unit constructed in accordance with the orders of the Federal Court in the Gautreaux case. (These units are identified as Category 3 in the Plan for Transformation). Subject to satisfaction of all rights to return established through this Contract, scattered site units will be occupied in accordance with the percentages established in the Gautreaux Court Ordered Tenant Selection and Assignment Plan. For the purposes of this Contract, scattered sites do not include local replacement housing units described in subparagraphs 8(c)(1) and (2) below.

c. Local Replacement Housing

(1) Rehabilitated Unit. A rehabilitated unit is a unit located in a development that is substantially rehabilitated as part of the redevelopment plan. A substantially rehabilitated unit is defined as a unit that is rehabilitated at a level sufficient to remain a viable public housing unit for twenty (20) years following rehabilitation. Lease compliant Leaseholders who are currently residing in the units to be rehabilitated shall have first priority for those units in accordance with the order of offers in subparagraph 4(d).

(2) Newly Constructed Units. Lease compliant Leaseholders who currently reside in units to be demolished shall have first priority for all on-site or neighborhood public housing units located in or near the developments or sub-developments from which they were displaced.

(i) On-site Unit. An on-site unit is a newly constructed unit located on the site of the units that were demolished as part of the redevelopment plan.

(ii) Neighborhood Unit. A neighborhood unit is a newly constructed unit located in the community area adjacent to the public housing development.

~~9. Types of Temporary Housing:~~

The CHA will provide lease compliant Leaseholders with the following temporary comparable replacement housing options:

- a. Transfer Unit. A transfer unit is a decent, safe, and sanitary unit, in compliance with Section 8 housing quality standards, local health and safety codes, located in any CHA development. A lease compliant Leaseholder who selects a transfer unit will retain the right of return to a local replacement housing unit as described above.
- b. Existing Scattered Site. Same as defined in subparagraph 8(b) above with the provision that a lease compliant Leaseholder who selects an existing scattered site unit as a temporary choice will retain the right to return to a new or rehabilitated scattered site unit or local replacement housing unit as referenced above.
- c. Section 8 Unit. Same as defined in subparagraph 8(a) above with the provision that, in accordance with the A&O Policy, Leaseholders opting for temporary Section 8 will be given a right of return to a local replacement housing unit. In addition, temporary Section 8 Leaseholders invoking their right to return, will be classified as CHA transferees.
- d. Non-CHA Housing. Other housing options voluntarily chosen by the Leaseholder. Lease compliant Leaseholders who select this option retain their right of return to a local replacement housing unit.

10. **Nature of Comparable Replacement Housing.**

Each relocated Leaseholder is entitled to a comparable replacement-housing unit.

- a. A comparable replacement housing unit, whether public housing or Section 8, is defined as one that is decent, safe and sanitary, functionally equivalent to the Leaseholder's original dwelling unit, adequate in size to accommodate the Leaseholder's household, located in an area not subject to unreasonable adverse environmental conditions, located in an area not less desirable than the location of the Leaseholder's original dwelling unit with respect to commercial and public facilities, reasonably accessible to the Leaseholder's place of employment, located on a site that is typical in size for residential development with normal site improvements, meets Section 8 housing quality standards (where applicable) and is no more costly to the Leaseholder than the public housing unit from which the Leaseholder is moving.
- b. ~~Consistent with applicable federal regulations, a comparable replacement housing unit must meet the accessibility needs of the Leaseholder and/or the Leaseholder's family members.~~

- c. A Leaseholder may reject an offer of a replacement housing unit that is not comparable as described in subparagraphs 10(a) and (b). Such refusal will not affect the Leaseholder rights under this contract.
- d. For Section 8, the CHA will foster moves to opportunity areas, but the final location choice belongs to the Leaseholder. An opportunity area is defined as a census tract with no more than 23.49 % of families with incomes below the poverty level and no more than 30 % African-American population.

11. Monitoring and Enforcing this Contract.

- a. Reporting. On a quarterly basis, the CHA shall report to the CHA Board of Commissioners, the CAC, and the community at large on development and relocation activities. The report shall also include site-by-site information with sufficient detail to enable the CHA Board of Commissioners and the CAC to ensure that Leaseholders are afforded the rights guaranteed under this Contract. The information in the report shall include but not be limited to the timely service of notices, the timely presentation of relocation information, completed recertifications, family status as a result of the recertification, and HCS results. The report will also include Section 8 utilization information and identify the number of expired Section 8 vouchers where families are not successful in finding housing. This report shall be in writing and shall be forwarded to the CHA Board of Commissioners and the CAC, and be made available to the community at large, within thirty (30) days of the end of each quarter. The CHA shall contract with an independent auditor to ensure monitoring and tracking of the relocation process.
- b. Grievance Procedures.
 - 1. Public housing Leaseholders, as well as Leaseholders who choose Section 8 as a temporary housing choice and are program participants, may enforce the guarantees contained in this contract through the standard CHA grievance process. This in no way restricts a Leaseholder's right to seek enforcement of this contract through the judicial system. This Agreement does not supercede applicable federal, state, or local law.
 - 2. A temporary Section 8 household, as described above, may use the CHA grievance process including the right to a formal hearing (~~unless otherwise excluded by the CHA grievance procedures~~), only to enforce provisions of the contract or any termination of Section 8 assistance pursuant to 24 CFR 982.552. In the event

that a household with a temporary Section 8 voucher files a grievance, the informal hearing shall be conducted by the contractor for the Section 8 program. Any subsequent formal hearing shall be heard by a Hearing Officer designated by CHA's General Counsel.

12. Applicability.

For those choosing a temporary Section 8 voucher or other non-CHA housing with the right to return, the applicable portions of this contract shall survive the termination of the Leaseholder's Lease.

13. Amendment.

If policy changes to this contract are required, the CHA will negotiate the proposed changes with the CAC and request approval from the CHA's Board of Commissioners. If procedural changes to this contract are required, the CHA will similarly negotiate these changes with CAC prior to implementation, but need not seek the approval of the CHA's Board of Commissioners for such changes. Such changes will be approved in writing by the CEO or his/her designee.

LEASEHOLDER:

CHA:

Name (printed)

Name (printed)

Signature

Signature

Phone

Date: _____

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT C

PROJECT BUDGET and DRAW SCHEDULE

A project budget and draw schedule is attached to this exhibit cover sheet.

**PARK BOULEVARD IIB
PROJECT BUDGET**

Line Item	Amount
Land Cost	962,278
Transfer Stamps	7,698
Acquisition Costs Subtotal	969,976
Net Construction Costs	27,280,607
General Conditions	1,636,836
Overhead	545,612
Profit	1,636,836
Construction Costs Subtotal	31,099,891
Furniture, Fixtures, & Equip't	20,000
Building Permits	175,635
Contingency	1,364,030
Other Construction Subtotal	1,559,665
Soil Testing	173,000
Other Environmental	70,000
Environmental Subtotal	243,000
Construction	460,959
Contingency	23,048
Commercial Subtotal	484,007
Architect - Design	1,876,459
Architect - Supervision	365,000
Engineering Fees	244,219
Blueprints & Reproductions	7,000
PNA Report	27,600
As-Is Plats & Surveys	22,000
Accountant -	24,000
Legal - Organizational	265,712
Legal - Syndication	35,000
Appraisal	10,500
Market Study	10,000
Phase I Environ. Report	10,000
Title & Recording Fees	43,225
Other Professional Fees	276,014
Professional Fees Subtotal	3,216,729
Tax Credit Issuer Fees	120,129
Construction Points	198,577
Perm Loan Points	15,000
Construction Inspection	25,000
Architect Fee	50,000
Lender Legal Fees	225,000
Construction Interest	912,497
Other Lender Fees	20,000
Lender Fees Subtotal	1,566,203
Construction Period R.E. Taxes and Insurance Subtotal	225,000
Marketing & Leasing Subtotal	30,000
Developer Fee Subtotal	2,399,900
Reserves Subtotal	923,740
Grand Total Dev Costs	42,718,111

DRAW SCHEDULE
Park Boulevard Phase 2B

Sources of Funds	Total Project Budget	CONSTRUCTION PERIOD														Completion	
		Admission	Closing - Draw 0	Draw 1	Draw 2	Draw 3	Draw 4	Draw 5	Draw 6	Draw 7	Draw 8	Draw 9	Draw 10	Draw 11	Draw 12	Draw 13	Draw 14
		12/16/13	1/1/14	2/1/14	3/1/14	4/1/14	5/1/14	6/1/14	7/1/14	8/1/14	9/1/14	10/1/14	11/1/14	12/1/14	1/1/15	2/1/15	3/1/15
Sources of Funds																	
Component Debt - US Bank	1,000,000																
Capital Funds	11,450,000			100,255	553,455	1,351,511	2,045,753	2,250,990	2,552,396	2,119,199	0						
DIC Loan	530,270		530,270														
State of Michigan	5,000,000																
CP Capital	10,100		10,100														
HTC Equity - Enterprise	23,043,000		2,195,344	855,353	536,053	0											
Bridon Loan - US Bank	15,889,157		0	0	0	0	0	0	0	952,832	100,511	3,854,578	3,557,172	7,459,448	2,624,958	1,760,958	239,803
Total Sources:	57,831,537	2,885,714	855,353	744,318	853,455	1,351,511	2,045,753	2,250,990	2,552,396	3,082,031	3,600,511	3,854,578	3,557,172	2,889,448	2,624,958	1,760,958	1,402,803
Uses of Funds																	
Acquisition Costs																	
Building Cost	952,270																
Refinancing Loan Payoff	0																
Carrying Costs	0																
Transfer Stamps	7,688		7,688														
Insurance	0																
Security	0																
Legal	0																
Other Acquisition	0																
Construction Costs																	
Site Construction	27,280,867	0	436,499	534,799	722,835	1,150,279	1,433,513	1,840,951	2,157,247	2,581,656	3,029,147	3,245,382	2,913,566	2,455,253	2,182,448	1,418,890	897,109
Site Construction Costs	0	0	436,499	534,799	722,835	1,150,279	1,433,513	1,840,951	2,157,247	2,581,656	3,029,147	3,245,382	2,913,566	2,455,253	2,182,448	1,418,890	897,109
Other Hand Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Conditions	1,536,836	535,000	235,000	30,883.90	22,971.15	36,549.90	47,455.27	59,764.01	68,870.22	82,348.42	96,218.80	103,153.45	84,485.12	78,015.24	68,346.88	45,075.47	31,687.76
Overhead	545,612	6,730	10,715	14,455	23,005	28,872	37,617	43,349	51,833	60,563	64,928	59,472	49,105	43,649	28,372	19,942	15,942
Profit	1,536,836	0	26,789	32,148	23,376	89,017	89,617	112,852	130,047	155,499	181,689	194,783	178,415	147,315	130,847	85,115	59,826
Other Construction																	
Furniture, Fixtures, & Equip.	20,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20,000
Building Permits	175,635	0	175,635	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bond Premiums	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Open Space Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fencing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Landscaping	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pathways	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Site Preparation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Site Preparation - Winter Conditions	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contingency - Residential	1,114,030	0	17,824	21,880	28,522	46,673	60,993	76,807	88,510	105,833	123,657	152,570	121,429	100,263	89,122	57,830	40,718
Infrastructure																	
Streets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Electrical & Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stormwater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Parks & Landscaping	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewer & Water	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Environmental																	
Underground Storage Tanks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soil Testing	173,000	0	57,657	57,657	57,657	0	0	0	0	0	0	0	0	0	0	0	0
Land Remediation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lead Based Paint Removal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Asbestos Removal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Environmental	70,000	0	2,857	2,857	2,857	2,857	2,857	2,857	2,857	2,857	2,857	2,857	2,857	2,857	2,857	2,857	2,857
Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial																	
Construction	260,255	0	7,373	9,093	12,215	16,436	22,235	31,781	36,523	43,781	51,166	54,854	50,245	21,485	35,877	23,970	15,848
Contingency - Commercial	23,000	0	369	453	611	872	1,262	1,528	1,831	2,190	2,558	2,924	2,512	2,074	1,524	1,195	592
Legal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consultants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Professional Fees																	
Architect - Design	1,875,000	0	455,538	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Architect - Construction	360,000	0	22,613	22,613	22,613	22,613	22,613	22,613	22,613	22,613	22,613	22,613	22,613	22,613	22,613	22,613	22,613
Engineering - Professional	242,215	0	130,130	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Blueprints & Reproductions	7,000	0	7,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PNA Report	27,600	0	27,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Permit Expediter	0	0	15,650	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AS-Is Plans & Surveys	22,000	0	15,650	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accountant - Site Preparation	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accountant - Construction	7,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Legal - Construction	255,212	0	255,212	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Legal - Syndication	30,000	0	22,754	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consultant - Historic	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consultant - Financial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consultant - IT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Appraiser	10,000	0	5,554	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Market Study	10,000	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Phase I Environ. Report	10,000	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Phase II Environ. Report	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Title & Recording Fees	43,225	0	42,513	0	0	0	0	0	0	0	0	0	0	0	0	0	0

DRAW SCHEDULE
Park Boulevard Phase 2B

DRAW SCHEDULE - Park Boulevard Phase 2B	Total Project Budget	CONSTRUCTION PERIOD																
		Admission	Closing - Draw 0	Draw 1	Draw 2	Draw 3	Draw 4	Draw 5	Draw 6	Draw 7	Draw 8	Draw 9	Draw 10	Draw 11	Draw 12	Draw 13	Draw 14	Draw 15
Other Professional Fees	275,014	0																
Letter Fees	120,126	120,126																
Site Plan Issuer Fees	120,126	120,126																
Application Fees	0	0																
Construction Points	185,577	185,577																
Perm Loan Points	15,000	15,000																
Construction Inspection	25,000	25,000	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563
Architect Fee	50,000	50,000																
Landscaper Fees	225,000	212,650																
MIP	0	0																
Bond - Rating Agency	0	0																
Bond - Underwriter	0	0																
Bond - Underwriter's Counsel	0	0																
Bond - Bond Counsel	0	0																
Bond - Other	0	0																
Construction Period Costs	912,497	4,000																
Other Lender Fees	511,925	0																
Construction Period Costs	400,572	4,000																
Liability Insurance	60,000	60,000																
Hazard Insurance	85,000	85,000																
Real Estate Taxes	80,000	80,000																
Negative Operations	0	0																
Other Construction Period	0	0																
Marketing & Leasing	15,000	0																
Leasing Commission	15,000	0																
Advertising	0	0																
Model Units	0	0																
Other Marketing & Leasing	0	0																
Tenant Relocation	0	0																
Rent Differential	0	0																
Relocation Expenses	0	0																
Moving Expenses	0	0																
Other Tenant Relocation	0	0																
Developer Fee	427,155	0																
Deferred Developer Fee	0	0																
Construction Admin	0	0																
Schedule & Oversight	0	0																
Project Management Consulting	390,000	50,000	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
Reserves	109,000	0																
Leasehold Reserve	258,710	0																
ACC Reserve	80,000	0																
Insurance Reserve	50,000	0																
Property Tax Reserve	415,000	0																
Operating Reserve	0	0																
Equipment Reserve	0	0																
Investor Services Fee	0	0																
Tenant Services	0	0																
Lighting & Signage	0	0																
Day Care Services	0	0																
Other Tenant Services	0	0																
Other Tenant Services	0	0																
Bridges Loan Repayment (Principal + Interest)	15,585,167	0																
Total Uses	57,931,837	2,665,714	835,553	744,818	953,486	1,391,941	2,045,783	2,250,580	2,582,386	3,062,031	3,800,511	3,864,678	3,557,172	3,458,449	2,644,995	1,760,958	1,402,803	0
Funds Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Admission	30 day LIBOR	15-Sep-13	100.000000%
Cash (non-deferred) Developer Fee Pay-in %s	20.00%			
Cumulative %	20.00%			
Equity Pay-in %s	15.00%			
Cumulative %	15.00%			
Parm Only Sources:	42,718,111			
Parm Only Uses:	42,718,111			
Surplus / (Gap):	0			
US Bank Construction Loan Interest:	Rate = 30day LIBOR + 275bp = 2.93%	+ 102bp hedge = 3.950%		
Monthly Draw	0	0	0	0
Repayment	0	0	0	0
Closing Balance:	0	0	0	0
Monthly interest charge:	-	-	-	-
Cumulative Interest Charges:	-	-	-	-

DRAW SCHEDULE
Park Boulevard Phase 2B

DRAW SCHEDULE - Park Boulevard Phase 2B	POST-CONSTRUCTION PERIOD													Slab'n	Total Project Budget variance
	Total Project Budget	Draw 16 4/1/15	Draw 17 5/1/15	Draw 18 6/1/15	Draw 19 7/1/15	Draw 20 8/1/15	Draw 21 9/1/15	Draw 22 10/1/15	Draw 23 11/1/15	Draw 24 12/2/15	Draw 25 1/1/16	Draw 26 2/1/16	Draw 27 3/1/16	Draw 28	
														4/1/16	
Cost Cert															
Q.Q.															
Perm Conv.															
6609															
Sources of Funds															
Permanent Debt - US Bank	1,000,000														1,000,000
CPA															0
Capital Funds	11,250,000														11,250,000
CIC Loan	500,270														500,270
CP Capital	10,100														10,100
LHTC Equity - Enterprise	24,045,000														24,045,000
Bridg Loan - US Bank	15,895,167	100,502	56,493	56,855	57,219	57,585	57,951	58,317	58,683	59,049	59,415	59,781	60,147	60,513	15,895,167
TOTAL SOURCES	57,951,537	100,502	56,493	56,855	57,219	57,585	57,951	58,317	58,683	59,049	59,415	59,781	60,147	60,513	57,951,537
Uses of Funds															
Acquisition Costs															
Building Cost	862,279														862,279
Land Cost	862,279														862,279
Refinancing Loan Pay-Off	0														0
Carrying Costs	0														0
Transfer Stamps	7,698														7,698
Insurance	0														0
Security	0														0
Legal	0														0
Other Acquisition	0														0
Construction Costs	27,280,647														27,280,647
Net Construction Costs	27,280,647														27,280,647
Other Hard Costs	0														0
General Conditions	1,636,636														1,636,636
Overhead	545,612														545,612
Profit	1,636,636														1,636,636
Other Construction	0														0
Furniture, Fixtures, & Equip	20,000														20,000
Building Permits	175,635														175,635
Bond Premium/LOC Fees	0														0
Open Space Fees	0														0
Fencing	0														0
Landscaping	0														0
Parkways	0														0
Site Preparation	0														0
Contingency - Winter Conditions	250,000														250,000
Contingency - Residential	114,030														114,030
Infrastructure	0														0
Streets	0														0
Electrical & Gas	0														0
Sewer	0														0
Public Parks & Landscaping	0														0
Water & Water	0														0
Other Infrastructure	0														0
Contingency	0														0
Environmental	0														0
Underground Storage Tanks	0														0
Soil Testing	173,000														173,000
Land Remediation	0														0
Lead Based Paint Removal	0														0
Asbestos Removal	0														0
Other Environmental	70,000														70,000
Contingency	0														0
Commercial	0														0
Construction	480,659														480,659
Contingency - Commercial	23,048														23,048
Legal	0														0
Accounting	0														0
Reserves	0														0
Consultants	0														0
Other Commercial	0														0
Professional Fees	0														0
Architect - Design	1,875,459														1,875,459
Architect - Supervision	365,000														365,000
Engineering Fees	244,218	22,805													267,023
Engineering Fees	244,218														244,218
Engineering Fees	2,700														2,700
PNA Report	27,600														27,600
Permit Expediter	0														0
As-is Plans & Surveys	22,000														22,000
Accountant - Tax Preparation	5,000														5,000
Accountant - Financial	5,000														5,000
Accountant - Other	12,000														12,000
Legal - Construction	265,712														265,712
Legal - Construction	265,712														265,712
Legal - Construction	0														0
Consultant - Historic	0														0
Consultant - Financial	0														0
Consultant - TIF	0														0
Appraisals	10,500														10,500
Market Study	10,500														10,500
Phase I Environ. Report	10,000														10,000
Phase II Environ. Report	10,000														10,000
Title & Recording Fees	43,225														43,225

DRAW SCHEDULE
Park Boulevard Phase 2B

DRAW SCHEDULE - Park Boulevard Phase 2B	POST-CONSTRUCTION PERIOD																Slab'n, Perm Conv, #609	Total Project Budget	variance
	Total Project Budget	Draw 16 4/1/15	Draw 17 5/1/15	Draw 18 6/1/15	Draw 19 7/1/15	Draw 20 8/1/15	Draw 21 9/1/15	Draw 22 10/1/15	Draw 23 11/1/15	Draw 24 12/2/15	Draw 25 1/1/16	Draw 26 2/1/16	Draw 27 3/1/16	Draw 28 4/1/16					
Other Professional Fees	276,014																276,014		
Letter Fees																			
Fax Credit Issuer Fees																			
Fax Credit Issuer Fees	120,125																120,125		
Construction Permits	186,577																186,577		
Perm Loan Points	15,000																15,000		
Construction Inspection	25,000	1,563															25,000		
Architect Fee	50,000																50,000		
Lender Legal Fees	225,000																225,000		
LMP	0																0		
Bond - Rating Agency	0																0		
Bond - Surety	0																0		
Bond - Underwriter	0																0		
Bond - Underwriter's Counsel	0																0		
Bond - Bond Counsel	0																0		
Bond - Other	0																0		
Other Lender Fees	912,497																912,497		
Other Lender Fees	20,000																20,000		
Construction Period Costs	50,000																50,000		
Hazard Insurance	85,000																85,000		
Real Estate Taxes	80,000	20,000															80,000		
Negative Operations	0																0		
Other Construction Period	0																0		
Marketing & Leasing																			
Leasing Professional	15,000	1,750	1,750	1,750	1,750	1,750	1,750	1,750									15,000		
Advertising	0																0		
Model Units	0																0		
Other Marketing & Leasing	0																0		
Tenant Relocation																			
Rent Differential	0																0		
Personnel Expenses	0																0		
Moving Expenses	0																0		
Other Tenant Relocation	0																0		
Developer Fee																			
Deferred Developer Fee	1,427,159																1,427,159		
Construction Admin	0																0		
Salaries & Overhead	0																0		
Project Management Consulting	300,000																300,000		
Reserves																			
Lease Reserve	100,000																100,000		
ACC Reserve	259,740																259,740		
Insurance Reserve	80,000																80,000		
Property Tax Reserve	50,000																50,000		
Operating Reserve	415,000																415,000		
Replacement Reserve	0																0		
Investor Services Fee	0																0		
Tenant Services																			
Job Training & Placement	0																0		
Day Care Services	0																0		
Tenant Services	0																0		
Other Tenant Services	0																0		
Bridge Loan Repayment (Principal + Interest)	15,886,167																15,886,167		
TOTAL	42,718,111	100,502	56,493	56,855	57,219	57,585	547,714	56,437	56,809	57,185	57,562	79,012	58,395	57,185	15,886,167	57,931,537			
Funds Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
* See 'CHA Pre-Dev' Loan tab in Owner's Sworn Statement for detailed break down																			
Cash (non-deferred) Developer Fee Pay-in %s																			
Cumulative %								30.00%									100.00%		
Equity Pay-in %s																			
Cumulative %																	84.55%	99.55%	
Perm Only Sources:	42,718,111																		
Perm Only Uses:	42,718,111																		
Surplus / (Gap):	0																		
US Bank Construction Loan Interest:																			
Monthly Draw:	100,502	56,493	56,855	57,219	57,585	547,714	56,437	56,809	57,185	57,562	79,012	58,395	57,185	14,973,670	15,886,167	15,886,167	Bridge Loan Pri		
Repayment:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Bridge Loan Int		
Closing Balance:	15,990,144	16,099,271	16,209,120	16,319,694	16,430,998	17,032,798	17,145,301	17,258,547	17,372,541	17,487,287	17,623,862	17,740,289	17,856,716	17,973,143	18,089,570	18,206,000	Total Repayme		
Monthly Interest charge:	52,634	52,993	53,355	53,719	54,085	56,066	56,437	56,809	57,185	57,562	58,012	58,395	58,778	59,161	59,544	59,927	Final Repayme		
Cumulative Interest Charges:	297,878	350,871	404,226	457,945	512,031	566,097	624,534	681,343	738,528	796,090	854,102	912,497	971,282	1,030,443	1,089,000	1,147,159	(0) variance		

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT D

TIF-FUNDED IMPROVEMENTS

Acquisition	\$ 962,278
Construction Hard Costs of Low-Income Units	\$10,222,649
Environmental	\$ 243,000
Architecture & Engineering	\$ 1,634,103
<hr/>	
Total	\$13,062,030*

*Notwithstanding the total above, the maximum amount of TIF-monies paid to the Developer will not exceed \$5,000,000.

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT E

CONSTRUCTION CONTRACT

A true and correct copy of the Construction Contract by and between Developer and its General Contractor, together with all amendments, supplements and exhibits all as of the Closing Date is to be attached at closing.

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT F

APPROVED PRIOR EXPENDITURES

None.

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT G

PERMITTED LIENS

1. Liens or encumbrances against the Property (and related improvements):

Those matters set forth as Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

2. Liens or encumbrances against Developer or the Project, other than liens against the Property (and related improvements), if any: list mortgages securing construction financing.

NONE, except as noted in the attachment to this exhibit cover sheet.

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT H

OPINION OF COUNSEL FOR DEVELOPER

[To be retyped on Developer's Counsel's letterhead]

_____, 20__
City of Chicago
City Hall, Room 600
121 North LaSalle Street
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to _____, an Illinois limited liability company (the "Developer"), in connection with the construction of certain improvements on _____ located in the 35th/State Redevelopment Project Area (the "Project"). In that capacity, we have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

- (a) Park Boulevard IIB Rental Project Redevelopment Agreement (the "Agreement") of even date herewith, executed by Developer and the City of Chicago (the "City"); and
- (b) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, we have examined

- (a) the original or certified, conformed or photostatic copies of Developer's (i) Certificate of Formation, as amended to date, (ii) Amended and Restated Agreement of Limited Liability Company, (iii) qualifications to do business and certificates of good standing in all states in which Developer is qualified to do business, and (iv) records of all corporate proceedings relating to the Project; and
- (b) such other documents, records and legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

In all such examinations, we have assumed the genuineness of all signatures (other than those of Developer), the authenticity of documents submitted to us as originals and conformity to the originals of all documents submitted to us as certified, conformed or photostatic copies.

Based on the foregoing, it is our opinion that:

1. Developer is a limited liability company duly organized, validly existing and in good standing under the laws of its state of organization, has full power and authority to own and lease its properties and to carry on its business as presently conducted, and is in good standing and duly qualified to do business as a foreign organization under the laws of every state in which the conduct of its affairs or the ownership of its assets requires such qualification,

except for those states in which its failure to qualify to do business would not have a material adverse effect on it or its business.

2. Developer has full right, power and authority to execute and deliver the Documents to which it is a party and to perform its obligations thereunder. Such execution, delivery and performance will not conflict with, or result in a breach of, Developer's Certificate of Formation or Amended and Restated Agreement of Limited Liability Company or result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation, order, writ, injunction or decree of any court, government or regulatory authority, or, to the best of our knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which Developer is a party or by which Developer or its properties is bound. To the best of our knowledge after diligent inquiry, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which Developer is a party or by which it or any of its property may be bound, or result in the creation or imposition of (or the obligation to create or impose) any lien, charge or encumbrance on, or security interest in, any of its property pursuant to the provisions of any of the foregoing, other than in favor of any lender providing lender financing.

3. The execution and delivery of each Document and the performance of the transactions contemplated thereby have been duly authorized and approved by all requisite action on the part of Developer.

4. Each of the Documents to which Developer is a party has been duly executed and delivered by a duly authorized officer of Developer, and each such Document constitutes the legal, valid and binding obligation of Developer, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5. Exhibit A attached hereto (a) identifies the members and managers of Developer and the percentage interest held by each member. To the best of our knowledge after diligent inquiry, except as set forth on Exhibit A, there are no warrants, options, rights or commitments of purchase, conversion, call or exchange or other rights or restrictions with respect to any of the equity of Developer. Each outstanding interest of Developer is duly authorized, validly issued, fully paid and nonassessable.

6. To the best of our knowledge after diligent inquiry, no judgments are outstanding against Developer, nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against Developer or affecting Developer or its property, or seeking to restrain or enjoin the performance by Developer of the Agreement or the transactions contemplated by the Agreement, or contesting the validity thereof. To the best of our knowledge after diligent inquiry, Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on Developer or its business.

7. To the best of our knowledge after diligent inquiry, there is no default by Developer or any other party under any material contract, lease, agreement, instrument or commitment to which Developer is a party or by which the company or its properties is bound.

8. To the best of our knowledge after diligent inquiry, all of the assets of Developer are free and clear of mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in the Documents.

9. The execution, delivery and performance of the Documents by Developer have not and will not require the consent of any person or the giving of notice to, any exemption by, any registration, declaration or filing with or any taking of any other actions in respect of, any person, including without limitation any court, government or regulatory authority.

10. To the best of our knowledge after diligent inquiry, Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

11. A federal or state court sitting in the State of Illinois and applying the choice of law provisions of the State of Illinois would enforce the choice of law contained in the Documents and apply the law of the State of Illinois to the transactions evidenced thereby.

We are attorneys admitted to practice in the State of Illinois and we express no opinion as to any laws other than federal laws of the United States of America or the laws of the State of Illinois.

This opinion is issued at Developer's request for the benefit of the City and its counsel, and may not be disclosed to or relied upon by any other person.

Very truly yours,

By: _____

Name: _____

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT I

FORM OF PAYMENT AND PERFORMANCE BOND

The Form of Payment and Performance Bond is attached to this exhibit cover sheet.

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT J

DESCRIPTION OF PROJECT FINANCING

1. Construction/Permanent 1st Mortgage Loan: U.S. Bank National Association will make a construction/permanent loan to Owner in the approximate amount of \$16,886,167 (includes \$1,000,000 permanent loan described below). This construction loan will have a 28-month term and an interest rate of LIBOR + 275 bps. At maturity, the permanent loan portion of the loan will continue in an amount of approximately \$1,000,000, with a 15-year term, after the construction period (17 year term total), a 30-year amortization schedule, and an interest rate equal to the "Cost of Funds" plus 250 bps (the interest rate to be locked at closing).
2. CHA Construction/Permanent 2nd Mortgage Loan: Chicago Housing Authority (CHA) will make an \$11,450,000 loan (comprised of Moving To Work funds and Program Income). The interest rate shall be 3.25% and repayment will be subject to available cash flow (as provided in the Owner's operating agreement), with any remaining outstanding principal and interest due at maturity, 40 years after the construction period (42 year term). The loan will be secured by a 2nd Mortgage from Owner.
3. CHA Donation Credit Construction/Permanent 3rd Mortgage Loan: CHA will make a \$540,270 loan to Owner from proceeds from the sale of Illinois Donation Credits, arising from the donation of the leasehold interest described above. The interest rate shall be 3.25% and repayment will be subject to available cash flow (as provided in the Owner's operating agreement), with any remaining outstanding principal and interest due at maturity, 40 years after the construction period (42 year term). The loan will be secured by a 3rd Mortgage from Owner.
4. TIF Loan: The Manager will receive a \$5,000,000 of TIF Funds from the City during the construction period, and will lend the \$5,000,000 to the Owner. The interest rate shall be 0% and repayment will be subject to available cash flow (as provided in the Owner's operating agreement), with any remaining outstanding principal and interest due at maturity, 40 years after the construction period (42 year term). The loan will be secured by a 4th Mortgage from Owner.
5. Equity: Manager will contribute \$100 and 37th and State LLC will contribute \$10,000 (generated from the sale of the Donation Tax Credits to US Bank), in addition to contributing the Donated Land, and Enterprise will provide tax credit equity in the total amount of approximately \$24,045,000, paid as follows:
 - 1st Installment (initial closing & Draws #1-#2): \$3,606,750
 - 2nd Installment (completion, 3/1/2015): \$109,000
 - 3rd Installment (4/1/2016 date certain): \$11,913,500 (for Construction Loan repayment)
 - 4th Installment (Stabilization/Permanent Loan conversion/8609s, 4/1/2016):\$8,415,750 (for project costs, any remaining Construction Loan repayment, developer fee and capitalizing operating and ACC reserves)

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT K

REQUISITION FORM

State of Illinois)
) SS
COUNTY OF COOK)

The affiant, _____, _____ of _____, a
_____ (the "Developer"), hereby certifies that with respect to that
certain _____ Redevelopment Agreement between the Developer and the City
of Chicago dated _____, _____ (the "Agreement"):

A. Expenditures for the Project, in the total amount of \$ _____, have been
made:

B. This paragraph B sets forth and is a true and complete statement of all costs of TIF-Funded
Improvements for the Project paid for or reimbursed by the City to date:

\$ _____

C. The Developer requests reimbursement for the following cost of TIF-Funded Improvements:

\$ _____

D. None of the costs referenced in paragraph C above have been previously reimbursed by the
City.

E. The Developer hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and
warranties contained in the Redevelopment Agreement are true and correct and the
Developer is in compliance with all applicable covenants contained herein.
2. No event of Default or condition or event which, with the giving of notice or
passage of time or both, would constitute an Event of Default, exists or has occurred.

All capitalized terms which are not defined herein have the meanings given such terms
in the Agreement.

**PARK BOULEVARD IIB RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT L

PRIOR TIF OBLIGATIONS

1. Park Boulevard Project Redevelopment Agreement dated as of November 1, 2005 and recorded November 30, 2005 as Document #0533418114, and First Amendment to Park Boulevard Project Redevelopment Agreement dated as of September 1, 2009 and recorded November 2, 2009 as Document #0930611085 pledging maximum of \$8,390,000 in incremental taxes from 35th/State TIF Redevelopment Area.
2. Townsend Chicago, LLC Redevelopment Agreement dated as of January 31, 2006 and recorded February 2, 2006 as Document #0603343326 pledging maximum of \$13,400,000 in incremental taxes from 35th/State TIF Redevelopment Area.
3. 5% City Fee.