

EDGEWATER REDEVELOPMENT AREA
REDEVELOPMENT PLAN AND PROJECT

CHICAGO, IL

OCTOBER 1986

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LETTER OF TRANSMITTAL

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INTRODUCTION

The City of Chicago has a large and complex economic base. One of the greatest challenges in planning for the growth and expansion of the City's economic base is to maintain a balance between neighborhood and downtown development. Economic forces are polarizing business opportunities in suburban and downtown locations. Neighborhood business districts have fallen prey to the convenience of suburban shopping malls and the draw of specialty retail, entertainment and service opportunities located downtown.

The City of Chicago has recognized the challenges of neighborhood economic development through a variety of planning and economic development policies and programs. The City is beginning the process of revitalizing Chicago's neighborhood economies. The adoption of the Edgewater Redevelopment Area Redevelopment Plan and Project is a logical and consistent step toward revitalizing the economic base of the Edgewater area.

The Redevelopment Plan is designed to improve an underutilized area located at the southeast quadrant of the intersection of North Broadway and West Berwyn Avenue. The Plan allows for redevelopment of the 4.0-acre Edgewater Redevelopment Area. A specific development proposal is included in this Plan for the construction of a community shopping center.

The site of the proposed shopping center development consists primarily of a one-story commercial building, which at one time was a bowling alley, but which has declined over the years. The site now consists basically of a vacant, older structure badly in need of repairs and/or demolition. Previous owners attempted to market the property in a manner consistent with its previous use; however, those efforts proved to be unsuccessful, and the general deteriorated qualities of the building and surrounding land are worsening. Also located on the site is a small strip center in poorer condition and of older age than neighboring off-site land uses. In addition to the impact of the unsightliness and unproductiveness of the Redevelopment Area on the neighborhood and its residents, the site is also an unproductive revenue drain for the entire City of Chicago. Therefore, redevelopment of a viable project on this site would introduce a productive element back into the neighborhood and also provide an additional incentive toward future redevelopment of the area in general.

Specifically, redevelopment of the site would include an approximately 53,000-square-foot retail commercial center. The center would consist of a one-story, multi-tenant structure, several freestanding buildings and off-street parking. The center is planned to accommodate both nationally and locally based tenants and would stem the flow of City shoppers to the suburbs for quality and price-conscious merchandise. This project is also vital since

it is directly in an area in need of retail shopping. It also provide an incentive for national businesses to locate in area instead of going to the suburbs. If successful, this project would create a snowball effect whereby additional private funds would be invested in the community, and redevelopment would advanced in what would otherwise have been a stagnating, unproductive location.

EDGEWATER REDEVELOPMENT AREA DESCRIPTION

The Edgewater Redevelopment Area is the aggregate approximately four acres. The Redevelopment Area and its existing land uses are shown on the following page as Figure 1 and is legal described in Appendix A. It includes only those contiguous parcels of real property and improvements thereon which will be benefited substantially by the proposed redevelopment project.

The Redevelopment Project Area, located on the north side for the City of Chicago, is bounded by the easterly line of the right-of-way for the Chicago Transit Authority Elevated Transit on the east, the the northerly property line of an automobile sales and service facility on the south, the westerly line of North Broadway Street on the west, and by the northerly line of West Berwyn Street on the north. The Edgewater Redevelopment Area is in a predominantly dense portion of the City, characterized primarily by commercial uses, surrounded by residential uses.

POLICY FOUNDATION

The Redevelopment Plan conforms to the comprehensive plan for the development of the City of Chicago as a whole. Further, these purposes are consistent with and are pursuant to implementation of general municipal development objectives and policies contained in plans previously stated by the City of Chicago, including the following:

1. The Comprehensive Plan of Chicago: the Improvement Plan for Business, December 1966.
2. The Comprehensive Plan of Chicago: North Development Area, January 1967.
3. Chicago Development Plan, Chicago Works Together, May 1984

Pertinent objectives from the above three major policy statements include the following (the number in parentheses following each specific pertinent objective refers to the plan from which it is excerpted):

1. Provide adequate parking and attractive settings. (1)
2. Improve business centers in older parts of the City. (1)
3. Private initiative supported by public actions will be the important component in business improvements. (1)
4. Improve business centers in conjunction with major rebuilding programs. (1)
5. Consolidate strip commercial development. (1)
6. Provide needed shops and services for Chicago residents. (1)

7. Pursue projects which would compete effectively with suburban centers. (1)
8. Give priority (of treatment) to centers which face competition from suburban centers. (1)
9. To maintain a high quality of development to preserve current environmental assets, conservation programs should be established throughout the community. (2)
10. Improvements along present rapid transit rights-of-way are suggested. (2)
11. An emphasis on strengthening Chicago's tax base is fundamental to virtually every City development project which seeks to maintain or expand Chicago's business community and to create job opportunities for City residents. (1)
12. Many Chicago neighborhoods that have suffered disinvestment in the past should be emphasized for new investment over those neighborhoods with extensive and solvent private investment. (3)
13. A call for balanced growth as a key to economic development means the vigorous pursuit of development opportunities in both the downtown and the neighborhoods, and across the City's economic sectors. (3)

REDEVELOPMENT PLAN GOALS AND OBJECTIVES

The purpose of the Redevelopment Plan is to stimulate growth in the form of investment in new development and reinvestment in facilities that are as essential in the neighboring business district, as it is to the entire City. Redevelopment and conservation efforts in the Redevelopment Area would strengthen the entire City through environmental improvements and an increased tax base, and would provide additional employment opportunities. It would

encourage citizens and government to work together to address solve the problems of urban growth and development. A joint venture between the City and the private sector for the redevelopment of the Edgewater Redevelopment Area would receive significant support from the business community.

General Goals

- A. Improve the quality of life in Chicago by eliminating the influences of both physical and economic blight in the Redevelopment Area.
- B. Enhance the marketability of vacant and other underutilized properties by encouraging private investments which strengthen the community's economy, tax base, business environment and living environment.
- C. Develop and create an attractive blend of retail and restaurant space with related uses.
- D. Provide adequate and accessible on-site parking and good traffic flow.
- E. Provide sound economic development in the Redevelopment Area while generating needed sales and real estate tax revenues.
- F. Provide new employment opportunities for minorities and women.

Redevelopment Objectives

- A. Enhance the tax base of the City of Chicago and of other taxing districts which extend to the Redevelopment Area by encouraging private investment and commercial development.
- B. Provide public improvements which include utilities, parking, public open space, sidewalks, streetscapes, etc.

- C. Eliminate blight conditions within the Redevelopment Area.
- D. Enhance the value of properties within both the Redevelopment Area and the general business district.
- E. Provide a net benefit to the City consisting of jobs and revenues.
- F. Provide needed incentives to encourage a broad range of improvements in the development of the Redevelopment Area.

EDGEWATER REDEVELOPMENT AREA ELIGIBILITY

The Tax Increment Allocation and Redevelopment Act (Act) allows municipalities to improve eligible "blighted" or "conservation" areas in accordance with an adopted redevelopment plan. The Act defines specific criteria for determining the eligibility of an area for redevelopment.

A redevelopment project area is:

"An area designated by the municipality, which is not less than 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 or a conservation area, or a combination of both blighted and conservation areas."

According to the Act, a conservation area is:

"Any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive

vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land-use or layout; depreciation of physical maintenance; lack of community planning, is detrimental to the public safety, health, morals or welfare and such an area may be a blighted area."

According to the Act, a blighted improved area is:

"Any improved ... area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of five or more of the following factors: a) dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land-use or layout; depreciation of physical maintenance; lack of community planning is detrimental to the public safety, health, morals or welfare"

To determine eligibility, a field survey of the study area was conducted together with further research into building age performance and condition. The discussion below presents an analysis of site and building conditions that relate to the criteria established for designating a redevelopment project area. Relevant characteristics of the subject property are as follows:

- Size - The Redevelopment Area is approximately four acres in size, which exceeds the minimum requirement for a redevelopment project area.
- Age of structures - All of the structures in the Redevelopment Area were constructed before 1950, and are more than 35 years of age.

- Deterioration and Dilapidation - None of the buildings found to exhibit severe dilapidation. The physical condition of the former commercial building is deteriorating. Roof leaks in numerous places, which has caused water damage to the interior ceiling and floors. The structure of external walls is such that they require braces.
- Obsolescence - The buildings on the site are economically and functionally obsolete in terms of current standards and community retail development. The former commercial facility is only 30,000 square feet, which is too small for a full-line food store in a competitive marketplace. Most neighborhood food stores require between 50,000 and 80,000 square feet. The configuration of the facilities on the site inhibits interaction between the small retail shops and former commercial facility. Multi-purpose shopping trips are discouraged, which limits the market potential of existing businesses. Deliveries to the strip of shops in Berwyn is made through the various shops' front doors because of a southern zero lot line bordering the commercial facility's parking lot.
- Excessive Vacancies - The former commercial facility is vacant while the strip of retail shops is occupied. The former commercial building represents 67% of the total building space in the Redevelopment Area.
- Depreciation of Physical Maintenance - The Redevelopment Area is beginning to exhibit signs of neglect from lack of use. The former commercial facility has been defaced by graffiti. The southeastern portion of the site behind the former commercial facility is being illegally used as a dump for various types of waste material. The interior of the former commercial facility is damaged by water leaking from the roof. The strip retail stores have relatively well-maintained facades although the rear of the building is unsightly and overgrown with weeds, etc.
- Deleterious Land Uses and Layout - The land-use pattern in the Redevelopment Area limits the development potential of the property. The placement of the former commercial facility with respect to the strip retail stores inhibits rather than encourages interaction. Thus, customers are either less likely to shop at this site or may not purchase as many goods or services here, which reduces state and local sales tax revenue from the property. Moreover, the layout of the subject property bears no logical relationship to other retail developments across Berwyn and Broadway from the site. If this area is to be a viable retail center, it must achieve the necessary critical mass of facilities which in turn requires an integrated land-use plan.

All the structures in the Redevelopment Area were constructed prior to 1950. Other deficiencies and obstacles to private development include: excessive vacancies (67% of total built-up space); obsolescence; deterioration; depreciation of physical maintenance and deleterious land use. The redevelopment of the area offers an important opportunity to improve the subject property and strengthen the emerging retail center at Berwyn and Broadway. Thus, the survey results indicate that the Edgewater Redevelopment Area qualifies as a "blighted" or "conservation area" under the Statutory criteria for such classifications.

In terms of existing deficiencies and obstacles to redevelopment, the Edgewater Redevelopment Area is eligible for utilization under the provisions of the Act. The Edgewater Redevelopment Area on the whole has not been subject to healthy growth and development through investment by private enterprise, and would not reasonably be anticipated to be developed without the adoption of the Redevelopment Plan. Vacancies, abandoned buildings, obsolescence, depreciation of physical maintenance, and deleterious layout are all evidence of this situation. Lack of community planning and structural deterioration create obstacles which impede development through normal private actions.

REDEVELOPMENT PLAN

Pursuant to the preceding redevelopment goals and objectives, a coordinated Redevelopment Plan would be implemented to upgrade, revitalize and best utilize the Redevelopment Area site. The primary means to this end would be a redevelopment of the Redevelopment Area site into a neighborhood retail shopping center. The Edgewater Community Council has expressed an opinion that the overall viability of the West Berwyn Avenue and North Broadway intersection as a retail location would be improved with the Redevelopment Plan coming to fruition. A certain critical mass of retail shopping activity would then be had, with all corners of the intersection being potentially more economically successful than any one is at present.

Development Strategies

The principal existing development strategy under the Redevelopment Plan is to encourage and make possible the development of a shopping center at the southeast quadrant of Berwyn Avenue and Broadway. The former commercial building will be rehabilitated. All of the existing old strip center, except Stanley's Lounge, would be demolished. Stanley's Lounge would remain, but would be totally rehabilitated. A detailed listing of the uses planned for the Redevelopment Area is as follows:

- An approximately 53,000-square-foot, one-story, multi-tenanted retail mall.
- Two freestanding outlot pads to feature restaurant and other related uses.
- Off-street parking.

The City of Chicago will provide improvements necessary for the success of the Redevelopment Plan needed for the enhancement of the City as a whole, and to more closely meet the needs of the specific area's residents. Appropriate public improvements would include, at minimum, the following:

- Site preparation
- Upgrading of water lines, storm drains and sewers in the streets surrounding the site
- Installing new sidewalks
- Installing new lighting and landscaping

The cost of these improvements is estimated in the schedule, Estimated Project Redevelopment Costs, in Exhibit 1, on page 17, and will be described in a subsequent section.

The retail center would feature both nationally and locally based tenants. The center's store mix and marketing strategy are designed to complement the area's existing retail businesses by providing a more diverse critical mass of retail uses, as well as reversing the loss of retail expenditures from the neighborhood.

Relocation

In order to facilitate the redevelopment of the Edgewood Shopping Center, existing business tenants in the site's occupied buildings would have to be relocated. The costs of relocation in the form of either relocation advice or financial assistance would be supported by tax increment funds.

Land Use Plan

The existing zoning classification in effect for the Redevelopment Area should remain and govern during and following redevelopment. It is the intent of the plan to encourage general commercial land uses in the Redevelopment Area, as shown in Figure 1 on page 4. The following are the characteristics of the future land use plan and which the City desires in the Redevelopment Area:

- Retail Uses - Retail uses should be developed in order to make the Redevelopment Area one of the preferred shopping center destinations in the City. Prospective tenants include automotive parts and furniture, drugstores as anchor tenants, with ancillary, multi-tenant retail space.
- Restaurant Uses - Restaurant uses would be permitted throughout the Redevelopment Area.
- Parking Uses - Full realization of economic development potential of the Redevelopment Area is directly related to the availability of sufficient automobile parking that is conveniently located together with appropriate pedestrian linkages and amenities to allow and encourage patrons to combine their errands into a one-stop, multi-purpose trip.

Development Design Objectives

The land use plan for the Edgewater Redevelopment Area designed to better utilize the general land-use relationships within the area. Building placements on the site are designed to encourage interaction between all stores, including those within the Redevelopment Area, as well as others nearby. Such building orientation should serve to create strong retail demand for multi-purpose tri

Architectural and design standards would meet or exceed City requirements.

Estimated Project Development Costs

The Redevelopment Plan required for tax increment financing must include a description of all costs pertaining to the redevelopment project. These project costs include all reasonable and necessary expenses incurred or estimated to be incurred in connection with a redevelopment plan and project. For example, these costs may be:

1. Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services.
2. Building acquisition, including demolition of buildings, removal of debris and site grading.

3. Costs of removing and constructing or repairing of on-off-site public improvements, such as roads, curbs, sidewalks, utilities and landscaping.
4. 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 hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 16 months thereafter and including reasonable reserves related thereto.
5. Costs for relocating tenants from structures that will be demolished.

The estimated costs associated with the development of the Edgewater Plaza Shopping Center are presented in Exhibit 1 on the following page.

Sources of Funds

Although other sources of funds which become available are not to be excluded, the only source presently contemplated for funding the redevelopment project costs described above is tax increment financing (T.I.F.). The revenue to support a T.I.F. bond issue will be derived from the incremental real estate taxes and the sales tax revenue generated by the new development in the designated redevelopment area.

The sales tax revenue was estimated by identifying a probable retail mix of the shopping center and applying a sales volume figure for each retail use (see Appendix B). It is not possible to determine existing sales tax revenue in the Redevelopment Area.

EXHIBIT 1
EDGEWATER SHOPPING CENTER
ESTIMATED PROJECT REDEVELOPMENT COSTS
ELIGIBLE FOR TAX INCREMENT FINANCING

ITEMS	ESTIMATED COSTS (1)
Building Acquisition	\$925,000
Public Improvements	252,000
Site Preparation	601,000
Building Rehabilitation	400,300
Tenant Relocation	300,000
Architect & Engineer	100,000
Other Professional Fees	195,000
City Administration Expenses	<u>100,000</u>
Financing Expenses	622,500
TOTAL \$3,495,800

(1) The cost figures presented above are intended to provide an estimate as to project costs. Line item amounts may vary and amounts shown may be shifted from one category to another.
Source: First National Realty & Development Company, Inc.

Thus, all eligible tax revenue derived from sales at the shop center are assumed to be available for the tax increment allocation. The following five retail sales taxes are included in the increment allocation:

- Municipal Retailer Occupation Tax
- Service Occupation Tax
- Retailer Occupation Tax
- Use Tax
- Service Use Tax

As shown in the following table, the last current 1985 equalized assessed valuation and property tax revenue for the Redwood Development Area are approximately \$479,200 and \$46,600, respectively:

EDGEWATER REDEVELOPMENT AREA
1985 EQUALIZED ASSESSED VALUATION AND
REAL PROPERTY TAXES

<u>PIN number</u>	<u>Equalized assessed valuation</u>	<u>Real property taxes</u>
14-08-210-001	\$145,270	\$14,119
-002	132,693	12,896
-020	39,035	3,794
-021	162,174	15,762
-022	Exempt	
Total	<u>\$479,172</u>	<u>\$46,571</u>

Source: Cook County Assessor's Office.

The prospective estimate of equalized assessed valuation of the Redevelopment Area after redevelopment is approximately \$1,673,200 during the development's first full year of operation (see Appendix B).

The total amount of sales tax and real estate tax revenue available to service the tax increment bonds is estimated in Appendix B and shown on the following page as Exhibit 2. The sales tax revenue will be used exclusively for the redevelopment of the Edgewater Plaza Shopping Center. The Redevelopment Area would not reasonably be developed without the use of such incremental revenues. Any excess tax revenue not required for payment of the bond debt service may be used for early repayment of debt or be distributed to the public taxing entities.

Nature and Term of Obligations to be Issued

Tax increment revenue obligations may be issued pursuant to the Act for a term not to exceed 20 years. All obligations are to be covered after issuance by estimated and actual tax increment revenues and by such debt service reserves and sinking funds as may be provided by ordinance. The terms and conditions of the obligations will depend upon many factors, including recent financial market conditions and its perceived level of risk in the real estate project. Revenues not required for the retirement of obligations, providing for reserves, sinking funds and payment of redevelopment

**EXHIBIT 2
EDGEWATER SHOPPING CENTER
ANALYSIS OF INCREMENTAL TAX REVENUE**

Year	INCREMENTAL REAL ESTATE TAX REVENUE (1)	INCREMENTAL SALES TAX REVENUE (1)	TOTAL T.I.F. REVENUE
1987	0	0	0
1988	77,000	256,428	333,428
1989	137,000	807,070	944,070
1990	146,400	847,423	993,823
1991	156,300	889,794	1,046,094
1992	166,700	934,285	1,100,985
1993	175,035	980,999	1,156,034
1994	183,787	1,030,049	1,213,836
1995	192,976	1,081,551	1,274,527
1996	202,625	1,135,629	1,338,254
1997	212,756	1,192,410	1,405,166
1998	223,394	1,252,031	1,475,425
1999	234,564	1,314,633	1,549,197
2000	246,292	1,380,365	1,626,657
2001	258,606	1,449,383	1,707,989
2002	271,537	1,521,852	1,793,389
2003	285,114	1,597,945	1,883,059
2004	299,369	1,677,842	1,977,211
2005	314,338	1,761,734	2,076,072
2006	330,055	1,849,821	2,179,876

882
-797
90,145

2,076,072
1,577,211
- 098,841

(1) There is a one year lag between the accrued incremental real estate and sales tax revenue shown in Appendix B; Exhibits B and C, and when the revenues become available to service obligations, as shown above.

(2) A 5% annual inflation rate is assumed.

project costs are to be declared surplus and become available for distribution annually to the taxing districts in the redevelopment area in the manner provided by Statute. Such securities may be issued on either a taxable or tax-exempt basis, with either fixed or floating interest rates; with or without floating interest rates, with or without capitalized interest, with or without interest rate limits, and with or without redemption provisions.

Provisions for Amendment

The Redevelopment Plan and Project may be amended in accordance with the terms of the Act.

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

The redevelopment of the Edgewater Redevelopment Area will be completed and all obligations issued to finance redevelopment project costs will be retired no later than December 1, 2009. Pursuant to this plan, the bonds will mature no later than 23 years from the adoption of the ordinance approving the redevelopment of the Edgewater Redevelopment Project Area. Construction activities for the proposed community shopping center are expected to be completed in four years. Obligations may be retired within less than ten years, depending on the incremental real property and sales tax yield.

LEGAL DESCRIPTION OF REDEVELOPMENT AREA

PARCEL I

LOTS 19, 20 AND 21 AND THE SOUTH 4 FEET OF LOT 22 IN BLOCK 10 IN JOHN LEWIS COCHRAN'S SUBDIVISION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL II

LOTS 22 TO 25 EXCEPT THE SOUTH 4 FEET OF LOT 22 AND EXCEPT THE NORTH 3 FEET OF LOT 25 IN BLOCK 10 IN JOHN LEWIS COCHRAN'S SUBDIVISION OF THE WEST HALF OF THE NORTHEAST QUARTER; ALSO THAT PART OF THE VACATED ALLEY IN SAID BLOCK 10, LYING NORTH OF LOT 22 IN SAID BLOCK 10 AND EAST OF LOTS 23, 24 AND THE SOUTH 47 FEET OF LOT 25 IN SAID BLOCK 10; ALSO LOT 27, EXCEPT THE NORTH 53 FEET THEREOF, IN BLOCK 10 OF J. L. COCHRAN'S SUBDIVISION OF THE WEST HALF OF THE NORTHEAST QUARTER; ALSO LOT 28, EXCEPT THE NORTH 53 FEET AND THE EAST 20 FEET THEREOF IN BLOCK 10 IN JOHN LEWIS COCHRAN'S SUBDIVISION OF THE WEST HALF OF THE NORTHEAST QUARTER, ALL IN SECTION 8, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL III

LOT 26 AND THE NORTH 3 FEET OF LOT 25 AND THE NORTH 53 FEET OF VACATED ALLEY BETWEEN LOTS 25, 26 AND 27 AND THE NORTH 53 FEET OF LOTS 27 AND 28 ALL IN BLOCK 10 IN COCHRAN'S SUBDIVISION OF THE WEST HALF OF THE NORTH EAST QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL IV

ANY CONTIGUOUS ALLEYS, STREETS AND PUBLIC RIGHTS-OF-WAY INCLUDING, BUT NOT LIMITED TO CONTIGUOUS LAND WHICH FALLS WITHIN NORTH BROADWAY STREET, CONTIGUOUS LAND WHICH FALLS WITHIN WEST BERWYN STREET, AND THE LAND WHICH IS CONTIGUOUS TO THE ABOVE DESCRIBED LAND AND WHICH FALLS WITHIN THE RIGHT-OF-WAY LINE FOR THE ELEVATED TRAIN LINES DIRECTLY TO THE EAST OF THE SAID LAND, INCLUDING THE INTERSECTION OF NORTH BROADWAY AND WEST BERWYN STREET AND THE INTERSECTION OF SAID RIGHT-OF-WAY AND WEST BERWYN STREET.

APPENDIX B

ESTIMATED SALES AND REAL ESTATE TAX REVENUES
AVAILABLE FOR TAX INCREMENT FINANCING

This Appendix describes the methodology used in estimating future sales and real estate tax revenues for the Edgewater Plaza Shopping Center.

The sales tax revenue was estimated by identifying a probable retail mix of the shopping center and applying a sales volume figure for each retail use from an industry publication entitled "Dollars and Cents of Shopping Centers", published by the International Council of Shopping Centers. Future sales volumes assume no real growth above an estimated inflation rate of 5% annually. See Exhibits A and B at the end of this Appendix.

The estimated equalized assessed valuation of the Edgewater Plaza Shopping Center after redevelopment was estimated on the basis of the planned new construction. The Edgewater Plaza Shopping Center is estimated to generate an equalized assessed valuation of \$1,673,200, representing a net increase of \$1,194,000 over the present. This equalized assessed valuation assumes the current 40% assessment ratio for commercial property in Cook County and a state multiplier of 1.8085. The market value for the land and construction cost for the proposed shopping center totals approximately \$2.3 million.

Future real property taxes generated by the shopping center are expected to be in the range of \$188,300 during the center's first full year of operation (Exhibit C to this Appendix). This tax revenue is estimated by applying the 1985 property tax rate in the City of Chicago (\$9.719 per \$100 of assessed value) against the estimated equalized assessed value of the proposed redevelopment and inflating this base tax levy by 5% per year. The real property tax increment that is available to support the T.I.F. bonds is shown in Exhibit C to this Appendix.

APPENDIX B

EXHIBIT A
EDGEWATER SHOPPING CENTER
ESTIMATED ANNUAL SALES VOLUME PER SQUARE FOOT
FOR THE FIRST TWO YEARS

	STORE TYPE (1)	SQUARE FEET (1)	ANNUAL SALES VOLUME PER SQUARE FOOT (2)	
			1987	1988
TENANT A				
TENANT B	Small	5,800	225	236
TENANT C-1	Fast Food	2,866	360	399
TENANT C-2	Drug	13,800	265	278
TENANT C-3	Auto Parts	5,040	220	231
TENANT D	Small	11,160	225	236
TOTAL		16,000	225	236
		54,686		

- (1) Store mix and store size information was provided by First National Realty.
- (2) Sales volumes are based on an Industry trade publication, "dollars and cents of Shopping Centers", which provides sales statistics by shopping center size and store type. A five percent inflation rate is assumed for the annual sales estimates after 1987. There are only four months of operation in 1987.

APPENDIX B
EXHIBIT B
EDGEWATER SHOPPING CENTER
ESTIMATED SALES VOLUME AND SALES TAX REVENUE FOR
TAX INCREMENT FINANCING

	1987	1988	1989	1990	1991
Tenant A	435,000	1,368,800	1,437,240	1,509,102	1,584,557
Tenant B	365,560	1,151,514	1,209,090	1,269,544	1,333,021
Tenant C-1	1,219,000	3,836,400	4,028,220	4,229,631	4,441,113
Tenant C-2	369,600	1,164,240	1,222,452	1,283,575	1,347,753
Tenant C-3	837,000	2,633,760	2,765,448	2,903,720	3,048,906
Tenant D	1,200,000	3,776,000	3,964,800	4,163,040	4,371,192
Total Sales	\$4,426,160	\$13,930,714	\$14,627,250	\$15,358,612	\$16,126,543
Food and Drug Sales (1)	182,850	575,460	604,233	634,445	666,167
Sales Tax Revenue at 1%	1,829	5,755	6,042	6,344	6,662
All Other Sales	4,243,310	13,355,254	14,023,017	14,724,167	15,460,376
Sales Tax Revenue at 6%	254,599	801,315	841,361	883,450	927,623
Total Sales Tax Revenue (2)	\$256,428	\$807,070	\$847,423	\$889,794	\$934,285

(1) This category equals 15% of sales for Tenant C-1, a drug store.
(2) The entire sales tax revenue shown above is assumed to be available for funding I.I.F. bonds.

APPENDIX B
EXHIBIT C
EDGEWATER SHOPPING CENTER
ESTIMATED REAL ESTATE TAX REVENUE
AND INCREMENTAL REVENUE AVAILABLE FOR
TAX INCREMENT FINANCING

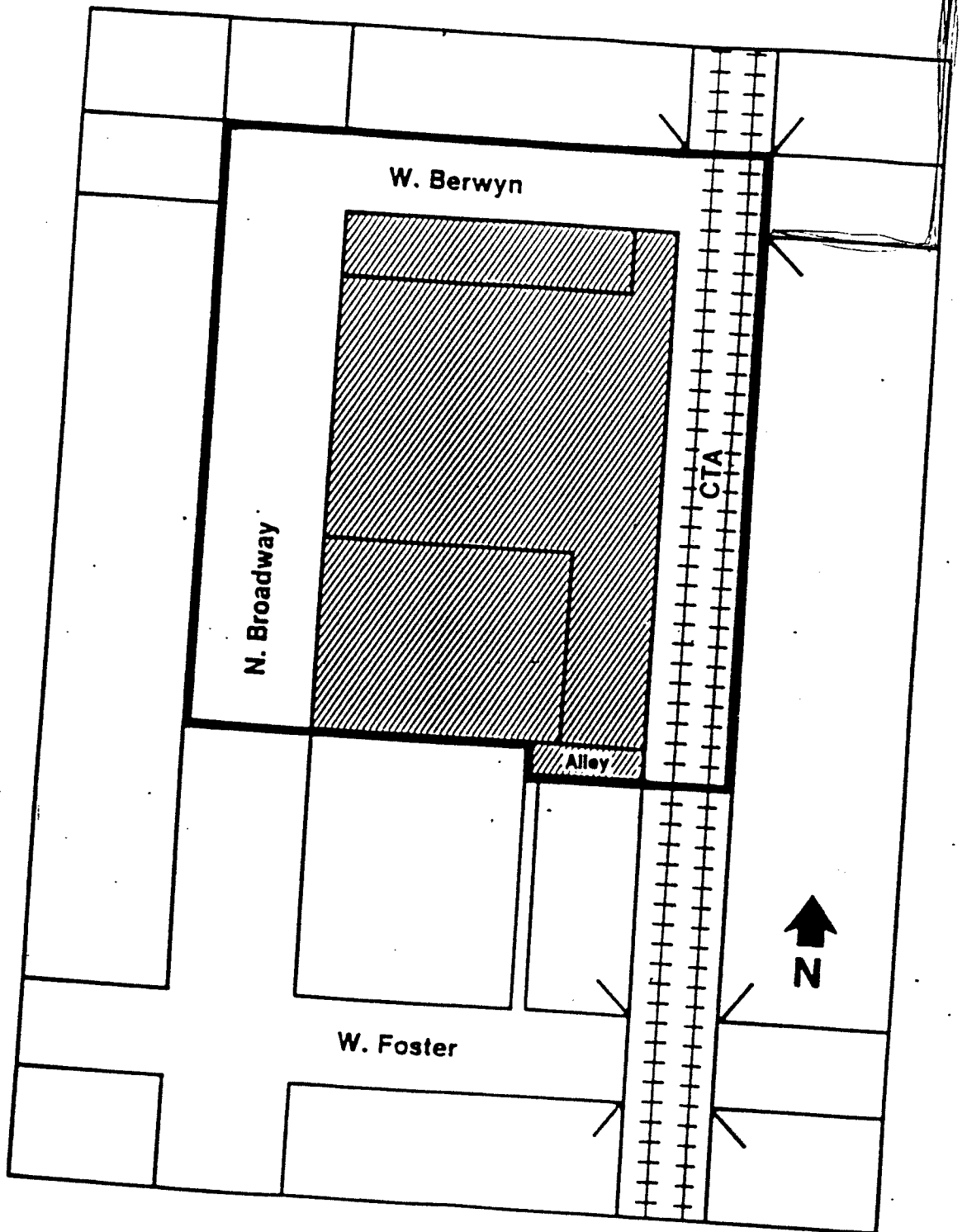
	1987	1988	1989	1990	1991
Estimated Incremental RE Tax Revenue Collected From New Development	90,300	188,300	197,700	207,600	218,000
Plus Construction Period RE Tax Revenue	38,000				
Equals Total RE Tax Revenue	128,300	188,300	197,700	207,600	218,000
Existing RE Tax Revenue Base	51,300	51,300	51,300	51,300	51,300
Incremental Real Estate Tax	77,000	137,000	146,400	156,300	166,700

- Notes: (1) Tax revenue is assumed to increase 5% annually.
 (2) There are only 4 months of operation assumed in 1987.
 (3) The tax revenue base is fixed unless the tax rate increases.


FIGURE 1

EDGEWATER REDEVELOPMENT AREA

Existing and Future Land Use



KEY

 Redevelopment Area

 Project Site

 Existing and Future Commercial Land Use