CITY OF CHICAGO

89TH & STATE REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCE PROGRAM

REDEVELOPMENT PLAN AND PROJECT

CITY OF CHICAGO
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REDEVELOPMENT PLAN AND PROJECT FOR
89TH & STATE REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING PROGRAM

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I. INTRODUCTION

The 89th & State Redevelopment Project Area (hereafter referred to as the "Redevelopment Project Area") is located on the south side of the City of Chicago, Illinois approximately 11 miles from the City's central business district. The Redevelopment Project Area contains approximately 37.9 acres and is the approximate size of three (3) city blocks. It is generally bounded by 89th Street on the north, Indiana Avenue on the east, the Chicago Rock Island & Pacific Railroad right-of-way on the south, and State Street (and the Dan Ryan Expressway, Interstate 90/94) on the west. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map.

The Redevelopment Project Area is located within a broader area that is predominantly residential with some commercial uses on major thoroughfares. Within the Redevelopment Project Area itself, the existing land use is industrial with some administrative/office uses related to or within the adjacent industrial facilities. The underlying zoning throughout is restricted and general manufacturing. The major industrial occupant within the Redevelopment Project Area is Select-Canfield Enterprises (beverage distributors) which has been gradually phasing down its activities at this location and has plans to relocate all remaining employees and vacate its premises. The company's current operation is comprised of six buildings (many of which are underutilized and/or vacant) and well over one-half of the Redevelopment Project Area acreage. Over the last two (2) years, the company, its real estate advisor and appropriate economic development organizations have made numerous attempts to market this property for industrial reuse by touring the premises with potential buyers/occupants. For the three reasons noted below, this property was not marketable and did not sell/lease to an industrial user.

First, unlike many larger industrial areas in the City that are buffered from residential uses by intervening commercial/retail uses, the Redevelopment Project Area is unique in that it is small and is surrounded by full blocks of residential properties in good physical condition. Commercial/retail buffering around industrial uses typically reduces the perceived negative impacts (such as operations and traffic noise, emissions and potential unattractive aesthetics) of industrial uses on nearby residents.

Second, access into the area for the current industrial users is restricted to a private drive (89th Place) that enters the property on the western boundary from State Street, which is one way north under an outmoded viaduct under the railroad right-of-way. Any industrial truck traffic which exits the expressway north of the property must circle through a residential neighborhood to enter the Redevelopment Project Area; traffic exiting to the south of the Redevelopment Project Area must enter the property through the outmoded viaduct which may not be able to accommodate many of today's larger intermodal vehicles. Thirdly, the consequences of the industrial activities that have taken place within the Redevelopment Project Area have added the additional expense of environmental remediation to any potential redevelopment proposal.
At the same time, the current market forces affecting development within the surrounding area tend to be residential with "spot" commercial/retail uses on the intersections of major thoroughfares. This type of development, on its own, would not be cost-effective due to the need to alleviate the existing blighting conditions within the Redevelopment Project Area described above, specifically environmental remediation. Without the use of tax increment financing to alleviate these conditions, the trend toward blight within the Redevelopment Project Area will continue.

The Redevelopment Project Area is well-suited to residential development given the surrounding land use patterns (predominantly residential with some limited commercial/retail) and its close proximity to an excellent local and regional transportation network which make the area accessible by residents to many locations. The Redevelopment Project Area is situated directly east of the Dan Ryan Expressway (Interstate 90/94) which links it to the overall interstate highway network in Chicago including the Kennedy Expressway (Interstate 90/94), the Stevenson Expressway (Interstate 55), the Eisenhower Expressway (Interstate 290) and the Edens Expressway (Interstate 94).

The major local surface transportation access routes serving the Redevelopment Project Area include 89th Street and 87th Street (east-west) and State Street and the Dan Ryan Expressway (north-south). Additionally, the Redevelopment Project Area is well-served by public transportation, such as the CTA Red Line and the State Street Bus line, making the site easily accessible.

Much of the Redevelopment Project Area is characterized by:

- deteriorated buildings and site improvements;
- vacant and underutilized property;
- obsolescence;
- inadequate infrastructure;
- conflicting land use; and
- other blighting characteristics.

Recognizing the Redevelopment Project Area's location in a predominantly residential area and the barriers to its reuse as an industrial area, the City of Chicago is taking action to facilitate its revitalization. The City recognizes that the trend of physical deterioration, obsolescence, depreciation and other blighting influences will continue to weaken the Redevelopment Project Area unless the City itself becomes a partner with the private sector in the revitalization process.

The purpose of the 89th & State Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project (hereinafter the "Plan") is to create a mechanism to encourage the development of new residential development on vacant and underutilized land and properties and the improvement of the physical environment and infrastructure. The redevelopment of the Redevelopment Project Area is expected to encourage economic revitalization within the community and surrounding area.
This Redevelopment Plan summarizes the analyses and findings of the consultants' work, which is the responsibility of Louik/Schneider and Associates, Inc. The City of Chicago is entitled to rely on the findings and conclusions of the Redevelopment Plan (including the related eligibility study) in designating the Redevelopment Project Area as a redevelopment project area under the Act (defined below). Louik/Schneider and Associates, Inc. has prepared this Redevelopment Plan and the related eligibility study with the understanding that the City would rely 1) on the findings and conclusions of the Redevelopment Plan and the related eligibility study in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Redevelopment Plan, and 2) on the fact that Louik/Schneider and Associates, Inc. has obtained the necessary information so that the Redevelopment Plan and the related eligibility study will comply with the Act.

A. OVERVIEW OF AREA HISTORY AND LAND USE PATTERNS

The Redevelopment Project Area is located in the community area of Chatham on the south side of the City of Chicago. An attractive residential community today, Chatham was originally a low-lying swamp south of the city that was settled by stonemasons and railroad workers. In 1920, Chatham had a population of almost 10,000, mostly foreign-born, residents; the housing boom and manufacturing growth of that decade increased Chatham's population to more than 36,000 in 1930 and to more than 40,000 in 1950.

Today, Chatham is an attractive, stable residential community with some areas of unattractive commercial/retail development. Median property values are among the top five (5) on the South Side. The percentage of single-family units that are owner-occupied is significant. Chatham is home to Seaway National Bank, one of the largest African-American-owned banks, as well as Johnson Products and Ultra Sheen, two of the largest African-American business enterprises. Pride in the community is high, and many residents see it as the model of a viable, stable African-American community.

B. EXISTING LAND USE AND ZONING CHARACTERISTICS

At the present time, the existing land uses within the Redevelopment Project Area are reflective of the underlying zoning and are industrial (100%) in nature with some administrative/office uses related to or within the adjacent industrial facilities. The property within the Redevelopment Project Area is zoned (100%) for light to medium industrial uses (M1-1 along the north and east perimeters of the Redevelopment Project Area and M2-2 on the balance of the acreage). The Redevelopment Project Area, however, is surrounded by residential uses on the north, east and south beyond the public and railroad rights-of-way. The western boundary, State Street, is adjacent to the Dan Ryan Expressway which has commercial/retail uses to its west. (See Map 2, Existing Land Uses).
C. TAX INCREMENT ALLOCATION REDEVELOPMENT ACT

An analysis of conditions within this area indicates that it is appropriate for designation as a Redevelopment Project Area under the State of Illinois tax increment financing legislation. The Redevelopment Project Area is characterized by conditions which warrant its designation as a "Conservation Area" within the definitions set forth in the Tax Increment Allocation Redevelopment Act (hereafter referred to as the "Act"). The Act is found in 65 ILCS 5/11-74.4-1 et seq., as amended.

The Act provides a means for municipalities, after the approval of a "Redevelopment Plan and Project," to redevelop blighted and conservation areas by pledging the increase in tax revenues generated by public and private redevelopment. This increase in tax revenues is used to pay for up-front costs that are required to stimulate private investment in new redevelopment and rehabilitation, or to reimburse private developers for eligible costs incurred in connection with the redevelopment. Municipalities may issue obligations to be repaid from the stream of real property tax increments that are generated within the tax increment financing district.

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed value (EAV) or the Certified EAV Base for all real estate located within the district and the current year EAV. The EAV is the assessed value of the property multiplied by the state multiplier. Any increase in EAV is then multiplied by the current tax rate, which determines the incremental real property tax.

The Plan has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private action in the Redevelopment Project Area. In addition to describing the objectives of redevelopment, the Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the Redevelopment Plan and Project.

This Redevelopment Plan also specifically describes the Redevelopment Project Area. This area meets the eligibility requirements of the Act (see 89th & State - Tax Increment Finance Program - Eligibility Study attached as Exhibit 4). The Redevelopment Project Area boundaries are described in the introduction of this Plan and shown in Map 1, Boundary Map.

After approval of the Plan, the City Council may then formally designate the Redevelopment Project Area.

The purpose of this Plan is to ensure that new development occurs:

1. On a coordinated rather than a piecemeal basis to ensure that the land use, vehicular access, parking, service and urban design systems will meet modern-day principles and standards;

2. On a reasonable, comprehensive and integrated basis to ensure that blighted area and conservation area factors are eliminated; and
3. Within a reasonable and defined time period.

Revitalization of the Redevelopment Project Area is a large and complex undertaking and presents challenges and opportunities commensurate to its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government.

Regardless of when the Redevelopment Plan and Project was adopted, it will include land uses that have already been approved by the Chicago Plan Commission.

There has been no major investment in the Redevelopment Project Area for at least the last five years. The adoption of the Plan will make possible the implementation of a logical program to stimulate redevelopment in the Redevelopment Project Area, an area which cannot reasonably be anticipated to be developed without the adoption of this Plan. Public investments will create the appropriate environment to attract the investment required for the redevelopment of the area.

Successful implementation of the Redevelopment Plan and Project requires that the City of Chicago take advantage of the real estate tax increment attributed to the Redevelopment Project Area as provided in accordance with the Act.
II. REDEVELOPMENT PROJECT AREA AND LEGAL DESCRIPTION

The Redevelopment Project Area is located on the south side of the City of Chicago, Illinois approximately 11 miles from the City's central business district. The Redevelopment Project Area contains approximately 37.9 acres and is the approximate size of three (3) city blocks. It is generally bounded by 89th Street on the north, Indiana Avenue on the east, the Chicago Rock Island & Pacific Railroad right-of-way on the south, and State Street (and the Dan Ryan Expressway, Interstate 90/94) on the west. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map, and the existing land uses are identified on Map 2. The Redevelopment Project Area includes only those contiguous parcels of real property that are expected to be substantially benefited by the Redevelopment Plan.

The legal description of the Redevelopment Project Area is attached to this plan as Exhibit 1 - Legal Description.
III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

Comprehensive goals and objectives are included in this Plan to guide the decisions and activities that will be undertaken to facilitate the redevelopment of the Redevelopment Project Area. These goals and objectives generally reflect existing City policies. Many of them can be achieved through the effective use of local, state and/or federal mechanisms.

GENERAL GOALS
The following goals are meant to guide the development and/or the review of all future projects that will be undertaken in the Redevelopment Project Area.

- Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing home ownership, real estate values and the local tax base.

- Create a healthy residential community that compliments the surrounding residential uses.

REDEVELOPMENT OBJECTIVES
To achieve the general goals of this Plan, the following redevelopment objectives have been established.

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Conservation Area.

- Encourage private investment in new residential development on vacant and underutilized land and properties.

- Achieve desirable and harmonious changes of land use through a coordinated public/private effort.

- Minimize tensions between residential and other land uses within and adjacent to the Redevelopment Project Area.

- Provide needed incentives to encourage a broad range of improvements for both new development and the rehabilitation of existing buildings, if appropriate.

- Provide public and private infrastructure improvements (including viaduct improvements) and other relevant and available assistance necessary to promote residential activity in the Redevelopment Project Area.

- Eliminate portions of unnecessary streets to increase the amount of land available for private investment and redevelopment.
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- Assist in the elimination of existing environmental contamination through the remediation of affected sites in order to promote new residential development.

- Use City programs to enhance the marketability of the Redevelopment Project Area.

- Encourage the participation of minorities and women in the redevelopment of the Redevelopment Project Area.

- Support transportation enhancements along the railroad right-of-way and other appropriate locations.

**DESIGN OBJECTIVES**

Although overall goals and redevelopment objectives are important in the redevelopment process, the inclusion of design guidelines is necessary to ensure that redevelopment activities result in an attractive and functional environment. The following design objectives give a generalized and directed approach to specific redevelopment projects.

- Encourage coordinated development of parcels and structures in order to achieve attractive building design, unified off-street parking, residential buffering and appropriate access to nearby arterial streets.

- Achieve development which is integrated both functionally and aesthetically with adjacent and nearby existing development and which provides a secure, pleasant pedestrian environment.

- Ensure a safe and functional automotive, pedestrian and bicycle circulation pattern, adequate ingress and egress, and traffic capacity in the Redevelopment Project Area.

- Encourage high standards of building and streetscape design to ensure the high quality appearance of buildings, rights-of-way and open spaces.

- Ensure that necessary screening and buffering devices are attractively designed and are compatible with the overall design of the Redevelopment Project Area.
IV. CONSERVATION AREA CONDITIONS
EXISTING IN THE REDEVELOPMENT PROJECT AREA

The Act states that a "Conservation Area" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where 50% or more of the structures are 35 years of age or older and the area exhibits the presence of three (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; or lack of community planning. A Conservation Area is not yet blighted, but because of its age and the combination of three (3) or more of the above-stated factors, is detrimental to public safety, health, morals or welfare and may become a blighted area. All factors must indicate that the area on the whole has not been subject to growth and development through investments by private enterprise, and will not be developed without action by the City.

Based upon surveys, site inspections, research and analysis by Louik/Schneider & Associates, Inc., the Redevelopment Project Area qualifies as a Conservation Area as defined by the Act. A separate report, entitled "89th & State Tax Increment Finance Program Eligibility Study" dated November 10, 1997 (the "Eligibility Report"), is attached as Exhibit 4 to this Plan and describes in detail the surveys and analyses undertaken and the basis for the finding that the Redevelopment Project Area qualifies as a Conservation Area.

The Redevelopment Project Area is characterized by the presence of eight (8) eligibility factors as listed in the Act for a Conservation Area. Summarized below are the findings of the Eligibility Report.

SUMMARY OF ELIGIBILITY FACTORS
The Redevelopment Project Area (also referred to in this Plan as the "Study Area") consists of 23 parcels in the approximate size of three (3) city blocks. Of the 23 parcels, 15 (65.2%) contain buildings, four (17.4%) contain improved lots with no buildings (parking and outside storage), one (4.3%) is a vacant, grassy lot and three (13%) are railroad rights-of-way. There are 17 buildings in the Redevelopment Project Area, all of which are industrial with related administrative/office uses or are strictly industrial in nature.

In addition to the age requirement, eight (8) of the 14 conservation area eligibility criteria are present in varying degrees throughout the Redevelopment Project Area. Four (4) factors are present to a major extent and four (4) are present to a minor extent. Factors present to a major extent are those that are present throughout the Redevelopment Project Area and at a level to influence adjacent and/or nearby parcels of property; factors present to a minor extent are those which are present but their distribution or impact is limited.
The eight (8) conservation eligibility factors that have been identified in the Redevelopment Project Area are as follows:

Major extent
- obsolescence
- deterioration
- deleterious land use or layout
- depreciation of physical maintenance

Minor extent
- dilapidation
- structures below minimum code standards
- excessive vacancies
- excessive land coverage

The conclusions for each of the factors that are present within the Redevelopment Project Area are summarized below.

AGE
Age is a factor for a Conservation Area and presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. In the Redevelopment Project Area, 11 of 17 buildings (64.7%) are at least 35 years or older.

1. DILAPIDATION
Dilapidation refers to an advanced state of disrepair of buildings and improvements. In the Redevelopment Project Area, dilapidation is present to a minor extent and was found in one (1) of the 17 (5.9%) buildings, which is severely damaged and neglected, structurally substandard and may require removal, and in one (1) of the 23 (4.3%) parcels.

2. OBSOLESCENCE
Obsolescence, both functional and economic, includes vacant and dilapidated structures, industrial buildings that are difficult to market for reuse by today's modern industrial standards, and obsolete platting of parcels (parcels of irregular shape, narrow or small size). Obsolescence is present to a major extent in 13 of the 17 (76.5%) buildings and 14 of the 23 (60.9%) parcels in the Redevelopment Project Area.

3. DETERIORATION
Deterioration is present in structures with physical deficiencies or site improvements requiring major treatment or repair. Deterioration is present to a major extent in 16 of the 17 (94.1%) buildings and 20 of the 23 (87.0%) parcels in the Redevelopment Project Area.

4. STRUCTURES BELOW MINIMUM CODE STANDARDS
Structures below minimum code standards are present to a minor extent. From January of 1992 through July of 1997, one (1) of the 17 (5.9%) buildings on one (1) of the 23 parcels (4.3%) has been cited for building code violations by the City of Chicago's Department of Buildings.
5. EXCESSIVE VACANCIES
Excessive vacancy refers to buildings or sites, a large portion of which are unoccupied or underutilized and which exert an adverse influence on the area because of the frequency, duration or extent of vacancy. Excessive vacancies are present to a minor extent in the Redevelopment Project Area; this factor was found in six (6) of the 17 (35.3%) buildings and was present to a major extent in seven (7) of the 23 (30.4%) parcels and to a minor extent in three (3) of the 23 (13%) parcels.

6. EXCESSIVE LAND COVERAGE
Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Excessive land coverage is present to a minor extent in one (1) of the 15 (6.7%) parcels with buildings and on one (1) of the 23 (4.3%) parcels in the Redevelopment Project Area.

7. DELETERIOUS LAND USE OR LAYOUT
Deleterious land uses include all instances of incompatible land-use relationships, obsolete platting, buildings occupied by inappropriate mixed uses, or uses which may be considered noxious, offensive or environmentally unsuitable (such as buildings that are dilapidated). Deleterious land use and layout is present to a major extent in 12 of the 17 (70.6%) buildings and 13 of the 23 (56.5%) parcels in the Redevelopment Project Area.

8. DEPRECIATION OF PHYSICAL MAINTENANCE
Depreciation of physical maintenance refers to the effects of deferred maintenance and the lack of maintenance of buildings, parking areas and public improvements, including alleys, walks, streets and utility structures. Depreciation of physical maintenance is present to a major extent in 17 of the 17 (100%) buildings and 21 of the 23 (91.3%) parcels in the Redevelopment Project Area.

CONCLUSION
The conclusion of Louik/Schneider & Associates, Inc. is that the number, degree and distribution of factors as documented in this report warrant the designation of the Redevelopment Project Area as a Conservation Area as set forth in the Act. Specifically:

- The buildings in the Redevelopment Project Area meet the statutory criteria that requires 50 percent or more of the structures to be 35 years of age or older; 64.7% of the buildings in the Redevelopment Project Area are at least 35 years old.

- Of the 14 eligibility factors for a Conservation Area set forth in the Act, four (4) are present to a major extent and four (4) are present to a minor extent in the Redevelopment Project Area and only three (3) are necessary for designation as a Conservation Area.

- The Conservation Area eligibility factors which are present are reasonably distributed throughout the Redevelopment Project Area.
• All areas within the Redevelopment Project Area show the presence of Conservation Area eligibility factors.

• The Redevelopment Project Area is not yet blighted, but because of the factors described in this report, the Redevelopment Project Area may become a blighted area.

The eligibility findings indicate that the Redevelopment Project Area contains factors which qualify it as a Conservation Area in need of revitalization and that designation as a redevelopment project area will contribute to the long-term well being of the City. The distribution of conservation area eligibility factors throughout the Redevelopment Project Area must be reasonable so that a basically good area is not arbitrarily found to be a Conservation Area simply because of proximity to an area with conservation area eligibility factors.

Additional research indicates that the Redevelopment Project Area on the whole has not been subject to growth and development as a result of investments by private enterprise, and will not be developed without action by the City. Specifically:

• A summary of the building permit requests for new construction and renovation from the City of Chicago is found in Exhibit 2 - Building Permit Requests. The four (4) building permit requests for new construction and renovation for the Redevelopment Project Area from 1991 - 1997 (through July 1997) totaled $85,000. On an annualized basis, this represents only a $13,000 per year average investment, or approximately .3% of the 1996 assessed value in the Redevelopment Project Area.

• The Redevelopment Project Area is comprised of industrial with some related administrative uses. The equalized assessed value (EAV) for commercial and industrial property in the City of Chicago increased from $14,465,639,000 in 1991 to $15,790,560,000 in 1996, a total of 9.2% or 1.8% per year. Over the same period, from 1991 to 1996, the Redevelopment Project Area experienced an overall EAV increase of 17.5%, from $3,256,630 in 1991 to $3,827,328 in 1996, an average of 3.4% per year. However, 16 of the 23 (70%) parcels experienced changes in EAV the same as or below the citywide average, ranging from -2.6% to 1.8 % per year for that same period. One parcel on the Select-Canfield site, 25-03-115-020, which has the largest EAV ($1,424,012 in 1996) and was the most active economically, actually increased by 6.8% per year. This parcel, however, has seen a significant decrease in economic activity over the last year to 18 months which is not reflected in the 1996 EAV; it is expected that the EAV of the Redevelopment Project Area will continue to decrease given the plans to vacate the site. Excluding this particular parcel from the five year comparison yields an overall per year increase of 1.8% for the Redevelopment Project Area, the same as the citywide average. In addition, from 1995 to 1996, the Redevelopment Project Area experienced an overall EAV decrease of -2.25% from $3,915,258 in 1995 to $3,827,328 in 1996. In contrast, the overall increase
for commercial and industrial property in the City for that same period was .8%,
from $15,666,373,000 in 1995 to $15,790,560,000 in 1996.

The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc.
The surveys, research and analysis conducted include:

1. Exterior surveys of the conditions and use of the buildings in the Redevelopment
   Project Area;

2. Field surveys of environmental conditions covering streets, sidewalks, curbs and
   gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and
   general property maintenance;

3. Comparison of current land uses to current zoning ordinance and the current
   zoning maps;

4. Historical analysis of site uses and users;

5. Analysis of original and current platting and building size layout;

6. Review of previously prepared plans, studies and data;

7. Analysis of building permits and building code violations requested from the
   Department of Buildings for all structures in the Redevelopment Project Area from
   1991 to 1997; and


Based upon the findings of the Eligibility Study for the 89th & State Redevelopment Project
Area, the Redevelopment Project Area on the whole has not been subject to growth and
development through investment by private enterprise and would not reasonably be anticipated
to be developed without the adoption of this Redevelopment Plan.
V. 89TH & STATE REDEVELOPMENT PLAN AND PROJECT

A. GENERAL LAND USE PLAN

The Proposed Land Use Plan, Map 3, identifies the uses that will be in effect upon adoption of this Plan. The location of all major thoroughfares and major street rights-of-way are subject to change and modification as specific redevelopment projects are undertaken.

This Redevelopment Plan and the proposed land use described herein will be approved by the Chicago Plan Commission prior to its adoption by the City Council. The proposed land use within the Redevelopment Project Area is residential. Redevelopment of this property to a residential use is compatible with the surrounding land use patterns and history of the neighborhood.

B. REDEVELOPMENT PLAN AND PROJECT

The purpose of this Redevelopment Plan and Project is to create a planning and programming mechanism that also provides the financial vehicle to allow for the redevelopment of properties within the Redevelopment Project Area. The Plan contains specific redevelopment objectives addressing public improvements which are to assist in the overall redevelopment of the Redevelopment Project Area. Implementation of the Redevelopment Plan and Project will be undertaken on a phased basis and will help to eliminate those existing conditions which make the Redevelopment Project Area susceptible to blight.

The Plan proposes the redevelopment of the 89th & State Area to stimulate or stabilize not only the Redevelopment Project Area, but also the properties within the surrounding area. The Plan will assist in creating the needed synergy for redevelopment of the entire area and in reversing the effects of the Redevelopment Project Area’s decline. The proposed residential land use in the Redevelopment Project Area recognizes the surrounding residential land use patterns and the inability of the market to absorb and reutilize the existing industrial facilities. One proposed residential development includes the construction of 143 market rate and affordable single-family homes on the Select-Canfield Enterprises site. Parcels within the Redevelopment Project Area not owned by Select-Canfield Enterprises are not part of nor affected by this proposed project.

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. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 120 percent of the area median income, and affordable rental units should be affordable to persons earning no more than 80% of the area median income.

The Plan, however, proposes flexibility in the design of the residential area and recognizes that various densities of residential units may be appropriate for this site. Additionally, without regard
to the ultimate design and/or density of new residential units, this Plan proposes construction of appropriate ingress/egress into and from the residential area (including improvement to the viaduct under the railroad right-of-way), necessary public improvements such as utilities and sidewalks, an internal street system to allow for adequate circulation, appropriate off-street parking capabilities (garages or parking pads) with the residential units, and buffering from the remaining industrial and related administrative uses in the balance of the Area.

The underlying Plan strategy is to develop a public improvement program that reinforces and encourages further private investment. This public improvement program can basically be categorized as improving the Redevelopment Project Area's physical environment through infrastructure and traffic management improvements. While the Area is ideally situated from a transportation standpoint, given its proximity to the Dan Ryan Expressway and its accessibility via public transportation, there are some impediments which impact traffic flow. These impediments include one-way access to the Redevelopment Project Area from certain streets (going north along State Street) and limited access into the Redevelopment Project Area only from a private street. To address these problems, the following redevelopment strategies are recommended:

- Undertake necessary changes to improve traffic flow such as changing the directional flow of traffic on streets with traffic problems (State Street), installing turn lanes at difficult intersections, or other such improvements;
- Relocate, upgrade and/or resurface streets within the Redevelopment Project Area to accommodate residential traffic as well as existing industrial traffic; and
- Provide adequate off-street parking for residents, visitors, employees and customers.
- Demolition, environmental remediation and preparation of the site for residential development from its current industrial use;
- Buffering adjacent nonresidential areas from any negative impacts through the use of aesthetic screening; and
- Improving the attractiveness of the open areas within the Redevelopment Project Area through landscaping and other means and maintain, on a regular basis, these aesthetic improvements.

The Redevelopment Plan for the 89th & State Redevelopment Project Area incorporates the use of tax increment funds to stimulate or stabilize not only the Redevelopment Project Area but also the properties within the surrounding area through the planning and programming of public and private improvements. The City may enter into redevelopment agreements with developers which will generally provide for the City to provide funding for activities permitted by the Act. The funds for these improvements will come directly from the incremental increase in tax revenues generated from the Redevelopment Project Area or the City's issuance of bonds to be repaid from the incremental increase in tax revenues to be generated from the Redevelopment Project.
Area. A developer or user will undertake the responsibility for the required site improvements, a portion of which may be paid for from the issuance of bonds, and will further be required to build any agreed to ancillary improvements required for the project. Under a redevelopment agreement, the developer may also be reimbursed (to the extent permitted by the Act) for all or a portion of the costs of required site improvements or ancillary improvements from incremental tax revenues.

C. ESTIMATED REDEVELOPMENT PROJECT ACTIVITIES AND COSTS

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing, and by undertaking certain activities and incurring certain costs. Such activities may include some or all of the following:

1. **ANALYSIS, ADMINISTRATION, STUDIES, LEGAL, ET AL.** Funds may be used by the City or provided for activities including the long-term management of the Redevelopment Plan and Project as well as the costs of establishing the program and designing its components. Funds may be used by the City or provided for 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, environmental or other services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected.

2. **ASSEMBLAGE OF SITES.** To achieve the renewal of the Redevelopment Project Area, the City of Chicago is authorized to acquire property, clear the property of any and all improvements, if any, engage in other site preparation activities and either (a) sell, lease or convey such property for private redevelopment or (b) sell, lease or dedicate such property for construction of public improvements or facilities. Land assemblage by the City may be by purchase, exchange, donation, lease or eminent domain. The City may pay for a private developer’s cost of acquisition land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land. Acquisition of land for public rights-of-way may also be necessary for the portions of said rights-of-way that the City does not own.

As a necessary part of the redevelopment process, the City may hold and secure property which it has acquired and place it in temporary use until such property is scheduled for disposition and redevelopment. Such uses may include, but are not limited to, project office facilities, parking or other uses the City may deem appropriate.

3. **REHABILITATION COSTS.** The costs for rehabilitation, reconstruction or repair or remodeling of existing public or private buildings or fixtures including, but not limited to, provision of facade improvements for the purpose of improving the facades of privately held properties may be funded.
4. **PROVISION OF PUBLIC IMPROVEMENTS AND FACILITIES.** Adequate public improvements and facilities may be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:

   a. Provision for streets, public rights-of-ways and public transit facilities  
   b. Provision of utilities necessary to serve the redevelopment  
   c. Public landscaping  
   d. Public landscape/buffer improvements, street lighting and general beautification improvements in connection with public improvements  
   e. Public open space

5. **Job Training and Related Educational Programs.** Funds may be used by the City or made available for programs to be created for Chicago residents so that they may take advantage of the employment opportunities in the Redevelopment Project Area.

6. **FINANCING COSTS.** 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 under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto, may be funded.

7. **CAPITAL COSTS.** All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the municipality by written agreement accepts and approves such costs, may be funded.

8. **PROVISION FOR RELOCATION COSTS.** Funds may be used by the City or made available for the relocation expenses of public facilities and for private property owners and tenants of properties relocated or acquired by the City (or a developer) for redevelopment purposes.

9. **PAYMENT IN LIEU OF TAXES.**

10. **COSTS OF JOB TRAINING.** Funds may be provided for costs of job training, 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 a) 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 companies located in a redevelopment project area; and b) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality 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 (as defined in the Act) and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code (as defined in the Act).

11. **INTEREST COSTS.** Funds may be provided to developers or redevelopers for a portion of interest costs incurred in the construction of a redevelopment project. Interest costs incurred by a developer or redeveloper related to the construction, renovation or rehabilitation of a redevelopment project may be funded provided that:

a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;

b) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the developer or redeveloper with regard to the redevelopment project during that year;

c) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amounts due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and

d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total of 1) costs paid or incurred by the developer or redeveloper for the redevelopment project plus 2) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act.

12. **NEW CONSTRUCTION COSTS.** Funds may not be used by the City for the construction of new privately-owned buildings.

13. **REDEVELOPMENT AGREEMENTS.** The City may enter into redevelopment agreements with private developers or redevelopers, which may include but not be limited to, terms of sale, lease or conveyance of land, requirements for site improvements, public improvements, job training and interest subsidies. In the event that the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed public improvements.

To undertake these activities, redevelopment project costs will be incurred. Redevelopment project costs (hereafter referred to as the “Redevelopment Project Costs”) mean the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Plan pursuant to the Act.

The estimated Redevelopment Project Costs are shown in Table 1. The total Redevelopment Project Costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, interest and other financing costs). Within this limit, adjustments may be made in line
items without amendment to this Plan. The costs represent estimated amounts and do not represent actual City commitments or expenditures.

Table 1 - Estimated Redevelopment Project Costs represents those eligible project costs in the Act. These upper limit expenditures are potential costs to be expended over the maximum 23-year life of the Redevelopment Project Area. These funds are subject to the amount of projects and incremental taxes generated and the City’s willingness to fund proposed projects on a project by project basis.

**TABLE 1 - ESTIMATED REDEVELOPMENT PROJECT COSTS**

<table>
<thead>
<tr>
<th>Program Action/Improvements</th>
<th>Costs</th>
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<tr>
<td>Planning, Legal, Professional, Administration</td>
<td>$300,000</td>
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<tr>
<td>Assemblage of Sites</td>
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<td><strong>TOTAL REDEVELOPMENT PROJECT COSTS</strong></td>
<td><strong>$5,000,000</strong></td>
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</tbody>
</table>

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

(1) All costs are 1997 dollars. In addition to the above stated costs, each issue of bonds issued to finance a phase of the project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations. Adjustments to the estimated line item costs above are expected. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs as a result of changed redevelopment costs and needs.

(2) The total estimated Redevelopment Project Costs amount does not include private redevelopment costs. Total Redevelopment Project Costs are inclusive of redevelopment project costs incurred in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes generated in the Redevelopment Project Area, but does not include redevelopment project costs incurred in the Redevelopment Project Area which are paid from incremental property taxes generated in the contiguous redevelopment project areas.

(3) This category may also include reimbursing capital costs of taxing districts impacted by the redevelopment of the Redevelopment Project Area. As permitted by the Tax Increment Allocation Redevelopment Act, the City may pay all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the City by written agreement accepts and approves such costs.
D. SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS

Funds necessary to pay for Redevelopment Project Costs are to be derived principally from tax increment revenues, proceeds of municipal obligations which are secured principally by tax increment revenues, and/or possible tax increment revenues from adjacent redevelopment project areas created under the Act. There may be other sources of funds that the City may elect to use to pay for Redevelopment Project Costs or other obligations issued to pay for such costs; these sources include, but are not limited to, state and federal grants, developer contributions and land disposition proceeds generated from the Redevelopment Project Area.

The tax increment revenue that may be used to secure municipal obligations or pay for eligible Redevelopment Project Costs shall be the incremental real property tax revenue. Incremental real property tax revenue is attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Without the use of such tax incremental revenues, the Redevelopment Project Area would not reasonably be anticipated to be developed.

The 89th & State Redevelopment Project Area and other potential redevelopment project areas created under the Act may be or may become contiguous to one another, and, if the City finds that the goals, objectives and financial success of such redevelopment project areas are interdependent, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Act that net revenues from each such redevelopment project area be made available to support the other. The City therefore proposes to utilize net incremental revenues received from the Redevelopment Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in another contiguous redevelopment project area, and vice versa. The amount of revenue from the 89th & State Redevelopment Project Area made available to support such contiguous redevelopment project areas, when added to all amounts used to pay eligible Redevelopment Project Costs within the 89th & State Redevelopment Project Area, shall not at any time exceed the total Redevelopment Project Costs described in Table 1 of this Redevelopment Plan.

ISSUANCE OF OBLIGATIONS

To finance Redevelopment Project costs, the City may issue general obligation bonds or obligations secured by the anticipated tax increment revenue generated within the Redevelopment Project Area, or the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers to secure such obligations. In addition, a municipality may pledge toward payment of such obligations any part or any combination of the following: (i) net revenues of all or part of any redevelopment project; (ii) taxes levied and collected on any or all property in the municipality; (iii) the full faith and credit of the municipality; (iv) a mortgage on part or all of the Redevelopment Project Area; or (v) any other taxes or anticipated receipts that the municipality may lawfully pledge.

All obligations issued by the City pursuant to this Plan and the Act shall be retired within 23 years (by the year 2021) from the adoption of the ordinance approving the Redevelopment Plan.
Project Area. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Plan. The amounts payable in any year as principal and interest on all obligations issued by the City pursuant to the Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

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

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

The total 1996 equalized assessed valuation for the entire Redevelopment Project Area is $3,827,328. After verification by the County Clerk of Cook County, this amount will serve as the "Initial Equalized Assessed Valuation" from which all incremental property taxes in the Redevelopment Project Area will be calculated by the County. The 1996 EAV of the Redevelopment Project Area is summarized by permanent index number (PIN) in Table 2 - 1996 Equalized Assessed Valuation of this Redevelopment Plan.

F. **Anticipated Equalized Assessed Valuation**

By the year 2001 when it is estimated that the residential development will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at between $6,000,000 and $8,000,000. These estimates are based on several key assumptions, including: 1) all currently proposed residential redevelopment will be completed in 2001; 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Redevelopment Plan and Project; 3) the most recent State Multiplier of 2.1517 as applied to 1996 assessed values will remain unchanged; 4) for the duration of the project, the tax rate for the entire Redevelopment Project Area is assumed to be the same and will remain unchanged from the 1996 level; and 5) growth from reassessments of existing properties will be at a rate of 2.5% per year with a reassessment every three years. Although additional development in the Redevelopment Project Area may occur after 2001, it is not possible to estimate with accuracy the effect of such future development on the EAV for the Redevelopment Project Area. In addition, as described in Section M of the Plan, "Phasing and Scheduling of Redevelopment,"
public improvements may be necessary in furtherance of the Plan throughout the 23-year period that the Plan is in effect.

G. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in the Conservation Area Conditions Section of this Redevelopment Plan, the Redevelopment Project Area as a whole is adversely impacted by the presence of numerous factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. The Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise. The lack of private investment is evidenced by continued existence of the factors referenced above and the lack of new development projects initiated or completed within the Redevelopment Project Area. There have been no buildings constructed or significantly rehabilitated in the Redevelopment Project Area for several years and even the most recently constructed (10-20 years of age) industrial/distribution facilities are underutilized.

The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation (EAV) of all the property in the Redevelopment Project Area. The equalized assessed value (EAV) for commercial and industrial property in the City of Chicago increased from $14,465,639,000 in 1991 to $15,790,560,000 in 1996, a total of 9.2% or 1.8% per year. Over the same period, from 1991 to 1996, the Redevelopment Project Area experienced an overall EAV increase of 17.5%, from $3,256,630 in 1991 to $3,827,328 in 1996, an average of 3.4% per year. However, 16 of the 23 (70%) parcels experienced changes in EAV the same as or below the citywide average, ranging from -2.6% to 1.8% per year for that same period. One parcel on the Select-Canfield site, 25-03-115-020, which has the largest EAV ($1,424,012 in 1996) and was the most active economically, actually increased by 6.8% per year. This parcel, however, has seen a significant decrease in economic activity over the last year to 18 months which is not reflected in the 1996 EAV; it is expected that the EAV of the Redevelopment Project Area will continue to decrease given the plans to vacate the site. Excluding this particular parcel from the five year comparison yields an overall per year increase of 1.8% for the Redevelopment Project Area, the same as the citywide average. In addition, from 1995 to 1996, the Redevelopment Project Area experienced an overall EAV decrease of 2.25%, from $3,915,258 in 1995 to $3,827,328 in 1996. In contrast, the overall increase for commercial and industrial property in the City for that same period was .8%, from $15,666,373,000 in 1995 to $15,790,560,000 in 1996.

A summary of the building permit requests for new construction and major renovation from the City of Chicago is found in Exhibit 2 - Building Permit Requests. The four (4) building permit requests for new construction and renovation for the Redevelopment Project Area from 1991-1997 (through July 1997) totaled $85,000. On an annualized basis, this represents only a $13,000 per year average investment, or approximately .3% of the 1996 assessed value in the Redevelopment Project Area.
It is clear from the study of this area that private investment in revitalization and redevelopment has not occurred to overcome the Conservation Area conditions that currently exist. The Redevelopment Project Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Redevelopment Plan.

H. FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT

Without the adoption of this Plan and tax increment financing, the Redevelopment Project Area is not reasonably expected to be redeveloped for the proposed residential use by private enterprise. The consequences of the industrial activities, such as environmental contamination, that have taken place within portions of the Redevelopment Project Area make it expensive to redevelop for nonindustrial uses. There is a real prospect that the Conservation Area conditions will continue and are likely to spread, and the surrounding area will become less attractive for the maintenance and improvement of existing buildings and sites. The possible erosion of the assessed value of property, which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment, could lead to a reduction of real estate tax revenue to all taxing districts. If successful, the implementation of the Plan may enhance the values of properties within and adjacent to the Redevelopment Project Area.

The Redevelopment Plan and Project is expected to have minor financial impacts on the taxing districts affected by the Plan. During the period when tax increment financing is utilized in furtherance of the Plan, real estate tax increment revenues (from the increases in EAV over and above the certified initial EAV established at the time of adoption of this Plan) will be used to pay eligible redevelopment project costs for the Redevelopment Project Area or to secure obligations issued pursuant to the Plan. Incremental revenues will not be available to these taxing districts during this period. When the Redevelopment Project Area is no longer in place, the real estate tax revenues will be distributed to all taxing districts levying taxes against property located in the Redevelopment Project Area.

I. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes on properties located within the Redevelopment Project Area: City of Chicago; Chicago Board of Education District 299; Chicago School Finance Authority; Chicago Park District; Chicago Community College District 508; Metropolitan Water Reclamation District of Greater Chicago; County of Cook; Cook County Forest Preserve District; and the South Cook County Mosquito Abatement District.

The proposed Redevelopment Plan and Project involves the assemblage of underutilized land, and new residential development. However, given the relatively small size of the proposed new development, the financial burden of the Redevelopment Plan and Project on taxing districts is expected to be negligible.
The proposed residential development is not likely to cause increased demand for capital improvements to be provided by the Board of Education, the Community College District, the Chicago Park District, the Metropolitan Water Reclamation District or the City of Chicago. Based on the relatively small size of the proposed development and plans to include several park-like green spaces in the new residential area, for example, it is not expected that the Park District will require any new capital improvements. The closest park, Cole Park, located at 361 E. 85th Street, could not be included due to its distance from the Redevelopment Project Area and the ineligibility of the properties between the Redevelopment Project Area and the Park. Please see the attached Map 4 in Exhibit 3 of the Appendix identifying the location of City parks and schools.

It is also anticipated that any minor increase in demand for treatment of sanitary and storm sewage associated with the residential development within the Redevelopment Project Area can be adequately handled by existing treatment facilities of the Metropolitan Water Reclamation District. Some additional services may be required by the City of Chicago for police and fire protection; however, these services are not expected to be significant given the limited size of the Redevelopment Project Area and the scope of the proposed and any future development.

Finally, the proposed residential development may add between 75 to 100 school-age children to the Redevelopment Project Area. This estimate is based upon market studies utilizing census data and an analysis of purchasing patterns and demographics. The closest public school, McDade Elementary, located at 8806 S. Indiana Ave., is approximately one block from the Redevelopment Project Area yet could not be included due to the good (i.e., non-eligible) condition of 29 single-family residences located between the school and the Redevelopment Project Area. According to the Chicago Board of Education, McDade currently has 200 students in 15 classrooms and operates at only 50% capacity. With the expectation that an additional 75 to 100 children may be utilizing this facility, it is apparent that the school could absorb this influx of new children in its current condition. Therefore, the impact of the new residential development on the Chicago Board of Education is expected to be minimal.

J. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

As described in detail in previous sections, the complete scale and amount of development in the Redevelopment Project Area cannot be predicted with complete certainty and the demand for services provided by those taxing districts cannot be quantified at this time. As a result, the City has not developed, at present, a specific plan to address the impact of the Redevelopment Plan and Project on taxing districts.

As indicated in Section C and Table 1, Estimated Redevelopment Project Costs of the Redevelopment Plan and Project, the City may provide public improvements and facilities to service the Redevelopment Project Area. Potential public improvements and facilities provided by the City may mitigate some of the additional service and capital demands placed on taxing districts as a result of the implementation of this Redevelopment Plan and Project.
K. **PROVISION FOR AMENDING ACTION PLAN**

The 89th & State Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

L. **AFFIRMATIVE ACTION PLAN**

The City is committed to and will affirmatively implement the following principles with respect to the Redevelopment Project Area.

1. The assurance of equal opportunity in all personnel and employment actions with respect to the Redevelopment Plan and 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, handicapped status, national origin, creed, or ancestry.

2. Redevelopers will meet City of Chicago standards for participation of Minority Business Enterprise and Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in Redevelopment Agreements.

3. This commitment to affirmative action and non-discrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

M. **PHASING AND SCHEDULING OF REDEVELOPMENT**

A phased implementation strategy will be used to achieve a timely and orderly redevelopment of the Redevelopment Project Area. It is expected that over the 23 years that this plan is in effect for the Redevelopment Project Area, numerous public/private improvements and developments can be expected to take place. The specific time frame and financial investment will be staged in a timely manner with the proposed residential development taking place in approximately the next four (4) years.

Development within the Redevelopment Project Area intended to be used for residential purposes will be staged consistently with the funding and construction of infrastructure improvements, and private sector interest in new residential facilities. City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers. The estimated completion date of the Redevelopment Project shall be no later than 23 years from the adoption of the ordinance by the City Council approving the Redevelopment Project Area.
APPENDIX
TABLE 1 - ESTIMATED REDEVELOPMENT PROJECT COSTS

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<tr>
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<tr>
<td>TOTAL REDEVELOPMENT PROJECT COSTS*</td>
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*Exclusive of capitalized interest, issuance costs and other financing costs

(1) All costs are 1997 dollars. In addition to the above stated costs, each issue of bonds issued to finance a phase of the project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations. Adjustments to the estimated line item costs above are expected. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs as a result of changed redevelopment costs and needs.

(2) The total estimated Redevelopment Project Costs amount does not include private redevelopment costs. Total Redevelopment Project Costs are inclusive of redevelopment project costs incurred in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes generated in the Redevelopment Project Area, but does not include redevelopment project costs incurred in the Redevelopment Project Area which are paid from incremental property taxes generated in the contiguous redevelopment project areas.

(3) This category may also include reimbursing capital costs of taxing districts impacted by the redevelopment of the Redevelopment Project Area. As permitted by the Tax Increment Allocation Redevelopment Act, the City may pay all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the City by written agreement accepts and approves such costs.
### TABLE 2 - 1995 EQUALIZED ASSESSED VALUATION

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**Total (23 PINs)** $3,827,328
EXHIBIT 1 - LEGAL DESCRIPTION

PART OF THE NORTHEAST QUARTER OF SECTION 4 TOGETHER WITH PART OF THE NORTHWEST QUARTER OF SECTION 3, ALL IN TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHERLY LINE OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD WITH THE WEST LINE OF SOUTH STATE STREET, SAID WEST LINE BEING A LINE DRAWN 33 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 3; THENCE NORTH 0° 02' 43" WEST ALONG SAID WEST LINE OF SOUTH STATE STREET, 1058.51 FEET TO THE POINT OF INTERSECTION WITH THE NORTH LINE OF EAST 89TH STREET, SAID NORTH LINE BEING A LINE DRAWN 33 FEET NORTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 3; THENCE NORTH 89° 58' 00" EAST ALONG SAID NORTH LINE OF EAST 89TH STREET 1405.60 FEET TO THE POINT OF INTERSECTION WITH THE EAST LINE OF SOUTH INDIANA AVENUE, SAID EAST LINE BEING A LINE DRAWN 50 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 3; THENCE SOUTH 0° EAST ALONG SAID EAST LINE OF SOUTH INDIANA AVENUE, 1352.86 FEET TO THE POINT OF INTERSECTION WITH THE AFOREMENTIONED SOUTHERLY LINE OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD 1438.95 FEET, SAID SOUTHERLY LINE BEING THE ARC OF A CIRCLE CONVEX NORTHERLY, HAVING A RADIUS OF 5680 FEET AND WHOSE CHORD BEARS NORTH 78° 11' 50" WEST 1435.10 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

CONTAINING 37.892 ACRES MORE OR LESS.
# Exhibit 2 - Building Permit Requests

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EXHIBIT 3 - MAP LEGEND

MAP 1  REDEVELOPMENT PROJECT BOUNDARY
MAP 2  EXISTING LAND USE
MAP 3  PROPOSED LAND USE
MAP 4  LOCATION OF CITY PARKS AND SCHOOLS
EXHIBIT 4 - ELIGIBILITY STUDY
CITY OF CHICAGO

89TH & STATE

TAX INCREMENT FINANCE PROGRAM

ELIGIBILITY STUDY

CITY OF CHICAGO
RICHARD M. DALEY
MAYOR

NOVEMBER 26, 1997

PREPARED BY
LOUIK/SCHNEIDER & ASSOCIATES, INC.
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I. INTRODUCTION

Louik/Schneider and Associates, Inc. has been retained by BEJCO Development Corporation to conduct an independent initial study and survey of the proposed redevelopment area known as the 89th & State Area, Chicago, Illinois (the "Study Area"). The purpose of the study is to determine whether the 23 parcels in the Study Area qualify for designation as a "Conservation Area" for the purpose of establishing a tax increment financing district, pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq. as amended (the "Act"). This report summarizes the analyses and findings of the consultants' work, which is the responsibility of Louik/Schneider and Associates, Inc. The City of Chicago is entitled to rely on the findings and conclusions of this report in designating the Study Area as a redevelopment project area under the Act. Louik/Schneider and Associates, Inc. has prepared this report with the understanding that the City would rely (I) 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 (ii) on the fact that Louik/Schneider and Associates, 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.

Following this introduction, Section II presents background information of the Study Area including the area location, description of current conditions and site history. Section III explains the Building Condition Assessment and documents the qualifications of the Study Area as a Conservation Area under the Act. Section IV, Summary and Conclusions, presents the findings.

This report was jointly prepared by Myron D. Louik, John P. Schneider, Lori T. Healey, Tricia Marino Ruffolo and Sandy Plisic of Louik/Schneider and Associates, Inc.
II. BACKGROUND INFORMATION

A. Location

The 89th & State Study Area is located on the south side of the City of Chicago, Illinois approximately 11 miles from the City's central business district. The Study Area contains approximately 37.9 acres and is the approximate size of three (3) city blocks. The Study Area is generally bounded by 89th Street on the north, Indiana Avenue on the east, the Chicago Rock Island & Pacific Railroad right-of-way on the south, and State Street (and the Dan Ryan Expressway, Interstate 90/94) on the west. The boundaries of the Study Area are shown on Map 1, Project Boundary Map, and the existing land uses are identified on Map 2, Existing Land Uses.

The Study Area is situated directly east of the Dan Ryan Expressway (Interstate 90/94) which links it to the overall interstate highway network in Chicago including the Kennedy Expressway (Interstate 90/94), the Stevenson Expressway (Interstate 55), the Eisenhower Expressway (Interstate 290) and the Edens Expressway (Interstate 94). The major local surface transportation access routes serving the Study Area include 89th Street and 87th Street (east-west) and State Street and the Dan Ryan Expressway (north-south). Additionally, the Study Area is well-served by public transportation such as the CTA Red Line and the State Street bus.

B. Description of Current Conditions

The Study Area consists of 23 parcels in the approximate size of three (3) city blocks. Of the 23 parcels, 15 (65.2%) contain buildings, four (17.4%) contain improved lots with no buildings (parking and outside storage), one (4.3%) is a vacant, grassy lot and three (13%) are railroad rights-of-way. There are 17 buildings in the Study Area, all of which are industrial with related administrative/office uses or are strictly industrial in nature.

Much of the Study Area is in need of redevelopment, rehabilitation and revitalization and is characterized by:

• deteriorated buildings and site improvements;
• vacant and underutilized property;
• obsolescence;
• inadequate infrastructure;
• conflicting land use; and
• other blighting characteristics.

Additionally, a lack of growth and investment by the private sector is supported by 1) the lack of building permit requests for the Study Area in terms of number and dollar amounts, and 2) a comparison of the relative growth of the equalized assessed valuation (EAV) of all the property and parcels in the Study Area during the period from 1991 to 1996 as compared to the city-wide average. Specifically:
Exhibit 2 contains a summary of the building permit requests for new construction and major renovation from the City of Chicago. The four (4) building permit requests for new construction and renovation for the Study Area from 1991 - 1997 (through July 1997) totaled $85,000. On an annualized basis, this represents only a $13,000 per year average investment, or approximately .3% of the 1996 assessed value in the Study Area.

The Study Area is comprised of industrial with some related administrative uses. The equalized assessed value (EAV) for commercial and industrial property in the City of Chicago increased from $14,465,639,000 in 1991 to $15,790,560,000 in 1996, a total of 9.2% or 1.8% per year. Over the same period, from 1991 to 1996, the Study Area experienced an overall EAV increase of 17.5%, from $3,256,630 in 1991 to $3,827,328 in 1996, an average of 3.4% per year. However, 16 of the 23 (70%) parcels experienced changes in EAV the same as or below the citywide average, ranging from -2.6% to 1.8% per year for that same period. One parcel on the Select-Canfield site, 25-03-115-020, which has the largest EAV ($1,424,012 in 1996) and was the most active economically, actually increased by 6.8% per year. This parcel, however, has seen a significant decrease in economic activity over the last year to 18 months which is not reflected in the 1996 EAV; it is expected that the EAV of the Study Area will continue to decrease given the plans to vacate the site. Excluding this particular parcel from the five year comparison yields an overall per year increase of 1.8% for the Study Area, the same as the citywide average. In addition, from 1995 to 1996, the Study Area experienced an overall EAV decrease of 2.25%, from $3,915,258 in 1995 to $3,827,328 in 1996. In contrast, the overall increase for commercial and industrial property in the City for that same period was .8%, from $15,666,373,000 in 1995 to $15,790,560,000 in 1996.

C. AREA HISTORY AND PROFILE

The Study Area is located in the Chatham neighborhood on the south side of the City of Chicago. An attractive residential community today, Chatham was originally a low-lying swamp south of the city that was settled by stonemasons and railroad workers. In 1920, Chatham had a population of almost 10,000, mostly foreign-born, residents; the housing boom and manufacturing growth of that decade increased Chatham's population to more than 36,000 in 1930 and to more than 40,000 in 1950.

Today, Chatham is an attractive residential community with some areas of unattractive commercial/retail development. Median property values are among the top five (5) on the South Side. The percentage of single-family units that are owner-occupied is significant. Chatham is home to Seaway National Bank, one of the largest African-American-owned banks, as well as
Johnson Products and Ultra Sheen, two of the largest African-American business enterprises. Pride in the community is high, and many residents see it as the model of a viable, stable African-American community.

D. EXISTING LAND USE AND ZONING CHARACTERISTICS

At the present time, the existing land uses within the Study Area are reflective of the underlying zoning and are industrial (100%) in nature with some administrative/office uses related to or within the adjacent industrial facilities. The property within the Study Area is zoned (100%) for light to medium industrial uses (M1-1 along the north and east perimeters of the Study Area and M2-2 on the balance of the acreage). The Study Area, however, is surrounded by residential uses on the north, east and south beyond the public and railroad rights-of-way. The western boundary, State Street, is adjacent to the Dan Ryan Expressway which has commercial/retail uses to its west. (See Map 2, Existing Land Uses).
III. QUALIFICATION AS A CONSERVATION AREA

A. ILLINOIS TAX INCREMENT ACT

The Act authorizes Illinois municipalities to redevelop locally designated deteriorated areas through tax increment financing. In order for an area to qualify as a tax increment financing district, it must first be designated as a Blighted Area, a Conservation Area (or a combination of the two) or an Industrial Park.

As set forth in the Act, a Conservation Area means 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 are 35 years of age or older and the area exhibits the presence of three (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; or lack of community planning. A Conservation Area is not yet blighted, but because of its age and the combination of three (3) or more of the above-stated factors, is detrimental to public safety, health, morals or welfare and may become a blighted area. All factors must indicate that the area on the whole has not been subject to growth and development through investments by private enterprise, and will not be developed without action by the City.

On the basis of this approach, the 89th & State Study Area will be considered eligible for designation as a Conservation Area within the requirements of the Act.

B. SURVEY, ANALYSIS AND DISTRIBUTION OF ELIGIBILITY FACTORS

Exterior surveys were conducted of all of the 23 parcels located within the Study Area. An analysis was made of each of the conservation area eligibility factors contained in the Act to determine their presence in the Study Area. This exterior survey examined not only the condition and use of buildings but also included conditions of streets, sidewalks, curbs, gutters, lighting, vacant land, underutilized land, parking facilities, landscaping, fences and walls, and general maintenance. In addition, an analysis was conducted of existing site coverage and parking, land uses, zoning and their relationship to the surrounding area.

A parcel-by-parcel analysis was conducted of the conservation area eligibility factors (see Exhibit 3-Criteria of Eligibility Factors Matrix). Each of the factors is present to a varying degree. The following three levels are identified:

- **Not present** - indicates that either the condition did not exist or no evidence could be found or documented during the survey or analyses.
- **Present to a minor extent** - indicates that the condition did exist, but its distribution or impact was limited.

- **Present to a major extent** - indicates that the condition did exist and was present throughout the area and was at a level to influence the Study Area and adjacent and/or nearby parcels of property.

**C. BUILDING EVALUATION PROCEDURE**

This section identifies how buildings within the Study Area are evaluated.

**HOW BUILDING COMPONENTS AND IMPROVEMENTS ARE EVALUATED**

During the field survey, all components of and improvements to the subject buildings were examined to determine whether they were in sound condition or had minor, major or critical defects. These examinations were completed to determine whether conditions existed to evidence the presence of any of the following related factors: dilapidation, deterioration or depreciation of physical maintenance.

Building components and improvements examined were of two types:

- **PRIMARY STRUCTURAL COMPONENTS**
  These include the basic elements of any building or improvement including foundation walls, load bearing walls and columns, roof and roof structure.

- **SECONDARY COMPONENTS**
  These are components generally added to the primary structural components and are necessary parts of the building and improvements, including porches and steps, windows and window units, doors and door units, facade, chimneys, gutters and downspouts.

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

Once the buildings are evaluated, they are classified as identified in the following section.

**BUILDING COMPONENT AND IMPROVEMENT CLASSIFICATIONS**

The four categories used in classifying building components and improvements and the criteria used in evaluating structural deficiencies are described as follows:
1. **SOUND**  
Building components and improvements which contain no defects, are adequately maintained, and require no treatment outside of normal ongoing maintenance.

2. **REQUIRING MINOR REPAIR — DEPRECIATION OF PHYSICAL MAINTENANCE**  
Building components and improvements which contain defects (loose or missing material or holes and cracks over a limited area) that often may be corrected through the course of normal maintenance. Minor defects have no real effect on either primary or secondary components and improvements and the correction of such defects may be accomplished by the owner or occupants, such as pointing masonry joints over a limited area or replacement of less complicated components and improvements. Minor defects are not considered in rating a building as structurally substandard.

3. **REQUIRING MAJOR REPAIR — DETERIORATION**  
Building components and improvements which contain major defects over a widespread area and would be difficult to correct through normal maintenance. Buildings and improvements in this category would require replacement or rebuilding of components and improvements by people skilled in the building trades.

4. **CRITICAL – DILAPIDATED**  
Building components and improvements which contain major defects (bowing, sagging, or settling to any or all exterior components, for example) 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.

**E. CONSERVATION AREA ELIGIBILITY FACTORS**

A finding may be made that the Study Area is a Conservation Area based on the fact that 50 percent or more of the structures are 35 years of age or older, and the area exhibits the presence of three (3) or more of the conservation area eligibility factors described above in Paragraph A, and that the area may become a blighted area because of these factors. This section examines each of the Conservation Area eligibility factors.

**AGE**  
Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems are a function of time, temperature and moisture, structures that 35 years or older typically exhibit more problems than more recently constructed buildings.
There are 11 of the 17 (64.7%) buildings in the Study Area that are at least 35 years or older.

CONCLUSION
Age is present to a major extent in the Study Area. Age is present in 11 of the 17 (64.7%) buildings and in 10 of the 23 (43.4%) parcels. The results of the analysis of age are shown on Map 3.

1. DILAPIDATION
Dilapidation refers to an advanced state of disrepair of buildings and improvements. In May and June of 1997, an exterior survey of all the structures and the condition of each of the buildings in the Study Area was conducted. The analysis of building dilapidation is based on the survey methodology and criteria described in the preceding section on "How Building Components and Improvements are Evaluated."

Based on exterior building surveys, it was determined that one (1) of the 17 (5.9%) buildings in the Study Area was dilapidated and exhibited major problems making it structurally substandard. The small, vacant building, located on a large, mostly vacant parcel abutting the railroad right-of-way, had walls that were missing, a roof that was caving in, and abundant vegetation that was growing into the structure.

Conclusion
Dilapidation is present to a minor extent in the Study Area. Dilapidation is present in one (1) of the 17 (5.9%) buildings and to a minor extent in one (1) of the 23 (4.3%) parcels. The results of the analysis of dilapidation are shown on Map 4.

2. OBsolescence
Webster's New Collegiate Dictionary defines "obsolescence" as "being out of use; obsolete." "Obsolete" is further defined as "no longer in use; disused" or "of a type or fashion no longer current." These definitions are helpful in describing the general obsolescence of buildings or site improvements in the proposed Study Area. In making findings with respect to buildings and improvements, 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 OBLSCESENCE**
Structures historically have been built for specific uses or purposes. The design, location, height and space arrangement are intended for a specific occupancy at a given time. Buildings and improvements become obsolete when they contain characteristics or deficiencies which limit the use and marketability of such buildings and improvements 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, hence, depreciation in market values. Typically, buildings classified as dilapidated and buildings that contain vacant space are characterized by problem conditions which may not be economically curable, resulting in net rental losses and/or depreciation in market value.

Site improvements, including sewer and water lines, public utility lines (gas, electric and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of obsolescence may include inadequate utility capacities, outdated designs, etc.

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

Obsolete Building Types

Obsolete buildings contain characteristics or deficiencies which limit their long-term sound use or reuse for the purpose for which they were built. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse effect on nearby and surrounding developments and detract from the physical, functional and economic vitality of the area.

These structures are characterized by conditions indicating that they are incapable of efficient or economic use according to contemporary standards. Within the Study Area, these conditions include:

- Inefficient configuration of the structures, including irregular or small size, insufficient width and low ceiling heights;

- Structural dilapidation, including walls which are no longer capable of providing support to the structure and other insufficient primary and secondary components; and

- Extensive physical deterioration within the immediate environment of the buildings, making reuse difficult and costly, if not impossible.

Obsolete Platting

Obsolete platting includes parcels of irregular shape, narrow or small size, and parcels improperly platted within the Study Area blocks. Within the Study Area, there are three (3) of the 23 (13%) parcels that are irregularly shaped and which do not contain buildings due to their constrained size and configuration. Development of these individual parcels is not possible without the development of the surrounding parcels.
OBSELETE SITE IMPROVEMENTS
Site improvements, including sewer and water lines, public utility lines (gas, electric and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of obsolescence may include inadequate utility capacities, outdated designs, etc. Throughout the Study Area, there are obsolete site improvements. Internal streets are inadequate in terms of condition with deteriorated or no curbs/gutters. Additionally, sidewalks are in extremely poor condition or are non-existent.

Obsolescence is present in 13 of the 17 (76.5%) buildings and 14 of the 23 (60.9%) parcels in the Study Area.

CONCLUSION
Obsolescence is present to a major extent in the Study Area. Obsolescence is present in 13 of the 17 (76.5%) buildings and to a major extent in 14 of the 23 (60.9%) parcels. The results of the obsolescence analysis are presented on Map 5.

3. DETERIORATION
Deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring major treatment or repair.

- Deterioration which is not easily correctable and cannot be repaired in the course of normal maintenance may be evident in buildings. Such buildings and improvements may be classified as requiring major or many minor repairs, depending upon the degree or extent of defects. This would include buildings with defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.), and defects in primary building components (e.g., foundations, frames, roofs, etc.), respectively.

- All buildings and site improvements classified as dilapidated are also deteriorated.

DETERIORATION OF BUILDINGS
The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on “How Building Components and Improvements Are Evaluated.” There are 16 of the 17 (94.1%) buildings, present on 14 of the 15 (93%) parcels with buildings in the Study Area, that are deteriorated.

The deteriorated buildings in the Study Area exhibit defects in both their primary and secondary components. For example, the primary components exhibiting defects include walls, roofs and foundations with loose or missing materials (mortar, shingles), and holes and/or cracks in these components. The defects of secondary components include damage to windows, doors, stairs.
and/or porches; missing or cracked tuckpointing and/or masonry on the facade, chimneys, etc.; missing parapets, gutters and/or downspouts; foundation cracks or settling; and other missing structural components.

This is another factor that affects most buildings in large part because of the lack of maintenance. Need for masonry repairs and tuckpointing is predominant, closely followed by deteriorating doors, facades and secondary elements in the buildings.

Deteriorated structures exist throughout the Study Area due to the combination of the age and advanced state of disrepair. The entire Study Area contains deteriorated buildings and most of the parcels with buildings are impacted by such deterioration.

**DETERIORATION OF PARKING AND SURFACE AREAS**
Field surveys were also conducted to identify the condition of the eight (8) parcels without structures, of which four (4) are improved lots with no buildings (parking and outside storage), three (3) are railroad rights-of-way and one (1) is a vacant lot. Of these eight (8) parcels, the four (4) utilized for parking and outside storage are classified as deteriorated. These parcels are characterized by uneven surfaces with insufficient gravel or broken asphalt, vegetation growing through the parking surface, depressions and standing water, absence of curbs or guardrails, falling or broken fences and extensive debris. Deteriorating surface conditions also exist on the one (1) vacant lot and one (1) inactive railroad right-of-way which exhibit extremely overgrown vegetation and uneven surfaces. Any new construction on these parcels would require major investment in clearing and grading.

Deterioration can be found in six (6) of the eight (8) parcels (75.0%) without buildings and in 20 of the 23 (87.0%) parcels in the Study Area.

**CONCLUSION**
Deterioration is present to a major extent in the Study Area. Deterioration is present in 16 of the 17 (94.1%) buildings and to a major extent in 20 of the 23 (87.0%) parcels. The results of the deterioration analysis are presented in Map 6.

4. **ILLEGAL USE OF INDIVIDUAL STRUCTURES**
Illegal use of individual structures refers to the presence of uses or activities which are not permitted by law.

**CONCLUSION**
A review of the Chicago Zoning Ordinance indicates that there are no illegal uses of the structures or improvements in the Study Area.

5. **PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS**
Structures below minimum code standards include all structures which do not meet the standards of zoning, subdivision, building, housing, property maintenance, fire, or other
governmental codes applicable to the property. The principal purposes of such codes are (1) to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy, 2) to be safe for occupancy against fire and similar hazards, 3) and to establish minimum standards essential for safe and sanitary habitation.

From January of 1992 through July of 1997, one (1) of the 17 (5.9%) buildings has been cited for building code violations by the City of Chicago's Department of Buildings.

CONCLUSION
Structures below minimum code standards is present to a minor extent. One (1) of the 17 (5.9%) buildings in the Study Area has been identified as being below minimum code standards. Structures below minimum code standards is present to a minor extent on one (1) of the 23 (4.3%) parcels in the Study Area.

6. ABANDONMENT
Abandoned buildings and improvements are usually dilapidated and show visible signs of long-term vacancy and non-use. Abandonment is distinguished from vacancy, however, in that the owner/occupant usually relinquishes all right, title, claim and possession with the intention of not reclaiming the property or resuming its ownership or possession. Additional supporting evidence to document abandonment includes nonpayment of property taxes and unsuccessful attempts to locate owners of vacant properties.

CONCLUSION
No evidence of abandonment of structures has been documented as part of the exterior surveys and analyses undertaken within the Study Area.

7. EXCESSIVE VACANCIES
Excessive vacancy refers to buildings or sites, a large portion of which are unoccupied or underutilized and that exert an adverse influence on the area because of the frequency, duration or extent of vacancy. Excessive vacancies include properties which evidence no apparent effort directed toward their occupancy or underutilization.

Excessive vacancies occur in varying degrees throughout the Study Area. There are vacancies in the following building types:

- A dilapidated industrial structure on a largely vacant parcel
- Four (4) industrial buildings which are a) no longer in use or b) contain minimal uses (less than 50%) and are primarily used to store materials
- One (1) office/administrative structure related to the primary industrial use which is over 50% vacant
- Three (3) underutilized (16.7 to 20%) industrial/distribution buildings
In addition to the vacant buildings, one (1) smaller parcel is vacant (unimproved) and underutilized and one (1) railroad right-of-way parcel is inactive.

CONCLUSION
Excessive vacancies are present to a minor extent in the Study Area. Excessive vacancies (over 50%) can be found in six (6) of the 17 (35.3%) buildings, and to a major extent in seven (7) of the 23 (30.4%) parcels and to a minor extent in three (3) of the 23 (13%) parcels. The results of the excessive vacancy analysis are presented in Map 7.

8. OVERCROWDING OF STRUCTURES AND COMMUNITY FACILITIES
Overcrowding of structures and community facilities refers to utilization of public or private buildings, facilities, or properties beyond their reasonable or legally permitted capacity. Overcrowding is frequently found in buildings and improvements originally designed for a specific use and later converted to accommodate a more intensive use of activities without adequate provision for minimum floor area requirements, privacy, ingress and egress, loading and services, capacity of building systems, etc.

CONCLUSION
Based on the exterior surveys and analyses undertaken within the Study Area, overcrowding of structures and community facilities is not present in the Study Area.

9. LACK OF VENTILATION, LIGHT OR SANITARY FACILITIES
Lack of ventilation, light or sanitary facilities refers to substandard conditions which adversely affect the health and welfare of building occupants, e.g., residents, employees or visitors. Typical requirements for ventilation, light and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in spaces/rooms without windows, i.e., bathrooms, and dust, odor or smoke-producing activity areas;

- Adequate natural light and ventilation by means of skylights or windows or interior rooms/spaces, and proper window sizes and amounts by room area to window area ratios; and

- Adequate sanitary facilities, i.e., garbage storage/enclosure, bathroom facilities, hot water, and kitchens.

CONCLUSION
Based on the exterior surveys and analyses undertaken within the Study Area, there is no evidence of lack of ventilation, light or sanitary facilities.
10. **INADEQUATE UTILITIES**
Inadequate utilities refer to deficiencies in the capacity or condition of the infrastructure which services a property or area, including, but not limited to, storm drainage, water supply, electrical power, streets, sanitary sewers, gas and electricity.

**CONCLUSION**
Based on the exterior surveys and analyses undertaken within the Study Area, there is no evidence of inadequate utilities.

11. **EXCESSIVE LAND COVERAGE**
Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Problem conditions include buildings either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety. The resulting inadequate conditions include such factors as insufficient provision for light and air, increased threat of spread of fires due to close proximity to nearby buildings, lack of adequate or proper access to a public right-of-way, lack of required off-street parking, and inadequate provision for loading and service. Excessive land coverage conditions have an adverse or blighting effect on nearby development.

Excessive land coverage occurs in one (1) of the 15 (6.7%) parcels with structures/buildings in the Study Area. The building has been built basically property line to property line, leaving a very small, unpaved area in front of the facility for parking and storage of parts/materials.

**CONCLUSION**
Excessive land coverage is **present to a minor extent** in the Study Area. Excessive land coverage is present to a major extent in one (1) of the 15 (6.7%) parcels with buildings. The results of the excessive land coverage analysis are presented in Map 8.

12. **DELETERIOUS LAND USE OR LAYOUT**
Deleterious land uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed uses, or uses which may be considered noxious, offensive or environmentally unsuitable. It also includes residential uses which front on or are located near heavily traveled streets, thus causing susceptibility to noise, fumes and glare. Deleterious layout includes evidence of improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to meet contemporary development standards. It also includes evidence of poor layout of buildings on parcels and in relation to other buildings.

In the Study Area, deleterious land use or layout is identified in 12 of 17 (70.6%) buildings and in 13 of the 23 (56.5%) parcels, including the parcels exhibiting excessive land coverage and dilapidation. Additionally, three (3) parcels exhibit obsolete platting and/or inadequate size or shape and eight (8) exhibit an inappropriate use, such as industrial adjacent to residential and/or outside storage on a major thoroughfare, or are located adjacent to a vacant building or parcel.
CONCLUSION
Deleterious land use and layout is present to a major extent in the Study Area. Deleterious land use and layout is present in 12 of the 17 (70.6%) buildings and to a major extent in 13 of the 23 (56.5%) parcels. The results of the deleterious land use and layout analysis are presented in Map 9.

13. DEPRECIATION OF PHYSICAL MAINTENANCE
Depreciation of physical maintenance refers to the effects of deferred maintenance and the lack of maintenance of buildings, parking areas and public improvements, including alleys, walks, streets and utility structures. The analysis of depreciation of physical maintenance is based on survey methodology and criteria described in the preceding section "How Building Components and Improvements Are Evaluated."

The entire Study Area is affected by lack of physical maintenance. Twenty-one (21) of the 23 (91.3%) parcels lack physical maintenance.

The buildings that evidence depreciation of physical maintenance including items such as unpainted or unfinished surfaces, peeling paint, loose or missing materials, broken windows, loose or missing gutters or downspouts, loose or missing shingles, overgrown vegetation and general lack of maintenance, etc. All 17 of the 17 (100%) buildings in the Study Area are affected by depreciation of physical maintenance. Accumulation of trash and debris, broken fences and other missing elements or materials from the walls of the buildings are examples of the degrees of depreciation that exist.

Most of the Study Area shows extensive signs of depreciation, in particular the access street into the industrial area that has not been designed to handle today's transport trucks, neither by weight nor by design. The parking/storage lots have a variety of broken pavement, pot holes, standing water, deteriorated curbs, broken or rotted bumper guards, growing grass in pavement, crumbling asphalt and accumulation of trash or debris. The vacant lots also exhibit an accumulation of trash and debris, standing water and overgrown vegetation. Much maintenance is needed in vacant lots and in private parking areas.

CONCLUSION
Depreciation of physical maintenance is present to a major extent in the Study Area. Depreciation of physical maintenance is present in 17 of the 17 (100%) buildings and to a major extent in 21 of the 23 (91.3%) parcels. The results of the depreciation of physical maintenance analysis are presented in Map 10.

14. LACK OF COMMUNITY PLANNING
Lack of community planning may be a factor if the proposed redevelopment area was developed prior to or without the benefit of a community plan. This finding may be amplified by other evidence which shows the deleterious results of the lack of community planning, including
adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, and parcels of inadequate size or shape to meet contemporary development standards.

CONCLUSION
There was insufficient evidence to determinate that the area was developed prior to or without the benefit of a community plan. Therefore, lack of community planning is not a factor in the Study Area.

SUMMARY
In addition to the age requirement, eight (8) conservation area eligibility criteria are present in varying degrees throughout the Study Area. Four (4) factors are present to a major extent and four (4) are present to a minor extent. The eight (8) conservation area eligibility factors that have been identified in the Study Area are as follows:

Major extent
- obsolescence
- deterioration
- deleterious land use or layout
- depreciation of physical maintenance

Minor extent
- dilapidation
- structures below minimum code
- excessive vacancies
- excessive land coverage
IV. SUMMARY AND CONCLUSION

The conclusion of the consultant team is that the number, degree and distribution of Conservation Area eligibility factors as documented in this report warrant the designation of the Study Area as a Conservation Area as set forth in the Act. Specifically:

- The buildings in the Study Area meet the statutory criteria that requires 50 percent or more of the structures to be 35 years of age or older; 64.7% of the buildings in the Study Area are at least 35 years old.

- Of the 14 eligibility factors for a Conservation Area set forth in the law, four (4) are present to a major extent and four (4) are present to a minor extent in the Study Area and only three (3) are necessary for designation as a Conservation Area.

- The Conservation Area eligibility factors which are present are reasonably distributed throughout the Study Area.

- All areas within the Study Area show the presence of Conservation Area eligibility factors.

- The Study Area is not yet blighted, but because of the factors described in this report, the Study Area may become a blighted area.

While it may be concluded that the mere presence of the stated eligibility factors in Section III may be sufficient to make a finding of qualification as a Conservation Area, this evaluation was made on the basis that the factors must be present to an extent that would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of conservation area eligibility factors throughout the Study Area must be reasonable so that a basically good area is not arbitrarily found to be a Conservation Area simply because of proximity to an area that exhibits conservation area eligibility factors. All portions of the Study Area evidence the presence of some of the eligibility factors.

Additional research indicates that the area on the whole has not been subject to growth and development as a result of investments by private enterprise, and will not be developed without action by the City. Specifically:

- Exhibit 2 contains a summary of the building permit requests for new construction and major renovation from the City of Chicago. The four (4) building permit requests for new construction and renovation for the Study Area from 1991 - 1997 (through July 1997) totaled $85,000. On an annualized basis, this represents only a $13,000 per year average investment, or approximately .3% of the 1996 assessed value in the Study Area.
The Study Area is comprised of industrial with some related administrative uses. The equalized assessed value (EAV) for commercial and industrial property in the City of Chicago increased from $14,465,639,000 in 1991 to $15,790,560,000 in 1996, a total of 9.2% or 1.8% per year. Over the same period, from 1991 to 1996, the Study Area experienced an overall EAV increase of 17.5%, from $3,256,630 in 1991 to $3,827,328 in 1996, an average of 3.4% per year. However, 16 of the 23 (70%) parcels experienced changes in EAV the same as or below the citywide average, ranging from -2.6% to 1.8% per year for that same period. One parcel on the Select-Canfield site, 25-03-115-020, which has the largest EAV ($1,424,012 in 1996) and was the most active economically, actually increased by 6.8% per year. This parcel, however, has seen a significant decrease in economic activity over the last year to 18 months which is not reflected in the 1996 EAV; it is expected that the EAV of the Study Area will continue to decrease given the plans to vacate the site. Excluding this particular parcel from the five year comparison yields an overall per year increase of 1.8% for the Study Area, the same as the citywide average. In addition, from 1995 to 1996, the Study Area experienced an overall EAV decrease of 2.25%, from $3,915,258 in 1995 to $3,827,328 in 1996. In contrast, the overall increase for commercial and industrial property in the City for that same period was .8%, from $15,666,373,000 in 1995 to $15,790,560,000 in 1996.

The conclusions presented in this report are those of the consulting team. The local governing body should review this report and, if satisfied with the summary of findings contained herein, adopt a resolution making a finding of a Conservation Area and making this report a part of the public record. The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc. The surveys, research and analysis conducted include:

1. Exterior surveys of the conditions and use of the Study Area;
2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Comparison of current land uses to current zoning ordinance and the current zoning maps;
4. Historical analysis of site uses and users;
5. Analysis of original and current platting and building size layout;
6. Review of previously prepared plans, studies and data;
7. Analysis of building permits and building code violations requested from the Department of Buildings for all structures in the Study Area from 1991-1997; and
8. Evaluation of the EAVs in the Study Area from 1991 to 1996.
The study and survey of the Study Area indicate that the requirements necessary for designation as a Conservation Area are present.

Therefore, the Study Area is qualified as a Conservation Area to be designated as a redevelopment project area and eligible for Tax Increment Financing under the Act. See Exhibit 3 - Distribution of Criteria Matrix.
EXHIBIT 1 - LEGAL DESCRIPTION

PART OF THE NORTHEAST QUARTER OF SECTION 4 TOGETHER WITH PART OF THE NORTHWEST QUARTER OF SECTION 3, ALL IN TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHERLY LINE OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD WITH THE WEST LINE OF SOUTH STATE STREET, SAID WEST LINE BEING A LINE DRAWN 33 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 3; THENCE NORTH 0° 02' 43" WEST ALONG SAID WEST LINE OF SOUTH STATE STREET, 1058.51 FEET TO THE POINT OF INTERSECTION WITH THE NORTH LINE OF EAST 89TH STREET, SAID NORTH LINE BEING A LINE DRAWN 33 FEET NORTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 3; THENCE NORTH 89° 58' 00" EAST ALONG SAID NORTH LINE OF EAST 89TH STREET 1405.60 FEET TO THE POINT OF INTERSECTION WITH THE EAST LINE OF SOUTH INDIANA AVENUE, SAID EAST LINE BEING A LINE DRAWN 50 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 3; THENCE SOUTH 0° EAST ALONG SAID EAST LINE OF SOUTH INDIANA AVENUE, 1352.86 FEET TO THE POINT OF INTERSECTION WITH THE AFOREMENTIONED SOUTHERLY LINE OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD; THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD 1438.95 FEET, SAID SOUTHERLY LINE BEING THE ARC OF A CIRCLE CONVEX NORTHERLY, HAVING A RADIUS OF 5680 FEET AND WHOSE CHORD BEARS NORTH 78° 11' 50" WEST 1435.10 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS. CONTAINING 37.892 ACRES MORE OR LESS.
EXHIBIT 2 - BUILDING PERMIT REQUESTS

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**Key**

- **X** Present to a Major Extent
- **P** Present

**Criteria**

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| 8  | OVERCROWDING |
| 9  | LACK OF VENTILATION, LIGHT OR SANITARY FACILITIES |
| 10 | INADEQUATE UTILITIES |
| 11 | EXCESSIVE LAND COVERAGE |
| 12 | DELETERIOUS LAND USE OR LAYOUT |
| 13 | DEPRECIATION OF PHYSICAL MAINTENANCE |
| 14 | LACK OF COMMUNITY PLANNING |
EXHIBIT 4 - MAP LEGEND

MAP 1  PROJECT BOUNDARY
MAP 2  EXISTING LAND USE
MAP 3  AGE
MAP 4  DILAPIDATION
MAP 5  OBsolescence
MAP 6  DETERIORATION
MAP 7  STRUCTURES BELOW MINIMUM CODE
MAP 8  EXCESSIVE VACANCIES
MAP 9  EXCESSIVE LAND COVERAGE
MAP 10  DELETERIOUS LAND USE/LAYOUT
MAP 11  DEPRECIATION OF PHYSICAL MAINTENANCE