

**THE CANAL/CONGRESS
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

City of Chicago, Illinois

August 11, 1998

City of Chicago
Richard M. Daley, Mayor

Department of Planning and Development
Christopher R. Hill, Commissioner

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This Redevelopment Plan is subject to review
and comment and may be revised
after comment and hearing.

Prepared by:
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EXHIBIT IV: CANAL/CONGRESS PROJECT AREA TAX INCREMENT FINANCING ELIGIBILITY
STUDY

I. INTRODUCTION

This document is to serve as a redevelopment plan for an area that is located west the City of Chicago's (the "City") central business district (the "Loop") and is generally bounded on the north by Madison, Monroe and Adams Streets; on the south by Congress Parkway and Harrison Street; on the east by Clinton and Canal Streets and the South Branch of the Chicago River; and on the west by the Kennedy Expressway and Desplaines Street. This area is subsequently referred to in this document as the Canal/Congress Tax Increment Financing Redevelopment Project Area, (the "Project Area"). The Project Area is strategically located directly west of the Loop and is regionally accessible by the adjacent Kennedy, Dan Ryan and Eisenhower Expressways, the commuter and intercity rail lines running in and out of Union and Northwestern Train Stations, and the Chicago River.

Despite its enviable location adjacent to the Loop and its easy accessibility, the Project Area has been developed and expanded over the years on an ad hoc basis with no comprehensive approach. It consists of a mixture of building types, sizes, conditions, and uses. The Project Area lacks overall character and identity, containing older buildings, vacant lots and deteriorating properties. Aware of the Project Area's strategic location, the City recognizes the need to develop this area on a coordinated and comprehensive basis. Recent planning efforts which address the Project Area include the 1973 *Chicago 21 Plan*; the 1985 *Report of The West Loop Task Force*; the 1990 *West Loop Development Plan Executive Summary*; and the November 1993 draft report, *The West Loop Development Plan and Executive Summary*. These plans set forth recommendations for development and redevelopment of the Project Area and, together with the *Downtown Parking Policies*, City of Chicago, 1989; *Chicago River Urban Design Guidelines*, 1990; *Guidelines for Transit-Supportive Development*, Chicago Transit Authority (the "CTA"), 1996; and the *Mayor's Parking Task Force Report*, City of Chicago, 1997 form the basis for many of the recommendations presented in this Redevelopment Plan.

Recognizing the Project Area's potential as an extension of the Loop and as a vital link to the Near West Community Area, the City is taking a proactive step toward the economic renaissance of the Project Area. The City wishes to stabilize and provide cohesion to this portion of the West Loop and support business, retail, institutional, open space, transportation and residential expansion and to encourage private investment and development activity through the use of tax increment financing.

As part of its strategy to encourage managed growth and stimulate private investment within the Project Area, the City engaged Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") with the assistance from R.M. Chin & Associates ("RMCA") to study whether the Project Area of approximately 41.3 acres qualifies as a "conservation area" or a "blighted area" under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11/74.4-3). The Project Area, described in more detail below as well as in the accompanying Eligibility Study, has not been subject to

growth and development through investment by private enterprise and is not reasonably expected to be developed without the efforts and leadership of the City.

While small-scale or piecemeal redevelopment efforts might occur in limited portions of the Project Area, the sheer size and magnitude of several of the existing buildings within the Project Area, coupled with the extensive obsolescence, vacancies and long-term depreciation of physical maintenance of most of the existing buildings, are likely to preclude the revitalization of the Project Area on a scale sufficient to return the Project Area to a long-term sound condition without the intervention of the City.

For instance, located within the Project Area is the historically significant former Chicago Main Post Office at Canal Street and Congress Parkway which is eligible for listing in the National Register of Historic Places. This building was built in two phases between 1921 and 1933 and has been vacant for about four years. Adaptive reuse of this building by private investment alone is impeded by: 1) the sheer magnitude of the building comprising over 2.4 million square feet, which for reference purposes is larger than the Chicago Amoco Building located at 200 E. Randolph Street; 2) the requirement of a substantial investment in preserving the historic and architecturally significant nature of the building; and 3) the substantial investment required to convert the building for one or more different use(s).

Also historically significant within the Project Area is the Union Station built in 1925 and located along Canal and Jackson Streets. For more than 15 years approximately 60% of the building has been vacant and available for lease. However, the above ground floors of the building show an overall depreciation of physical maintenance requiring significant investment and rehabilitation to attract any prospective tenants.

The building located at 444 W. Jackson Street is significant to the Project Area in that it has been vacant for over 10 years, and contains over 80,000 square feet of undeveloped space. This building was completed in 1971 and its intended principal use was to serve as a trading floor area for the Mid - America Commodities Exchange. However, the company vacated the building in 1981 leaving the site undeveloped. Since the building was specifically built to be a trading area, the design of the building does not lend itself to be easily converted into office space. Essentially, the building is an empty shell, obsolete in its design and space due to the excessive ceiling heights and open floors and contains interior components in a partially demolished condition and an obsolete mechanical system. The building's obsolete design, coupled with years of deferred maintenance, require significant investment and rehabilitation to adapt the building for a marketable use.

The City believes that the Project Area should be revitalized on a coordinated, comprehensive and planned basis consistent with the highest quality standards of design and construction for which the downtown is renowned and to ensure continuity with the revitalization program of the larger West Loop. A coordinated and comprehensive redevelopment effort will allow the City and other taxing districts to work cooperatively to prepare for the increased service demands

that may arise from the conversion of underutilized land and buildings to more intensive uses. Such a comprehensive redevelopment plan will also encourage job training to prepare residents of surrounding and nearby neighborhoods for newly created job opportunities anticipated within the Project Area.

A. Canal/Congress Tax Increment Financing Redevelopment Project Area

The Project Area contains 33 buildings and encompasses a total of approximately 41.3 acres and is adjacent to the west side of the Loop. All areas of the Project Area are improved with buildings or surface parking lots. For a map depicting the boundaries and legal description of the Project Area, see Section II, *Legal Description*.

In general, the Project Area can be described as a "mixed use" area with a variety of land uses, which includes: office, residential, retail, entertainment, institutional, transportation, government and open space.

The Project Area as a whole contains a mix of office, warehouse, and commercial buildings all varying in height and size. Ninety-one percent (91%) of the 33 total buildings are over 35 years old. The Project Area is characterized by aging infrastructure, deteriorated site development, obsolescent buildings, structures below minimum code standards, and vacant and underutilized buildings. Significant to the Project Area is the former Main Post Office located at Canal Street and Congress Parkway. This building has been essentially vacant for approximately four years since the Post Office relocated to a new facility one block south. The Post Office facility contains over 2.4 million square feet of available space. While the size and location of the Post Office lend itself to many redevelopment opportunities, the magnitude, obsolescence, and long-term depreciation of physical maintenance of the complex are likely to seriously limit redevelopment efforts that may occur through private investment.

The considerable physical assets of the Project Area include the following features:

- The "Circle" Interchange enables the Project Area to be accessible to the interstate highway systems. It is located directly west of the Project Area and serves as the entryway to the Kennedy Expressway (I-94), the Dan Ryan Expressway (I-90/94), the Eisenhower Expressway (I-290) and the Loop.
- The Project Area is served by two train stations enabling the Project Area to be regionally and locally accessible. Union Station, located within the Project Area on Canal and Jackson Streets, accommodates both Metra commuter rail service and Amtrak intercity rail service. The Northwestern Station, located a couple blocks outside the Project Area on Madison and Canal Street, accommodates Metra commuter rail service.

- CTA Rapid Transit Station for the O'Hare (Blue) Line within the Project Area at Clinton Street and Congress Parkway connects the Loop to the western suburbs and O'Hare airport.
- Numerous exits off the Kennedy Expressway (I-94) provide convenient access to the Loop.
- The Loop is located directly east of the Project Area which makes the area attractive for new development.
- The Chicago River provides a navigable waterway and an opportunity for community open space along the river.
- Eight CTA bus lines serve the Project Area.

Although the Project Area enjoys strong locational assets, particularly its excellent highway, rail, transit, bus service, water access, and proximity to the Loop, the Project Area is likely to erode without reinvestment as existing properties continue to sit vacant due to deterioration and obsolescence while potential business and residential tenants find more attractive and desirable environments in which to locate.

The Project Area on the whole has not been subject to growth and development through investment by private enterprise. Evidence of this lack of growth and development is detailed in *Section VI* and summarized below.

- Numerous buildings show signs of obsolescence, deterioration, building code violations, excessive vacancies, and an overall depreciation of physical maintenance.
- The majority of the Project Area's infrastructure needs to be repaired. Most of the Project Area's curbs and gutters, street lighting, alleys and sidewalks need repair or replacement.
- Within the last five years, no new buildings have been built in the Project Area. In this same time period, only three of the 33 buildings in the Project Area indicated significant building permit costs. The total building permit activity for these three buildings is \$2,034,080. Seventy-four percent (74%) of the total cost is attributable to interior renovations to the vacant hotel located at Harrison and Canal Streets. Overall, the investment is very limited and scattered having little to no impact on the Project Area.
- Five warehouse structures have been demolished between January 1, 1993 and May 20, 1998 within the Project Area. This indicates a decline in business activity in the Project Area since these demolitions have not been replaced with new construction and the current use of the properties are surface parking lots.
- Between 1991 and 1996, the Assessed Value (the "AV") of the Project Area decreased from \$24,639,359 to \$16,547,330, a decrease of \$8,092,029 or 32.8 percent. Over this same period, the AV of the City as a whole increased by 7.10 percent. The majority of the significant decrease in AV is attributable to two buildings within the Project Area. The first building is the parking garage owned by Amtrak located at Jackson and Canal

Streets which had an AV of \$4,939,999 in 1991 and then later became tax exempt. The AV of the second building, located at 547 West Jackson, was reduced by \$1,767,048 between 1991 and 1996 because it is owned and partially occupied by the public Commuter Rail Division of RTA. Excluding these two buildings from the analysis, the AV of the Project Area between 1991 and 1996 decreased \$1,384,982 or 8.2 percent.

- Between 1991 and 1996, the Equalized Assessed Value (the "EAV") of the Project Area decreased from \$50,567,356 to \$35,604,890, a decrease of \$14,962,467 or 29.6 percent. Over this same period, the EAV of the City as a whole increased by 12.3 percent. As stated in the above paragraph, the majority of the significant decrease in EAV is attributable to two buildings within the Project Area. Excluding these two buildings from the analysis, the EAV of the Project Area between 1991 and 1996 decreased \$1,308,077 or 3.8 percent.
- A significant number of buildings within the Project Area are vacant or underutilized. In particular, the Old Main Post Office has been vacant for almost four years, which represents over 2.4 million square feet of undeveloped space. The building located at 444 West Jackson has been vacant for over 10 years, which totals over 80,000 square feet of undeveloped space. Also, Union Station has been approximately 60 percent vacant for over 15 years. In addition to the above buildings, close to 100,000 square feet of vacant space is reported to exist in six other buildings within the Project Area. This vacant space is evidence of the lack of growth and development within the Project Area.

Without a comprehensive and area-wide effort by the City to promote investment, the Project Area will not likely be subject to sound growth and development through private investment. In spite of existing plans and City programs which support the rehabilitation and improvement of the Project Area, minimal new construction and private investment has occurred in the Project Area. The Project Area developed more than 75 years ago on a parcel-by-parcel basis without the benefit of community planning guidelines and standards. Today, much of the Project Area is characterized by dilapidation, obsolescence, deterioration, structures below minimum code standards, excessive vacancies, lack of light, ventilation, and sanitary facilities, deleterious land-use or layout, depreciation of physical maintenance and an overall lack of community planning.

While small-scale, piecemeal development might occur in limited portions of the Project Area, the City believes that the Project Area should be revitalized on a coordinated, comprehensive and planned basis to ensure continuity with the planning efforts of the greater central area and surrounding neighborhoods. A coordinated and comprehensive redevelopment effort will allow the City and other taxing districts to work cooperatively to prepare for the increased service demands that may arise from the conversion of underutilized land and buildings to more intensive uses. Such a comprehensive redevelopment plan will also encourage job training to assist in putting residents of the neighborhood and the surrounding neighborhoods to work in jobs anticipated to be created within the Project Area.

B. Tax Increment Financing

In January 1977, Tax Increment Financing ("TIF") was authorized by the Illinois General Assembly through passage of the *Tax Increment Allocation Redevelopment Act*, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the "Act"). The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current EAV of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate which results in Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, a municipality may issue obligations secured by Incremental Property Taxes to be generated within the project area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality; (d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

Tax increment financing does not generate tax revenues by increasing tax rates; it generates revenues by allowing the municipality to capture, temporarily, the new tax revenues produced by the enhanced valuation of properties resulting from the municipality's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. Under TIF, all taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

C. The Redevelopment Plan for the Canal/Congress Tax Increment Financing Redevelopment Project Area

As evidenced in *Section VI*, the Project Area as a whole has not been subject to growth and development through private investment. Furthermore, it is not reasonable to expect that the Project Area as a whole will be redeveloped without the use of TIF.

TPAP and RMCA have prepared the Canal/Congress Tax Increment Financing Redevelopment Plan and Project (the "Redevelopment Plan") and the related eligibility study with the understanding that the City would rely on (i) the findings and conclusions of the Redevelopment Plan

and the related eligibility study in proceeding with the designation of the Redevelopment Plan, and (ii) the fact that TPAP and RMCA have obtained the necessary information so that the Redevelopment Plan and the related eligibility study will comply with the Act.

This Redevelopment Plan has been formulated in accordance with the provisions of the Act and is intended to guide improvements and activities within the Project Area in order to stimulate private investment in the Project Area. The goal of the City, through implementation of this Redevelopment Plan, is that the entire Project Area be revitalized on a comprehensive and planned basis to ensure that private investment in rehabilitation and new development occurs:

1. On a coordinated rather than piecemeal basis to ensure that land use, access and circulation, parking, public services and urban design are functionally integrated and meet present-day principles and standards; and
2. On a reasonable, comprehensive and integrated basis to ensure that the factors of blight and conservation are eliminated; and
3. Within a reasonable and defined time period so that the Project Area may contribute productively to the economic vitality of the City.

Redevelopment of the Project Area will constitute a large and complex endeavor, and presents challenges and opportunities commensurate with its scale. The success of this redevelopment effort will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for redevelopment of the Project Area. By means of public investment, the Project Area will become a stable environment that will again attract private investment. Public investment will set the stage for area-wide redevelopment by the private sector. Through this Redevelopment Plan, the City will serve as the central force for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

This Redevelopment Plan sets forth the overall "Redevelopment Project" to be undertaken to accomplish the City's above-stated goal. During implementation of the Redevelopment Project, the City may, from time to time: (i) undertake or cause to be undertaken public improvements and activities; and (ii) enter into redevelopment agreements with private entities to construct, rehabilitate, renovate or restore private improvements on one or several parcels (collectively referred to as "Redevelopment Projects").

This Redevelopment Plan specifically describes the Project Area and summarizes the conservation area factors which qualify the Project Area as a "conservation area" as defined in the Act.

Successful implementation of this Redevelopment Plan requires that the City utilize Incremental Property Taxes and other resources in accordance with the Act to stimulate the comprehensive and coordinated development of the Project Area. Only through the utilization of TIF will the Project Area develop on a comprehensive and coordinated basis, thereby eliminating

the existing and threatened blight and conservation area conditions which have limited development of the Project Area by the private sector.

The use of Incremental Property Taxes will permit the City to direct, implement and coordinate public improvements and activities to stimulate private investment within the Project Area. These improvements, activities and investments will benefit the City, its residents, and all taxing districts having jurisdiction over the Project Area. These anticipated benefits include:

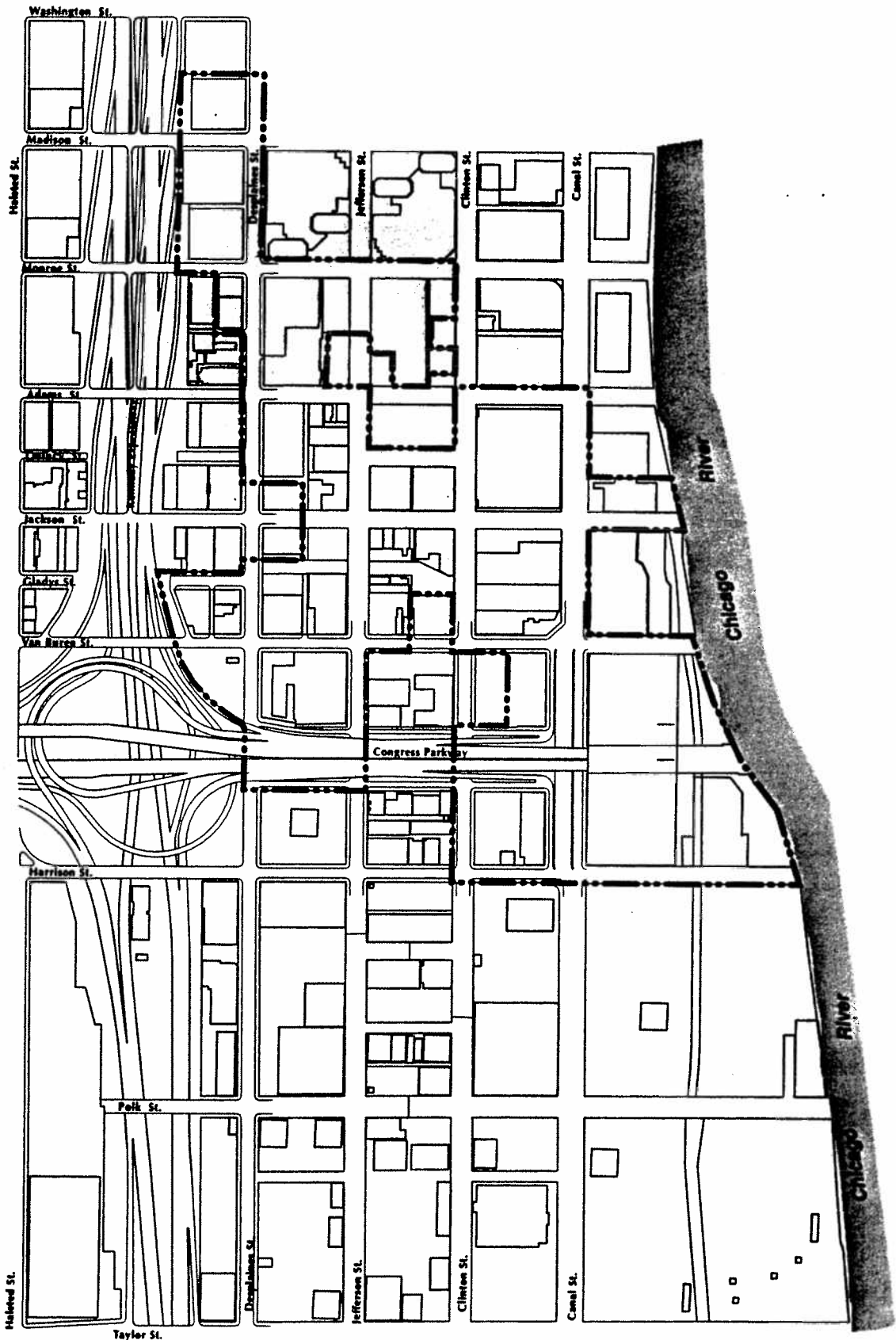
- An increased property tax base arising from new business and residential development and the rehabilitation of existing buildings.
- An increased sales tax base resulting from new and existing retail development.
- An increase in construction, business, retail, commercial, and other full-time employment opportunities for existing and future residents of the City.
- The construction of an improved system of roadways, utilities and other infrastructure which better serves existing businesses and adequately accommodates desired new development.

II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

The boundaries of the Project Area have been drawn to include only those contiguous parcels of real property and improvements substantially benefited by the proposed Redevelopment Project to be undertaken as part of this Redevelopment Plan. The boundaries of the Project Area are shown in Figure 1, *Project Boundary*, and are generally described below:

The Project Area is generally bounded on the north by Madison, Monroe and Adams Streets; on the south by Congress Parkway and Harrison Street; on the east by Clinton and Canal Streets and the South Branch of the Chicago River; and on the west by the Kennedy Expressway and Desplaines Street.

The boundaries of the Project Area are legally described in Exhibit I at the end of this report.



----- Project Area Boundary
 Revision 8/7/98

Figure 1
 Boundary

Canal / Congress

Tax Increment Financing Redevelopment Project Area

Chicago, Illinois

Prepared By: *Trkla, Pettigrew, Allen, & Payne, Inc.*

III. ELIGIBILITY CONDITIONS

The results summarized in this section are more fully described in a separate report which presents the definition, application and extent of the conservation and blight factors in the Project Area. The report, prepared by RMCA with assistance from TPAP is entitled "Canal/Congress Tax Increment Financing Eligibility Study," is attached as Exhibit IV to this Redevelopment Plan.

Based upon surveys, inspections and analyses of the Project Area, the Project Area qualifies as a "conservation area" within the requirements of the Act. Fifty percent (50%) or more of the buildings in the Project Area have an age of 35 years or more, and the Project Area is characterized by the presence of a combination of three or more of the conservation factors listed in the Act, rendering the Project Area detrimental to the public safety, health and welfare of the citizens of the City. The Project Area is not yet a blighted area, but it may become a blighted area. Specifically,

- Of the 33 buildings in the Project Area, 30 buildings (91 %) are 35 years of age or older.
- Of the remaining 14 factors set forth in the Act for conservation areas, nine factors are found to be present.
- Six of the nine factors found to be present are found to be present to a major extent and are reasonably distributed throughout the Project Area. These factors include: obsolescence, deterioration, structures below minimum code, excessive vacancies, depreciation of physical maintenance and lack of community planning.
- Three of the nine factors found to be present area found to be present to a limited extent. These factors include: dilapidation, lack of light, ventilation and sanitary facilities, and deleterious land use or layout.
- All blocks within the Project Area show the presence of conservation factors.
- The Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

A. *Surveys and Analyses Conducted*

The conservation and blight factors found to be present in the Project Area are based upon surveys and analyses conducted by RMCA and TPAP. The surveys and analyses conducted for the Project Area include:

1. Exterior survey of the condition and use of each building;

2. Interior building survey of the interior condition and use of 24 of the 32 buildings (interior access for 9 buildings was not available);
3. Site surveys of streets, alleys, sidewalks, curbs and gutters, lighting, parking facilities, landscaping, fences and walls, and general property maintenance;
4. Analysis of existing uses and their relationships;
5. Comparison of interior and exterior building conditions to property maintenance codes of the City;
6. Analysis of current parcel configuration and building size and layout;
7. Analysis of vacant sites and vacant buildings;
8. Analysis of building floor area and site coverage;
9. Analysis of building permits issued for the Project Area from January 1993 to May 1998;
10. Analysis of building code violations for the Project Area from January 1993 to May 1998; and
11. Review of previously prepared plans, studies, policies and data.

IV. REDEVELOPMENT GOALS AND OBJECTIVES

Comprehensive and coordinated area-wide investment in new public and private improvements and facilities is essential for the successful redevelopment of the Project Area and the elimination of conditions that have impeded redevelopment of the Project Area in the past. Redevelopment of the Project Area will benefit the City through improvements in the physical environment, an increased tax base, and additional employment opportunities.

This section identifies the general goals and objectives adopted by the City for redevelopment of the Project Area. Section V presents more specific objectives for development and design within the Project Area and the redevelopment activities the City plans to undertake to achieve the goals and objectives presented in this section.

A. *General Goals*

Listed below are the general goals adopted by the City for redevelopment of the Project Area. These goals provide overall focus and direction for this Redevelopment Plan.

1. An improved quality of life in the Project Area and the surrounding community.
2. Elimination of the influences and manifestations of physical and economic deterioration and obsolescence within the Project Area.
3. An environment which will contribute more positively to the health, safety and general welfare of the Project Area and the surrounding community.
4. An environment which will preserve or enhance the value of properties within and adjacent to the Project Area.
5. An increased real estate and sales tax base for the City and other taxing districts having jurisdiction over the Project Area.
6. The retention and enhancement of sound and viable existing businesses and industries within the Project Area.
7. The attraction of new business, commercial, retail, light industrial, institutional and residential development and the creation of new job opportunities within the Project Area.
8. Employment of residents within the Project Area and within the adjacent communities in jobs in the Project Area and in adjacent redevelopment project areas. When appropriate, developers and businesses should avail themselves to local community groups and training institutions to identify, pre-screen and provide pre-employment training to local residents.

B. Redevelopment Objectives

Listed below are the redevelopment objectives which will guide planning decisions regarding redevelopment within the Project Area.

1. Reduce or eliminate those conditions which qualify the Project Area as a conservation area. These conditions are described in detail in Exhibit IV to this Redevelopment Plan.
2. Strengthen the economic well-being of the Project Area by increasing taxable values.
3. Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Redevelopment Plan.
4. Create an environment which stimulates private investment in the upgrading and expansion of existing businesses and the construction of new business, residential and commercial facilities.
5. Encourage visually attractive buildings, rights-of-way and open spaces and encourage high standards of design, including river edge amenities where appropriate.
6. Rehabilitate and enhance historically significant buildings within the Project Area.
7. Provide needed improvements and facilities in proper relationship to the projected demand for such facilities and in accordance with present-day design standards for such facilities.
8. Provide needed incentives to encourage a broad range of improvements in business retention, rehabilitation and new development.
9. Establish job readiness and job training programs to provide residents within the Project Area and within the surrounding adjacent communities with the skills necessary to secure jobs in the Project Area and in adjacent redevelopment project areas.
10. Secure commitments from employers in the Project Area and adjacent redevelopment project areas to interview graduates of the Project Area's job readiness and job training programs.
11. Create new job opportunities for City residents utilizing first source hiring programs and appropriate job training programs.
12. Provide opportunities for women and minority businesses to share in the redevelopment of the Project Area.

V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by private entities on behalf of the City in furtherance of this Redevelopment Plan. Several previous plans and policies, including the 1973 *Chicago 21 Plan*; the 1985 *Report of The West Loop Task Force*; the 1990 *West Loop Development Plan Executive Summary*; the November 1993 draft report, *The West Loop Development Plan and Executive Summary*; *Downtown Parking Policies*, City of Chicago, 1989; *Guidelines for Transit-Supportive Development*, CTA, 1996; and the *Mayor's Parking Task Force Report*, City of Chicago, 1997 have been reviewed and form the basis for many of the recommendations presented in this Redevelopment Plan.

The Redevelopment Project described in this Redevelopment Plan and pursuant to the Act includes: a) the overall redevelopment concept, b) the land use plan, c) improvement and development recommendations for planning subareas, d) development and design objectives, e) a description of redevelopment improvements and activities, f) estimated redevelopment project costs, g) a description of sources of funds to pay estimated redevelopment project costs, h) a description of obligations that may be issued, and i) identification of the most recent EAV of properties in the Project Area and an estimate of future EAV.

A. Overall Redevelopment Concept

The Project Area should be redeveloped as a cohesive and distinctive business and residential district that functions as part of the central business district and serves as a link between the Loop and the Near West Side Communities. It should consist of residential and business uses offering a range of site development opportunities; commercial uses that serve and support surrounding neighborhoods and employment centers; and a range of public facilities, open spaces and pedestrian amenities. The river's edge should be improved and enhanced as an open space amenity and river walkway.

The Project Area should be redeveloped as a mixed use district. Within the Project Area, viable existing businesses should be retained and enhanced, and new business, institutional, government, transportation, residential, and retail development should be undertaken in the existing vacant or underutilized properties within the Project Area.

The entire Project Area should be marked by improvements in safety and infrastructure, retention and expansion of jobs and businesses, new business and residential development, and enhancement of the area's overall image and appearance. Improvement projects should include:

the rehabilitation and reuse of existing office, warehouse, industrial and commercial buildings; new office, residential and commercial construction; street and infrastructure improvements; creation of open space, landscaping and other appearance enhancements; and the provision of new amenities which both businesses and residents expect to find in a contemporary mixed use urban neighborhood.

The Project Area should have good accessibility and should be served by a street system and public transportation facilities that provide safe and convenient access to and circulation within the Project Area.

The Project Area should be characterized by a planned network of open spaces and public amenities which will organize and provide focus to the Project Area. An open space network should be created which links business centers, retail, residential development, open spaces, the river front, landscaped streets and surrounding amenities.

The Project Area should have a coherent overall design and character. Individual developments should be visually distinctive and compatible. The Project Area should respect the City's traditional downtown business district form which is characterized by a grid pattern of streets with buildings facing the street and located at or very near the front property line.

B. Land Use Plan

Figure 2 presents the Land-Use Plan that will be in effect upon adoption of this Redevelopment Plan.

The Project Area's strategic location directly west of the Loop and east of Greek Town and the Kennedy and Eisenhower Expressways, creates an environment suitable for a mix of land uses. As indicated in Figure 2, the mix of land uses include: office, retail, residential, entertainment, cultural, government, institutional, open space and transportation. Several key factors have contributed to the appropriateness of the mixed use district within the Project Area and are listed below.

1. Adjacency to the Loop allows for an incremental expansion of the Loop while maintaining the compactness of the central business district.
2. Proximity to the expressways, commuter rail lines, numerous CTA bus routes, CTA Subway Station and the Loop has made the Project Area attractive for residential development, loft conversions, office and institutional developments.
3. Retail, entertainment, restaurants and open spaces are requisites for creating a viable urban neighborhood and attracting prospective residents and office tenants.

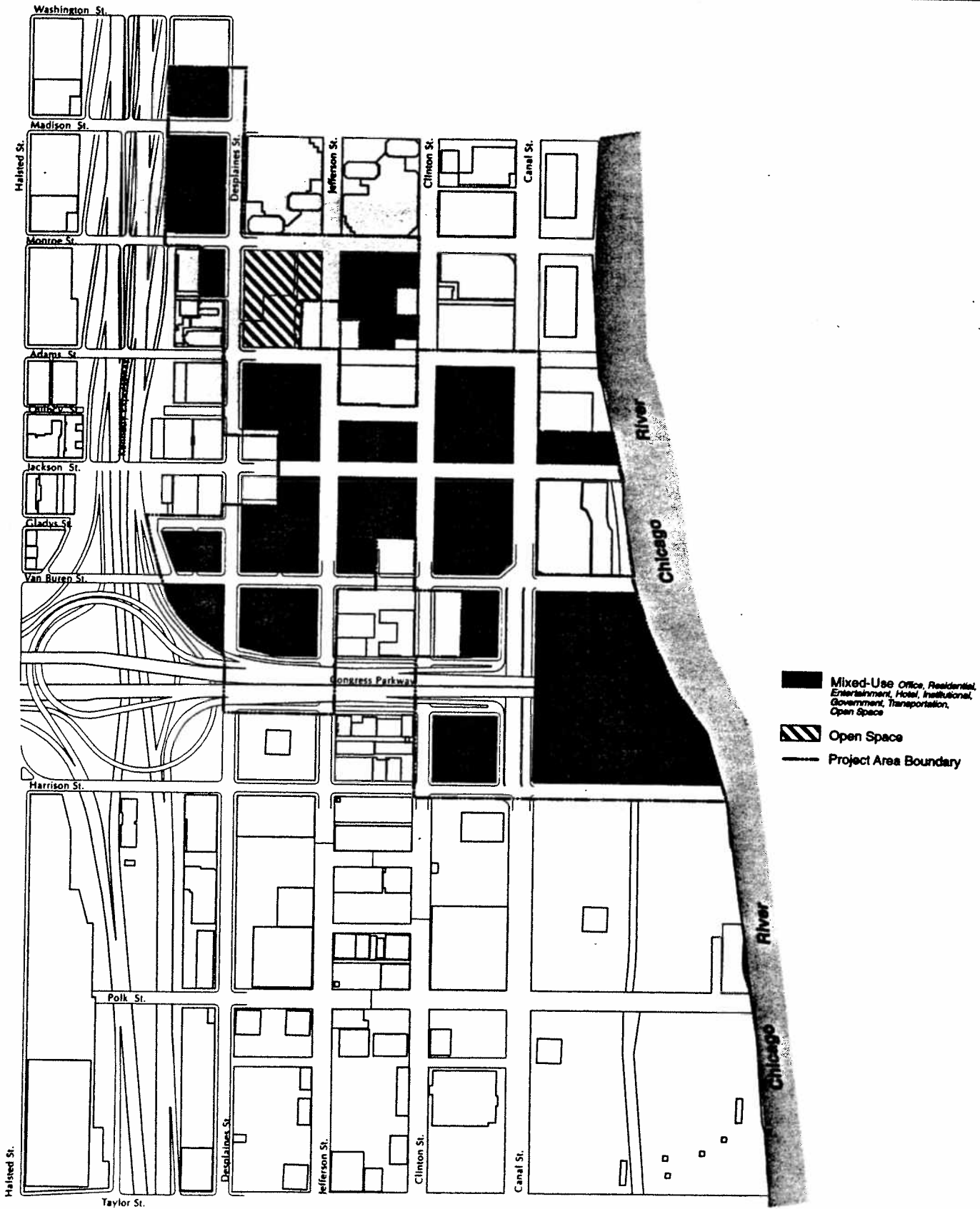


Figure 2
Land-Use Plan



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The combination of all the above uses creates a viable urban district full of energy and life, enabling a smooth transition between the densely developed Loop and the less dense Near West Side. A mixed-use district will establish a gradual functional and physical transition from the Loop's office towers to the surrounding neighborhoods.

The Land Use Plan highlights numerous opportunities for mixed use improvement, enhancement and new development within the Project Area. The Plan is focused on maintaining and enhancing sound and viable existing businesses, and promoting new business and residential development at selected locations.

Recommended land use strategies for specific subareas are presented in the following section of this Redevelopment Plan.

C. Planning Subareas

The Project Area has been subdivided into five (5) subareas, each of which would be suitable for a different mix of uses and intensity of development, and each of which warrants a different approach to improvement and redevelopment (See Figure 3).

It should be emphasized that the boundaries of these subareas and the specification of uses within the subareas are for guidance only, and are subject to refinement and modification as a part of the City's planned development process.

Key recommendations for individual subareas are highlighted below. More specific development and design objectives for the Project Area are presented in a following section of this Redevelopment Plan.

Subarea A

Subarea A encompasses the northern portion of the Project Area and is generally bounded by the Kennedy Expressway on the west, Jefferson Street on the east, the alley south of Washington Street and Monroe Street on the north, and Adams Street on the south. The existing land uses include surface parking lots, a wall-paper distribution facility, and a restaurant.

As additional residential development occurs within and near the Project Area, open space, park facilities, a community center and educational institutions will be needed to serve the growing residential population. Subarea A is recommended for such uses. Currently there are no park facilities or community facilities within the Project Area or surrounding neighborhoods. Open space is designated in Figure 2: *Land Use Plan* for the block bounded by Monroe Street on the north, Adams Street on the south, Desplaines Street on the west and Jefferson Street on the east. In the event that an alternative location is developed as

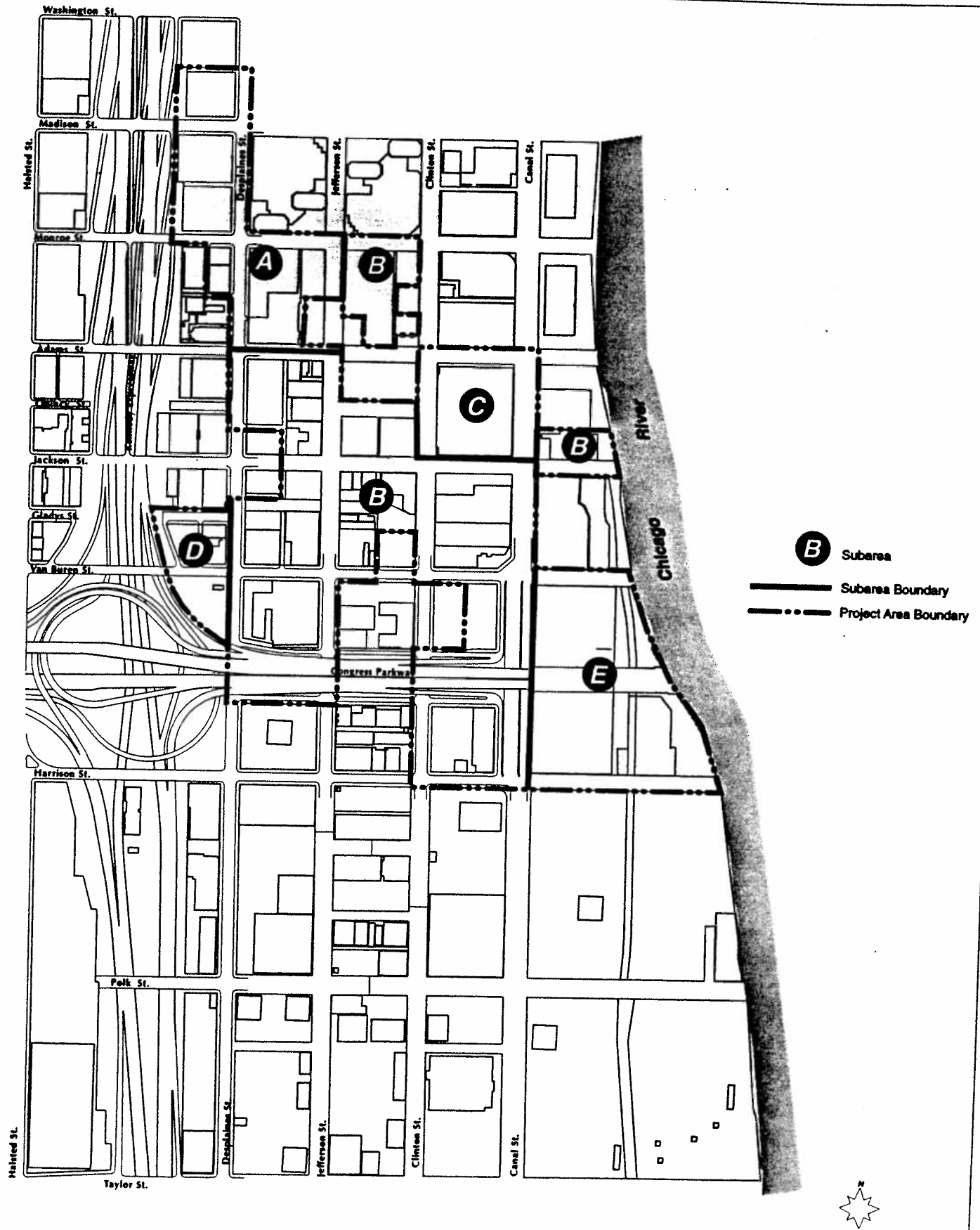


Figure 3
Subarea Plan

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Canal / Congress

Tax Increment Financing Redevelopment Project Area

Chicago, Illinois

Prepared By: *Trkla, Pettigrew, Allen, & Payne, Inc.*

open space, the designated block may be developed according to the land uses recommended for adjacent properties within the Mixed-Use District illustrated in Figure 2.

The current use of surface parking could be easily converted to open space and public uses. New facilities in this location would be easily accessible to the adjacent residences in Presidential Towers, St. Patrick's School, existing office buildings, and future residential and office developments. Also, if future development increases the demand for community facilities and services, Subarea A could serve as a possible development site for a community center.

Because Subarea A is adjacent to exits off the Kennedy Expressway, it is encouraged that long-term parking facilities be maintained and improved. Locating parking for downtown commuters on the periphery of downtown will help prevent heavy traffic congestion within the Loop.

Subarea B

Subarea B encompasses three areas within the Project Area. The first area is located at the northern end of the Project, and is generally bounded by Monroe Street on the north, Jefferson Street on the west, Adams Street on the south and Clinton Street on the east. The second area is the central portion of the Project Area, and is generally bounded by Adams Street on the north, Desplaines Street on the west, Harrison Street on the south, and Canal Street on the east. The third area includes the vacant building located at the northeast corner of Canal and Jackson Streets.

Subarea B currently contains a mix of uses. Major existing uses include a number of office buildings ranging from one to ten stories, warehouse activity, several restaurants, various business service operations, a parking garage, a furniture outlet store, a barber, and surface parking lots. The Clinton/Harrison "Blue" Line Subway Station is located under Congress Parkway; this facility should be maintained and upgraded and more attractive passenger access should be provided from the north and south. The existing underground pedway system within the subarea should be extended to connect major transit facilities and future development within the surrounding area, providing access during inclement weather.

Subarea B is an older, established business area which has good regional accessibility and visibility, as well as access to the rail and public transit systems. While it is essentially built up, it does include several relatively large office buildings that are vacant or are not fully occupied and there are several surface parking lots within the subarea that should eventually be redeveloped into a higher use. However, since the surface parking lots located underneath Congress Parkway and the interchange utilize undevelopable space, they should be maintained and upgraded. In addition, there also are several marginal, obsolete and severely deteriorated properties that should be redeveloped.

Subarea B is recommended for a mix of uses including office, retail, entertainment, residential, hotels, institutional and open space. Retail and entertainment should be located on the first and second floors of the buildings to create a pedestrian-oriented environment and to help activate the street. If underutilized buildings are not needed for office or warehouse use, loft conversion is recommended.

Subarea C

Subarea C encompasses Union Station and is bounded by Adams Street on the north, Canal Street on the east, Clinton Street on the west, and Jackson Street on the south.

Union Station has been highlighted as a separate subarea because it serves a distinct purpose and possesses significant development potential. Union Station is a transportation hub for Amtrak and Metra rail lines and is the destination and departure point for thousands of commuters and intercity travelers on a daily basis. However, most of this activity is taking place on the underground levels of Union Station while the upper levels are predominantly vacant and poorly maintained. If sufficiently rehabilitated, Union Station represents a significant redevelopment opportunity.

Possible uses for Subarea C include retail, entertainment, cultural uses, transportation, restaurants, office, and hotel facilities. Union Station should be rehabilitated and maintained because it contributes to the architectural character of the Project Area and surrounding area. The rehabilitation of Union Station should take into consideration the future needs of both Amtrak and Metra passengers. Sufficient space for passenger facilities should be identified.

Subarea D

Subarea D encompasses the central west portion of the Project Area and is generally bounded by Gladys Street on the north, the Kennedy and Eisenhower Expressways on the west, Congress Parkway on the south, and Desplaines Street on the east. The existing uses are a pump house, vacant land, a fire station, a parking lot for an auto dealer, and a vacant substandard building.

The majority of Subarea D is poorly maintained and contains vacant land and marginal properties. These properties should be redeveloped for new business use, open space, a gateway to the West Loop, parking, CTA bus terminals or bus turnarounds to discourage bus queuing on surrounding streets. The existing fire station should be upgraded and maintained to sufficiently serve existing and future development within the Project Area and surrounding area. Because of the presence of the adjacent expressway, the majority of the property in Subarea D has limited size and a challenging configuration which lends itself to open space, a gateway to the West Loop, parking, and small-scale development.

Subarea E

Subarea E encompasses the former Main Post Office and is generally bounded by Van Buren Street on the north, Canal Street on the west, Harrison Street on the south, and the Chicago River on the east.

After postal operations relocated to a new facility at Canal Street and Polk Street, the former Main Post Office has been vacant for about four years. This architecturally significant building which was built between 1921 and 1933, offers over 2.4 million square feet of space which is available for reuse or redevelopment. Because of the sheer magnitude of the this property, it is recommended that the building be redeveloped as a mixed-use development since no one single use is likely to effectively utilize the available space. Within this mixed use framework, a multitude of uses would be appropriate including: office, retail, residential, entertainment, cultural, transportation, warehousing, institutional and government. The feasibility of a new entrance to the Clinton/Congress rapid transit station should be considered in future plans.

Track level platforms beneath the Post Office should be retained to provide sufficient capacity for the future growth in commuter rail and intercity service. Portions of the Post Office building, especially the former Post Office lobby, could be used for future passenger facilities if proposals by Illinois and other Midwestern states for expanded intercity rail service are realized. An interagency task force should be formed to recommend a comprehensive approach to rail terminal issues and their relation to development plans.

The enhancement of the Chicago River corridor in this subarea should be encouraged. Possible amenities should include a river walkway and a river gateway park at dock level.

D. Development And Design Objectives

Listed below are the specific Development and Design Objectives which will assist the City in directing and coordinating public and private improvement and investment within the Project Area in order to achieve the general goals and objectives identified in *Section IV* of this Redevelopment Plan.

The Development and Design Objectives are intended to help attract a variety of desirable uses such as new business, institutional, commercial and residential development; foster a consistent and coordinated development pattern; and create an attractive urban identity for the Project Area.

a) Land Use

- Promote comprehensive, area-wide redevelopment of the Project Area as a planned mixed-use district, allowing a wide range of business, residential, retail, commercial services, public and institutional uses.
- Promote business retention and new employment development throughout the Project Area.
- Encourage the clustering of similar and supporting commercial uses to promote cumulative attraction and multi-stop shopping.
- Promote convenience retail and service uses that can provide for the day-to-day needs of nearby residents, employees and business patrons.

b) Building and Site Development

- Where feasible, repair and rehabilitate existing buildings in poor condition.
- Where rehabilitation is not feasible, demolish deteriorated existing buildings to allow for new development.
- Reuse vacant buildings in serviceable condition for new businesses, residential uses, or mixed-use development.
- Ensure that the design of new buildings is compatible with the surrounding building context.
- Preserve buildings with historic and architectural value where appropriate.
- Locate building service and loading areas away from front entrances and major streets where possible.
- Encourage parking, service, loading and support facilities which can be shared by multiple businesses.
- Encourage retail, entertainment, and restaurants on the first and second floors of buildings to create a pedestrian-oriented environment.
- Improve the design and appearance of commercial storefronts, including facade treatment, color, materials, awnings and canopies, and commercial signage.

c) Transportation and Infrastructure

- Ensure safe and convenient access to and circulation within the Project Area for pedestrians, bicyclists, autos, trucks and public transportation.

- Alleviate traffic congestion along arterial routes through limited driveways, shared loading zones, efficient bus stop spacing and traffic management improvements.
- Improve the street surface conditions, street lighting, and traffic signalization.
- Promote "transit-friendly" developments that incorporate transit facilities into their design.
- Create small "arrival" places or mini-plazas at the entrances to transit subway stations.
- Provide well-defined, safe pedestrian connections between developments within the Project Area and nearby destinations.
- Promote the development of river edge amenities and provide a continuous pedestrian corridor along the river.
- Extend the underground pedway system to connect major transit facilities, providing access during inclement weather.
- Upgrade public utilities and infrastructure as required.
- Protect passenger rail infrastructure and maintain flexibility to allow for growth in intercity and commuter rail transportation; develop plans that have flexibility to meet future needs.
- Protect track and platform capacity under Union Station and the old Post Office for expanded rail operations, including high - speed rail service.

d) Parking

- Ensure that all commercial/retail businesses are served by an adequate supply of conveniently located parking.
- Maintain curb parking on selected streets to serve the retail and commercial businesses.
- Promote shared parking through cooperative arrangements between businesses which would permit existing parking lots to be used by neighboring businesses during off-peak periods.
- Ensure that parking lots are attractively designed and adequately maintained.
- Promote the use of ground floor space within parking structures for retail or service businesses.

e) Urban Design

- Provide new pedestrian-scale lighting in areas with intense pedestrian activity.
- Provide new street trees and accent lighting where space permits.
- Promote high quality and harmonious architectural and landscape design within the mixed use district.
- Enhance the appearance of the Project Area by landscaping the major street corridors.
- Provide distinctive design features, including landscaping and signage, at the major entryways into the Project Area.
- Install streetpole banners throughout the Project Area to signal revitalization and reinvestment.
- Clean-up and maintain vacant land, particularly in highly visible locations; where possible, use vacant lots for open space or pocket parks.
- Promote the development of "public art" at selected locations.

f) Landscaping and Open Space

- Promote the use of landscaping to screen dumpsters, waste collection areas, and the perimeter of parking lots and other vehicular use areas.
- Use landscaping and attractive fencing to screen loading and service areas from public view.
- Promote a continuous landscaped open space area along the river corridor.
- Promote the development of shared open spaces within the Project Area, including courtyards, eating areas, recreational areas, etc.
- Ensure that all open spaces are designed, landscaped and lighted to achieve a high level of security.
- Ensure that all landscaping and design materials comply with the City of Chicago Landscape Ordinance.

E. Redevelopment Improvements and Activities

The City proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques including, but not limited to, tax increment fi-

nancing, to undertake some or all of the activities and improvements authorized under the Act, including the activities and improvements described below. The City also maintains the flexibility to undertake additional activities and improvements authorized under the Act, if the need for activities or improvements change as redevelopment occurs in the Project Area.

The City may enter into redevelopment agreements with public or private entities for the furtherance of this Redevelopment Plan. Such redevelopment agreements may be for the assemblage of land; the construction, rehabilitation, renovation or restoration of improvements or facilities; the provision of services; or any other lawful purpose. Redevelopment agreements may contain terms and provisions which are more specific than the general principles set forth in this Redevelopment Plan and which include affordable housing requirements as described below.

It is City policy to require that developers who receive TIF assistance for market rate housing set aside 20 percent of the units or commit to an alternative affordable housing option pursuant to Department of Housing Guidelines 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.

1. **Property Assembly**

To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease or eminent domain and may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties.

Figure 4, *Land Acquisition Overview Map*, indicates the area currently proposed to be acquired for clearance and redevelopment in the Project Area. Figure 4a: *Land Acquisition by Block & Parcel Identification Number* illustrates the acquisition properties in more detail.

In connection with the City exercising its power to acquire real property not currently identified on the following Acquisition Map, including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and

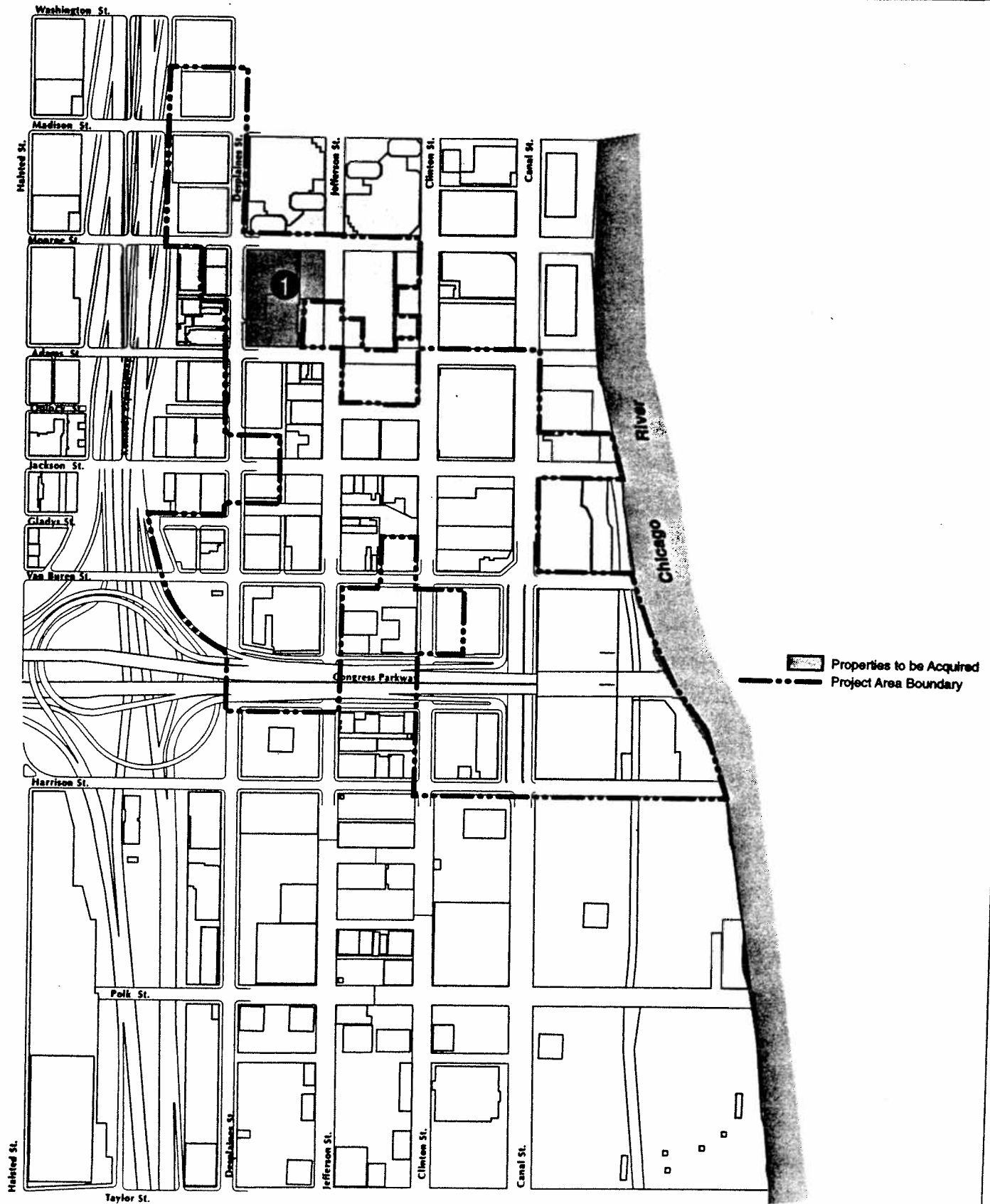


Figure 4
Land Acquisition Overview

Revision 8/7/98

Canal / Congress

Tax Increment Financing Redevelopment Project Area

Chicago, Illinois

Prepared By: *Trkla, Pettigrew, Allen, & Payne, Inc.*

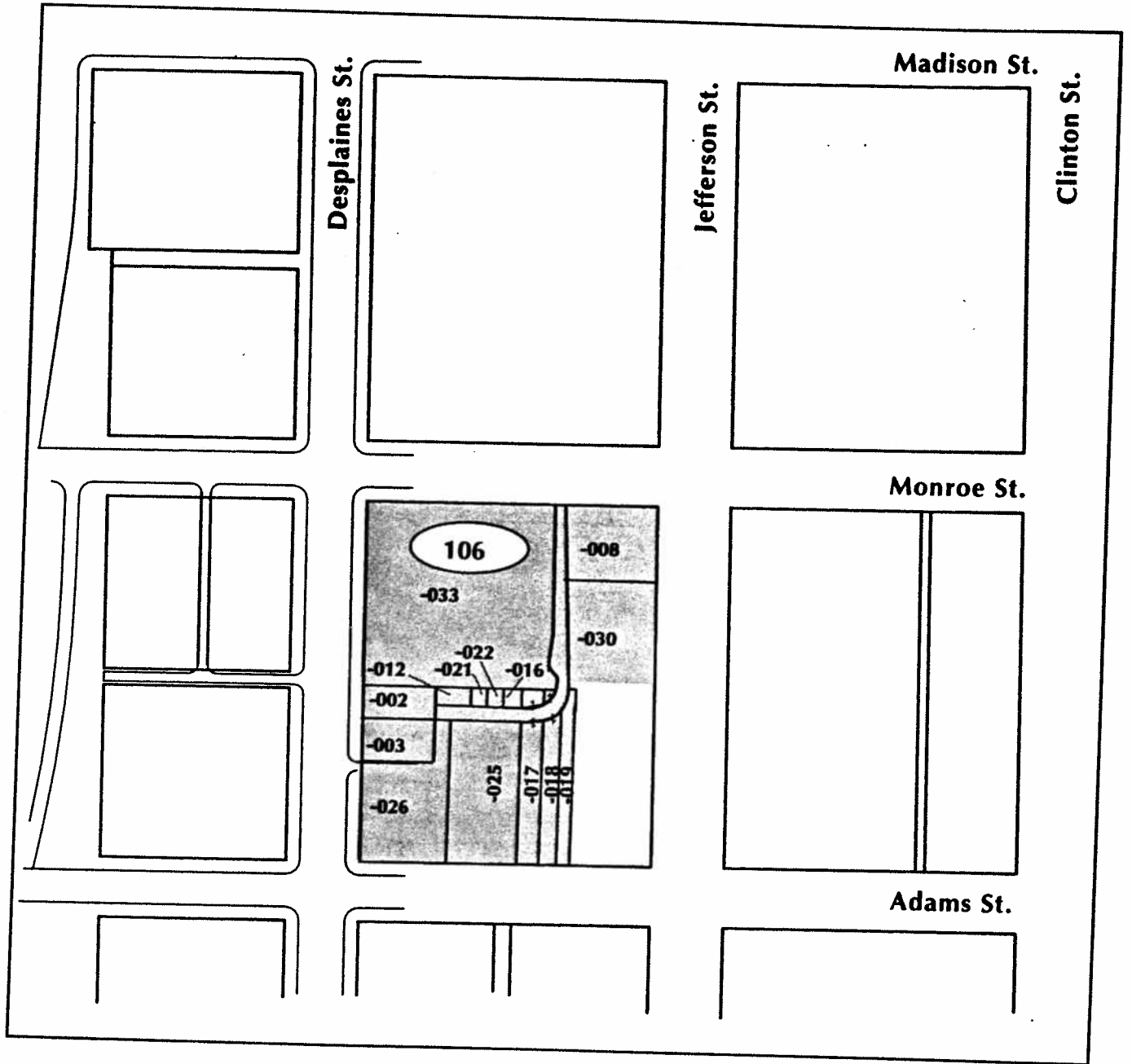


Figure 4a-Site 1
 Land Acquisition By Block and Parcel Identification Number



Revision 7/9/98
 Source: 1997 Sidwell Map

authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Plan.

Land acquisition activities pursuant to the Land Acquisition Map will be initiated by the City within five years of the date of adoption of the Plan by the City.

As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and redevelopment. The City may demolish improvements, remove and grade soils and prepare sites with soils and materials suitable for new construction. Clearance and demolition will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized.

The City may (a) acquire any historic structure (whether a designated City or State landmark or on, or eligible for, nomination to the National Register of Historic Places); (b) demolish any non-historic feature of such structure; and (c) incorporate any historic structure or historic feature into a development on the subject property or adjoining property.

2. Relocation

In the event that active businesses or other occupants are displaced by the public acquisition of property, they may be relocated and may be provided with financial assistance and advisory services. Relocation services in conjunction with property acquisition will be provided in accordance with City policy.

3. Provision of Public Works or Improvements

The City may provide public improvements and facilities that are necessary to service the Project Area in accordance with this Redevelopment Plan and the comprehensive plan for development of the City as a whole. Public improvements and facilities may include, but are not limited to, the following:

a) Streets and Utilities

A range of individual roadway, utility and related improvement projects, from repair and resurfacing to major construction or reconstruction, may be undertaken.

b) *Parks and Open Space*

Improvements to existing or future parks, river walkways, open spaces and public plazas may be provided, including the construction of pedestrian walkways, stairways, lighting, landscaping and general beautification improvements may be provided for the use of the general public.

c) *Transportation Infrastructure*

Improvements and/or expansion of the existing CTA Transit Subway Station at Harrison Street and Clinton Street may be provided to support the increased demand resulting from future development within the Project Area.

Extension of the underground pedway system to connect major transit facilities within the Project Area, providing access during inclement weather, may be undertaken.

4. *Rehabilitation of Existing Buildings*

The City will encourage the rehabilitation of buildings that are basically sound and/or historically significant, and are located so as not to impede the Redevelopment Project.

5. *Job Training and Related Educational Programs*

Separate or combined programs designed to increase the skills of the labor force to meet employers' hiring needs and to take advantage of the employment opportunities within the Project Area may be implemented.

6. *Taxing Districts Capital Costs*

The City may reimburse all or a portion of the costs incurred by certain taxing districts in the furtherance of the objectives of this Redevelopment Plan.

7. *Interest Subsidies*

Funds may be provided to redevelopers for a portion of interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project 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 redeveloper with respect 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, then the amounts so 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 (i) costs paid or incurred by a redeveloper for a redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act.

8. Analysis, Administration, Studies, Surveys, Legal, etc.

The City may undertake or engage professional consultants, engineers, architects, attorneys, etc. to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Redevelopment Plan.

F. Redevelopment Project Costs

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

1. Eligible Redevelopment Project Costs

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

- 1) Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services, provided that no charges for professional services are based on a percentage of the tax increment collected;
- 2) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;
- 3) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures;
- 4) Costs of the construction of public works or improvements;
- 5) Costs of job training and retraining projects;

- 6) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
- 7) All or a portion of a taxing district's capital costs resulting from a 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;
- 8) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
- 9) Payment in lieu of taxes as defined in the Act;
- 10) 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 (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) 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 and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code;
- 11) Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 1. such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;
 2. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;

3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
4. the total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total: (i) costs paid or incurred by the redeveloper for such redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act.

12) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

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

2. Estimated Redevelopment Project Costs

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan. All estimates are based on 1998 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan.

Redevelopment Project Costs described in this Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Redevelopment Plan.

G. Sources of Funds to Pay Redevelopment Project Costs

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

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

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

The Project Area may become contiguous to, or be separated only by a public right of way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.6-1, et seq.). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right of way are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Project Area be made available to support any such redevelopment project areas. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Table 1 of this Redevelopment Plan.

H. Issuance of Obligations

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

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within 23 years from the adoption of the ordinance approving the Project Area and the Re-

development Plan, such ultimate retirement date occurring in the year 2021. 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 Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.

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

I. Valuation of the Project Area

1. Most Recent EAV of Properties in the Project Area

The most recent 1996 EAV of all taxable parcels in the Project Area is estimated to be \$35,604,890. This EAV is based on 1996 EAV and is subject to verification by the County Clerk. After verification, the final figure shall be certified by the County Clerk. This certified amount shall become the Certified Initial EAV from which all Incremental Property Taxes in the Project Area will be calculated by the County.

The 1996 EAV has been used to estimate the Certified Initial EAV because the Cook County Board of Appeals has not finalized the 1997 AV and the final 1997 state equalization factor has not been issued. In the event the Redevelopment Plan is adopted by City Council after the 1997 assessed values become final and after the 1997 state equalization factor is issued, the City may update the Redevelopment Plan by replacing the 1996 EAV with the 1997 EAV without further City Council action.

2. Anticipated Equalized Assessed Valuation

By the tax year 2021 (collection year 2022) and following roadway and utility improvements, installation of additional and upgraded lighting, improved signage and landscaping, etc. and substantial completion of potential Redevelopment Projects, the EAV of the Project Area is estimated to total between \$204,000,000 and \$ 231,000,000. Both estimates are based on several key assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2) approximately 2,100,000 square feet of office/retail space will be constructed in the Project Area and occupied by 2021; 3) approximately 1,400,000 square feet of residential space will be constructed in the Project Area and occupied by 2021; 4) a hotel with approximately 150 rooms will be constructed in the Project Area and occupied by 2021; 5) an estimated annual inflation in EAV of 2 percent will be realized through 2021, and 6) the five year average state equalization factor of 2.1240 (tax years 1992 through 1996) is used in all years to calculate estimated EAV.

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

As described in *Section III* of this Redevelopment Plan, the Project Area as a whole is adversely impacted by the presence of numerous conservation and blight factors, and these factors are reasonably distributed throughout the Project Area. Conservation and blight factors within the Project Area are widespread and represent major impediments to sound growth and development.

The decline of and the lack of private investment in the Project Area are evidenced by the following:

Physical Condition of the Project Area

- The Project Area is characterized by age (91% of the buildings are 35 years or older), obsolescence, deterioration, structures below minimum code specifications, excessive vacancies, depreciation of physical maintenance, and an overall lack of community planning .
- In over five years between January 1993 and May 1998 the City's Building Department issued 18 building code violations to 18 different buildings within the Project Area. This is 56% of the total buildings within the Project Area.
- A majority of the Project Area's infrastructure (i.e. streets, alleys, curbs and gutters, street lighting and sidewalks) needs major repair or replacement.

Lack of New Construction and Renovation by Private Enterprise

- Within the last five years, no new buildings have been built in the Project Area. In this same time period, only three of the 32 buildings in the Project Area indicated significant building permit costs. The total building permit cost for these three buildings is \$2,034,080. Seventy-four percent (74%) of the total cost is attributable to interior renovations to the vacant hotel located at Harrison Street and Canal Street. Overall, the investment is very limited and scattered having little to no impact on the Project Area.
- Five warehouse structures have been demolished between January 1, 1993 and May 20, 1998 within the Project Area. This indicates a decline in business activity in the Project Area since these demolitions have not been replaced with new construction and the current use of the properties are surface parking lots.

Lack of Investment and Growth by Private Enterprise

- Between 1991 and 1996, the Assessed Value (the "AV") of the Project Area decreased from \$24,639,359 to \$16,547,330, a decrease of \$8,092,029 or 32.8 percent. Over this same period, the AV of the City as a whole increased by 7.10 percent. The majority of the significant decrease in AV is attributable to two buildings within the Project Area. The first building is the parking garage owned by Amtrak located at Jackson and Canal Streets which had an AV of \$4,939,999 in 1991 and then later became tax exempt. The AV of the second building, located at 547 West Jackson, was reduced by \$1,767,048 between 1991 and 1996 since it is owned and partially occupied by the public Commuter Rail Division of RTA. By not including these two buildings in the analysis, the AV of the Project Area between 1991 and 1996 decreased \$1,384,982 or 8.2 percent.
- Between 1991 and 1996, the Equalized Assessed Value (the "EAV") of the Project Area decreased from \$50,567,356 to \$35,604,890, a decrease of \$14,962,467 or 29.6 percent. Over this same period, the EAV of the City as a whole increased by 12.3 percent. As stated in the above paragraph, the majority of the significant decrease in EAV is attributable to two buildings within the Project Area. By not including these two buildings in the analysis, the EAV of the Project Area between 1991 and 1996 decreased \$1,308,077 or 3.8 percent.
- A significant number of buildings within the Project Area are vacant or underutilized. In particular, the Old Main Post Office has been vacant for almost four years, which represents over 2.4 million square feet of undeveloped space. The building located at 444 West Jackson has been vacant for over 10 years, which totals over 80,000 square feet of undeveloped space. Also, Union Station has been approximately 60 percent vacant for over 15 years. In addition to the above mentioned buildings, close to 100,000 square feet of vacant space is reported to exist in six other buildings within the Project Area. This vacant space is evidence of the lack of growth and development within the Project Area.

The following impediments to redevelopment illustrate why the Project Area would not reasonably be anticipated to be developed on a comprehensive and coordinated basis without the intervention of the City and the adoption of this Redevelopment Plan.

- The sheer magnitude of the adaptive reuse component of the Redevelopment Project is a deterrent to private investment. In particular, the former Main Post Office alone, has over 2.4 million square feet of available space and approximately 60 percent of Union Station has been available for redevelopment for over 15 years. The building located at 444 W. Jackson Street has been vacant for over 10 years, and contains over 80,000 square feet of undeveloped space. Also, within the Project Area there are numerous vacant warehouse/light industrial buildings available for adaptive reuse.

- The costs associated with the adaptive reuse of the former Main Post Office which have historically been distribution in nature are prohibitive, especially for its size and magnitude of the historic buildings. These extraordinary costs rule out private investment by most developers.
- The costs associated with the adaptive reuse of the vacant building located at 444 W. Jackson Street are also prohibitive due to the design of the building. Since the building was specifically built to be a trading area, the design of the building does not lend itself to be easily converted into office space. Essentially, the building is an empty shell, obsolete in its design and space due to the excessive ceiling heights and open floors and contains interior components in a partially demolished condition and an obsolete mechanical system. The building's obsolete design, coupled with years of deferred maintenance, requires significant investment and rehabilitation to adapt the building for a marketable use.
- The architecturally and historically significant former Main Post Office facility will require substantial investment to preserve the structures, including the renovation and restoration of the exterior facades, replacement of windows, doors, masonry and all other exterior elements.
- Extensive sidewalk repairs, street lighting, landscaping and other infrastructure improvements are necessary to transform the Project Area into a pedestrian-friendly environment.

In summary, the Project Area is not yet a blighted area, but is deteriorating and declining and may become a blighted area. The Project Area on the whole has not been subject to growth and development through investment by private enterprise. The Project Area would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan for the Project Area.

VII. FINANCIAL IMPACT

Without the adoption of the Redevelopment Plan and TIF, the Project Area is not reasonably expected to be redeveloped by private enterprise. In the absence of City-sponsored redevelopment initiatives, there is a prospect that conservation and blight factors will continue to exist and spread, and the Project Area on the whole and adjacent properties will become less attractive for the maintenance and improvement of existing buildings and sites. In the absence of City-sponsored redevelopment initiatives, erosion of the assessed valuation of property in and outside of the Project Area could lead to a reduction of real estate tax revenue to all taxing districts.

Section V of this Redevelopment Plan describes the comprehensive, area-wide Redevelopment Project proposed to be undertaken by the City to create an environment in which private investment can occur. The Redevelopment Project will be staged over a period of years consistent with local market conditions and available financial resources required to complete the various redevelopment improvements and activities as well as Redevelopment Projects set forth in this Redevelopment Plan. Successful implementation of this Redevelopment Plan is expected to result in new private investment in rehabilitation of buildings and new construction on a scale sufficient to eliminate problem conditions and to return the area to a long-term sound condition.

The Redevelopment Project is expected to have significant short- and long-term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short-term, the City's effective use of TIF can be expected to stabilize existing assessed values in the Project Area, thereby stabilizing the existing tax base for local taxing agencies. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from the enhanced tax base which results from the increase in EAV caused by the Redevelopment Projects.

VIII. DEMAND ON TAXING DISTRICT SERVICES

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

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

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

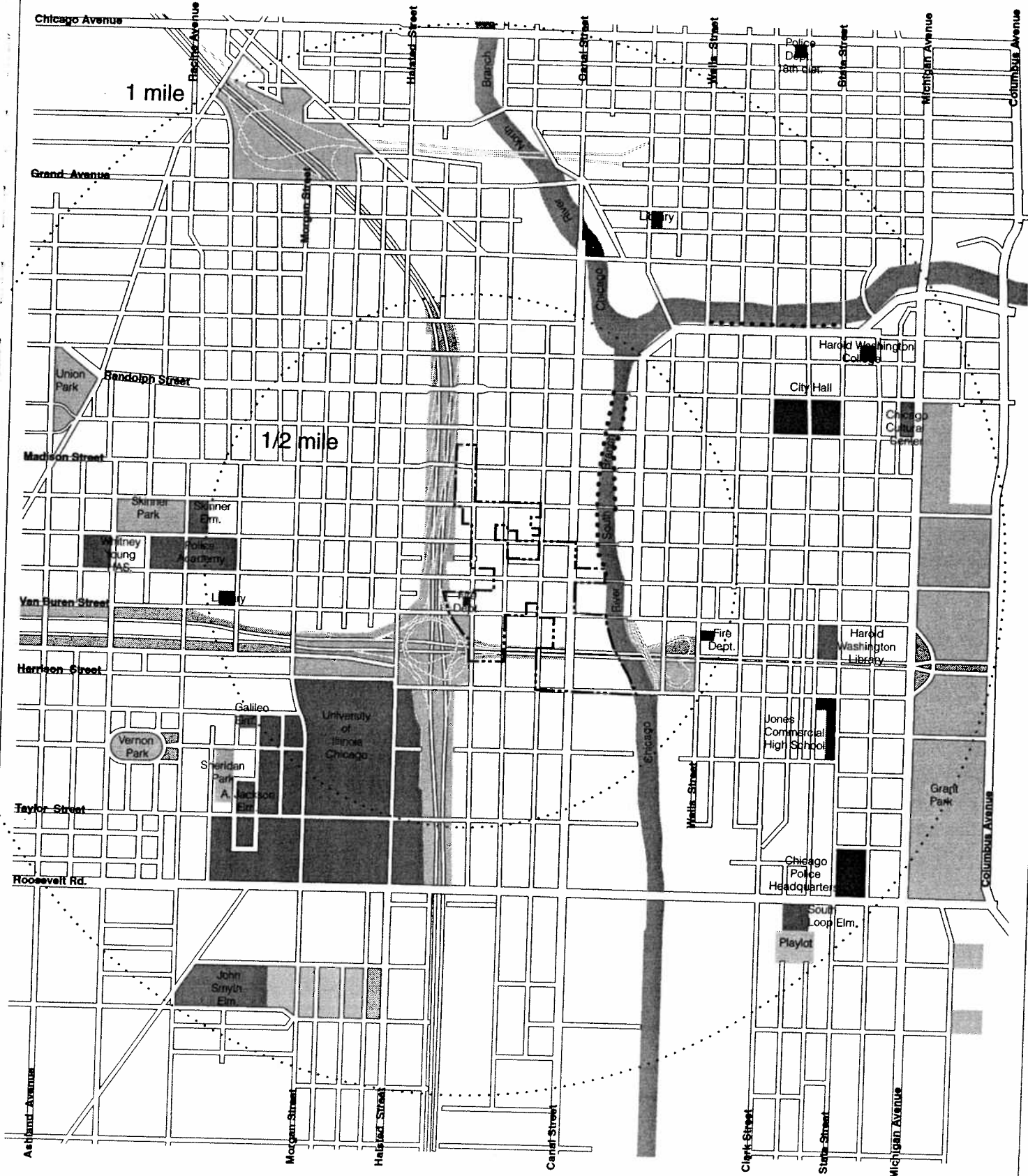
Metropolitan Water Reclamation District of Greater Chicago. This district provides the main trunk lines for the collection of waste water from cities, villages and towns, and for the treatment and disposal thereof.

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

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade. No public schools are located in the Project Area.


Chicago Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. There are no parks located within the Project Area.

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



- Municipal
- Educational
- Parks/Open Space
- River Walk

Figure 5
Surrounding Community Facilities


 Revision 8/7/98

City of Chicago. The City is responsible for the provision of a wide range of municipal services, including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; building, housing and zoning codes, etc. A fire station is located within the Project Area and is illustrated in Figure 5, *Surrounding Community Facilities*.

City of Chicago Library Fund. General responsibilities of the Library Fund include the provision, maintenance and operation of the City's library facilities.

In addition to the major taxing districts summarized above, the Chicago Urban Transportation District, and the City of Chicago Special Service Area 12 have taxing jurisdiction over part or all of the Project Area. The Chicago Urban Transportation District (formerly a separate taxing district from the City) no longer extend tax levies, but continues to exist for the purpose of receiving delinquent taxes.

A. Impact of the Redevelopment Project

The replacement of vacant and underutilized properties with business, residential, and other development may cause increased demand for services and/or capital improvements to be provided by the Metropolitan Water Reclamation District, the City, the Board of Education and the Chicago Park District. The estimated nature of these increased demands for services on these taxing districts are described below.

Metropolitan Water Reclamation District of Greater Chicago. The replacement of vacant and underutilized properties with new development may cause increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

City of Chicago. The replacement of vacant and underutilized properties with new development may increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc.

Board of Education. The addition of new households with school-aged children to the Project Area may increase the demand for services and programs provided by the Board of Education. No public schools are located within the boundaries of the Project Area. The nearest public schools are the William Jones Metropolitan High School, the Andrew Jackson Language Academy, Skinner Elementary School and the Whitney Young Magnet High School, the closest of which is located approximately one mile outside the boundaries of the Project Area. The locations of these schools are illustrated in Figure 5, *Surrounding Community Facilities*.

A survey was recently completed of seven former industrial buildings in the greater South and West Loop areas which have been rehabilitated and converted to loft-type, residential developments (three rental buildings and four condominiums). Of the seven buildings surveyed, three contained households with children and four consisted solely of households with no children. Of the 655 total units within these seven buildings, only thirteen (2.0 percent) contained households with children. This preliminary survey did not identify the number of school-age children within the units that contained children. As these developments are believed to consist of units which are similar to the type proposed for the former warehouse and office buildings within the Project Area, it is expected that the households that may be added to the Project Area will contain few school-age children and that the impact of the Redevelopment Project on the Board of Education may be minimal.

Chicago Park District. The replacement of vacant and underutilized properties with residential, business and other development may increase the demand for services, programs and capital improvements provided by the Chicago Park District within and adjacent to the Project Area. These public services or capital improvements may include, but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. Currently, there are no parks located within the Project Area. The nearest parks are Dearborn Park and Grant Park located approximately one mile east of the Project Area and Sheridan Park and Skinner Park located approximately one mile west of the Project Area. The locations of these parks are illustrated in Figure 5, *Surrounding Community Facilities*.

B. Program to Address Increased Demand for Services or Capital Improvements

The following activities represent the City's program to address increased demand for services or capital improvements provided by the impacted taxing districts.

- It is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Therefore, no special program is proposed for the Metropolitan Water Reclamation District.
- It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special programs are proposed for the City.

- It is expected that the households that may be added to the Project Area will contain few school-aged children and, at this time, no special program is proposed for the Board of Education. The City and the Board of Education, will attempt to ensure that any increased demands for the services and capital improvements provided by the Board of Education are addressed in connection with any particular residential development in the Project Area.
- It is expected that the households and businesses that may be added to the Project Area may generate additional demand for recreational services and programs and may create the need for additional open spaces and recreational facilities operated by the Chicago Park District. The City intends to monitor development in the Project Area and, with the cooperation of the Chicago Park District, will attempt to ensure that any increased demands for the services and capital improvements provided by the Chicago Park District are addressed in connection with any particular residential and business development. One or more open space facilities will be provided to secure the needs of a rapidly expanding residential population and existing and future employees of the Project Area and nearby areas.
- It is expected that any increase in demand for Cook County, Cook County Forest Preserve District, and the Chicago Community College District 508's services and programs associated with the Project Area can be adequately handled by services and programs maintained and operated by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts. Should demand increase so that it exceeds existing service and program capabilities, the City will work with the affected taxing district to determine what, if any, program is necessary to provide adequate services.

Exhibit II to this Redevelopment Plan illustrates the preliminary allocation of Redevelopment Project Costs.

**IX. CONFORMITY OF THE REDEVELOPMENT PLAN FOR
THE PROJECT AREA TO LAND USES APPROVED BY
THE PLANNING COMMISSION OF THE CITY**

This Redevelopment Plan and the Redevelopment Project described herein include land uses which will be approved by the Chicago Plan Commission prior to the adoption of the Redevelopment Plan.

X. PHASING AND SCHEDULING

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Project Area.

It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of Incremental Property Taxes by the City.

The estimated date for completion of Redevelopment Projects is no later than the year 2021.

**XI. PROVISIONS FOR AMENDING THIS
REDEVELOPMENT PLAN**

This Redevelopment Plan may be amended pursuant to the Act.

XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN

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

- A) The assurance of equal opportunity in all personnel and employment actions, 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.
- B) This commitment to affirmative action will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
- C) Redevelopers will meet City of Chicago standards for participation of Minority Business Enterprises and Woman Business Enterprises and the City Resident Construction Worker Employment Requirements as required in Redevelopment Agreements.

In order to implement these principles, the City shall require and promote equal employment practices and affirmative action on the part of itself and its contractors and vendors. In particular, parties engaged by the City shall be required to agree to the principles set forth in this section.

EXHIBIT I:

Legal Description of Project Boundary

CANAL /CONGRESS TIF

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTH LINE OF HARRISON ST. AND THE WEST LINE OF CLINTON ST.:

THENCE NORTH ALONG THE WEST LINE OF CLINTON ST. TO THE EASTERLY EXTENSION OF THE NORTH LINE OF THE SOUTH 9.40 FEET OF LOT 24 IN THE SUBDIVISION OF BLOCK 53 IN SCHOOL SECTION ADDITION TO CHICAGO IN THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF THE SOUTH 9.40 FEET OF LOT 24 IN THE SUBDIVISION OF BLOCK 53 IN SCHOOL SECTION ADDITION TO CHICAGO TO A LINE 113 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF CLINTON ST.;

THENCE NORTH ALONG SAID LINE 113 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF CLINTON ST. TO THE SOUTH LINE OF VAN BUREN ST.;

THENCE WEST ALONG SAID SOUTH LINE OF VAN BUREN ST. TO THE WEST LINE OF CLINTON ST.;

THENCE NORTH ALONG SAID WEST LINE OF CLINTON ST. TO THE NORTH LINE OF LOT 12 IN GORDON S. HUBBARD'S SUBDIVISION OF BLOCKS 45 AND 52 OF IN SCHOOL SECTION ADDITION TO CHICAGO IN THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID NORTH LINE OF LOT 12 IN GORDON S. HUBBARD'S SUBDIVISION TO THE WEST LINE THEREOF;

THENCE SOUTH ALONG SAID WEST LINE OF LOT 12 IN GORDON S. HUBBARD'S SUBDIVISION AND THE SOUTHERLY EXTENSION THEREOF TO THE SOUTH LINE OF VAN BUREN ST.;

THENCE WEST ALONG SAID SOUTH LINE OF VAN BUREN ST. TO THE EAST LINE OF JEFFERSON ST.;

THENCE SOUTH ALONG SAID EAST LINE OF JEFFERSON ST. TO THE EASTERLY EXTENSION OF THE NORTH LINE OF THE SOUTH 24 FEET OF LOT 7 IN THE SUBDIVISION OF BLOCK 30 IN SCHOOL SECTION ADDITION TO CHICAGO IN THE

WEST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID EASTERLY EXTENSION OF THE NORTH LINE OF THE SOUTH 24 FEET OF LOT 7 BEING ALSO THE SOUTH LINE OF CONGRESS PARKWAY;

THENCE WEST ALONG SAID SOUTH LINE OF CONGRESS PARKWAY TO THE WEST LINE OF DESPLAINES ST.;

THENCE NORTH ALONG SAID WEST LINE OF DESPLAINES ST. TO THE NORTH LINE OF LOTS 17, 18 AND 19 IN G. F. BLANCHARD'S SUBDIVISION OF BLOCK 20 IN SCHOOL SECTION ADDITION TO CHICAGO IN THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTH LINE OF LOTS 17, 18 AND 19 BEING ALSO THE SOUTH LINE OF TILDEN ST.;

THENCE WEST ALONG SAID SOUTH LINE OF TILDEN ST. TO THE SOUTHERLY EXTENSION OF THE EAST LINE OF THE WEST 1 FOOT OF LOT 14 IN SAID G. F. BLANCHARD'S SUBDIVISION OF BLOCK 20 IN SCHOOL SECTION ADDITION TO CHICAGO;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND THE EAST LINE OF THE WEST 1 FOOT OF LOT 14 IN SAID G. F. BLANCHARD'S SUBDIVISION OF BLOCK 20 IN SCHOOL SECTION ADDITION TO CHICAGO TO THE NORTH LINE OF SAID LOT 14;

THENCE WEST ALONG SAID NORTH LINE OF LOT 14 AND ALONG THE SOUTH LINE OF LOTS 4 AND 5 IN SAID G. F. BLANCHARD'S SUBDIVISION OF BLOCK 20 IN SCHOOL SECTION ADDITION TO CHICAGO TO THE WEST LINE OF SAID LOT 5;

THENCE NORTH ALONG THE WEST LINE OF SAID LOT 5 TO THE SOUTH LINE OF VAN BUREN ST.;

THENCE WEST ALONG SAID SOUTH LINE OF VAN BUREN ST. TO THE SOUTHERLY EXTENSION OF THE EAST LINE OF THE WEST 28.75 FEET OF LOT 14 IN THE SUBDIVISION OF BLOCK 21 IN SCHOOL SECTION ADDITION TO CHICAGO IN THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND THE EAST LINE OF THE WEST 28.75 FEET OF LOT 14 IN THE SUBDIVISION OF BLOCK 4 AND 21 IN SCHOOL SECTION ADDITION TO CHICAGO AND THE NORTHERLY EXTENSION

THEREOF TO THE NORTH LINE OF GLADYS AVE.;

THENCE EAST ALONG SAID NORTH LINE OF GLADYS AVE. TO THE WEST LINE OF DESPLAINES ST.;

THENCE NORTH ALONG SAID WEST LINE OF DESPLAINES ST. TO THE WESTERLY EXTENSION OF THE SOUTH LINE OF THE NORTHERLY 20.08 FEET OF LOT 5 IN THE SUBDIVISION OF BLOCK 28 IN SCHOOL SECTION ADDITION TO CHICAGO IN THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE SOUTH LINE OF THE NORTHERLY 20.08 FEET OF LOT 5 IN THE SUBDIVISION OF BLOCK 28 IN SCHOOL SECTION ADDITION TO CHICAGO TO THE EAST LINE OF SAID LOT 5, SAID EAST LINE OF LOT 5 BEING ALSO THE WEST LINE OF THE ALLEY EAST OF DESPLAINES ST.;

THENCE NORTH ALONG SAID WEST LINE OF THE ALLEY EAST OF DESPLAINES ST. TO THE SOUTH LINE OF THE NORTH 7.55 FEET OF LOT 5 IN THE SUBDIVISION OF LOTS 8 THROUGH 16, INCLUSIVE, IN THE SUBDIVISION OF THE WEST HALF OF BLOCK 27 IN SCHOOL SECTION ADDITION TO CHICAGO IN THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTH LINE OF THE NORTH 7.55 FEET OF LOT 5 IN THE SUBDIVISION OF LOTS 8 THROUGH 16, INCLUSIVE, IN THE SUBDIVISION OF THE WEST HALF OF BLOCK 27 IN SCHOOL SECTION ADDITION TO CHICAGO BEING ALSO THE NORTH LINE OF THE ALLEY NORTH OF JACKSON BLVD.;

THENCE WEST ALONG SAID NORTH LINE OF THE ALLEY NORTH OF JACKSON BLVD. AND THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF DESPLAINES ST.;

THENCE NORTH ALONG SAID WEST LINE OF DESPLAINES ST. TO THE NORTH LINE OF LOT 5 IN BLOCK 23 IN SCHOOL SECTION ADDITION TO CHICAGO IN THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTH LINE OF LOT 5 BEING ALSO THE SOUTH LINE OF MARBLE PL.;

THENCE WEST ALONG SAID SOUTH LINE OF MARBLE PL. TO THE SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 3 IN SAID BLOCK 23 IN SCHOOL SECTION ADDITION TO CHICAGO;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND THE EAST LINE

OF LOT 3 IN SAID BLOCK 23 IN SCHOOL SECTION ADDITION TO CHICAGO TO THE SOUTH LINE OF MONROE ST.;

THENCE WEST ALONG SAID SOUTH LINE OF MONROE ST. TO THE SOUTHERLY EXTENSION OF THE WEST LINE OF THE EAST 1.43 FEET OF LOT 7 IN BLOCK 24 IN SCHOOL SECTION ADDITION TO CHICAGO;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND THE WEST LINE OF THE EAST 1.43 FEET OF LOT 7 IN BLOCK 24 IN SCHOOL SECTION ADDITION TO CHICAGO AND THE NORTHERLY EXTENSION THEREOF TO THE A LINE 9 FEET NORTH OF AND PARALLEL THE NORTH LINE OF SAID LOT 7;

THENCE WEST ALONG SAID LINE 9 FEET NORTH OF AND PARALLEL THE NORTH LINE OF SAID LOT 7 TO THE SOUTHERLY EXTENSION OF THE WEST LINE OF THE EAST 26.81 FEET OF LOT 2 IN SAID BLOCK 24 IN SCHOOL SECTION ADDITION TO CHICAGO;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND THE WEST LINE OF THE EAST 26.81 FEET OF LOT 2 IN SAID BLOCK 24 IN SCHOOL SECTION ADDITION TO CHICAGO TO THE SOUTH LINE OF MADISON ST.;

THENCE WEST ALONG SAID SOUTH LINE OF MADISON ST. TO THE SOUTHERLY EXTENSION OF THE WEST LINE OF LOT 15 IN BLOCK 70 IN CANAL TRUSTEE'S SUBDIVISION OF LOTS AND BLOCKS IN THE SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND THE WEST LINE OF LOT 15 IN BLOCK 70 IN CANAL TRUSTEE'S SUBDIVISION AND THE NORTHERLY EXTENSION THEREOF TO THE NORTH LINE OF WARREN AVE.;

THENCE EAST ALONG SAID NORTH LINE OF WARREN AVE. TO THE EAST LINE OF DESPLAINES ST.

THENCE SOUTH ALONG SAID THE EAST LINE OF DESPLAINES ST. TO THE NORTH LINE OF MONROE ST.;

THENCE EAST ALONG SAID NORTH LINE OF MONROE ST. TO THE WEST LINE OF CLINTON ST.;

THENCE SOUTH ALONG SAID WEST LINE OF CLINTON ST. TO THE SOUTH LINE OF THE NORTH 1.92 FEET OF LOT 4 IN CHARLES WESENCRAFT'S SUBDIVISION OF

LOTS 3, 4, 5 & 6 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO CHICAGO IN THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF THE NORTH 1.92 FEET OF LOT 4 IN CHARLES WESENCRAFT'S SUBDIVISION TO THE WEST LINE OF SAID LOT 4;

THENCE SOUTH ALONG SAID WEST LINE OF LOT 4 IN CHARLES WESENCRAFT'S SUBDIVISION AND ALONG THE WEST LINE OF LOTS 5 AND 6 IN SAID CHARLES WESENCRAFT'S SUBDIVISION TO THE SOUTH LINE OF SAID LOT 6;

THENCE EAST ALONG SAID SOUTH LINE OF SAID LOT 6 IN CHARLES WESENCRAFT'S SUBDIVISION TO THE WEST LINE OF CLINTON ST.;

THENCE SOUTH ALONG SAID WEST LINE OF CLINTON ST. TO THE NORTH LINE OF THE SOUTH 38.9 FEET OF LOT 8 IN SAID CHARLES WESENCRAFT'S SUBDIVISION;

THENCE WEST ALONG SAID NORTH LINE OF THE SOUTH 38.9 FEET OF LOT 8 IN SAID CHARLES WESENCRAFT'S SUBDIVISION TO THE WEST LINE OF SAID LOT 8;

THENCE SOUTH ALONG SAID WEST LINE OF SAID LOT 8 IN CHARLES WESENCRAFT'S SUBDIVISION TO THE NORTH LINE OF ADAMS ST.;

THENCE WEST ALONG SAID NORTH LINE OF ADAMS ST. TO THE EAST LINE OF LOT 7 IN W. B. EGAN'S SUBDIVISION OF LOTS 7 AND 8 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO CHICAGO IN THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE NORTH ALONG SAID EAST LINE OF LOT 7 IN W. B. EGAN'S SUBDIVISION TO THE NORTH LINE THEREOF;

THENCE WEST ALONG SAID NORTH LINE OF LOT 7 AND ALONG THE NORTH LINE OF LOTS 8 AND 9 IN SAID W. B. EGAN'S SUBDIVISION AND ALONG THE WESTERLY EXTENSION OF THE NORTH LINE OF LOTS 7, 8 AND 9 IN SAID W. B. EGAN'S SUBDIVISION TO THE WEST LINE OF JEFFERSON ST.;

THENCE NORTH ALONG SAID WEST LINE OF JEFFERSON ST. TO THE NORTH LINE OF LOT 5 IN BLOCK 26 IN SCHOOL SECTION ADDITION TO CHICAGO IN EAST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID THE NORTH LINE OF LOT 5 IN BLOCK 26 IN SCHOOL SECTION ADDITION TO CHICAGO TO THE WEST LINE OF SAID LOT 5;

THENCE SOUTH ALONG SAID WEST LINE OF SAID LOT 5 TO THE NORTH LINE OF ADAMS ST.;

THENCE EAST ALONG SAID NORTH LINE OF ADAMS ST. TO THE EAST LINE OF JEFFERSON ST.;

THENCE SOUTH ALONG SAID EAST LINE OF JEFFERSON ST. TO THE NORTH LINE OF JACKSON ST.;

THENCE EAST ALONG SAID NORTH LINE OF JACKSON ST. TO THE WEST LINE OF CLINTON ST.;

THENCE NORTH ALONG SAID WEST LINE OF CLINTON ST. TO THE NORTH LINE OF ADAMS ST.;

THENCE EAST ALONG SAID NORTH LINE OF ADAMS ST. TO THE EAST LINE OF CANAL ST.;

THENCE SOUTH ALONG SAID EAST LINE OF CANAL ST. TO A POINT 116.45 FEET NORTH OF THE NORTH LINE OF JACKSON BLVD. AS MEASURED ALONG THE WEST LINE OF LOT 6 IN THE SUBDIVISION OF BLOCK 46 OF THE SCHOOL SECTION ADDITION TO CHICAGO IN THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG A STRAIGHT LINE TO A POINT ON THE EAST LINE OF SAID LOT 6 WHICH IS 121.21 FEET NORTHERLY FROM THE NORTH LINE OF JACKSON BLVD. AS MEASURED ALONG SAID EAST LINE OF LOT 6;

THENCE EAST ALONG A STRAIGHT LINE TO A POINT ON THE EAST LINE OF LOT 5 IN SAID SUBDIVISION OF BLOCK 46 OF THE SCHOOL SECTION ADDITION TO CHICAGO WHICH IS 121.88 FEET NORTHERLY FROM THE NORTH LINE OF JACKSON BLVD. AS MEASURED ALONG SAID EAST LINE OF LOT 5, SAID POINT ON THE EAST LINE OF LOT 5 BEING ALSO ON THE WESTERLY CHANNEL LINE OF THE SOUTH BRANCH OF THE CHICAGO RIVER;

THENCE SOUTHERLY ALONG SAID WESTERLY CHANNEL LINE OF THE SOUTH

BRANCH OF THE CHICAGO RIVER TO THE SOUTH LINE OF JACKSON ST.;

THENCE WEST ALONG SAID SOUTH LINE OF JACKSON ST. TO THE EAST LINE OF CANAL ST.;

THENCE SOUTH ALONG SAID EAST LINE OF CANAL ST. TO THE NORTH LINE OF VAN BUREN ST.;

THENCE EAST ALONG SAID NORTH LINE OF VAN BUREN ST. TO THE WESTERLY CHANNEL LINE OF THE SOUTH BRANCH OF THE CHICAGO RIVER;

THENCE SOUTHERLY ALONG SAID WESTERLY CHANNEL LINE OF THE SOUTH BRANCH OF THE CHICAGO RIVER TO THE SOUTH LINE OF HARRISON ST.;

THENCE WEST ALONG SAID SOUTH LINE OF HARRISON ST. TO THE POINT OF BEGINNING.

ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

EXHIBIT II:

Estimated Redevelopment Project Costs

EXHIBIT II: Estimated Redevelopment Project Costs

<u>ELIGIBLE EXPENSE</u>	<u>ESTIMATED COST</u>
Analysis, Administration Studies, Surveys, Legal, Etc.	\$ 2,500,000
Property Assembly	
- Acquisition	\$ 5,000,000
- Site Prep, Demolition and Environmental Remediation	\$10,000,000
Rehabilitation of Existing Buildings	\$43,000,000
Public Works & Improvements	
- Streets and Utilities	\$ 6,000,000
- Parks and Open Space	\$ 9,000,000
Taxing Districts Capital Costs	\$ 1,200,000
Relocation	\$ 500,000
Job Training	\$ 5,000,000
Developer/Interest Subsidy	<u>\$ 6,500,000</u>
TOTAL REDEVELOPMENT COSTS	\$88,700,000^[1]

^[1] Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs. Total Project Costs are inclusive of redevelopment project costs in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes.

EXHIBIT III:

1996 Equalized Assessed Valuation by Tax Parcel

Exhibit III**1996 Estimated EAV by Tax Parcel****The Canal/Congress Redevelopment Project Area**

Count	PIN	Estimated 1996 EAV	Rail Road or Exempt
1	17-09-339-005-0000	128,521	
2	17-09-339-006-0000	-	EX
3	17-09-339-007-0000	-	EX
4	17-09-339-010-0000	-	EX
5	17-09-339-011-0000	-	EX
6	17-09-339-012-0000	-	EX
7	17-09-339-013-0000	-	EX
8	17-09-339-014-0000	-	EX
9	17-09-339-015-0000	-	EX
10	17-16-100-019-0000	-	EX
11	17-16-100-020-0000	-	EX
12	17-16-100-031-8001	-	EX
13	17-16-100-031-8002	6,188	
14	17-16-100-032-8001	-	EX
15	17-16-100-032-8002	6,188	
16	17-16-100-033-8001	-	EX
17	17-16-100-033-8002	12,553	
18	17-16-100-034-8001	-	EX
19	17-16-100-034-8002	6,636	
20	17-16-100-035-8001	-	EX
21	17-16-100-035-8002	4,415	
22	17-16-100-036-8001	-	EX
23	17-16-100-036-8002	3,443	
24	17-16-100-037-8001	-	EX
25	17-16-100-037-8002	5,388	
26	17-16-100-038-8001	-	EX
27	17-16-100-038-8002	11,507	
28	17-16-100-039-8001	-	EX
29	17-16-100-039-8002	15,471	
30	17-16-100-040-8001	-	EX
31	17-16-100-040-8002	7,423	
32	17-16-100-041-8001	-	EX
33	17-16-100-041-8002	1,442	
34	17-16-100-042-8001	-	EX
35	17-16-100-042-8002	19,241	
36	17-16-100-043-0000	-	EX
37	17-16-105-015-0000	453,634	
38	17-16-105-027-0000	252,338	
39	17-16-106-002-0000	64,925	
40	17-16-106-003-0000	79,542	
41	17-16-106-008-0000	212,112	

Exhibit III

1996 Estimated EAV by Tax Parcel The Canal/Congress Redevelopment Project Area

Count	PIN	Estimated 1996 EAV	Rail Road or Exempt
42	17-16-106-012-0000	12,267	
43	17-16-106-016-0000	9,201	
44	17-16-106-017-0000	98,998	
45	17-16-106-018-0000	96,835	
46	17-16-106-019-0000	193,911	
47	17-16-106-021-0000	2,352	
48	17-16-106-022-0000	9,201	
49	17-16-106-025-0000	196,590	
50	17-16-106-026-0000	232,300	
51	17-16-106-030-0000	362,082	
52	17-16-106-033-0000	1,310,319	
53	17-16-107-001-0000	129,704	
54	17-16-107-002-0000	181,664	
55	17-16-107-003-0000	121,259	
56	17-16-107-004-0000	54,561	
57	17-16-107-005-0000	54,561	
58	17-16-107-006-0000	60,626	
59	17-16-107-007-0000	300,844	
60	17-16-107-008-0000	300,552	
61	17-16-107-009-0000	151,215	
62	17-16-107-010-0000	302,473	
63	17-16-107-012-0000	123,906	
64	17-16-107-013-0000	124,076	
65	17-16-107-014-0000	123,906	
66	17-16-107-015-0000	412,401	
67	17-16-107-016-0000	368,059	
68	17-16-107-017-0000	167,759	
69	17-16-107-019-0000	149,827	
70	17-16-107-020-0000	229,991	
71	17-16-107-022-0000	336,324	
72	17-16-111-001-0000	130,094	
73	17-16-111-002-0000	76,538	
74	17-16-111-003-0000	80,377	
75	17-16-111-004-0000	48,577	
76	17-16-111-005-0000	46,283	
77	17-16-111-006-0000	46,283	
78	17-16-111-007-0000	48,319	
79	17-16-111-008-0000	98,623	
80	17-16-111-009-0000	96,532	
81	17-16-111-010-0000	87,183	
82	17-16-111-011-0000	87,183	

Exhibit III

1996 Estimated EAV by Tax Parcel

The Canal/Congress Redevelopment Project Area

Count	PIN	Estimated 1996 EAV	Rail Road or Exempt
83	17-16-111-012-0000	87,183	
84	17-16-111-013-0000	87,183	
85	17-16-111-014-0000	28,248	
86	17-16-111-017-0000	127,467	
87	17-16-111-019-0000	91,748	
88	17-16-111-020-0000	466,060	
89	17-16-111-021-0000	2,409,941	
90	17-16-111-022-0000	-	EX
91	17-16-111-023-0000	1,425,151	
92	17-16-111-024-0000	96,764	
93	17-16-111-025-0000	137,844	
94	17-16-111-026-0000	132,330	
95	17-16-111-027-0000	74,382	
96	17-16-113-002-0000	284,956	
97	17-16-113-003-0000	573,889	
98	17-16-113-009-0000	862,513	
99	17-16-113-010-0000	3,059,304	
100	17-16-114-003-0000	4	
101	17-16-115-003-6001	-	RR
102	17-16-115-003-6030	-	EX
103	17-16-115-004-6001	-	RR
104	17-16-115-004-6003	-	EX
105	17-16-117-017-0000	-	EX
106	17-16-117-018-0000	126,057	
107	17-16-117-019-0000	91,714	
108	17-16-117-036-0000	56,177	
109	17-16-117-037-0000	-	EX
110	17-16-117-038-0000	236,085	
111	17-16-117-039-0000	-	EX
112	17-16-118-003-0000	134,462	
113	17-16-118-004-0000	235,902	
114	17-16-118-005-0000	244,483	
115	17-16-118-006-0000	525,733	
116	17-16-118-007-0000	145,111	
117	17-16-118-008-0000	72,555	
118	17-16-118-009-0000	72,777	
119	17-16-118-010-0000	72,555	
120	17-16-118-011-0000	72,280	
121	17-16-118-012-0000	62,830	
122	17-16-118-013-0000	880,149	
123	17-16-118-014-0000	87,783	

Exhibit III**1996 Estimated EAV by Tax Parcel****The Canal/Congress Redevelopment Project Area**

Count	PIN	Estimated 1996 EAV	Rail Road or Exempt
124	17-16-118-015-0000	959,503	
125	17-16-118-016-0000	-	
126	17-16-119-001-0000	-	EX
127	17-16-119-002-0000	-	EX
128	17-16-119-003-0000	209,588	
129	17-16-119-004-0000	997,552	
130	17-16-119-005-0000	454,047	
131	17-16-119-006-0000	-	EX
132	17-16-119-007-0000	120,426	
133	17-16-119-008-0000	145,420	
134	17-16-119-009-0000	243,473	
135	17-16-119-010-0000	104,228	
136	17-16-119-011-0000	104,209	
137	17-16-119-012-0000	173,961	
138	17-16-119-013-0000	164,592	
139	17-16-119-020-0000	142	
140	17-16-119-021-0000	454,172	
141	17-16-119-022-0000	-	EX
142	17-16-119-023-0000	-	EX
143	17-16-119-024-0000	-	EX
144	17-16-119-025-0000	-	EX
145	17-16-119-026-0000	-	EX
146	17-16-119-027-0000	-	EX
147	17-16-119-028-0000	-	EX
148	17-16-119-029-0000	-	EX
149	17-16-119-030-0000	2	
150	17-16-119-031-0000	247,069	
151	17-16-119-032-0000	2	
152	17-16-119-033-0000	267,235	
153	17-16-119-034-0000	2	
154	17-16-119-035-0000	264,799	
155	17-16-119-036-0000	2	
156	17-16-119-037-0000	267,458	
157	17-16-119-038-0000	2	
158	17-16-119-039-0000	265,752	
159	17-16-119-040-0000	2	
160	17-16-119-041-0000	177,651	
161	17-16-119-042-0000	-	EX
162	17-16-119-043-0000	-	EX
163	17-16-119-044-0000	-	EX
164	17-16-119-045-0000	-	EX

Exhibit III**1996 Estimated EAV by Tax Parcel****The Canal/Congress Redevelopment Project Area**

Count	PIN	Estimated 1996 EAV	Rail Road or Exempt
165	17-16-119-046-0000	-	EX
166	17-16-119-047-0000	-	EX
167	17-16-119-048-0000	2	
168	17-16-119-049-0000	264,726	
169	17-16-119-050-0000	2	
170	17-16-119-051-0000	182,742	
171	17-16-119-052-0000	4	
172	17-16-119-053-0000	-	EX
173	17-16-119-054-0000	4	
174	17-16-119-055-0000	4	
175	17-16-119-056-0000	4	
176	17-16-119-057-0000	4	
177	17-16-119-058-0000	4	
178	17-16-119-059-0000	4	
179	17-16-119-060-0000	4	
180	17-16-119-061-0000	4	
181	17-16-120-008-8001	-	EX
182	17-16-120-008-8002	5,825	
183	17-16-120-008-8003	5,825	
184	17-16-120-009-0000	967,914	
185	17-16-120-010-0000	-	EX
186	17-16-122-034-0000	-	EX
187	17-16-122-035-0000	-	EX
188	17-16-122-044-0000	-	EX
189	17-16-122-045-0000	-	EX
190	17-16-122-046-0000	-	EX
191	17-16-125-006-8001	-	EX
192	17-16-125-006-8002	8,310	
193	17-16-125-011-0000	-	
194	17-16-126-001-0000	1,927,762	
195	17-16-126-013-0000	1,966,307	
196	17-16-126-015-8001	-	EX
197	17-16-126-015-8002	16,069	
198	17-16-129-012-0000	98,113	
199	17-16-129-013-0000	98,113	
200	17-16-129-014-0000	98,113	
201	17-16-129-015-0000	98,113	
202	17-16-129-016-0000	115,490	
203	17-16-129-017-0000	118,933	
204	17-16-129-018-0000	118,933	
205	17-16-129-019-0000	50,061	

Exhibit III**1996 Estimated EAV by Tax Parcel****The Canal/Congress Redevelopment Project Area**

Count	PIN	Estimated 1996 EAV	Rail Road or Exempt
206	17-16-129-020-0000	48,796	
207	17-16-129-021-0000	48,796	
208	17-16-129-022-0000	57,861	
209	17-16-129-023-0000	48,796	
210	17-16-129-024-0000	93,917	
211	17-16-129-048-0000	-	EX
212	17-16-129-049-0000	99,908	
213	17-16-129-057-0000	-	EX
214	17-16-129-059-0000	-	EX
215	17-16-129-061-0000	-	EX
216	17-16-129-063-0000	-	EX
217	17-16-129-067-0000	-	EX
218	17-16-129-069-0000	-	EX
219	17-16-129-072-0000	-	EX
220	17-16-129-074-0000	-	EX
221	17-16-129-076-0000	-	EX
222	17-16-129-079-0000	-	EX
223	17-16-129-081-0000	1,084,147	
224	17-16-129-082-8001	-	EX
225	17-16-129-082-8002	8,745	
226	17-16-129-083-8001	-	EX
227	17-16-129-083-8002	8,745	
228	17-16-129-084-8001	-	EX
229	17-16-129-084-8002	10,367	
230	17-16-129-085-8001	-	EX
231	17-16-129-085-8002	10,367	
232	17-16-129-086-8000	841,680	
233	17-16-130-001-0000	-	RR
234	17-16-130-002-0000	-	EX
235	17-16-130-004-0000	-	EX
236	17-16-130-005-0000	-	EX
237	17-16-500-035-8001	-	EX
238	17-16-500-035-8002	9,571	
239	17-16-500-036-8001	-	EX
240	17-16-500-036-8002	7,120	
241	17-16-500-037-8001	-	EX
242	17-16-500-037-8002	34,055	
243	17-16-500-037-8003	12,996	
Total Estimated 1996 EAV		\$ 35,604,890	

EXHIBIT IV:

**Canal/Congress Project Area Tax Increment
Financing Eligibility Study**

**CANAL/CONGRESS
REDEVELOPMENT PROJECT AREA
ELIGIBILITY STUDY**

Prepared for the
Department of Planning and Development
City of Chicago

Prepared by:
R. M. Chin & Associates, Inc.
and
Trkla, Pettigrew, Allen & Payne, Inc.

August 11, 1998

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I. EXECUTIVE SUMMARY

The purpose of this study entitled *Canal/Congress Redevelopment Project Area Eligibility Study* (the "Eligibility Study") is to document the conservation factors that are present within the Canal/Congress Redevelopment Project Area (the "Project Area"), and to determine whether the Project Area qualifies for designation as a "conservation area" within the definitions set forth in the *Illinois Tax Increment Allocation Redevelopment Act* 65 ILCS 5/11-74.4, *et. seq.*, as amended (the "Act").

The Project Area is located west of the City of Chicago's (the "City") central business district (the "Loop"), contains approximately 41.3 acres within seventeen (17) whole and partial blocks, and is generally bounded on the north by Madison, Monroe and Adams Streets; on the south by Congress Parkway and Harrison Street; on the east by Clinton and Canal Streets and the South Branch of the Chicago River; and on the west by the Kennedy Expressway and Desplaines Street. The boundary of the Project Area is illustrated in Figure 1, *Project Area Boundary*. A more detailed description of the Project Area is presented in the Redevelopment Plan and Project

The determination of whether the Project Area qualifies for designation as a redevelopment project area and for use of tax increment financing pursuant to the Act is made by the City following careful review and consideration of the conclusions contained in the Redevelopment Plan and Eligibility Study. The conclusions contained in the Eligibility Study are based on an analysis of conditions and conservation factors found to be present within the Project Area. The documentation, analysis and conclusion of conservation factors are based on surveys and analyses conducted by R. M. Chin & Associates, Inc. ("RMCA") and Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") during May, June, and July 1998.

The basis for designating an area as a redevelopment project area and adopting the use of tax increment financing is described in Section II, *Basis for Redevelopment*, and summarized briefly below. The summary which follows is limited to a discussion of the eligibility criteria for a conservation area.

As set forth in the Act, a "redevelopment project area" must be not less than 1½ acres, and the municipality must make a finding that there exist conditions which cause the area to be classified as a conservation area. A "conservation area" means any improved area within the boundaries of a redevelopment project area in which 50 percent or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors--dilapidation; obsolescence; deterioration; illegal use of

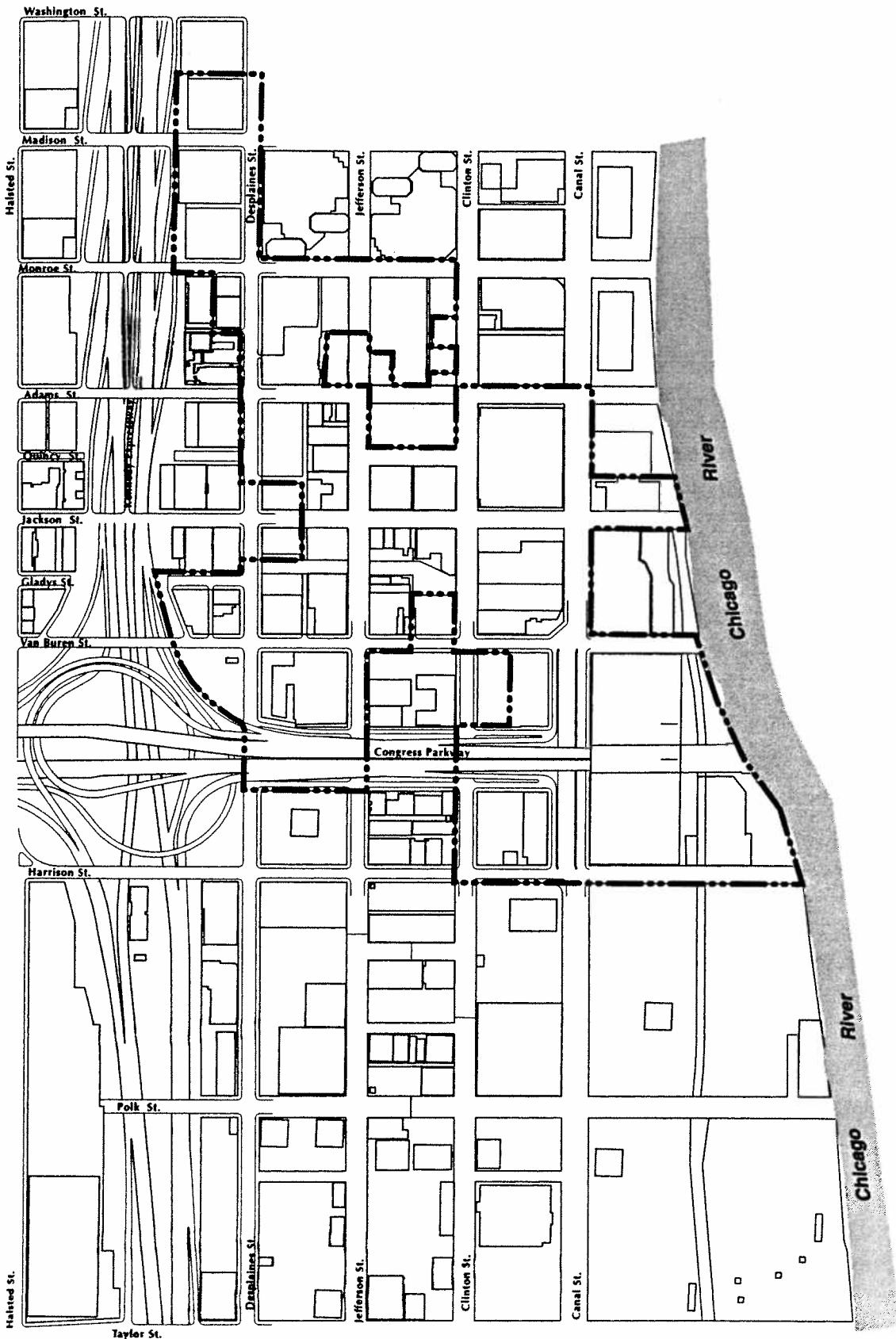


Figure 1
Boundary

--- Project Area Boundary

Revision 8/7/98



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--is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area.

While it may be concluded that the mere presence of the minimum number of the stated factors in the Act may be sufficient to make a finding that there exist conditions which cause the area to be classified as a conservation area, the conclusions contained in the Eligibility Study are made on the basis that the conservation factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the conservation factors must be reasonably distributed throughout the Project Area so that basically good areas are not arbitrarily found to be conservation areas simply because of proximity to areas which are found to be conservation areas.

On the basis of this approach, the Project Area is found to be eligible as a conservation area within the conservation area definition set forth in the Act. Specifically:

- Ninety-one (91) percent of the 33 buildings in the Project Area are 35 years of age or older.
- Of the 14 conservation area factors set forth in the Act, nine factors are found to be present. These factors include dilapidation, obsolescence, deterioration, structures below minimum code standards, excessive vacancies, lack of light, ventilation, and sanitary facilities, deleterious land-use or layout, depreciation of physical maintenance and lack of community planning.
- All blocks within the Project Area show the presence of conservation factors.
- Six of the factors present within the Project Area are found to be present to a major extent and are reasonably distributed throughout the Project Area. These factors are obsolescence, deterioration, structures below minimum code, excessive vacancies, depreciation of physical maintenance and lack of community planning.
- Three of the factors present within the Project Area are found to be present to a limited extent and are not widely distributed throughout the Project Area. These factors are dilapidation, lack of light, ventilation and sanitary facilities, and deleterious land use or layout.
- All blocks within the Project Area are not yet blighted, but because of the combination of conservation factors present within the Project Area, are detrimental to the public safety, health, morals or welfare and may become blighted.
- The Project Area includes only real property and improvements that will be substantially benefited by the proposed redevelopment project improvements.

The conclusions of the eligibility analyses indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social stability of the City. The analyses indicate that all blocks within the Project Area are not yet blighted areas, but are deteriorating and declining and may become blighted areas. The combination of factors present indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be developed without public action, including designating the Project Area as a redevelopment project area pursuant to the Act and adopting the use of tax increment financing to stimulate private investment.

Section III, *Eligibility Analysis and Conclusions*, contains a summary of the physical surveys conducted within the Project Area and the conclusions of the eligibility analyses undertaken to assist the City in determining whether the Project Area qualifies for designation as a redevelopment project area and use of tax increment financing pursuant to the Act.

II. BASIS FOR REDEVELOPMENT

The Illinois General Assembly made two key findings in adopting the Act:

1. That there exists in many municipalities within the State blighted and conservation areas; and
2. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest.

These conclusions were made on the basis that the presence of blight or conditions which lead to blight are detrimental to the safety, health, welfare and morals of the public.

To ensure that the exercise of these powers is proper and in the public interest, the Act also specifies certain requirements which must be met before a municipality can proceed with implementing a redevelopment project. One of these requirements is that the municipality must demonstrate that a prospective redevelopment project qualifies either as a "blighted area" or as a "conservation area" within the definitions for each set forth in the Act (in Section 11-74.4-3). These definitions are listed below.

As set forth in the Act, a "redevelopment project area" means an area designated by the municipality which is not less in the aggregate than 1½ acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or a combination of both blighted and conservation areas. The Project Area exceeds the minimum acreage requirements of the Act.

ELIGIBILITY OF A BLIGHTED AREA

A blighted area may be either improved or vacant. If the area is improved (*e.g.*, with industrial, commercial and residential buildings or improvements), a finding may be made that the area is blighted because of the presence of a combination of five or more of the following fourteen factors:

- Age
- Dilapidation
- Obsolescence

- Deterioration
- Illegal use of individual structures
- Presence of structures below minimum code standards
- Excessive vacancies
- Overcrowding of structures and community facilities
- Lack of ventilation, light, or sanitary facilities
- Inadequate utilities
- Excessive land coverage
- Deleterious land-use or lay-out
- Depreciation of physical maintenance
- Lack of community planning.

If the area is vacant, it may be found to be eligible as a blighted area based on the finding that the sound growth of the taxing districts is impaired by one of the following criteria:

- A combination of two or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all or part of such vacant land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- The area immediately prior to becoming vacant qualified as a blighted improved area.
- The area consists of an unused quarry or unused quarries.
- The area consists of unused railyards, rail tracks or railroad rights-of-way.
- The area, prior to the area's designation, is subject to chronic flooding which adversely impacts on real property which is included in or in proximity to any improvement on real property which has been in existence for at least five years and which substantially contributes to such flooding.
- The area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites.
- The area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within five years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in the first bullet item above for a vacant blighted area, and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

ELIGIBILITY OF A CONSERVATION AREA

A conservation area is an improved area in which 50 percent or more of the structures in the area have an age of 35 years or more and there is a presence of a combination of three or more of the fourteen factors listed below. Such an area is not yet a blighted area, but because of a combination of three or more of these factors, the area may become a blighted area.

- 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 lay-out
- Depreciation of physical maintenance
- Lack of community planning.

While the Act defines a blighted area and a conservation area, it does not define the various factors for each, nor does it describe what constitutes the presence or the extent of presence necessary to make a finding that a factor exists. Therefore, reasonable criteria should be developed to support each local finding that an area qualifies as either a blighted area or as a conservation area. In developing these criteria, the following principles have been applied:

1. The minimum number of factors must be present and the presence of each must be documented;
2. For a factor to be found present, it should be present to a meaningful extent so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act; and
3. The factors should be reasonably distributed throughout the redevelopment project area.

It is also important to note that the test of eligibility is based on the conditions of the Project Area as a whole; it is not required that eligibility be established for each and every property in the Project Area. While it may be concluded that the mere presence of the minimum number of the stated factors may be sufficient to make a finding of conservation or blight, the evaluation contained in the

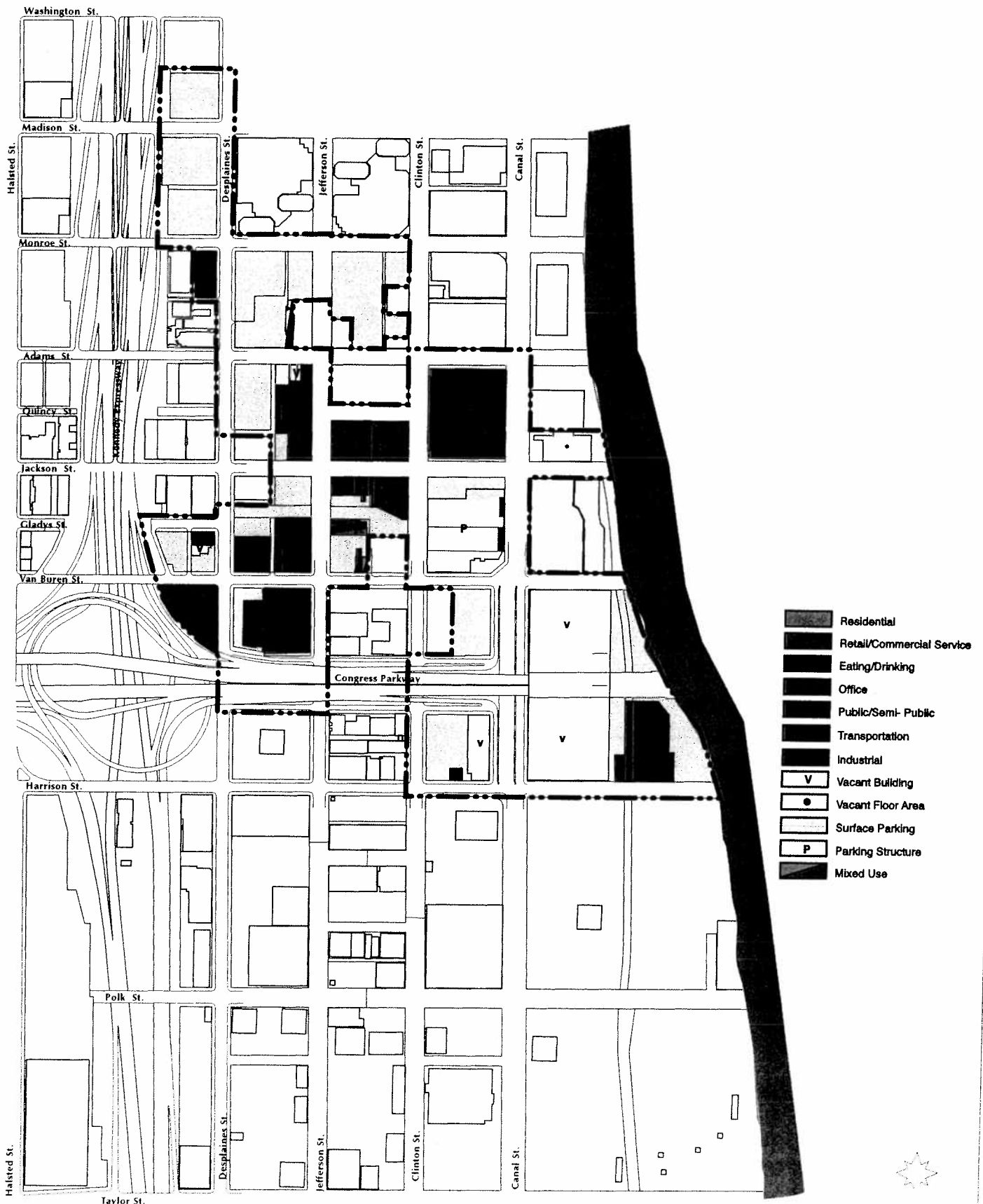
Eligibility Study was made on the basis that the conservation or blighting factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of conservation or blighting factors throughout the Project Area must be reasonable so that basically good areas are not arbitrarily found to be conservation areas or blighted simply because of proximity to areas which are conservation or blighted areas.

III. ELIGIBILITY ANALYSIS AND CONCLUSIONS

RMCA and TPAP conducted various surveys within the Project Area of existing conditions and land uses. Figure 2, *Existing Land Uses*, illustrates the various existing land uses within the Project Area. In conducting the surveys, Project Area conditions were documented and tabulated by the types of conservation factors listed in the Act. An analysis was made of each of the conservation area factors to determine the locations and extent to which each of the factors are present in the Project Area. Listed below are the types of surveys and analyses conducted by RMCA and TPAP.

1. Exterior survey of the condition and use of each building;
2. Interior building survey of 24 of the 33 buildings within the Project Area (interior access for 9 buildings was not available);
3. Site surveys of streets, alleys, sidewalks, curbs and gutters, lighting, parking facilities, landscaping, fences and walls, and general property maintenance;
4. Analysis of existing uses and their relationships;
5. Comparison of interior and exterior building conditions to property maintenance codes of the City;
6. Analysis of current parcel configuration and building size and layout;
7. Analysis of vacant sites and vacant buildings;
8. Analysis of building permits issued for the Project Area from January 1993 through May 1998;
9. Analysis of code violations recorded for the Project Area from January 1993 through May 1998; and
10. Review of previously prepared plans, transportation policies, studies and data.

Figure 3, *Interior/Exterior Survey Form*, presents the survey form used to record building conditions. An exterior survey was conducted on all 33 buildings located within the Project Area and an interior inspection was conducted on 24 buildings which RMCA and TPAP were able to gain sufficient access to conduct interior surveys.



- Residential
- Retail/Commercial Service
- Eating/Drinking
- Office
- Public/Semi- Public
- Transportation
- Industrial
- Vacant Building
- Vacant Floor Area
- Surface Parking
- Parking Structure
- Mixed Use

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Figure 2
Existing Land-Use

BUILDING CONDITION SURVEY FORM

A. NAME OF ESTABLISHMENT/ OCCUPANTS	B. PROJECT CLIENT/NAME	BLOCK NO	PARCEL	BLDG. NO.	HEIGHT	CONST	BUILDING NAME	
	OWNER/OCCUPANT/CONTACT	ADDRESS					DATE OF SURVEY	SURVEYOR(S)

FLR(S)	NO. UNITS	NO. OCC.	ACTIV.	STRUCTURAL DEFECTS - DEGREE AND LOCATION	
				TYPE OF MATERIAL	LOCATION
1				LOOSE MATERIAL	LOCATION
2				MISSING MATERIAL	LOCATION
3				WORN WEATHERED	LOCATION
4				SPALLING, CHIPPING	LOCATION
				CRACKS	LOCATION
				HOLES	LOCATION
				WATER PENETRATION	LOCATION
				SETTLING	LOCATION
				OUT-OF-PLUMB	LOCATION
				BOWING	LOCATION
				SAGGING	LOCATION
				WEAK, LACK OF SUPPORT	LOCATION
				SLOPING	LOCATION
				HEAVING	LOCATION
				FIRE DAMAGED	LOCATION
				IMPROPERLY CONST.(SIZE)	LOCATION
				INFESTATION DAMAGE	LOCATION
				DETERIORATING	LOCATION
				COMPONENT RATING	

PRIMARY COMPONENTS											
EXTERIOR WALLS AND STRUCTURE											
EXTERIOR FOUNDATION A/G											
EXTERIOR ROOF-STRUCTURE											
EXTERIOR COLUMNS											
INTERIOR FOUNDATION											
INTERIOR LOAD-BEARING WALLS/COLUMNS											
INTERIOR FLOORS/STRUCTURE											
INTERIOR ROOF STRUCTURE											
SECONDARY COMPONENTS											
DOORS, FRAMES, SILLS, HEADERS, TRIM											
WINDOWS, STOREFRONTS, SASH, FRAMES, SILLS, TRIM											
EXTERIOR STAIRS, STEPS, FIRE ESCAPES, STRUCTURES											
EXTERIOR CEILINGS, CANOPIES											
CHIMNEYS, STACKS											
GUTTERS, DOWNSPOUTS											
CORNICE, APPURTENANCES, DECORATIVE TRIM											
INTERIOR FLOOR COVERING											
INTERIOR NON-BEARING WALLS, CEILINGS											
INTERIOR STAIRS, RAILINGS, BANISTERS											

Figure 3a
Interior/ Exterior Survey

D.	MECHANICAL SYSTEMS DEFECTS - DEGREE AND LOCATION										E. CODE RELATED CONDITIONS - COMPLIANCE				F. FINAL BUILDING RATING					
	ORBSOLETE FIXTURES	LACKING IN AREAS	INADEQUATE SERVICE	MISSING PARTS	LEAKING	CORROSION/RUSTING	EXPOSED	LOCATION	FOOR DISTRIBUTION	LOCATION	IMPROPER CONNECT	LOCATION	IMPROPER LOCATION	LOCATION	DETERIORATING	LOCATION	RATING	CODES		
PLUMBING																				
-DRAINAGE																				
-WATER SUPPLY																				
-FIXTURES																				
ELECTRICAL																				
-SERVICE/SUPPLY																				
-WIRING																				
-FIXTURES/OUTLETS																				
HEATING/HVAC																				
-FURNACE/BOILER/COMPR.																				
-DUCTS/PIPING/VENTS																				
-DISTRIBUTION																				
ELEVATORS																				
-MECHANICAL EQUIPMENT																				
-TYPE/SIZE/ADEQUACY																				
G. ELIGIBILITY FACTORS																				
AGE																				
1. DILAPIDATION																				
2. OBSOLESCENCE																				
3. DETERIORATION																				
4. ILLEGAL USE OF INDIVIDUAL STRUCTURES																				
5. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS																				
6. ABANDONMENT																				
7. EXCESSIVE VACANCIES																				
8. OVERCROWDING OF STRUCTURES OR COMMUNITY FACILITIES																				
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																				
PHOTOS - COMMENTS - SKETCHES																				

Figure 3b
Interior/ Exterior Survey

Summarized below are a summary of the physical surveys conducted within the Project Area, and a summary of the eligibility analyses conducted for each of the 14 conservation area factors listed in the Act. The conditions that exist and the relative extent to which each factor is present in the Project Area are described. A factor noted as not present indicates either that no information was available or that no evidence could be documented as part of the various surveys and analyses. A factor noted as present to a limited extent indicates that conditions exist which document that the factor is present, but that the distribution or impact of the conservation or blight condition is limited. Finally, a factor noted as present to a major extent indicates that conditions exist which document that the factor is present throughout major portions of the block, and that the presence of such conditions has a major adverse impact or influence on adjacent and nearby development.

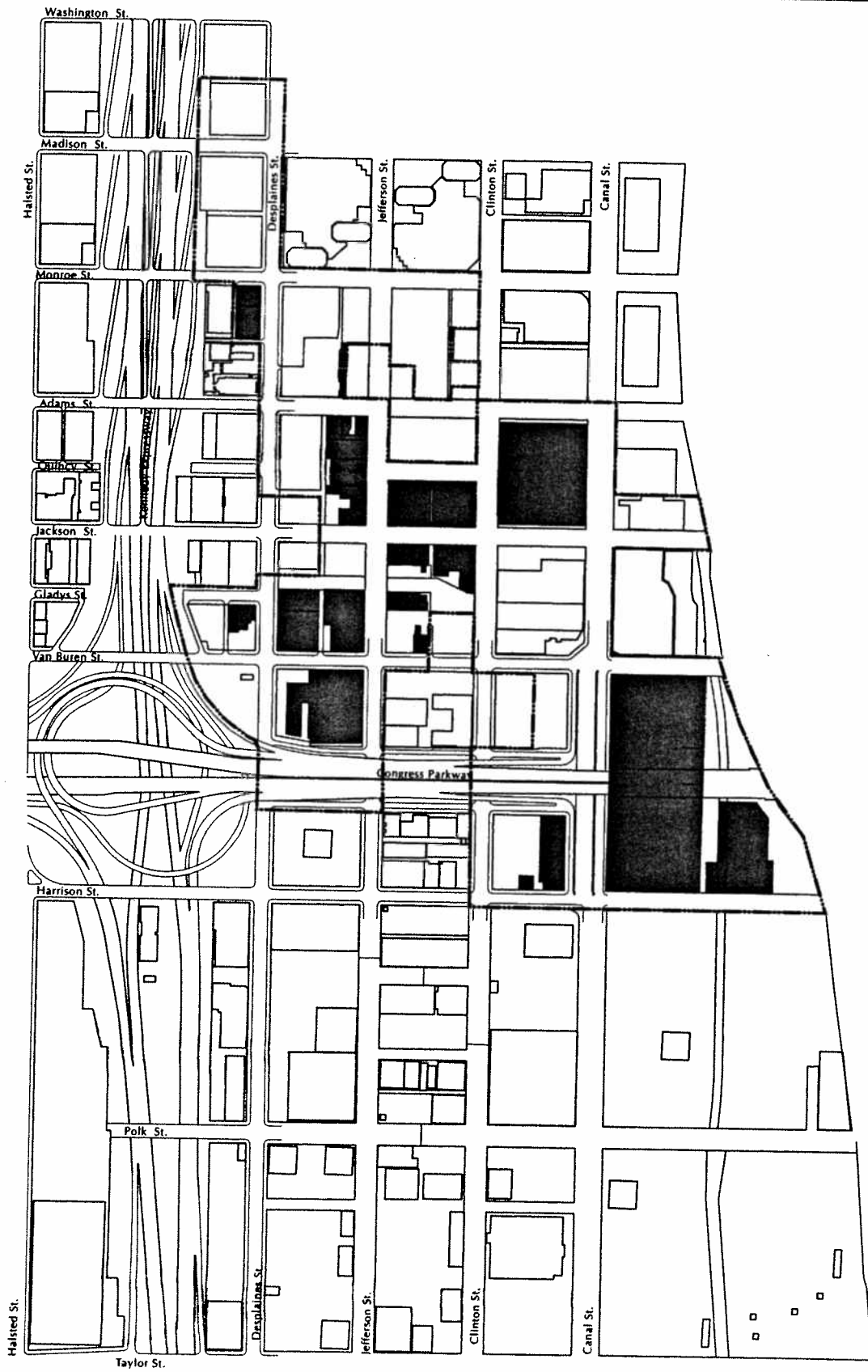
A. AGE

Age is a prerequisite factor in determining an area's qualification for designation as a conservation area. 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 can be a function of time, temperature, moisture and level of maintenance over an extended period of years, structures which are 35 years or older typically exhibit more problems and require greater maintenance than more recently constructed buildings. Furthermore, a serious concern exists for the presence of asbestos containing materials (ACM) and lead-based paint (LBP). Any thermal system insulation or surfacing material, such as floor and ceiling tiles, present in a building constructed before 1981 (17 years old) is likely to contain asbestos, and any building constructed before 1978 (20 years old) is likely to contain lead-based paint.

Conclusion

Of the 33 buildings within the Project Area, 30, or 91 percent, are 35 years of age or older. The Project Area meets the conservation area prerequisite that more than 50 percent of the structures are 35 years of age or older.

Figure 4, *Age*, illustrates the location of all buildings in the Project Area which are more than 35 years of age. This factor is widely distributed throughout the Project Area.



■ Buildings 35 years of age and older



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Figure 4
Age

B. DILAPIDATION

Dilapidation refers to advanced disrepair of buildings and site improvements. Webster's New Collegiate Dictionary defines "dilapidate," "dilapidated" and "dilapidation" as follows:

- *Dilapidate*, "... to become or cause to become partially ruined and in need of repairs, as through neglect."
- *Dilapidated*, "... falling to pieces or into disrepair; broken down; shabby and neglected."
- *Dilapidation*, "... dilapidating or becoming dilapidated; a dilapidated condition."

To determine the existence of dilapidation, an assessment was undertaken of all buildings within the Project Area. The process used for assessing building conditions, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation are presented below.

The building condition analysis is based on exterior building inspections undertaken during May, June, and July of 1998. In addition, interior surveys of 24 buildings were conducted.

1. Building Components Evaluated.

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

Primary Structural

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

Secondary Components

These components are generally secondary to the primary structural components and are necessary parts of the building, including porches and steps, windows and window units, doors and door units, chimneys, gutters and downspouts.

Mechanical Components

The mechanical systems found in a building include plumbing, electrical, heating and elevator systems. Although less frequently encountered in buildings in residential areas, air conditioning and ventilation, and fire protection systems are also building systems. Since the functions of the mechanics in any building are unlike the functions of primary or secondary structural components and have dissimilar defects, the building systems are evaluated in terms of ten common deficiencies. The ten common defects used for evaluation are; lacking (non-existence of a building system), inadequate service, obsolete, missing parts, leaking, exposed (unprotected surfaces), poor distribution, improper location, improper connections, and deterioration.

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

2. Building Rating Classifications

Based on the evaluation of building components, each building was rated and classified into one of the following categories:

Sound

Buildings which contain no defects, are adequately maintained, and require no treatment outside of normal maintenance as required during the life of the building.

Deficient

Buildings which contain defects (loose or missing material or holes and cracks) over either limited or widespread areas which may or may not be correctable through the course of normal maintenance (depending on the size of the building or number of buildings in a large complex). Deficient buildings contain defects which, in the case of limited or minor defects, clearly indicate a lack of or a reduced level of maintenance. In the case of major defects, advanced defects are present over widespread areas, perhaps including mechanical systems, and would require major upgrading and significant investment to correct.

Dilapidated

Buildings which contain major defects in primary and secondary components and mechanical systems over widespread areas and within most of the floor levels. The defects are so serious and advanced that the building is considered to be substandard, requiring improvements or total reconstruction which may either be infeasible or difficult to correct.

Conclusion

Of the 33 buildings within the Project Area, one (1) building is in a substandard (dilapidated) condition. The factor of dilapidation of buildings is present to a limited extent in the Project Area. Figure 5, *Dilapidation*, illustrates the location of the substandard building in the Project Area.

Site improvement dilapidation is limited to the west border of the Project Area, including instances of major dilapidation. Major dilapidation of site improvements is generally located in two of the seventeen (17) blocks within the Project Area. Considerable improvement, including total reconstruction, is required in these blocks to eliminate dilapidation.

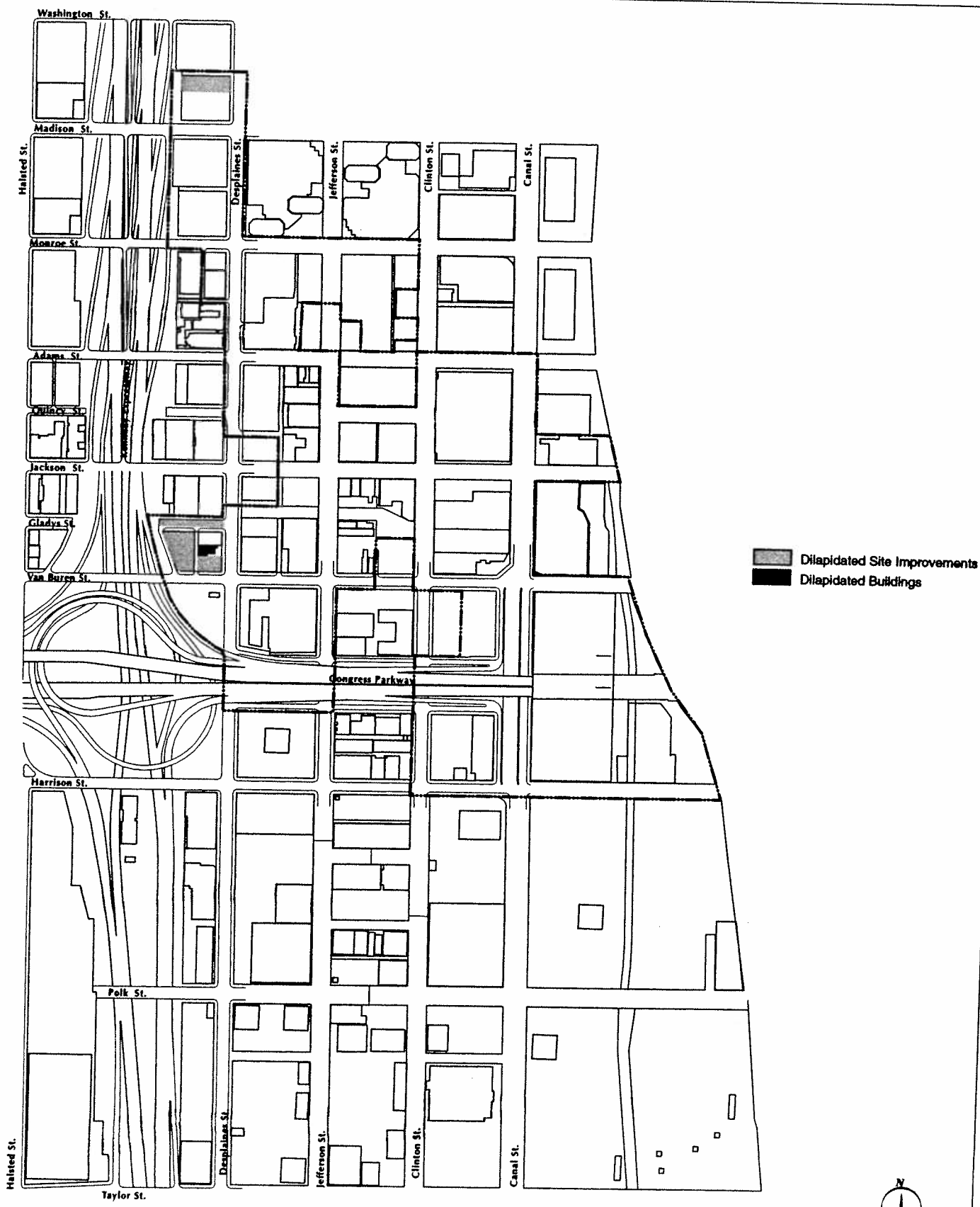



Figure 5
Dilapidation


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C. 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 a proposed redevelopment project area. In making findings with respect to buildings, it is important to distinguish between functional obsolescence, which relates to the physical utility of a structure, and economic obsolescence, which relates to a property's ability to compete in the market place.

Functional Obsolescence

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

Economic Obsolescence

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

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, parcels and site improvements evidencing such obsolescence.

1. Obsolete Building Types

Functional or economic obsolescence in buildings, which limits their long-term use or reuse, is typically difficult and expensive to correct. Deferred maintenance, deterioration and vacancies often result, which can have an adverse effect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

Functional obsolescence of buildings is present throughout the Project Area. The Project Area contains buildings characterized by obsolescence in 13 of the 17 blocks, fourteen blocks of which contain buildings. Characteristics observed in the obsolete buildings include the following:

- Small, narrow buildings with limited floor plates;
- Single purpose buildings designed for a specific use which are not easily adaptable or suited to other uses;
- Buildings where stairs, elevators and common hall areas occupy an excessive amount of floor space;
- Buildings with inadequate column spacing or floor plans which limit space divisions;
- Buildings with inefficient or outdated mechanical systems, including the lack of central air conditioning, small elevators or the lack of freight elevators and limited lighting;
- Buildings which lack or have limited fire and life safety provisions, and which would be difficult to upgrade to code compliance;
- Lack of or inadequate loading facilities;
- Buildings with single-pane windows and limited insulation, resulting in high energy loss;
- Lack of ADA (American with Disabilities Act) access provisions at entry areas, elevators and in bathrooms.

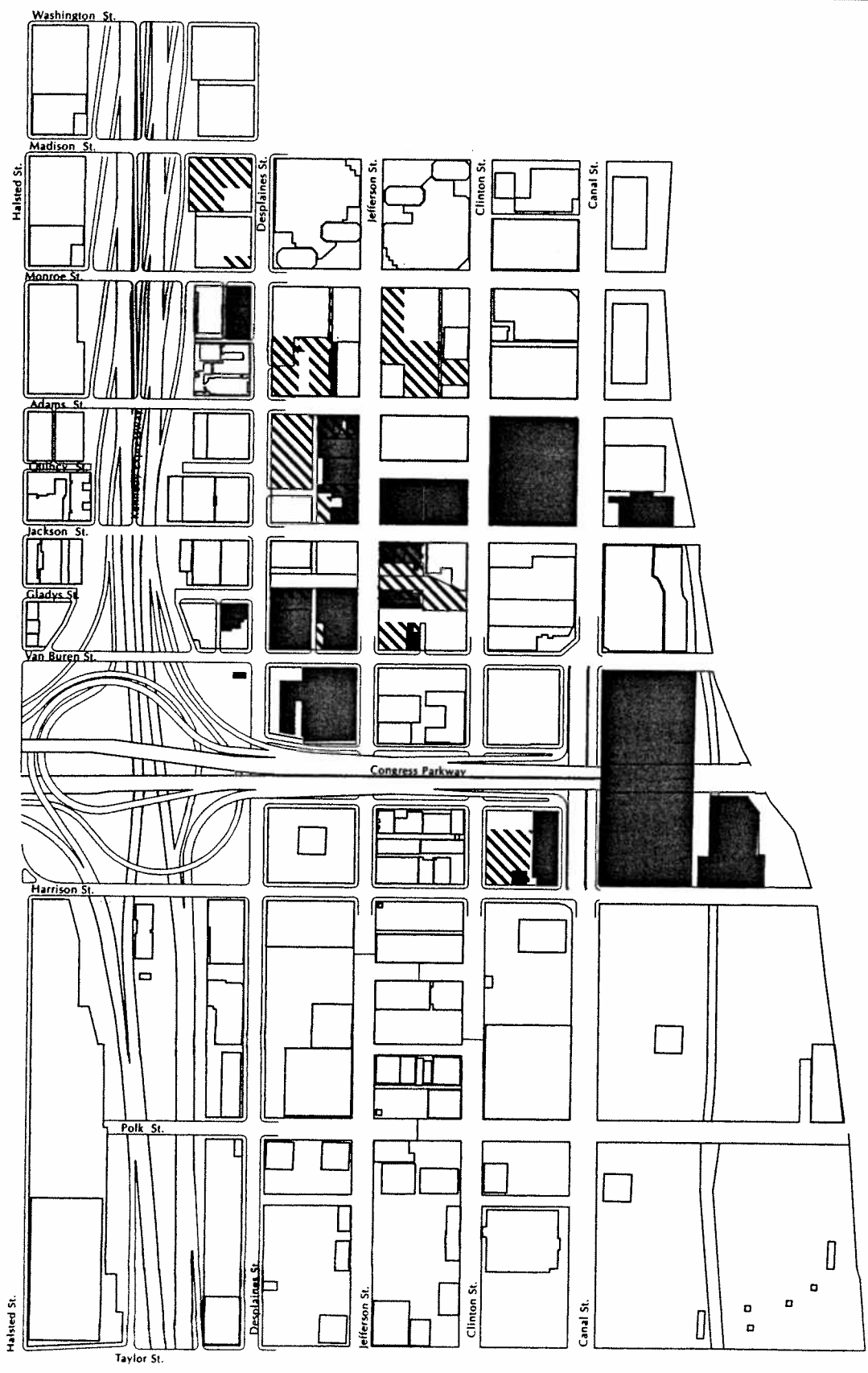
2. Obsolete Platting



The Project Area was originally platted before the turn of the century, and is characterized by obsolete platting. Examples include: small, narrow lots; oddly configured parcels, streets and alleys; parcels of inadequate size or shape to allow development of buildings that meet present-day development standards and market conditions; lack of off-street parking, loading and service areas; and lack of set-back provisions to permit exterior landscaping. Some blocks may still contain their original obsolete platting. However, as a result of consolidation of parcels by one owner, some problems of obsolete platting are reduced. Nevertheless, there remains nine of the nineteen blocks impacted by obsolete platting.

Conclusion

Thirty (30) of the 33 buildings in the Project Area (91 percent) are impacted by obsolescence which limits their functional or economic use. Six (6) of the seventeen (17) blocks (or 35 percent) are impacted by obsolete platting. Overall, obsolescence is present to a limited extent in three (3) of the seventeen (17) blocks and to a major extent in eleven (11) of the seventeen (17) blocks. Obsolescence as a factor is present to a major extent in the Project Area.

Figure 6, *Obsolescence*, illustrates the location of obsolete buildings and obsolete platting in the Project Area.



 Obsolete Buildings
 Obsolete Platting



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Figure 6
Obsolescence

D. DETERIORATION

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

- Deterioration may be evident in basically sound buildings containing minor defects, such as lack of painting, loose or missing materials, or holes and cracks over limited areas. This deterioration can be corrected through normal maintenance.
- Deterioration which is not easily correctable and cannot be accomplished in the course of normal maintenance may also be evident in buildings. Such buildings may be classified as minor deficient or major deficient buildings, depending upon the degree or extent of defects. Minor deficient and major deficient buildings are characterized by defects in the secondary building components (e.g., doors, windows, fire escapes, gutters and downspouts, fascia materials, etc.), and defects in primary building components (e.g., foundations, exterior walls, floors, roofs, etc.), respectively.

It should be noted that all buildings and site improvements classified as dilapidated are also deteriorated.

Deterioration of Alleys

Alleys within the Project Area, specifically near the northern boundary, are badly deteriorated. Alley deterioration is characterized by broken, potholed and uneven surfaces, as well as cobblestone surfaces in disrepair, with eroding asphalt patches.

Deterioration of Street Pavement, Curbs and Gutters.

Streets and sidewalks vary in their condition throughout the Project Area. The entire Project Area is spotted by conditions of deterioration. Several streets along the northern border of the Project Area require total reconstruction. Resurfacing of several streets is required throughout the Project Area.

Deterioration of Buildings

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." Twenty-eight (28) of the thirty-three (33) buildings in the Project Area, or 85 percent, are classified as deteriorating or deteriorated, including one (1) that is dilapidated.

Conclusion

Deterioration as a factor is present to a major extent in the Project Area. Twenty-eight (28) buildings, or 85 percent of the buildings within the Project Area are classified as deteriorating or deteriorated. Deterioration of site improvements is found in alleys and streets, and parking lots within the Project Area. Curbs, gutters and sidewalks are similarly deteriorated. Three blocks within the Project Area have alleys characterized as deteriorated. Nearly all alleys within the surveyed area lack adequate storm sewer drainage and 31 of 32 blocks (97%) within the Project Area contain some form of deterioration. Overall, deterioration is present to a limited extent in five (5) of the seventeen (17) blocks and to a major extent in ten (10) of the seventeen (17) blocks.

Table 1, *Summary of Building Deterioration*, summarizes building deterioration within the blocks containing buildings in the Project Area. Figure 7, *Deterioration*, illustrates the location of deterioration within the Project Area.

E. 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

No illegal uses of individual structures were evident from the field surveys conducted.

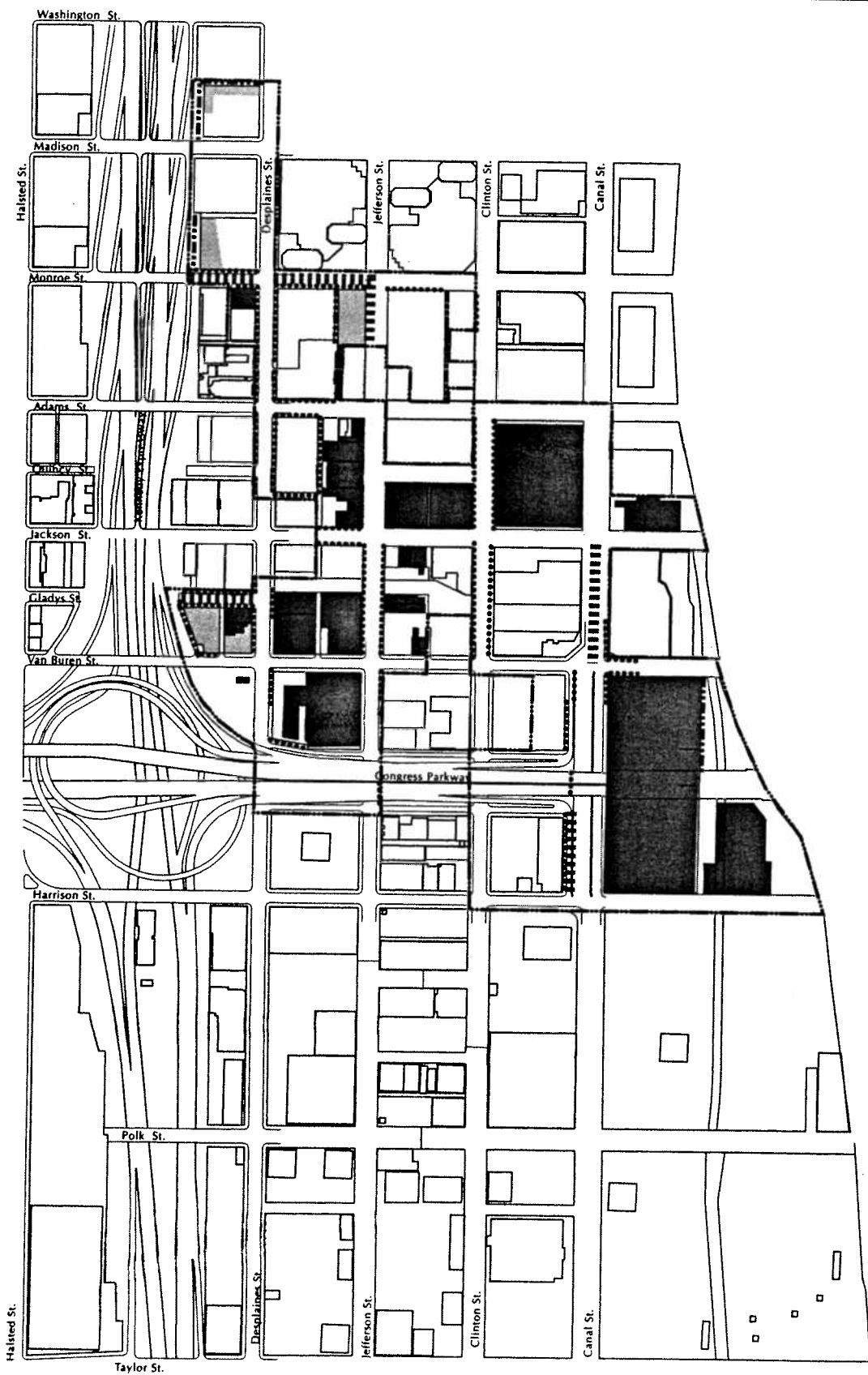
F. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS

Structures below minimum code standards include all structures which do not meet the standards of subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are to require buildings to be constructed so that they will be strong enough to support the loads expected, to be safe for occupancy against fire and similar hazards, and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code are characterized by defects or deficiencies which threaten health and safety.

Determination of the presence of structures below minimum code standards was based upon an exterior survey of all 33 buildings and interior surveys of 24 buildings for which TPAP and RMCA could gain sufficient access. Twenty-seven (27) of the 33 buildings surveyed were found to be below minimum code standards either on the basis of code related defects on the interior, or in combination with the exterior with regards to access into the buildings.

Table 1: Summary of Building Deterioration

Project Area	Tax Block No.	No. Of Buildings	Building Condition		
			Sound	Deteriorated/ Deteriorating	Substandard/ Dilapidated
	339	0	0	0	0
	100	0	0	0	0
	105	2	1	1	0
	106	1	0	1	0
	107	0	0	0	0
	111	7	1	6	0
	113	1	0	2	0
	114	1	0	1	0
	115	1	0	1	0
	117	2	0	1	1
	118	2	0	2	0
	119	8	1	7	0
	120	1	1	0	0
	122	1	0	1	0
	126	1	0	1	0
	129	2	1	1	0
	130	2	0	2	0
Project Area Total	33	5	27	1	
Percent	100.0	15.2	81.8	3.0	



- Deteriorated Buildings
- Site Improvements**
- Deteriorated Site Surface
- Deteriorated Streets
- Deteriorated Walks/Curbs
- Deteriorated Alley



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Figure 7
Deterioration

The following non-compliance conditions are examples of code violations found to be present within the Project Area:

- Lack of ADA (Americans with Disabilities Act) accessibility requirements, including accessibility into buildings, lobbies and elevators; undersized vestibules, elevators; elevators without floor identification for the visually impaired; and restrooms without proper access width and special hardware; alarms; signage; and etc.
- Ceilings in habitable areas lower than 8 feet, and exposed ceilings in fire-rated areas.
- Improper wiring, exposed wiring and junction boxes, extension cords, and old brittle cloth-cased wiring.
- Open stairs or enclosed stairs without proper B-label fire rated doors or lack of panic hardware and closers.
- Lack of or inoperable sprinkler or fire alarm systems.
- Unsanitary conditions, dusty conditions, and flammable storage in vacant or underutilized areas.
- Lack of exit signs and/or other life safety appurtenances.

The presence of code violations is further supported by code violation records maintained by the City. Information with respect to code compliance for the Project Area was provided to TPAP by the City of Chicago, Department of Buildings on buildings for which the City had issued violations during the period January 1, 1993 through May 1998. During this period, building code violations were listed by address and street name. Of the 33 buildings in the Project Area, 18, or 55 percent, were identified as being in violation of code standards.

Conclusion

The factor of structures below minimum code standards is present to a major extent within the Project Area. A total of twenty-seven (27) buildings, or 82 percent of the 33 buildings in the Project Area are below minimum code standards. Overall, the presence of structures below minimum code is present to a limited extent in four (4) of the seventeen (17) blocks and to a major extent in nine (9) of the seventeen (17) blocks.

Figure 8, *Structures Below Minimum Code*, illustrates the location of buildings and site improvements which are below minimum code standards.



Figure 8
**Buildings Below Minimum
 Code Standards**

■ Buildings Below Minimum
 Code Standards



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Canal / Congress

Tax Increment Financing Redevelopment Project Area

Chicago, Illinois

Prepared By: *Trkla, Pettigrew, Allen, & Payne, Inc.*

G. ABANDONMENT

Abandonment as a factor applies only to conservation areas. Webster's New Collegiate Dictionary defines "abandon" as "to give up with the intent of never again claiming one's right or interest"; or "to give over or surrender completely; to desert."

Conclusion

Based on the analysis of properties within the Project Area, abandonment as a factor is not found to be present.

H. EXCESSIVE VACANCIES

Excessive vacancies as a factor refers to the presence of buildings or sites which are either unoccupied or not fully utilized, and which exert an adverse influence on the surrounding area because of the frequency or duration of vacancies. Excessive vacancies include properties for which there is little expectation for future occupancy or utilization.

Excessive building vacancies are found throughout the Project Area. Vacancies are especially prevalent in older, poorly maintained buildings, and buildings characterized by obsolescence. Information regarding vacancies in individual buildings was obtained from interior and exterior building surveys conducted by TPAP and RMCA.

Conclusion

The factor of excessive vacancies is present to a major extent in the Project Area. Nineteen (19) buildings, or 58 percent of the total buildings in the Project Area contain vacancies of 20 percent or greater. In addition, there are five (5) buildings of the total 33 buildings which are totally vacant in the Project Area. Overall, excessive vacancies is present to a limited extent in seven (7) of the seventeen (17) blocks and to a major extent in five (5) of the seventeen (17) blocks.

Figure 9, *Excessive Vacancies*, illustrates the location of buildings in the Project Area which are 20 percent or more vacant.

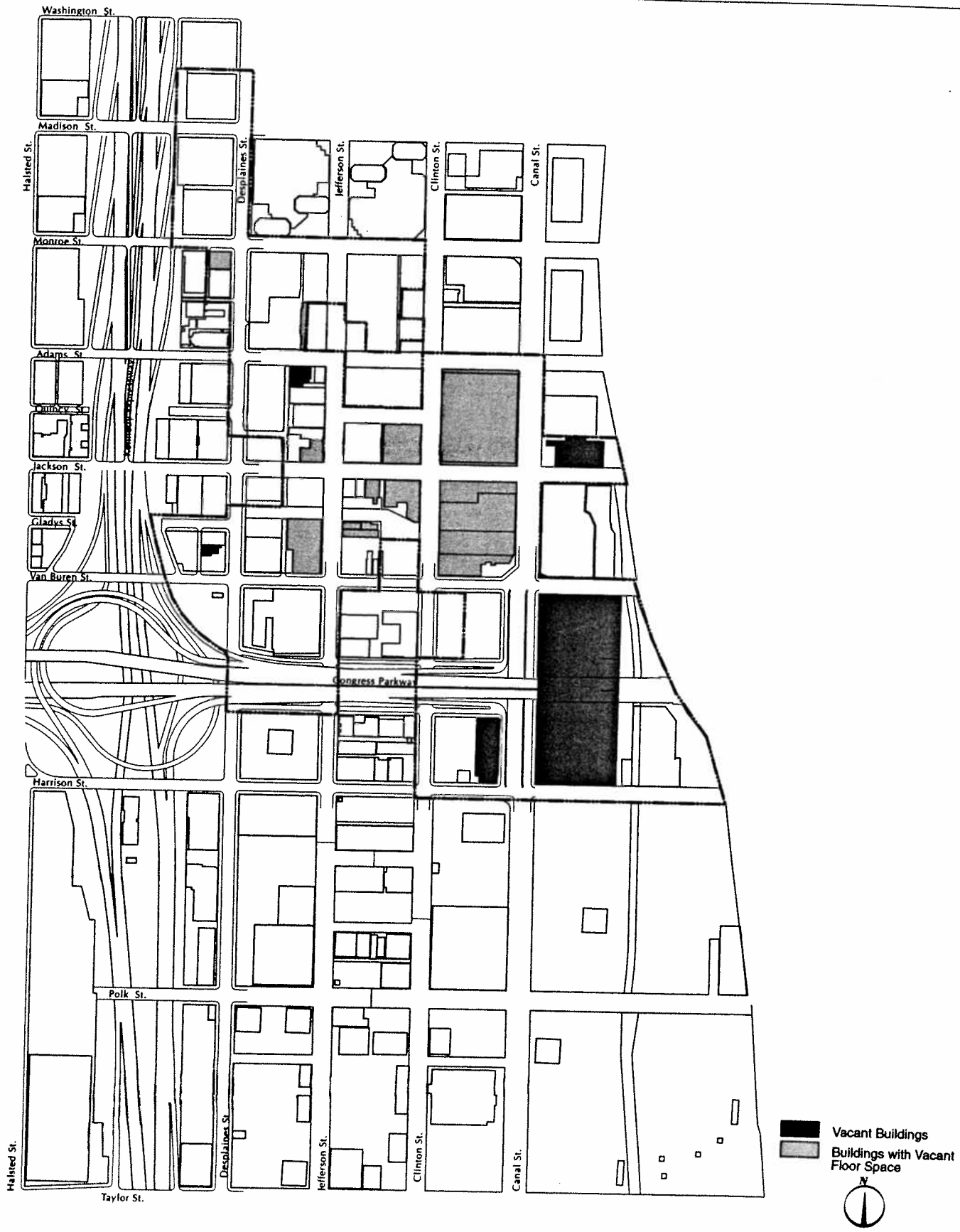


Figure 9
Excessive Vacancies

I. OVERCROWDING OF STRUCTURES AND COMMUNITY FACILITIES

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

Conclusion

No conditions of overcrowding of structures and community facilities have been documented as part of the exterior or interior surveys undertaken within the Project Area.

J. 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 rooms that produce dust, odor or smoke;
- Adequate natural light and ventilation by means of skylights or windows, proper window sizes, and adequate room area to window area ratios; and
- Adequate sanitary facilities, i.e., garbage storage/enclosure, bathroom facilities, hot water, and kitchens.

Conclusion

The factor of lack of ventilation, light, or sanitary facilities is present to a minor extent in the Project Area. A total of 5 buildings, or 15 percent of the 33 buildings in the Project Area are below ventilation, light, and/or sanitary standards. Overall, lack of ventilation, light, or sanitary facilities is present to a limited extent in one (1) of the seventeen (17) blocks and to a major extent in two (2) of the seventeen (17) blocks.

Figure 10, *Lack of Ventilation, Light, or Sanitary Facilities*, illustrates the location of buildings in the Project Area which exhibit this factor.

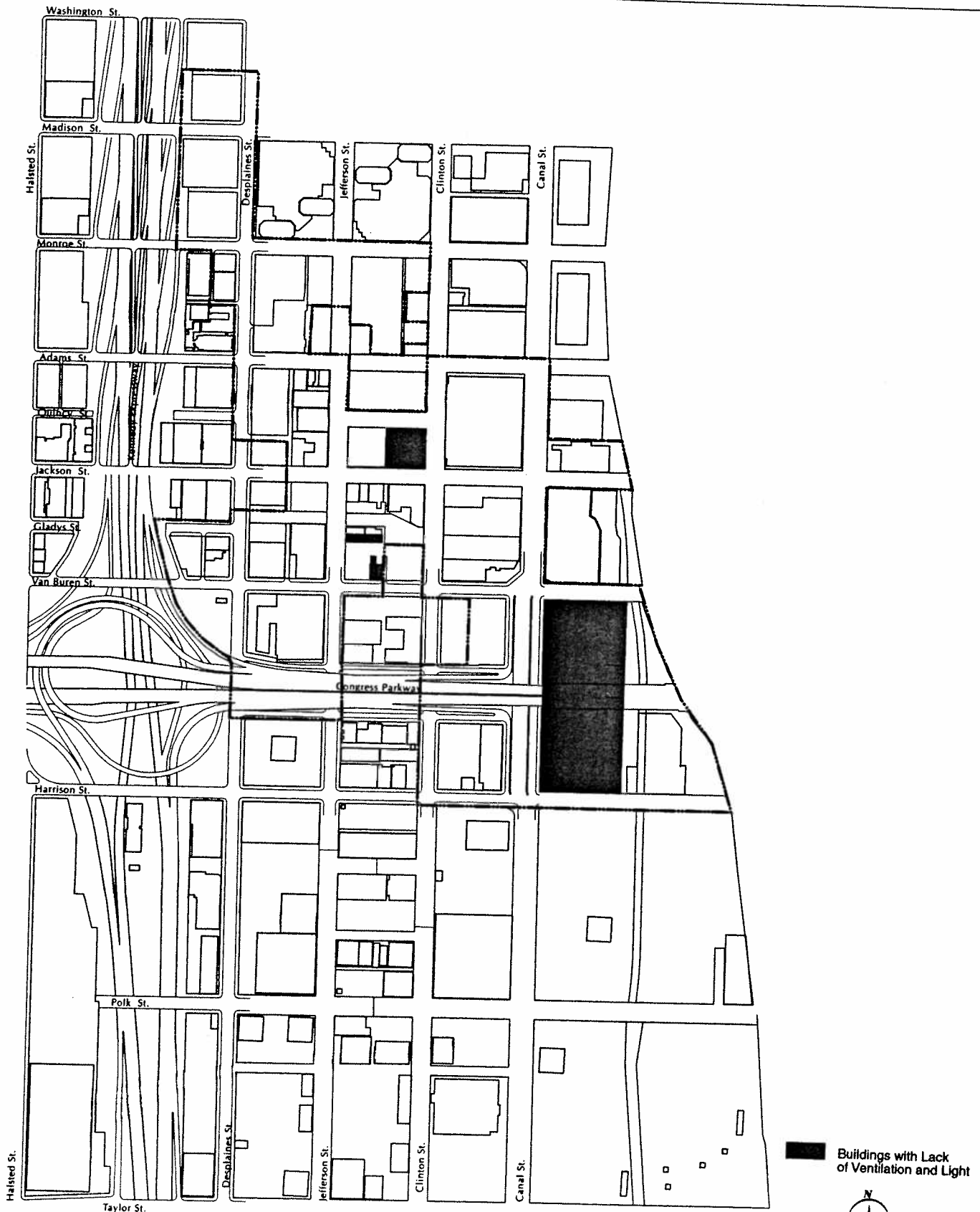


Figure 10
Lack of Light and Ventilation

Canal / Congress

Tax Increment Financing Redevelopment Project Area

Chicago, Illinois

Prepared By: Trkla, Pettigrew, Allen, & Payne, Inc.

K. INADEQUATE UTILITIES

Inadequate utilities refers to deficiencies in the capacity or condition of utilities which service a property or area, including, but not limited to, storm drainage, water supply, electrical power, streets, sanitary sewers, gas and electricity.

Conclusion

No determination of existing utilities and conditions of inadequate utilities has been documented as part of the surveys and analyses undertaken within the Project Area.

L. EXCESSIVE LAND COVERAGE

Excessive land coverage refers to the over-intensive use of land by buildings or facilities than can reasonably be accommodated by the site and supporting public infrastructure. Excessive land coverage can be manifested by various physical factors including, but not limited to, improperly situated buildings, parcels of inadequate size or shape, inadequate provisions for off-street parking, loading and service areas, and inadequate ingress/egress. One or several of these factors can result in insufficient provision for light and air, increased threat of the spread of fires due to close proximity of buildings, traffic circulation conflicts along public rights-of-way, improperly parked or illegally parked vehicles, and excessive vacancies due to inadequate loading and service areas for tenants.

While existing lot sizes, lot coverages, off-street parking and loading provisions, and building setback and yard requirements may not comply with the current zoning practices of the City, the Project Area developed prior to existing zoning requirements, and are similar to other older, developed sections of the downtown area.

Conclusion

No determination of excessive land coverage has been documented as part of the survey and analyses undertaken within the Project Area. However, many of the blighting factors that often result from excessive land coverage are found to be present throughout the Project Area.

M. DELETERIOUS LAND-USE OR LAYOUT

Deleterious land-uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed uses, and uses which may be considered noxious, offensive or otherwise environmentally unsuitable.

Deleterious layout includes oddly configured buildings by themselves or in relation to other buildings. Also, deleterious layout includes improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to allow development of buildings that meet present-day development standards and market conditions, including the provision of off-street parking, floor areas and internal circulation to accommodate modern office configurations, off-street loading and service areas and landscape provisions.

Conclusion

The factor of deleterious land use or layout is present to a minor extent in the Project Area. A total of 10 buildings, or 30 percent of the 33 buildings in the Project Area are found to be deleterious in land use. A total of seven (7) blocks, or 47 percent of the seventeen (17) full or partial blocks contained in the Project Area are impacted by deleterious layout. The factor of deleterious layout is present to a major extent in four blocks and to a minor extent in three blocks. Overall, deleterious land use or layout is present to a limited extent in eight (8) of the seventeen (17) blocks.

Figure 11, *Deleterious Land-Use or Layout*, illustrates the location of the presence of deleterious land-use and layout.

N. DEPRECIATION OF PHYSICAL MAINTENANCE

Depreciation of physical maintenance refers to the deferred maintenance of buildings, parking areas and public improvements such as alleys, sidewalks and streets.

The presence of this factor within the Project Area includes:

- Buildings. Of the 33 buildings in the Project Area, 18 suffer from deferred maintenance of windows, doors, store fronts, exterior walls, cornices, fire escapes, steps, loading docks, fascias or mechanical systems.
- Streets, alleys, sidewalks, curbs and gutters. Depreciation of physical maintenance of streets, alleys, sidewalks, curbs and gutters is located throughout the Project Area, with the greatest concentration in the western portion of the Project Area.
- Parking surface and site surface areas. Depreciation of physical maintenance of parking surface and site surface areas is located throughout the Project Area, with the greatest concentrations in the western portion of the Project Area.

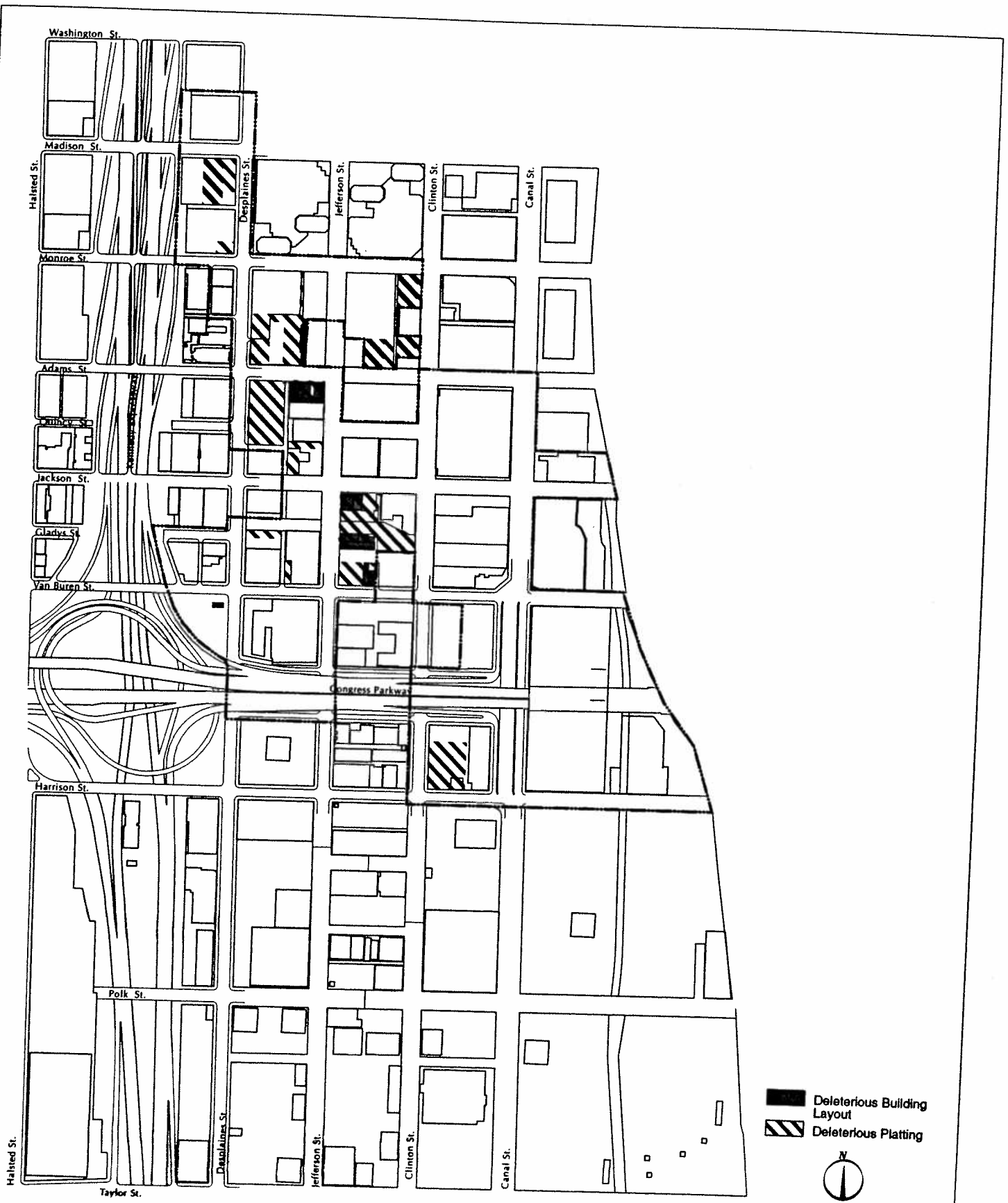


Figure 11
Deleterious Land-Use / Layout

 Deleterious Building Layout
 Deleterious Platting



 Project Area Boundary

Revision 7/10/98
 7/30/98
 8/7/98

Conclusion

The depreciation of physical maintenance of buildings and site improvements as a factor is present to a major extent in the Project Area. Eighteen (18) or 55 percent of buildings and approximately 50 percent of site improvements suffer from deferred maintenance. Overall, depreciation of physical maintenance is present to a limited extent in three (3) of the seventeen (17) blocks and to a major extent in nine (9) of the seventeen (17) blocks.

Figure 12, *Depreciation of Physical Maintenance*, illustrates the location of the presence of depreciation of physical maintenance in the Project Area.

O. LACK OF COMMUNITY PLANNING

With very few exceptions, most of the blocks were platted and buildings were constructed in the Project Area prior to the existence of the City's plans which are referenced in the Redevelopment Plan, to which this Eligibility Study is attached. The Project Area was originally platted and developed on a parcel-by-parcel and building-by-building basis, with little evidence of coordination and planning among buildings and adjacent land-use activities. Lack of community planning prior to development has contributed to some of the problem conditions which characterize the overall Project Area.

The overall Project Area is characterized by blocks containing a mix of building sizes, configurations and types which were constructed during different time frames. Blocks with oddly configured structures and parcels have created under-utilized areas, oddly configured alleys and parking surfaces, inadequate loading and service areas, and inadequate placement or provisions of parking and community facilities.

Conclusion

The factor of lack of community planning is present to a major extent throughout the Project Area.

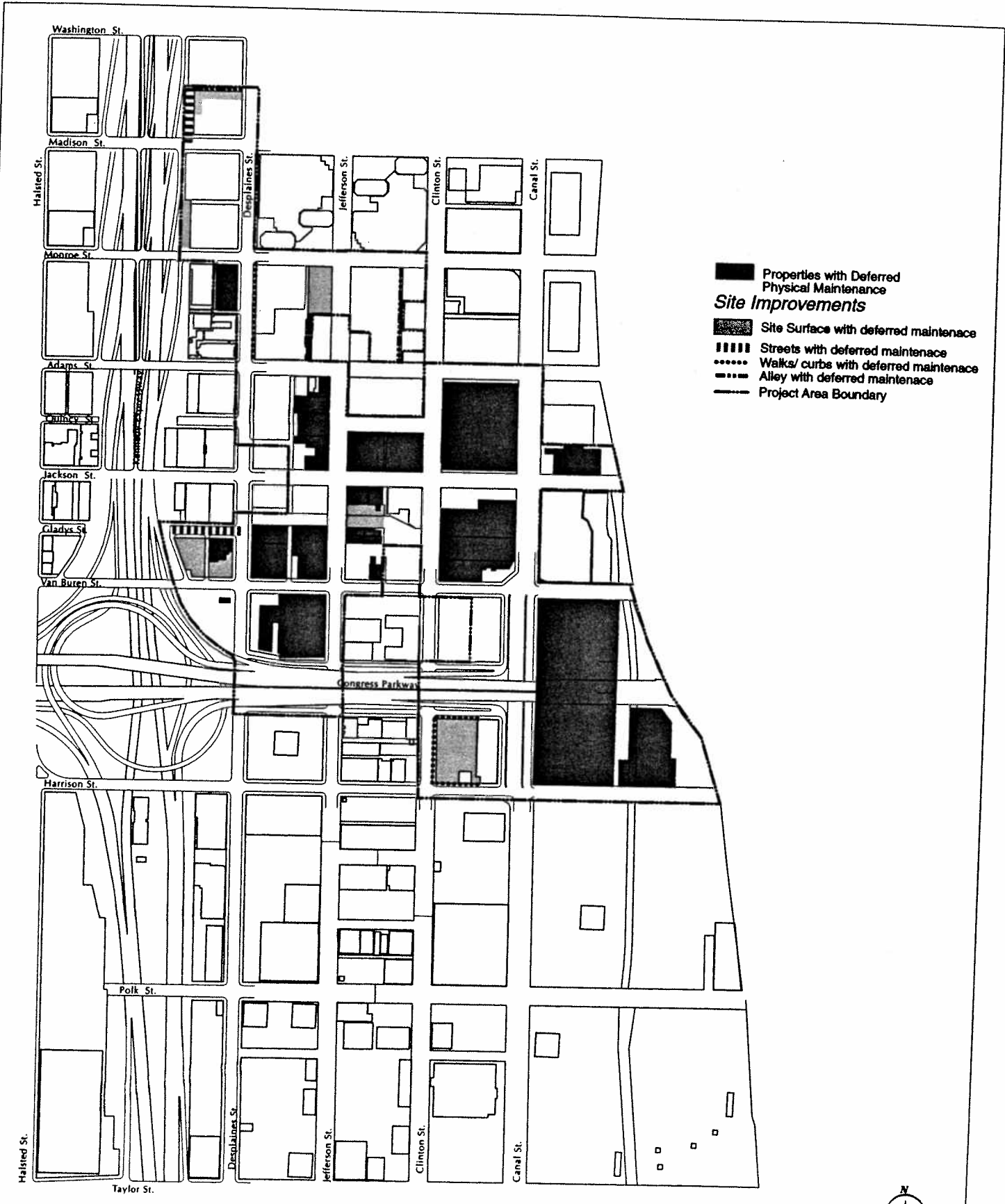



Figure 12
Depreciation of Physical Maintenance


 Revision 7/10/98
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IV. DETERMINATION OF PROJECT AREA ELIGIBILITY

CONSERVATION AREA

The Project Area meets both the minimum size and building age requirements of the Act for designation as a "conservation area." The Project Area contains approximately 41.3 acres which exceeds the minimum size requirement of 1 and 1/2 acres. Additionally, 30 of the 33 buildings (or 91 percent) in the Project Area are 35 years or older, thereby exceeding the 50 percent requirement contained in the Act.

In addition to age, nine (9) of the fourteen (14) factors are present in the Project Area and six (6) of those factors are present to a major extent and are reasonably distributed throughout the Project Area. The nine (9) factors present within the Project Area are listed below, and those that are present to a major extent and reasonably distributed are indicated by an asterisk.

1. Dilapidation
2. Obsolescence *
3. Deterioration *
4. Structures below minimum code standards *
5. Excessive vacancies *
6. Lack of light, ventilation, and sanitary facilities
7. Deleterious land-use
8. Depreciation of physical maintenance *
9. Lack of Community Planning *

** Indicates that the conservation factor is present to a major extent and reasonably distributed throughout the Project Area.*

None of the blocks within the Project Area are blighted. However, they are deteriorating and declining and may become blighted. A summary of conservation factors by block is contained in Table 2, *Distribution of Conservation Factors* and in Figure 13, *Summary of Conservation Factors*.

The eligibility findings indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well-being of the City. The Project Area is deteriorating and declining. All factors indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be developed without public action.

Table 2: Distribution of Conservation Factors

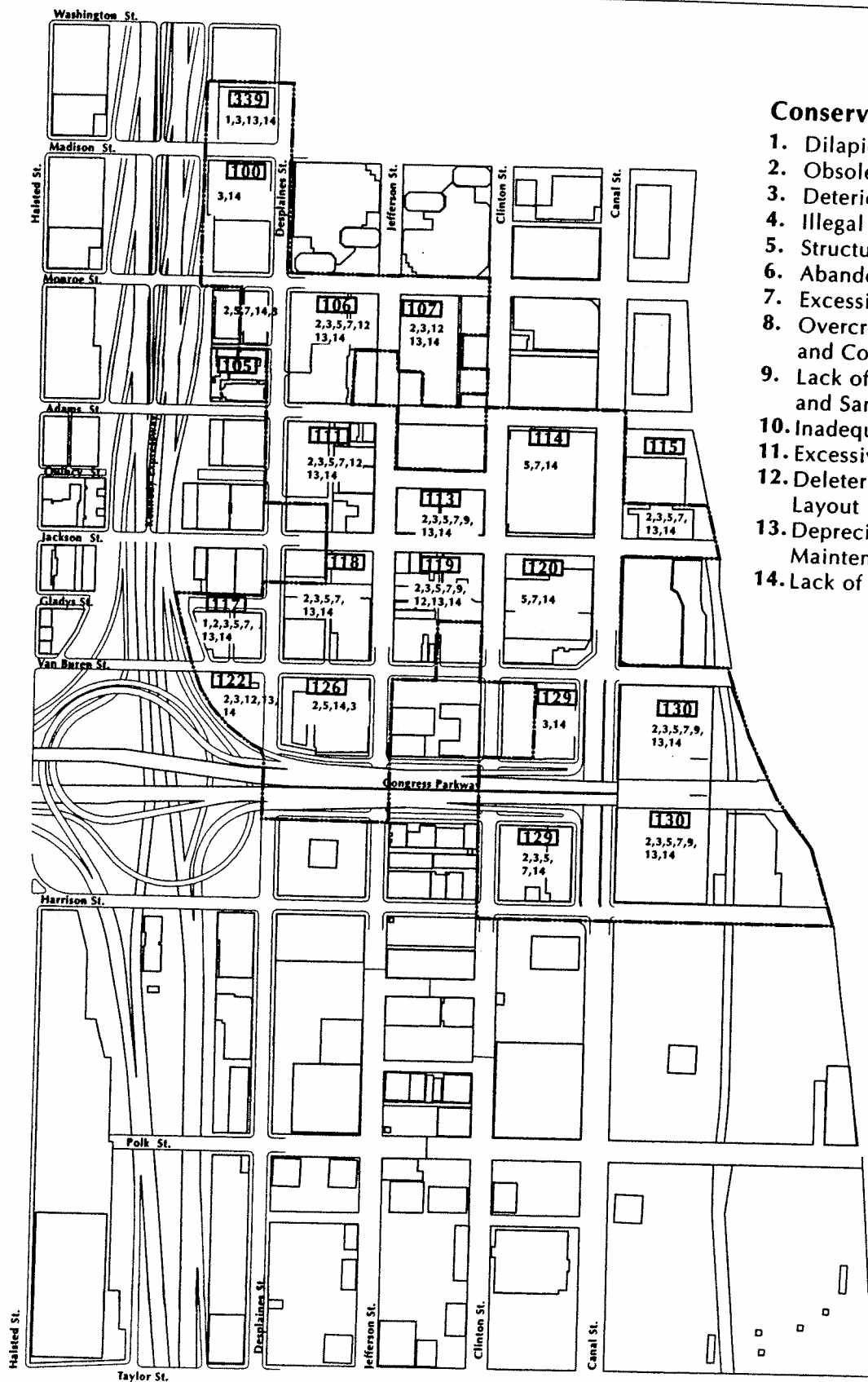
<u>Conservation Factors</u>	<u>BLOCK NUMBERS</u>								
	<u>100</u>	<u>105</u>	<u>106</u>	<u>107</u>	<u>111</u>	<u>113</u>	<u>114</u>	<u>115</u>	<u>117</u>
Age		■	■		■	■	■		■
<u>Other Factors</u>									
1. Dilapidation									□
2. Obsolescence	□	■	■	■	■	■	■	■	■
3. Deterioration	□	□	■	□	■	■	■	■	■
4. Illegal use of individual structures									
5. Structures below minimum code		■	■		■	■	■	□	■
6. Abandonment									
7. Excessive vacancies	□	■		□	■	■	■		□
8. Overcrowding of structures and community facilities									
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	■	■	■	■	■	■	■	■	■
Not present or not examined									
□ Present to a limited extent									
■ Present to a major extent									

Continued

Table 2: Distribution of Conservation Factors

<u>Conservation Factors</u>	<u>BLOCK NUMBERS</u>							
	<u>118</u>	<u>119</u>	<u>120</u>	<u>122</u>	<u>126</u>	<u>129</u>	<u>130</u>	<u>339</u>
Age		■	■			■	■	■
Other Factors								
1. Dilapidation								□
2. Obsolescence	■	■		□	■	□	■	
3. Deterioration	■	■		■	□	□	■	□
4. Illegal use of individual structures								
5. Structures below minimum code	■	■	□		□	□	■	
6. Abandonment								
7. Excessive vacancies	□	□	□			□	■	
8. Overcrowding of structures and community facilities								
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	■	■	■	■	■	■	■	■

Not present or not examined
 □ Present to a limited extent
 ■ Present to a major extent



Conservation Factors

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Illegal use of Individual Structures
5. Structures Below Minimum Code
6. Abandonment
7. Excessive Vacancies
8. Overcrowding of Structures and Community Facilities
9. Lack of Ventilation, Lighting, and Sanitary Facilities
10. Inadequate Utilities
11. Excessive Land Coverage
12. Deleterious Land-Use and Layout
13. Depreciation of Physical Maintenance
14. Lack of Community Planning

306 Block Numbers



— Project Area Boundary
 Revision 7/10/98
 7/30/98
 8/7/98

Figure 13
Summary of Conservation Factors



CANAL / CONGRESS TAX INCREMENT FINANCING REDEVELOPMENT PLAN AND PROJECT

“Notice of Correction of the Redevelopment Plan and Project”

NOTICE is hereby given by the City of Chicago of corrections to the Canal/ Congress Tax Increment Financing Redevelopment Plan and Project. To induce redevelopment pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the “Act”), the City Council of the City of Chicago (the “City”) adopted three ordinances on November 12, 1998, approving the Canal / Congress Tax Increment Financing Redevelopment Project and Plan (the “Original Plan,” and as hereby amended, the “Redevelopment Plan”), designated the Canal / Congress Redevelopment Project Area (the “RPA”) as a redevelopment project area under the Act and adopted tax increment allocation financing for the RPA. Amendment No. 1 was approved by the City Council on June 19th, 2002. The purposes of this Amendment No. 1 are:

- (1) to extend the termination date of the RPA and the date of completion of the Redevelopment Plan in accordance with recent amendments to the Act;
- (2) to add redevelopment project costs to the itemized list of redevelopment project costs set forth in the Redevelopment Plan;
- (3) to correct an error in the legal description of the RPA.

Amendments to the Act are stated in Public Act 92-263, which became effective on August 7, 2001, and in Public Act 92-406, which became effective on January 1, 2002. Pursuant to Section 11-74.4-3(n)(3) of the Act, a redevelopment plan approved by a municipality:

“...establishes the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs. Those dates shall not be later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of this Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted if the ordinance was adopted on or after January 15, 1981....”

Also, Section 11-74.4-3(n)(9) of the Act provides that:

“(9) For redevelopment project areas designated prior to November 1, 1999, the redevelopment plan may be amended without further joint review board meeting or hearing, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested party registry, to authorize the municipality to expend tax increment revenues for redevelopment project costs defined by paragraphs (5) and (7.5), subparagraphs (E) and (F) of paragraph (11), and paragraph (11.5) of subsection (q) of Section 11-74.4-3, so long as the changes do not increase the total estimated

redevelopment project costs set out in the redevelopment plan by more than 5% after adjustment for inflation from the date the plan was adopted.”

Section 11-74.4-3(q)(11)(F) of the Act provides that:

“(F) Instead of the eligible costs provided by subparagraphs (B) and (D) of paragraph (11), as modified by this subparagraph, and notwithstanding any other provisions of this Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under this Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing.”

Accordingly, the Canal / Congress Tax Increment Financing Redevelopment Project and Plan is amended by inserting the underlined text and deleting the stricken text, beginning on the cover page, where the text, Amendment No. 1, May, 2002 is inserted, followed by changes in Section V., F of the Plan, "Redevelopment Project - Redevelopment Project Costs," in Section V., H., "Redevelopment Project - Issuance of Obligations," in Section X., "Phasing and Scheduling," and in Exhibit II, Estimated Redevelopment Project Costs as follows:

V. REDEVELOPMENT PROJECT

F. Redevelopment Project Costs

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

1. Eligible Redevelopment Project Costs

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

- 1.) Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
- 2.) The costs of marketing sites within the RPA to prospective businesses, developers and investors;
- 3.) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- 4.) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, and fixtures, and leasehold improvements;
- 5.) Costs of the construction of public works or improvements;
- 6.) Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the RPA;
- 7.) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including interest accruing during the estimated period of construction of any redevelopment project for

which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;

- 8.) 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;
- 9.) Relocation costs to the extent that the municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
- 10.) Payment in lieu of taxes as defined in the Act;
- 11.) 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 (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) 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 the community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code;
- 12.) Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

 - 1.) such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;
 - 2.) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - 3.) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amount

so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and

- 4.) the total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total: (i) costs paid or incurred by the redeveloper for such redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act;
- 5.) Up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
- 6.) Instead of the eligible costs provided for in subparagraphs (2) and (5) above, the municipality may pay from tax increment revenues up to fifty percent (50%) of the cost of construction of new housing units to be occupied by low- and very low-income households (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act;
13. An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
14. The costs of daycare services for children of employees from low-income families working for businesses located within the RPA and all or a portion of the cost of operation of day care centers established by RPA businesses to serve employees from low-income families working in businesses located in the RPA. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80 percent of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development;
15. Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

2. Estimated Redevelopment Project Costs

The estimated eligible costs of this Redevelopment Plan are shown in Exhibit II. The total eligible cost provides an upper limit on expenditures that are to be funded using tax increment revenues (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 Redevelopment Plan. Additional funding in the form of State and Federal grants, private developers' contributions and other outside sources may be pursued by the City as a means of financing improvements and facilities which are of benefit to the general community and the Canal/Congress RPA, but any such funding would not be part of the total redevelopment project costs described in Exhibit II of this Redevelopment Plan. A range of redevelopment activities will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan. All estimates are based on 1998 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan.

~~—Redevelopment Project Costs described in the Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Redevelopment Plan.~~

H. Issuance of Obligations

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

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired not later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of this Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted (such ultimate retirement date occurring on December 31, 2022, within twenty-three (23) years from the adoption of the ordinance approving the Project Area and the Redevelopment Plan, such ultimate retirement date occurring in the year 2021. 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 of a series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.

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

X. PHASING AND SCHEDULING

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Project Area.

It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of Incremental Property Taxes by the City.

The completion date of the redevelopment project is not later than December 31, 2022.
~~The estimated date for completion of Redevelopment Projects is no later than the year 2021.~~

EXHIBIT II: Estimated Redevelopment Project Costs

Eligible Expense	Estimated Costs*
Analysis, Administration, Studies, Surveys, Legal, etc.	\$2,500,000
Property Assembly:	
- Acquisition	\$5,000,000
- Site prep, Demolition and Environmental Remediation	\$10,000,000
Rehabilitation of Existing Buildings	\$37,000,000 \$43,000,000
Public Works or Improvements	
- Streets and Utilities	\$6,000,000
- Parks and Open Spaces	\$9,000,000
Taxing Districts Capital Costs	\$1,200,000
Relocation	\$500,000
Job Training	\$5,000,000
Developer / Interest Subsidy	\$6,500,000
Day Care Services	\$3,000,000
Cost of construction of low- and very low-income housing	\$3,000,000
TOTAL REDEVELOPMENT COSTS	\$88,700,000 ⁽¹⁾

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

Project Costs. Total Project Costs are inclusive of redevelopment project costs in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes.

Public Act 92-263 also provides in Section 11 - 74.4-5 (c) that:

Changes which do not (1) add additional parcels of property to the proposed redevelopment project area, (2) substantially affect the general land uses proposed in the redevelopment plan, (3) substantially change the nature of the redevelopment project, (4) increase the total estimated redevelopment project cost set out in the redevelopment plan by more than 5% after adjustment for inflation from the date the plan was adopted, (5) add additional redevelopment project costs to the itemized list of redevelopment project costs set out in the redevelopment plan, or (6) increase the number of low or very low income households to be displaced from the redevelopment project area, provided that measured from the time of creation of the redevelopment project area the total displacement of the households will exceed 10, may be made without further hearing, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested parties registry, provided for under Section 11-74.4-4.2, and by publication in a newspaper of general circulation within the affected taxing district. Such notice by mail and by publication shall each occur not later than 10 days following the adoption by ordinance of such changes.

The City is making the following change in order to clarify a discrepancy between the Equalized Assessed Valuation (EAV) list and the Maps of the Plan, and the legal description, where parcels of land on the north side of Jackson Boulevard between Jefferson and Clinton are shown on the Maps and listed on the EAV list, but are not included in the legal description. The following underlined text is inserted, and the stricken text is deleted:

THENCE SOUTH ALONG SAID EAST LINE OF JEFFERSON ST. TO THE NORTH LINE OF QUINCY JACKSON STREET;

THENCE EAST ALONG SAID NORTH LINE OF ~~JACKSON~~ QUINCY ST. TO THE WEST LINE OF CLINTON STREET;

. The corrected Plan has been available for public inspection and review since May 29th, 2002, at the Office of the City Clerk, Room 107, 121 North LaSalle Street, Chicago, Illinois or the Department of Planning and Development, 10th Floor, 121 N. LaSalle Street, Chicago, Illinois. If you wish to review the Plan, or obtain further information concerning the Plan or the corrections of the Plan, please contact Bob Ruhloff, at the Department of Planning and Development, Room 1101, 121 N. LaSalle Street, Chicago, Illinois, (312) 744-0958 during the hours of 9:00 a.m. until 4:00 p.m., Monday through Friday.

Alicia Mazur Berg, Commissioner
DEPARTMENT OF PLANNING AND DEVELOPMENT
City of Chicago