

CITY OF CHICAGO

79TH AND CICERO REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING PROGRAM

REDEVELOPMENT PLAN AND PROJECT

CITY OF CHICAGO

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THIS REDEVELOPMENT PLAN IS SUBJECT TO REVIEW, COMMENTS AND REVISION

PREPARED BY
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Table of Contents

I.	Introduction.....	1
II.	Redevelopment Project Area and Legal Description	2
	A. Existing Land Use	2
	B. Community Area History	2
	C. Zoning Characteristics.....	2
	D. Tax Increment Allocation Redevelopment Act	2
III.	Redevelopment Goals and Objectives	4
	A. General Goals	4
	B. Redevelopment Objectives	4
	C. Design Guidelines	5
IV.	Conservation Area Conditions in the Redevelopment Project Area.....	6
	A. Illinois Tax Increment Act	6
	B. Conservation Area Eligibility Factors	7
	C. Eligibility Findings Conclusion	8
V.	79th and Cicero Redevelopment Project.....	10
	A. General Land-Use Plan.....	10
	B. Redevelopment Plan.....	10
	C. Redevelopment Project.....	11
	D. Estimated Redevelopment Project Activities and Costs.....	11
	E. Sources of Funds to Pay Redevelopment Project Costs	16
	F. Issuance of Obligations.....	16
	G. Most Recent Equalized Assessed Valuation of Properties	17
	H. Anticipated Equalized Assessed Valuation.....	17
	I. Financial Impact of the Redevelopment Project	188
	J. Program to Address Financial and Service Impacts	19
	K. Provision for Amending the Redevelopment Plan.....	19
	L. Fair Employment Practices, Affirmative Action Plan, & Prevailing Wage Agreement.....	19
	M. Phasing And Scheduling	20
VI.	Appendix.....	21
	Table 1 - Estimated Redevelopment Project Costs	22
	Exhibit 1 - Legal Description	23
	Exhibit 2 - 2003 Equalized Assessed Values	24
	Exhibit 3 - Maps	25
	Exhibit 4 - City of Chicago 79th and Cicero Tax Increment Financing Program Eligibility Study	29

I. Introduction

Louik/Schneider & Associates, Inc. developed the 79th and Cicero Redevelopment Project Area Tax Increment Financing Program Redevelopment Plan and Project (the "Plan") for the proposed redevelopment area known as 79th and Cicero in Chicago, Illinois (the "Redevelopment Project Area"). The Redevelopment Project Area is located on the southwest side of the City, approximately 13 miles from the central business district. The Redevelopment Project Area is generally bounded by 79th Street on the north, 81st Street on the south, Kilpatrick Avenue on the east, and Cicero Avenue on the west (see Appendix Exhibit 1, *Legal Description* and Exhibit 3, - Map 1 - *Project Boundary*).

This Plan summarizes the analyses and findings of the consultant's work, which, unless otherwise noted, is the responsibility of Louik/Schneider & Associates, Inc. (the "Consultant"). The City of Chicago (the "City") is entitled to rely on the findings and conclusions of this Plan in designating the Redevelopment Project Area as a redevelopment project area under the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (2002 State Bar Edition), as amended (the "Act"). The Consultant has prepared this Plan and the related Eligibility Study with the understanding that the City would rely (1) on the findings and conclusions of the Plan and the related Eligibility Study in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Plan, and (2) on the Consultant to obtain the information necessary for the Plan and the related Eligibility Study to comply with the Act.

This Redevelopment Project Area does not include any residential units. Therefore, a housing impact study will not be completed pursuant to Section 11-74.4-3(n) (5) of the Act.

II. Redevelopment Project Area and Legal Description

A. Existing Land Use

The Redevelopment Project Area contains The Scottsdale Shopping Center. The Scottsdale Shopping Center includes both commercial and retail businesses (see Exhibit 3, Map 2 - *Existing Land Use*).

B. Community Area

The Redevelopment Project Area is located in the Ashburn Community Area. The Ashburn Community at 79th Street is at the western boundary of the City limits. The population of Ashburn peaked in the 1970s and has continued to decline since then. It is approximately three miles south of Midway Airport. The Redevelopment Project Area is accessible from the Stevenson Expressway. Public transportation is accessible via the Chicago Transit Authority Orange Line at the Midway Station, PACE BUS # 379, CTA BUS # 79, CTA BUS and # 54B SOUTH CICERO.

The Scottsdale Shopping Center was one of the first modern retail shopping centers in the City. It was developed in 1955 and was home to many retailers including Goldblatts, Bergman & Co Jeweler, Richman Bros Co. Clothing, and Harlem Furniture.

C. Zoning Characteristics

Based on the 2004 Title 17 Municipal Code of Chicago, Chicago Zoning Ordinance (Index Publishing Corporation) the Redevelopment Project Area includes zoning classifications for commercial and business districts. The Redevelopment Project Area is currently zoned B1-2, B3-2 and C1-2.

D. Tax Increment Allocation Redevelopment Act

The Redevelopment Project Area is characterized by conditions that qualify it to be designated as an improved "Conservation Area" within the definitions as set forth in the Act.

The Act provides a means for municipalities, after the approval of a redevelopment plan, designation of an area as a redevelopment project area, and adoption of tax increment allocation financing for such redevelopment project area, to redevelop blighted and conservation areas by pledging the incremental tax revenues generated by redevelopment in the redevelopment project area to projects in such redevelopment project area. These incremental tax revenues are used to pay for costs of public improvements that are required to stimulate private investment in new redevelopment and rehabilitation, or to reimburse private developers for eligible costs incurred in connection with an approved development. Municipalities may issue obligations to be repaid from the stream of real property tax increment revenues generated within the redevelopment project area.

III. Redevelopment Goals and Objectives

Comprehensive goals and objectives are included in this Plan to guide the decisions and activities that will facilitate the revitalization of the Redevelopment Project Area. Many of them can be achieved through the effective use of local, state, and federal mechanisms. These goals and objectives generally reflect existing City policies affecting all or portions of the Redevelopment Project Area. They are meant to guide the development and review of all future projects undertaken in the Redevelopment Project Area.

A. General Goals

- Reduce or eliminate those conditions that qualify the Redevelopment Project Area as a Conservation Area.
- Create an environment within the Redevelopment Project Area that will contribute to the health, safety and general welfare of the City.
- Strengthen the economic well-being of the Redevelopment Project Area and the City by enhancing the properties and the local tax base to their fullest potential.
- Create construction job opportunities in the Redevelopment Project Area.
- Create new jobs and retain existing jobs for residents of the City.
- Encourage the participation of minorities and women in the redevelopment process of the Redevelopment Project Area.
- Re-establish the area's business viability and vitality.

B. Redevelopment Objectives

To achieve the general goals of this Plan, the following redevelopment objectives have been established:

- Redevelop the existing underutilized shopping center.
- Encourage private investment in new development and rehabilitation of buildings in the Redevelopment Project Area.
- Provide public infrastructure improvements where necessary. Replace and repair sidewalks, curbs, and alleys throughout the Redevelopment Project Area.
- Provide public and private infrastructure and streetscape improvements and other available assistance necessary to promote commercial (office and retail) uses in the Redevelopment Project Area.

- Establish job training and job-readiness programs to provide residents within and near the Redevelopment Project Area with skills necessary to secure jobs.
- Attract new sales taxes dollars to the City of Chicago.

C. Design Guidelines

Although overall goals and redevelopment objectives are important in the process of redeveloping such an area, design guidelines are necessary to ensure that redevelopment activities result in an attractive and functional environment. The following design guidelines give a general but directed approach to the development of specific projects within the Redevelopment Project Area.

- Continue to provide adequate buffers to residential neighbors from the commercial development.
- Integrate new development functionally and aesthetically with that of adjacent development.
- Maintain scale of buildings not only in height but also in density and design that is consistent with adjacent structures.
- Ensure safe and functional circulation patterns for pedestrians and vehicles.
- Ensure improvements of public ways that encourage neighborhood usage of commercial establishments.
- Create landscaping per the City's guidelines for this type of redevelopment that will soften the parking lot and adjacent areas.
- Integrate energy efficient features into buildings.

IV. Conservation Area Conditions in the Redevelopment Project Area

A. Illinois Tax Increment Act

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

As set forth in the Act, a "Conservation Area" is any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area, but because of a combination of three or more of the following factors is detrimental to public safety, health, morals, or welfare, and such an area may become a blighted area:

- Dilapidation
- Obsolescence
- Deterioration
- Presence of structures below minimum code standards
- Illegal use of individual structures
- Excessive vacancies
- Lack of ventilation, light, or sanitary facilities
- Inadequate utilities
- Excessive land coverage and overcrowding of structures and community facilities
- Deleterious land use or layout
- Necessity of environmental clean-up
- Lack of community planning
- EAV comparison

The Act states that no redevelopment plan shall be adopted unless a municipality complies with all of the following requirements: (1) The municipality finds that the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the redevelopment plan and (2) The municipality finds that the redevelopment plan and project conforms to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the redevelopment plan and project was adopted, the redevelopment plan and project either: (i) conforms to the strategic economic development or redevelopment plan issued by the designated planning authority of the municipality, or (ii) includes land uses that have been approved by the planning commission of the municipality.

The Consultant conducted comprehensive exterior surveys of the two parcels of the Redevelopment Project Area to identify the eligibility factors and their degree of presence. The exterior surveys examined not only the condition and use of buildings, but also streets, sidewalks, curbs, gutters, lighting, underutilized land, parking facilities, landscaping, fences and walls, and general maintenance. In addition, an analysis was conducted of existing site coverage and parking, land uses, zoning and its relationship to the surrounding area.

Based upon surveys, site inspections, research, and analysis by the Consultant the Redevelopment Project Area qualifies as a Conservation Area as defined by the Act. A separate report, entitled *City of Chicago 79th and Cicero Tax Increment Financing Program Eligibility Study* dated January 2005 (the "Eligibility Study"), is attached as Exhibit 4 to this Plan. It describes in detail the surveys and analyses undertaken, and the basis for qualifying the Redevelopment Project Area as a Conservation Area.

B. Conservation Area Eligibility Factors

The Redevelopment Project Area (referred to as the "Study Area" in the Eligibility Study) consists of 1 block and 2 parcels. There are seven buildings in the Redevelopment Project Area. In addition to age, the Redevelopment Project Area is characterized by the presence of five Conservation Area eligibility factors defined below:

Age

Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years.

1. Dilapidation

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

2. Obsolescence

Obsolescence is defined in the Act as "the condition or process of falling into disuse." Obsolescent structures have become ill-suited for their original use.

3. Deterioration

Deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring major treatment or repair. The Act defines deterioration with respect to buildings as, "defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia."

4. Excessive Vacancies

This factor refers to buildings that are unoccupied or underutilized and exert an adverse influence on the area because of the frequency, duration, or extent of vacancy.

5. Lack of Growth in EAV Comparison

Lack of growth in EAV comparison may be considered a factor if the EAV total of the proposed Redevelopment Project Area has declined for 3 of the last 5 calendar years for which the information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency

for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

C. Eligibility Findings Conclusion

The eligibility findings indicate that the Redevelopment Project Area qualifies as a Conservation Area as set forth in the Act. The number, degree, and distribution of factors as documented in this report warrant the designation as a Redevelopment Project Area. Specifically:

- The buildings in the Redevelopment Project Area meet the statutory criteria for age; 71% of the buildings are at least 35 years old.
- Of the 13 eligibility factors for a Conservation Area set forth in the Act, five factors are present. In addition to age, only three are necessary for designation as a Conservation Area.
- The Conservation Area eligibility factors that are present are reasonably distributed throughout the Redevelopment Project Area.

The eligibility findings indicate that the Redevelopment Project Area contains factors that qualify it as a Conservation Area in need of revitalization, and that designation as a redevelopment project area will contribute to the long-term enhancement of the City.

The Redevelopment Project Area has not benefited from growth and development as a result of investments by private enterprise, and will not be developed without action by the City. Specifically, the high level of vacancy (44% as of September 2004) resulting in a decrease in sales tax collected are evidence of the shopping mall's inability to compete in today's marketplace. From this data, together with the other eligibility factors, it can be reasonably concluded that the Redevelopment Project Area (i) has not been subject to growth and development through private investment, and (ii) would not reasonably be anticipated to be developed without adoption of a redevelopment plan by the City. Adoption of the Redevelopment Plan and Project is necessary to halt deterioration of the Redevelopment Project Area.

The analysis above was based upon data assembled by the Consultant. The surveys, research, and analysis conducted include the following:

- Exterior surveys of the conditions and use of the Redevelopment Project Area;
- Field surveys of environmental conditions, including streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
- Comparison of current land uses to the current zoning ordinance and current zoning maps;
- Historical analysis of site uses and users;
- Analysis of original and current platting and building size layout;
- Review of previously prepared plans, studies, and data; and
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- Evaluation of the EAVs in the Redevelopment Project Area from tax years 1998 to 2003.

The Redevelopment Project Area qualifies as an improved Conservation Area and is therefore eligible for Tax Increment Financing under the Act.

V. 79th and Cicero Redevelopment Project

This section defines the Redevelopment Project to be undertaken by both the City through its various departments and through private developers and/or individuals. The Redevelopment Project is outlined in the following sections: *General Land-Use Plan*, *Redevelopment Plan*, *Redevelopment Project*, and *Estimated Redevelopment Activities and Costs*.

A. General Land-Use Plan

The proposed land uses for the Redevelopment Project Area reflect the goals and objectives previously identified. Map 3 – *Proposed Land Use* identifies the uses that will be supported by the Plan. The major land use categories for the Redevelopment Project Area include mixed-use commercial. The Proposed Land Use Plan is intended to guide future land use improvements and developments for the Redevelopment Project.

The Chicago Plan Commission must approve this Plan and the proposed land uses described herein prior to its adoption by the City Council. The proposed commercial land use allows for retail and office uses.

B. Redevelopment Plan

The proposed land uses are key to the comprehensive and cohesive development of the Redevelopment Project Area as a successful complement to its surrounding commercial and residential community. The Redevelopment Project Area has the potential to provide a variety of jobs in the commercial and retail shopping facility. The overall strategy is to redevelop the shopping center and assist the retail and commercial businesses with their expansion and future developments.

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

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

Relocation assistance may be provided in order to facilitate redevelopment of portions of the Redevelopment Project Area, and to meet the other City objectives. Businesses or households

legally occupying properties to be acquired by the City may be provided with relocation advisory and financial assistance as determined by the City.

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

C. Redevelopment Project

The purpose of this Plan is to create a planning and programming mechanism that provides a financial vehicle to allow for the redevelopment of properties within the Redevelopment Project Area. The Plan contains specific redevelopment objectives addressing both private actions and public improvements that will assist the overall redevelopment of the Redevelopment Project Area. The Plan will be implemented in phases and will help to eliminate those existing conditions that make the Redevelopment Project Area susceptible to blight.

The Plan for the Redevelopment Project Area incorporates the use of tax increment funds to stimulate and stabilize the Redevelopment Project Area which will have a positive effect for the residents and property owners in the surrounding area. The Plan's underlying strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage further private investment. The City may enter into redevelopment agreements, which will generally provide for the City to grant funding for activities permitted by the Act. The funds for these improvements will come from the incremental increase in tax revenues generated from the Redevelopment Project Area, or the City's possible issuance of bonds to be repaid from the incremental taxes. A developer may be responsible for site improvements and may further be required to build any agreed-upon improvements needed for the project. Under a redevelopment agreement, the developer may also be reimbursed from incremental tax revenues (to the extent permitted by the Act) for all or a portion of eligible costs.

D. Estimated Redevelopment Project Activities and Costs

The City may enter into redevelopment agreements or intergovernmental agreements with private entities or public entities to construct, rehabilitate, renovate, or restore private or public improvements on one or more parcels (collectively referred to as "Redevelopment Projects"). The various redevelopment expenditures that are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated redevelopment project costs that are deemed necessary to implement this Plan (see Table 1 – *Estimated Redevelopment Project Costs*).

In the event the Act is amended after the date of the approval of this Plan by the City Council of Chicago to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5-11-74.4-3(q)(11)), this Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as Redevelopment Project Costs under the Plan, to the extent permitted by the Act. In the event of such amendments to the Act, the City may add any new eligible Redevelopment Project

Costs as a line item in Table 1 or otherwise adjust the line item in Table 1 without amendments to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total Redevelopment Project Costs without a further amendment to this Plan.

Eligible Redevelopment Costs

Redevelopment Project Costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this 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 Plan including but not limited to staff and professional service costs for architectural, engineering, legal, 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 Redevelopment Project Area to prospective businesses, developers, and investors;
3. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground-level or below-ground environmental contamination, including but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
4. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
5. Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
6. Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the Redevelopment Project Area as long as such projects feature a community-based training program which ensures maximum reasonable opportunities for residents of the community area with particular attention to the needs of those residents who have previously experienced inadequate employment opportunities and development of job-related skills including residents of public and other subsidized housing and people with disabilities;
7. Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated

- period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves thereto;
8. To the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan;
 9. Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act ;
 10. Payment in lieu of taxes, as defined in the Act;
 11. Costs of job training, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (1) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Redevelopment Project Area; and (2) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;
 12. Interest costs incurred by a 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 the 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 amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; (4) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total (i) cost paid or incurred by the redeveloper for such redevelopment project, or (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and (5) up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing for low- and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be substituted for 30 percent in (2) and (4) above;

13. Unless explicitly provided in the Act, the cost of construction of new privately owned buildings shall not be an eligible redevelopment project cost;
14. An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
15. Instead of the eligible costs provided for in 12 (2), (4) and (5) above, the City may pay up to 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. The City requires that developers who receive TIF assistance for market-rate housing set aside 20% of the units to meet affordability criteria established by the City's Department of Housing. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 100% of the area median income, and affordable rental units should be affordable to persons earning no more than 60% of the area median income; and
16. The costs of day care services for children of employees from low-income families working for businesses located within the Redevelopment Project Area and all or a portion of the cost of operation of day care centers established by Redevelopment Project Area businesses to serve employees from low-income families working in businesses located in the Redevelopment Project Area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80% of the City, county, or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

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

The City may incur Redevelopment Project Costs, which are paid from the funds of the City other than incremental taxes, and the City may then be reimbursed for such costs from incremental taxes.

Table 1 - *Estimated Redevelopment Project Costs* represents those eligible project costs pursuant to the Act. The total Redevelopment Project Costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, interest, and other financing costs). Within this limit, adjustments may be made in line items without amendment to this Plan. These upper limit expenditures are potential costs to be expended over the maximum 23-year life of the Redevelopment Project Area. These funds are subject to the amount of projects and incremental tax revenues generated and the City's willingness to fund proposed projects on a project-by-project basis. The Redevelopment Project Costs represent estimated amounts and do not represent actual City commitments or expenditures.

Table 1 - Estimated Redevelopment Project Costs

	Program/Action/Improvements	Estimated Costs*
1.	Property Assembly: acquisition	\$3,000,000
2.	Site preparation, and demolition, and environmental remediation	5,000,000
3.	Public Work and Improvements: streets and utilities, parks and open space, public facilities (schools and other public facilities) ⁽¹⁾	1,000,000
4.	Relocation	3,500,000
5.	Rehabilitation of Existing Structures, Leasehold Improvements, Affordable Housing Construction and Rehabilitation Cost	3,500,000
6.	Job Training, Retraining, Welfare-to-Work	500,000
7.	Interest Subsidies	500,000
8.	Professional Services: studies, surveys, plans and specifications, administrative costs relating to redevelopment plan, architectural, engineering, legal, marketing, financial, planning, or other services	750,000
9.	Day Care Services	250,000
	Total Redevelopment Costs⁽²⁾⁽³⁾⁽⁴⁾	\$18,000,000

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

- (1) This category may also include paying for reimbursing (i) an elementary, secondary, or unit school district's increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts affected by the redevelopment of the Redevelopment Project Area. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.
- (2) Total Redevelopment 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.
- (3) The amount of the Total Redevelopment Costs that can be incurred in the Redevelopment Project Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Redevelopment Project Area only by a public right of way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Redevelopment Project Area, but will not be reduced by the amount of redevelopment project costs incurred in the Redevelopment Project Area that are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Redevelopment Project Area only by a public right of way.
- (4) Increases in estimated Total Redevelopment Costs of more than five percent, after adjustment for inflation from the date of the Plan adoption, are subject to the Plan amendment procedures as provided under the Act.

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

Changes may be made in line items (but not in total) without Amendment of the Plan.

E. 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 for such costs from incremental taxes. Also, the City may permit the use of guarantees, deposits and other forms of security made available by private sector developers. The Redevelopment Project Area may be contiguous to or separated by only a public right-of-way from other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Redevelopment 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 Redevelopment 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 Redevelopment Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Plan.

The Redevelopment Project Area may become contiguous to, or 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 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 Redevelopment Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Plan that net revenues from the Redevelopment Project Area be made available to support any such Redevelopment Project Areas, and vice versa. The City therefore proposes to use net incremental revenues received from the Redevelopment 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 Redevelopment Project Area, and such areas. The amount of revenue from the Redevelopment Project Area so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Redevelopment Project Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in this Plan.

F. 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.

The Redevelopment Project shall be completed, and all obligations issued to finance Redevelopment Project Costs shall be retired, no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the 23rd calendar year following the year in which the ordinance approving this Redevelopment Project Area is adopted (assuming City Council approval of the Redevelopment Project Area and Plan in 2005, by December 31, 2029). Also, the final maturity date of any such

obligations issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Plan. Obligations may be issued on a parity or subordinated basis.

In addition to paying Redevelopment Project Costs, incremental property taxes may be used for the scheduled and/or early 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 such purposes, and are not otherwise required, pledged, earmarked or otherwise designated for the payment of Redevelopment Project Costs, any excess incremental property taxes shall then become available for distribution annually to taxing districts having jurisdiction over the Redevelopment Project Area in the manner provided by the Act.

G. Most Recent Equalized Assessed Valuation of Properties

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Redevelopment Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Redevelopment Project Area. The 2003 EAV of all taxable parcels in the Redevelopment Project Area is approximately \$8,018,405. This total EAV amount, by PIN, is summarized in Exhibit 2. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Redevelopment Project Area will be calculated by Cook County. If more current EAV shall become available prior to the date of the adoption of the Plan by the City Council, the City may update the Plan by replacing Exhibit 2 with the most recent EAV's.

H. Anticipated Equalized Assessed Valuation

The estimated EAV of real property within the Redevelopment Project Area, by the year 2009 (when it is estimated that the Redevelopment Projects, based on current information, will be constructed and fully assessed), is anticipated to be between \$19,000,000 and \$23,000,000. These estimates are based on several key assumptions, including (1) all currently projected development will be constructed and occupied by 2009; (2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Plan; (3) the most recent State Multiplier of 2.4598 as applied to 2003 assessed values will remain unchanged; (4) for the duration of the Redevelopment Project Area, the tax rate for the entire area is assumed to be the same and will remain unchanged from the 2003 level; and (5) growth from reassessments of existing properties in the Redevelopment Project Area will be at a rate of 2.5% per year with a reassessment every three years. Although development in the Redevelopment Project Area could occur after 2009, it is not possible to estimate with accuracy the effect of such future development on the EAV for the Redevelopment Project Area. In addition, as described in Section M of the Plan, Phasing and Scheduling of Redevelopment, public improvements and the expenditure of Redevelopment Project Costs may be necessary in furtherance of the Plan throughout the period that the Plan is in effect.

I. Financial Impact of the Redevelopment Project

In 1994, the Act was amended to require an assessment of any financial impact of the Redevelopment Project Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the Redevelopment Project Area and, with the cooperation of the other affected taxing districts, will attempt to ensure that any increased needs are addressed in connection with any particular development.

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

The proposed Redevelopment Plan and Project involves the rehabilitation and the construction of new commercial developments. The new commercial development replaces existing commercial development and thus will not likely cause an increased demand for some capital improvements to be provided by the taxing districts. Therefore, as discussed below, the financial burden of the Redevelopment Plan and Project on taxing districts is expected to be minimal.

In addition to the major taxing districts summarized above, the City of Chicago Library Fund has taxing jurisdiction over part or all of the Redevelopment Project Area. The City of Chicago Library Fund (formerly a separate taxing district from the City) no longer extends taxing levies but continues to exist for receiving delinquent taxes.

Impact of the Redevelopment Project

The replacement of underutilized commercial property with new commercial development should not increase the demand for services and/or capital improvements to be provided by the City of Chicago, Chicago Board of Education District 299, Chicago School Finance Authority, Chicago Park District, Chicago Community College District 508, Metropolitan Water Reclamation District of Greater Chicago, County of Cook, and Cook County Forest Preserve District. The nature of these potential demands for services on these taxing districts is described below.

City of Chicago. The replacement of underutilized commercial property with a new commercial development should not increase the demand for services and programs provided by the City, including police and fire protection, sanitary collection, recycling, etc. Appropriate City departments can adequately address any increase in demand for City services and programs.

Chicago Board of Education. The replacement of underutilized commercial property with a new commercial development should not increase the demand for educational services, and hence the number of schools provided by the Chicago Board of Education.

Chicago Park District. The replacement of underutilized commercial property with a new commercial development should not increase the need for additional parks. The City intends to monitor development with the cooperation of the Chicago Park District to ensure that any increase in the demand for services will be adequately addressed.

Chicago Community College. The replacement of underutilized commercial property with a new commercial development should not increase the need for educational services, and hence the number of schools provided by the Chicago Community Colleges.

Metropolitan Water Reclamation District of Greater Chicago. The replacement of underutilized commercial property with a new commercial development should not substantially increase the demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

County of Cook. The replacement of underutilized commercial property with a new commercial development should not increase the need for additional services by the County of Cook.

Cook County Forest Preserve District. The replacement of underutilized commercial property with a new commercial development should not increase the need for additional services by the Cook County Forest Preserve District.

J. Program to Address Financial and Service Impacts

The complete scale and amount of development in the Redevelopment Project Area cannot be predicted with complete certainty, and the demand for services provided by the affected taxing districts cannot be quantified. The City intends to monitor development in the Redevelopment Project Area and, with the cooperation of the other affected taxing districts, will attempt to ensure that any increased needs are addressed.

As indicated in Section V, Subsection D and Table 1 of the Appendix, *Estimated Redevelopment Project Costs*, the City may provide public improvements and facilities to service the Redevelopment Project Area. Potential public improvements and facilities provided by the City may mitigate any additional service and capital demands placed on taxing districts as a result of the implementation of this Redevelopment Project.

K. Provision for Amending the Redevelopment Plan

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

L. Fair Employment Practices, Affirmative Action Plan, and Prevailing Wage Agreement

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

1. The assurance of equal opportunity in all personnel and employment actions with respect to the Redevelopment Project, including but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, sex, age, religion,

disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, or housing status.

2. Redevelopers must meet the City's standards for participation of Minority Business Enterprises and Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.
3. This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
4. Redevelopers must meet City standards for the applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

M. Phasing And Scheduling

A phased implementation strategy will be used to achieve a timely and orderly redevelopment of the Redevelopment Project Area. It is expected that while this Redevelopment Plan is in effect for the Redevelopment Project Area, numerous public/private improvements and developments can be expected to take place. The specific time frame and financial investment will be staged in a timely manner. Development within the Redevelopment Project Area intended to be used for commercial purposes will be staged consistently with the funding and construction of infrastructure improvements, and private sector interest. City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers. The Redevelopment Plan shall be completed, and all obligations issued to finance Redevelopment Project Costs shall be retired, no later than December 31 of the year in which the payment to the City Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the 23rd calendar year following the year in which the ordinance approving this Redevelopment Project Area was adopted (assuming adoption by the City Council in 2005, by December 31, 2029).

VI. Appendix

Table 1 - Estimated Redevelopment Project Costs

	Program/Action/Improvements	Estimated Costs*
1.	Property Assembly: acquisition	\$3,000,000
2.	Site preparation, and demolition, and environmental remediation	5,000,000
3.	Public Work and Improvements: streets and utilities, parks and open space, public facilities (schools and other public facilities) ⁽¹⁾	1,000,000
4.	Relocation	3,500,000
5.	Rehabilitation of Existing Structures, Leasehold Improvements, Affordable Housing Construction and Rehabilitation Cost	3,500,000
6.	Job Training, Retraining, Welfare-to-Work	500,000
7.	Interest Subsidies	500,000
8.	Professional Services: studies, surveys, plans and specifications, administrative costs relating to redevelopment plan, architectural, engineering, legal, marketing, financial, planning, or other services	750,000
9.	Day Care Services	250,000
	Total Redevelopment Costs⁽²⁾⁽³⁾⁽⁴⁾	\$18,000,000

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

- (1) This category may also include paying for reimbursing (i) an elementary, secondary, or unit school district's increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts affected by the redevelopment of the Redevelopment Project Area. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan.
- (2) Total Redevelopment 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.
- (3) The amount of the Total Redevelopment Costs that can be incurred in the Redevelopment Project Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Redevelopment Project Area only by a public right of way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Redevelopment Project Area, but will not be reduced by the amount of redevelopment project costs incurred in the Redevelopment Project Area that are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Redevelopment Project Area only by a public right of way.
- (4) Increases in estimated Total Redevelopment Costs of more than five percent, after adjustment for inflation from the date of the Plan adoption, are subject to the Plan amendment procedures as provided under the Act.

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

Changes may be made in line items (but not in total) without Amendment of the Plan.

Exhibit 1 - Legal Description

LOT A IN SCOTTSDALE FOURTH ADDITION BEING RAYMOND I. LUTGERT'S RESUBDIVISION OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 SECTION 34, TOWNSHIP 38 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, EXCEPT THAT PART OF SAID LOT "A" DEEDED TO THE STATE OF ILLINOIS AND DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF THE INTERSECTION OF THE PRESENT SOUTH LINE OF WEST 79TH STREET WITH THE PRESENT EAST LINE OF SOUTH CICERO AVENUE, SAID POINT OF INTERSECTION BEING DISTANT, 50 FEET SOUTH, MEASURED AT RIGHT ANGLES FROM THE NORTH LINE OF SAID SECTION 34 AND ALSO DISTANT, 50 FEET EAST, MEASURED AT RIGHT ANGLES FROM THE WEST LINE OF TANGENCY, DISTANT 14 FEET EAST, MEASURED AT RIGHT ANGLES FROM SAID EAST LINE OF SOUTH OF CICERO AVENUE; THENCE SOUTH, PARALLEL WITH SAID EAST LINE OF SOUTH CICERO AVENUE (TO WHICH THE LAST DESCRIBED CURVED LINE IS TANGENT) 271.50 FEET; THENCE SOUTHWESTERLY IN A STRAIGHT LINE 428.73 FEET TO AN INTERSECTION WITH SAID EAST LINE OF SOUTH CICERO AVENUE; THENCE NORTH ALONG SOUTH EAST LINE OF SOUTH CICERO AVENUE 750 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Exhibit 2 - 2003 Equalized Assessed Value

<u>PIN</u>	<u>2003 EAV</u>
19-34-100-004	619,314
19-34-100-005	7,399,091
Total	8,018,405

Exhibit 3 - Map Legend

Map 1 – Project Boundary

Map 2 – Existing Land Use

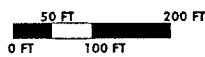
Map 2 A – Scottsdale Shopping Center Site Plan

Map 3 – Proposed Land Use

79th STREET - CICERO MAP 1-PROJECT BOUNDARY



LEGEND:
BOUNDARY LINE



Guajardo REC Architects LLC
RANDALL | ERVIN | COPPER

79th STREET - CICERO MAP 2-EXISTING LAND USE

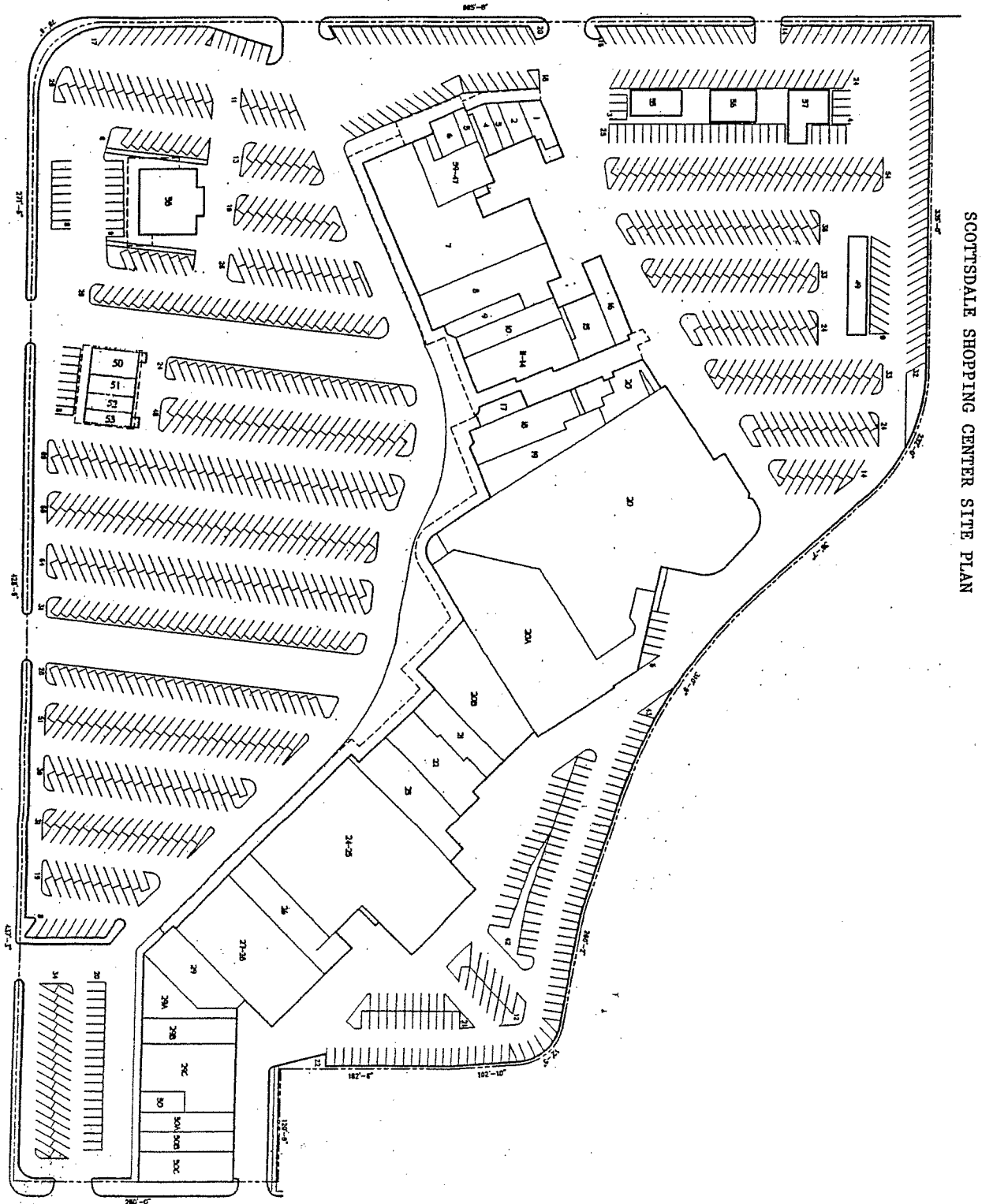


LEGEND:
BOUNDARY LINE
COMMERCIAL



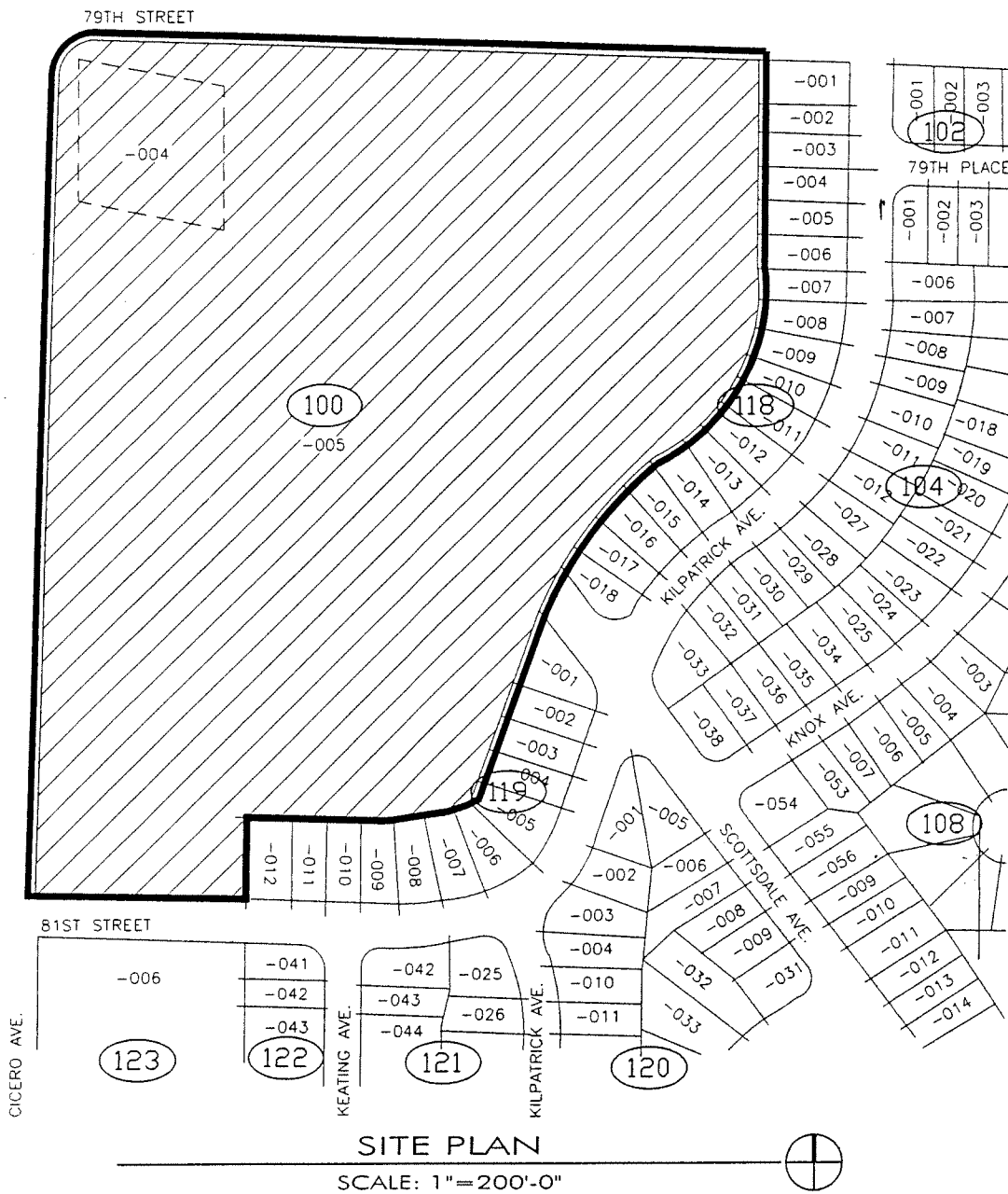
Guajardo REC Architects LLC
RANDALL | ERVIN | COPPER

79th Street - Cicero
Map 2 A - Existing Site Plan



SCOTTSDALE SHOPPING CENTER SITE PLAN

79th STREET - CICERO MAP 3-PROPOSED LAND USE



LEGEND:
 BOUNDARY LINE
 COMMERCIAL



Guajardo REC Architects LLC
 RANDALL | ERVIN | COPPER

Exhibit 4

City of Chicago 79th and Cicero Tax Increment Financing Program Eligibility Study

CITY OF CHICAGO

79TH AND CICERO
TAX INCREMENT FINANCING PROGRAM

ELIGIBILITY STUDY

CITY OF CHICAGO

RICHARD M. DALEY

MAYOR

JANUARY 2005

REVISED FEBRUARY 2, 2005

THIS STUDY IS SUBJECT TO REVIEW, COMMENTS, AND REVISION

PREPARED BY

LOUIK/SCHNEIDER & ASSOCIATES, INC.

79TH AND CICERO
TAX INCREMENT FINANCING PROGRAM
ELIGIBILITY STUDY

I.	INTRODUCTION	1
II.	BACKGROUND INFORMATION	3
A.	LOCATION	3
B.	EXISTING LAND USE	3
C.	DESCRIPTION OF CURRENT CONDITIONS.....	3
D.	ZONING CHARACTERISTICS	3
III.	QUALIFICATION AS CONSERVATION AREA	4
A.	ILLINOIS TAX INCREMENT ACT.....	4
B.	SURVEY, ANALYSIS, AND DISTRIBUTION OF ELIGIBILITY FACTORS.....	5
C.	BUILDING EVALUATION PROCEDURE.....	5
D.	CONSERVATION AREA ELIGIBILITY FACTORS.....	7
E.	CONSERVATION AREA ELIGIBILITY FACTORS SUMMARY	15
IV.	SUMMARY AND CONCLUSION.....	16
	APPENDIX	17
	EXHIBIT 1 – DISTRIBUTION OF CRITERIA*	18
	EXHIBIT 2 – MAPS	19

I. INTRODUCTION

Louik/Schneider & Associates, Inc. (the "Consultant") has conducted a study and survey of the proposed redevelopment area known as the 79th and Cicero, Chicago, Illinois redevelopment area (hereafter referred to as the "Study Area"). The purpose of this study is to determine whether the two parcels in the one block Study Area qualifies for designation as a "Conservation Area" for the purpose of establishing a tax increment financing district pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act").

This report summarizes the analyses and findings of the consultant's work, which is the responsibility of the Consultant. The Consultant's subconsultants, Guarjardo Associates have provided assistance in preparing the maps, surveys, and legal description.

The Consultant has prepared this report with the understanding that the City of Chicago (the "City") would rely (1) on the findings and conclusions of this report in proceeding with the designation of the Study Area as a redevelopment project area under the Act, and (2) on the Consultant to obtain the information necessary to determine whether that the Study Area can be designated as a redevelopment project area in compliance with the Act.

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

The following analysis was based upon data assembled by the Consultant. The surveys, research, and analysis conducted include the following:

1. Exterior surveys of the conditions and use of the Study Area;
2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Comparison of current land uses to the current a Chicago Zoning Ordinance ("Zoning Ordinance") zoning ordinance and the current zoning maps;
4. Historical analysis of site uses and users;
5. Analysis of original and current platting and building size layout;
6. Review of previously prepared plans, studies, and data; and
7. Evaluation of the EAVs in the Study Area from 1998 to 2003.

This report was jointly prepared by Myron D. Louik, John P. Schneider, Tricia Marino Ruffolo, and Luke J. Molloy of Louik/Schneider & Associates, Inc. and its subconsultants.



II. BACKGROUND INFORMATION

A. LOCATION

The Study Area is located on the southwest side of the City, approximately 13 miles southwest of the central business district. The Study Area is approximately 21 acres and is generally bounded by 79th Street on the north, 81st Street on the south, Kilpatrick Avenue on the east, and Harlem Avenue on the west (see Map 1 – *Project Boundary*).

B. EXISTING LAND USE

The Study Area has commercial land uses (see Map 2 – *Existing Land Use*). It is currently occupied by a shopping center that has retailers and professional services and outlot buildings.

C. DESCRIPTION OF CURRENT CONDITIONS

The Study Area consists of one block that is subdivided into two parcels. The Study Area is currently occupied by the Scottsdale Shopping Center which consists of seven buildings. Parcel 19-34-100-005 has six buildings which includes the main building and 5 additional buildings. Within the northwestern section of Parcel 19-34-100-005 is parcel 19-34-100-004 with one vacant building. The Study Area is in need of major revitalization, which should include the rehabilitation of existing buildings. The Study Area is characterized by the following:

- High number of vacancies
- High number of deteriorated buildings
- Obsolete configuration
- Other deteriorating characteristics

From this data, together with the other eligibility factors, it can be reasonably concluded that the Study Area (i) has not been subject to growth through private investment, and (ii) will not be developed without municipal leadership. Adoption of the Redevelopment Plan and Project is necessary to halt deterioration of the Study Area.

D. ZONING CHARACTERISTICS

Based on the 2004 Title 17 Municipal Code of Chicago, Chicago Zoning Ordinance (Index Publishing Corporation) the Study Area includes zoning classifications for commercial and business districts. The Study Area is currently zoned B1-2, B3-2 and C1-2.

III. QUALIFICATION AS CONSERVATION AREA

A. ILLINOIS TAX INCREMENT ACT

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

As set forth in the Act, a "Conservation Area" is any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area, but because of a combination of three or more of the following factors is detrimental to public safety, health, morals, or welfare and such an area may become a blighted area:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies
7. Lack of ventilation, light, or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land use or layout
11. Environmental clean-up
12. Lack of community planning
13. EAV comparison

On the basis of this approach, the Study Area is eligible for designation as a Conservation Area within the requirements of the Act. The following Section defines each of the eligibility factors according to the Act and presents our findings relative to each.

B. SURVEY, ANALYSIS, AND DISTRIBUTION OF ELIGIBILITY FACTORS

The consultant team conducted comprehensive exterior surveys of the two parcels of the Study Area and an analysis of each of the Conservation Area eligibility factors contained in the Act to determine their presence. The exterior surveys examined not only the condition and use of buildings but also included conditions of streets, sidewalks, curbs, gutters, lighting, underutilized land, parking facilities, landscaping, fences and walls, and general maintenance. In addition, an analysis was conducted of existing site coverage and parking, land uses, zoning and their relationships to the surrounding area.

Analysis of the Study Area was conducted to identify the eligibility factors. Each of the factors is present to a varying degree. The following four levels are identified:

- **Not present** indicates that either the condition does not exist or that no evidence could be found or documented during the survey or analysis.
- **Limited extent** indicates that the condition does exist, but its distribution was found in only a small percentage of parcels and/or blocks.
- **Present to a minor extent** indicates that the condition does exist, and the condition is substantial in distribution or impact.
- **Present to a major extent** indicates that the condition does exist and is present throughout the area and is at a level sufficient to influence the Study Area as well as adjacent and nearby parcels of property.

C. BUILDING EVALUATION PROCEDURE

During the field survey, all building components and improvements to the subject buildings were examined to determine whether 50% or more of the buildings have an age of 35 years or more. Once it was established that the age criteria was present, the buildings were examined to determine if they were in sound condition or had minor, major, or critical defects. These examinations were completed to determine whether conditions existed to evidence the presence of: dilapidation, deterioration, or depreciation of physical maintenance.

Building components and improvements examined were of two types:

PRIMARY STRUCTURAL COMPONENTS

These include the basic elements of any building component or improvements, including foundation walls, load-bearing walls and columns, roof, and roof structure.

SECONDARY COMPONENTS

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

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

Subsequent to the buildings being evaluated, they were classified, as described in the following section.

BUILDING COMPONENT AND IMPROVEMENT CLASSIFICATIONS

Four major categories were used in classifying the structural condition of the building components and improvements. The criteria used are described below:

1. SOUND

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

2. REQUIRING MINOR REPAIR — DEPRECIATION OF PHYSICAL MAINTENANCE

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

3. REQUIRING MAJOR REPAIR — DETERIORATION

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

4. CRITICAL — DILAPIDATED

Building components and improvements contain major defects (bowing, sagging, or settling of any or all exterior components, for example) causing the structure to be out-of-plumb or broken. Loose

or missing materials and severe deterioration over a widespread area so extensive that the cost of repair would be excessive also qualify for dilapidated classifications.

D. CONSERVATION AREA ELIGIBILITY FACTORS

A finding may be made that the Study Area is a Conservation Area based on the fact that 50% or more of the structures are 35 years of age or older, and the area exhibits the presence of three or more of the Conservation Area eligibility factors described above in Section III, Paragraph A, and that the area may become a blighted area because of these factors. Based on our survey and analyses, the Study Area meets the Act's requirement as a conservation area, in that in addition to age, five of the eligibility factors were found to be present.

This section examines each of the Conservation Area eligibility factors.

AGE

Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems are a function of time, temperature and moisture, structures that are 35 years or older typically exhibit more problems than more recently constructed buildings.

The shopping center was constructed in 1955; including 5 of the 7 structures.

CONCLUSION

Age is present in 5 of the 7 buildings (71%) in the Study Area.

1. DILAPIDATION

Dilapidation is referred to in the Act as “an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.”

An exterior survey was conducted of all the structures in the Study Area. The analysis of building dilapidation is based on the survey methodology and criteria described in the preceding section, “Building Evaluation Procedure.”

CONCLUSION

Dilapidation is present to a minor extent in the Study Area. Dilapidation is present in 3 of the 7 (40%) buildings and in 2 of the 2 (100%) parcels.

2. OBSOLESCENCE

Obsolescence is defined in the Act as "the condition or process of falling into disuse." Obsolescent structures have become ill-suited for the original use.

Webster's New Collegiate Dictionary defines "obsolescence" as "being out of use; obsolete." "Obsolete" is further defined as "no longer in use; disused" or "of a type or fashion no longer current." These definitions are helpful in describing the general obsolescence of buildings or site improvements in the Study Area. In making findings with respect to buildings and improvements, it is important to distinguish between *functional obsolescence*, which relates to the physical utility of a structure, and *economic obsolescence*, which relates to a property's ability to compete in the marketplace.

FUNCTIONAL OBSOLESCENCE

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

ECONOMIC OBSOLESCENCE

Economic obsolescence is normally a result of adverse conditions that may cause some degree of market rejection and, hence, depreciation in market values. Typically, buildings classified as dilapidated and buildings that contain vacant space are characterized by problem conditions that may not be economically curable, resulting in net rental losses and/or depreciation in market value.

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

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

OBSOLETE BUILDING TYPES

Obsolete buildings contain characteristics or deficiencies that limit their long-term sound use or reuse for the purpose for which they were built. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse effect on nearby and surrounding developments and detract from the physical, functional, and economic vitality of the area. These structures are characterized by conditions indicating that they are incapable of efficient or economic use according to contemporary standards.

The shopping center in the Study Area has interior mall space that is closed because it can only be accessed through an interior walkway. This prevents the stores from having street access or exterior exposure that is necessary for modern retailing. The largest space has an L-space configuration that is not conducive to modern retail use.

OBSOLETE PLATTING

Obsolete platting includes parcels of irregular shape, narrow or small size, and parcels improperly platted within the Study Area blocks. One of the two parcels is irregularly shaped. The second parcel is located within the boundaries of the first parcel and is cannot be accessed without going through the other parcel.

OBSOLETE SITE IMPROVEMENTS

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

CONCLUSION

Obsolescence is present to a major extent in the Study Area. Obsolescence is present in 2 of the 7 (28.5%) buildings and in 1 of the 2 (50%) parcels.

3. DETERIORATION

Deterioration refers to any physical deficiencies or disrepair in buildings or surface improvements requiring major treatment or repair. Deterioration is defined in the Act separately for building and surface improvements. The Act defines deterioration with respect to buildings as "defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia." The Act defines the deterioration of surface improvements as such "that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces."

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

DETERIORATION OF BUILDINGS

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section, "Building Evaluation Procedure." Of the 7 buildings in the Study Area, 7 (100%) buildings are deteriorated.

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

Deteriorated structures exist throughout the Study Area due to the combination of their age and the advanced state of disrepair. The need for masonry repairs and tuckpointing is predominant, closely followed by deteriorating doors, facades, and secondary elements in the buildings. All of the buildings in the Study Area are deteriorated.

DETERIORATION OF PARKING AND SURFACE AREAS

Field surveys were also conducted to identify the condition of parking and surface area. These areas are characterized by uneven surfaces with insufficient gravel, vegetation growing through the parking surface, depressions and standing water, and absence of curbs or guardrails. Deterioration was found in sections of the parking and surface areas.

CONCLUSION

Deterioration is present to a major extent in the Study Area. Deterioration is present in 7 of the 7 (100%) buildings.

4. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS

Structures below minimum code standards as stated in the Act include "all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing

and property maintenance codes." The principal purposes of such codes are to (1) require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy; (2) make buildings safe for occupancy against fire and similar hazards; and 3) establish minimum standards essential for safe and sanitary habitation.

CONCLUSION

Structures below minimum code standards are not present in the Study Area.

5. ILLEGAL USE OF INDIVIDUAL STRUCTURES

Illegal use of individual structures is defined in the Act as "the use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards."

CONCLUSION

Based on exterior surveys and analyses undertaken, no illegal uses of the structures or improvements have been observed in the Study Area.

6. EXCESSIVE VACANCIES

Excessive vacancy according to the Act is referred to as "the presence of buildings that are unoccupied or underutilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies." Excessive vacancies include improved properties that evidence no redundant effort directed toward their occupancy or underutilization.

Excessive vacancies are present throughout the Study Area. The Study Area has 7 buildings, 2 of which are vacant. The first one is a freestanding restaurant that is completely vacant. The Scottsdale Shopping Center has a total of 237,159 square foot of which 104,138 square feet (44%) are vacant. The 44% vacant space represents 10 different units ranging in size from 400 square feet to 72,493 square feet.

CONCLUSION

Excessive vacancies are present to a major extent in the Study Area. Although Excessive Vacancies is present in only 2 of the 7 (28%) buildings, the vacancies comprise 44% of the shopping center and are present in 2 of the 2 (100%) parcels.

7. LACK OF VENTILATION, LIGHT OR SANITARY FACILITIES

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

CONCLUSION

Based on exterior surveys and analyses undertaken, lack of ventilation, light, and or sanitary facilities were not found in the Study Area.

8. INADEQUATE UTILITIES

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

CONCLUSION

Based on the exterior surveys and analyses undertaken, inadequate utilities were not found in the Study Area.

9. EXCESSIVE LAND COVERAGE AND OVERCROWDING OF STRUCTURES AND COMMUNITY FACILITIES

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

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

Overcrowding of structures and community facilities refers to utilization of public or private buildings, facilities, or properties beyond their reasonable or legally permitted capacity. Overcrowding is frequently found in buildings and improvements originally designed for a specific use and later converted to accommodate a more intensive use of activities inadequately providing minimum floor area requirements, privacy, ingress and egress, loading and services, and capacity of building systems.

CONCLUSION

Based on exterior surveys and analyses undertaken, excessive land coverage is not present in the Study Area.

10. DELETERIOUS LAND USE OR LAYOUT

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

Deleterious layout includes evidence of improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to meet contemporary development standards. It also includes evidence of poor layout of buildings on parcels and in relation to other buildings.

CONCLUSION

Based on exterior surveys and analyses undertaken, deleterious land use and layout is not present.

11. ENVIRONMENTAL CLEAN-UP

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

A Phase I Environmental Site Assessment of the Study Area was prepared on June 25, 2004, by Environmental Group Service, Ltd. This Assessment recognizes a number of environmental concerns, including but not limited to

the need to undertake additional testing to determine the presence of underground storage tanks, soil sampling, asbestos sampling, and lead-based paint sampling.

CONCLUSION

At this time, Environmental Clean-Up is not present in the Study Area based on the findings of the Phase I Environmental Site Assessment.

12. LACK OF COMMUNITY PLANNING

Lack of community planning may be a factor if the proposed Study Area was developed prior to or without the benefit or guidance of a community plan. According to the Act, "the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development." Furthermore, the Act states that this factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

CONCLUSION

Based on review and analysis, lack of community planning was not found present in the Study Area.

13. LACK OF GROWTH IN EAV COMPARISON

Lack of growth in EAV comparison may be considered a factor if the EAV total of the proposed Study Area has declined for 3 of the last 5 calendar years for which the information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

The following table summarizes the EAV for all of the PINs within for the Study Area for the last 5 tax years. The total EAV for the Study Area has increased at an annual rate that is less than the balance of the municipality from 1998 to 1999, from 1999 to 2000, from 2001 to 2002, and from 2002 to 2003. Therefore, lack of EAV comparison is a factor.

TABLE 1 - EAV COMPARISON

TAX YEAR	STUDY AREA EAV CHANGE(%)	CITY OF CHICAGO * EAV CHANGE(%)
1999	5.2	17.3
2000	6.4	8.0
2001	6.4	3.7
2002	3.7	14.5
2003	0.7	4.2

*City of Chicago EAV Change amount reflects the Total EAV for the City of Chicago minus the total EAV for the Study Area.

CONCLUSION

Lack of Growth in EAV Comparison is present in the Study Area as a whole. For four of the last five years the Study Area has been increasing at a rate that is less than the balance of the municipality.

E. CONSERVATION AREA ELIGIBILITY FACTORS SUMMARY

The Conservation Area eligibility criteria are present in varying degrees throughout the Study Area (see Exhibit 3 Distribution of Criteria). In addition to age, five of the 13 eligibility factors have been identified as present in the Study Area, including:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Excessive vacancies
5. Lack of growth in EAV

IV. SUMMARY AND CONCLUSION

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

- The buildings in the Study Area meet the statutory criteria for age; 71% of the buildings are at least 35 years old.
- Of the 13 eligibility factors for a Conservation Area set forth in the Act in addition to age, five are present. In addition to age, only three are necessary for designation as a Conservation Area to qualify for a TIF District.
- The Conservation Area eligibility factors that are present are reasonably distributed throughout the Study Area.

The eligibility findings indicate that the Study Area contains factors that qualify it as a Conservation Area in need of revitalization and that designation as a redevelopment project area will contribute to the long-term enhancement of the City.

The Study Area has not benefited from growth and development as a result of investments by private enterprise, and will not be developed without action by the City. Specifically, the high level of vacancy (44% as of September 2004) which causes a decrease in sales tax collected are evidence of the shopping mall's inability to compete in today's marketplace. From this data, together with the other eligibility factors, it can be reasonably concluded that the Study Area (i) has not been subject to growth and development through private investment, and (ii) would not reasonably be anticipated to be developed without adoption of a redevelopment plan by the City.

The conclusions presented in this report are those of the Consultant. The local governing body should review this report and, if satisfied with the summary of findings contained herein, adopt a resolution that the Study Area qualifies as a Conservation Area and make this report a part of the public record.

The Study Area qualifies as an improved Conservation Area and is therefore eligible for Tax Increment Financing under the Act.

APPENDIX

EXHIBIT 1 -- DISTRIBUTION OF CRITERIA*

	Parcel	Age	1	2	3	4	5	6	7	8	9	10	11	12	13
1.	19-34-100-004		X		X			X							X
2.	19-34-100-005	X	P	X	X			X							X

Key X Present in the parcel to a major extent

 P Present in parcel to a minor extent

 Not Present

Criteria

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies
7. Lack of ventilation, light, or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities.
10. Deleterious land use or layout
11. Environmental clean-up
12. Lack of community planning
13. EAV Growth (calculated for the Study Area as a whole)

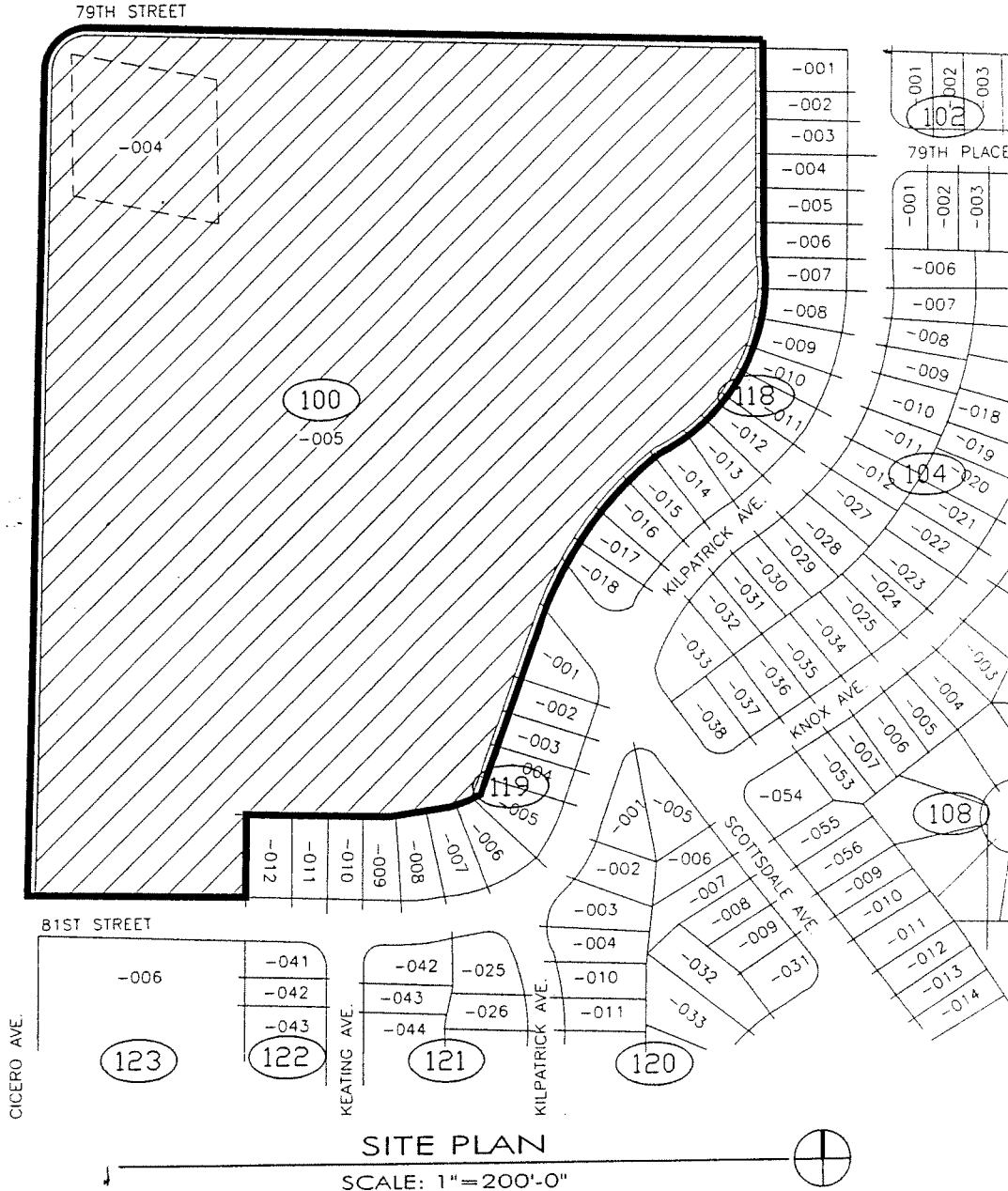
EXHIBIT 2 – MAPS

MAP 1	PROJECT BOUNDARY
MAP 2	EXISTING LAND USE
MAP 3	AGE
MAP 4	DILAPIDATION
MAP 5	OBSOLESCENCE
MAP 6	DETERIORATION
MAP 7	EXCESSIVE VACANCIES


EXHIBIT 2 – MAPS

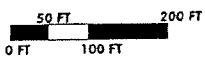
MAP 1	PROJECT BOUNDARY
MAP 2	EXISTING LAND USE
MAP 3	AGE
MAP 4	DILAPIDATION
MAP 5	OBSOLESCENCE
MAP 6	DETERIORATION
MAP 7	EXCESSIVE VACANCIES

79th STREET - CICERO MAP 1 - PROJECT BOUNDARY



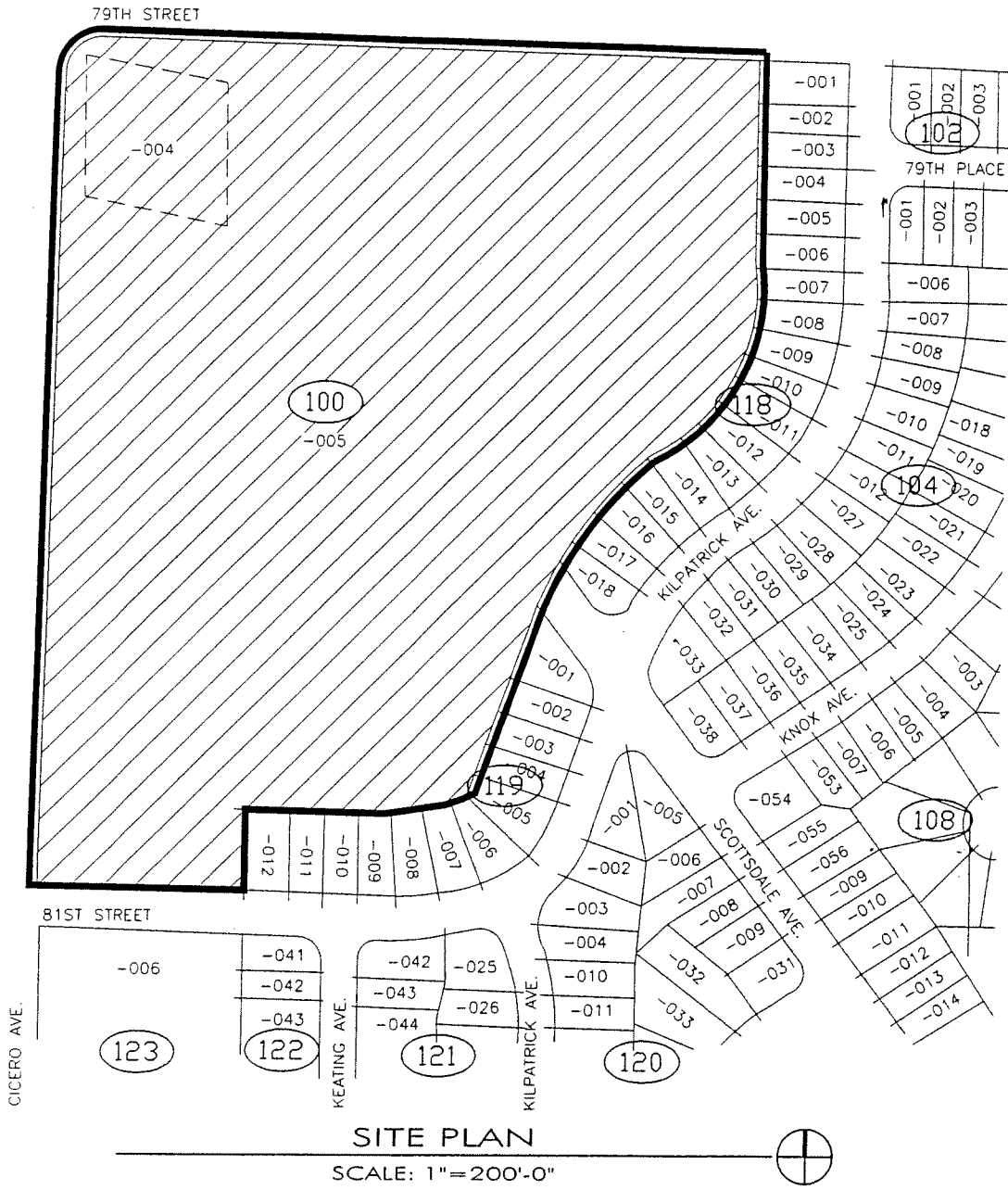
SITE PLAN
SCALE: 1"=200'-0"

LEGEND:
BOUNDARY LINE 

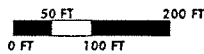


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79th STREET - CICERO MAP 2-EXISTING LAND USE

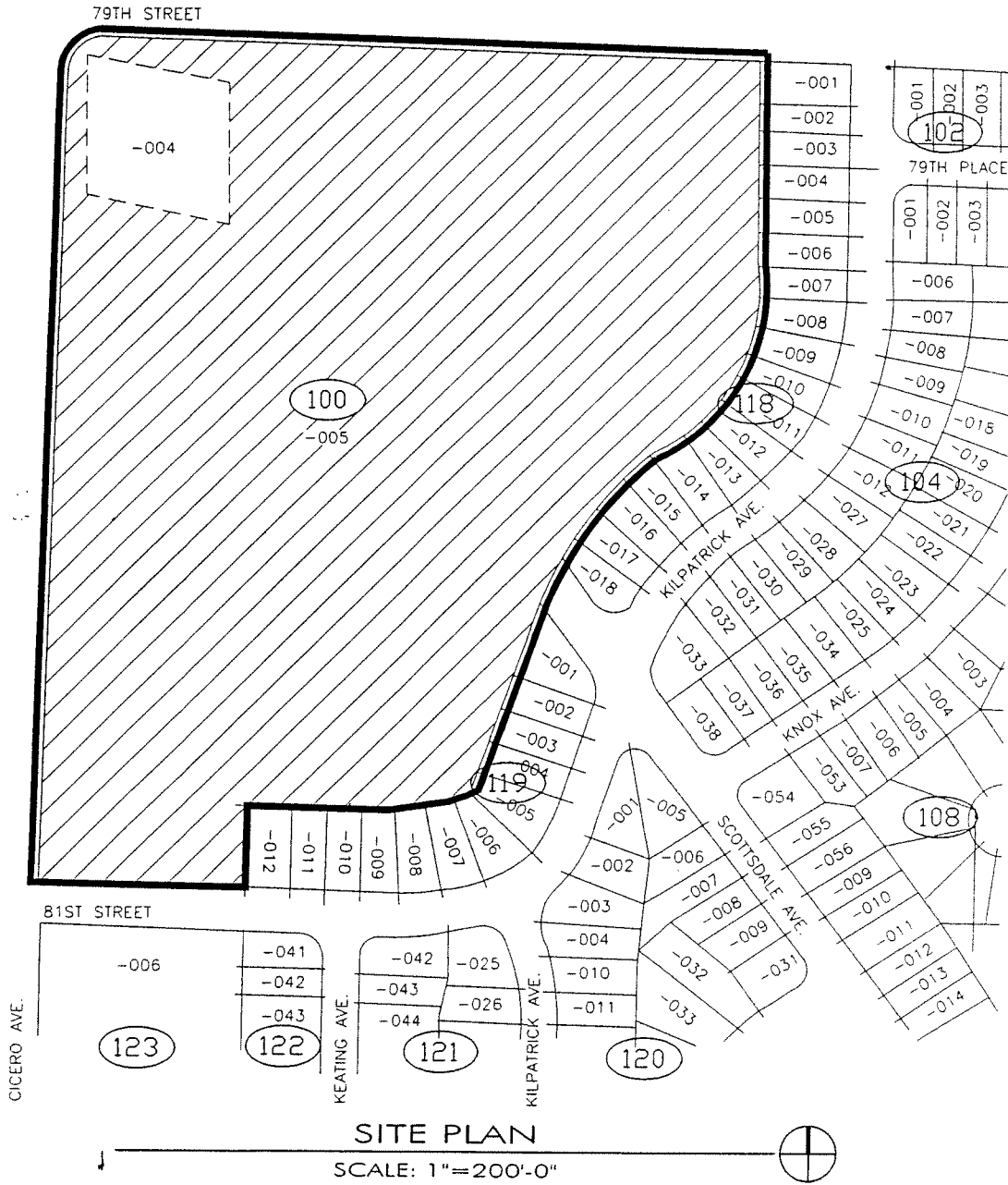


LEGEND:
 BOUNDARY LINE
 COMMERCIAL



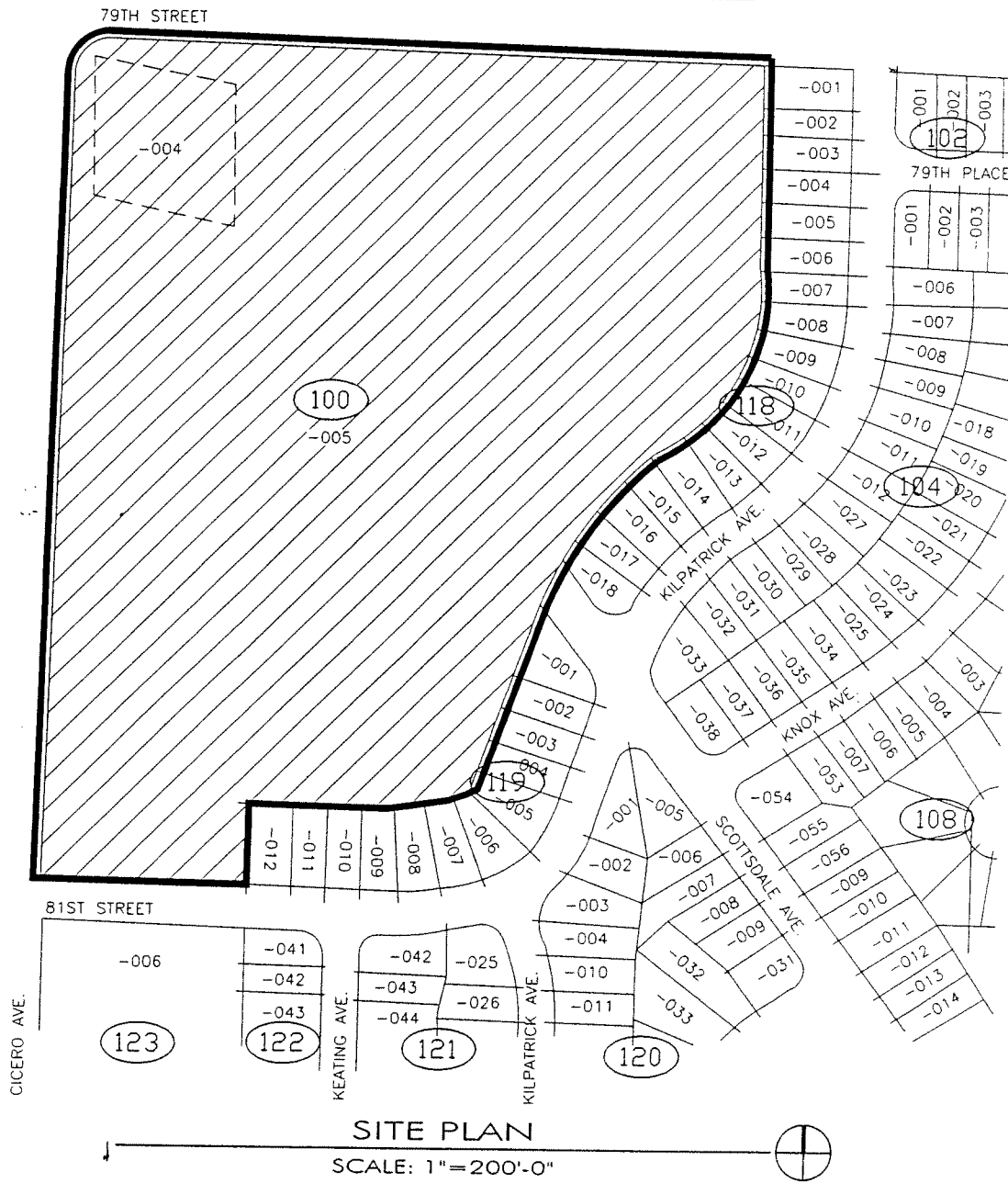
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79th STREET - CICERO MAP 3 - AGE



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79th STREET - CICERO MAP 4 - DILAPIDATION

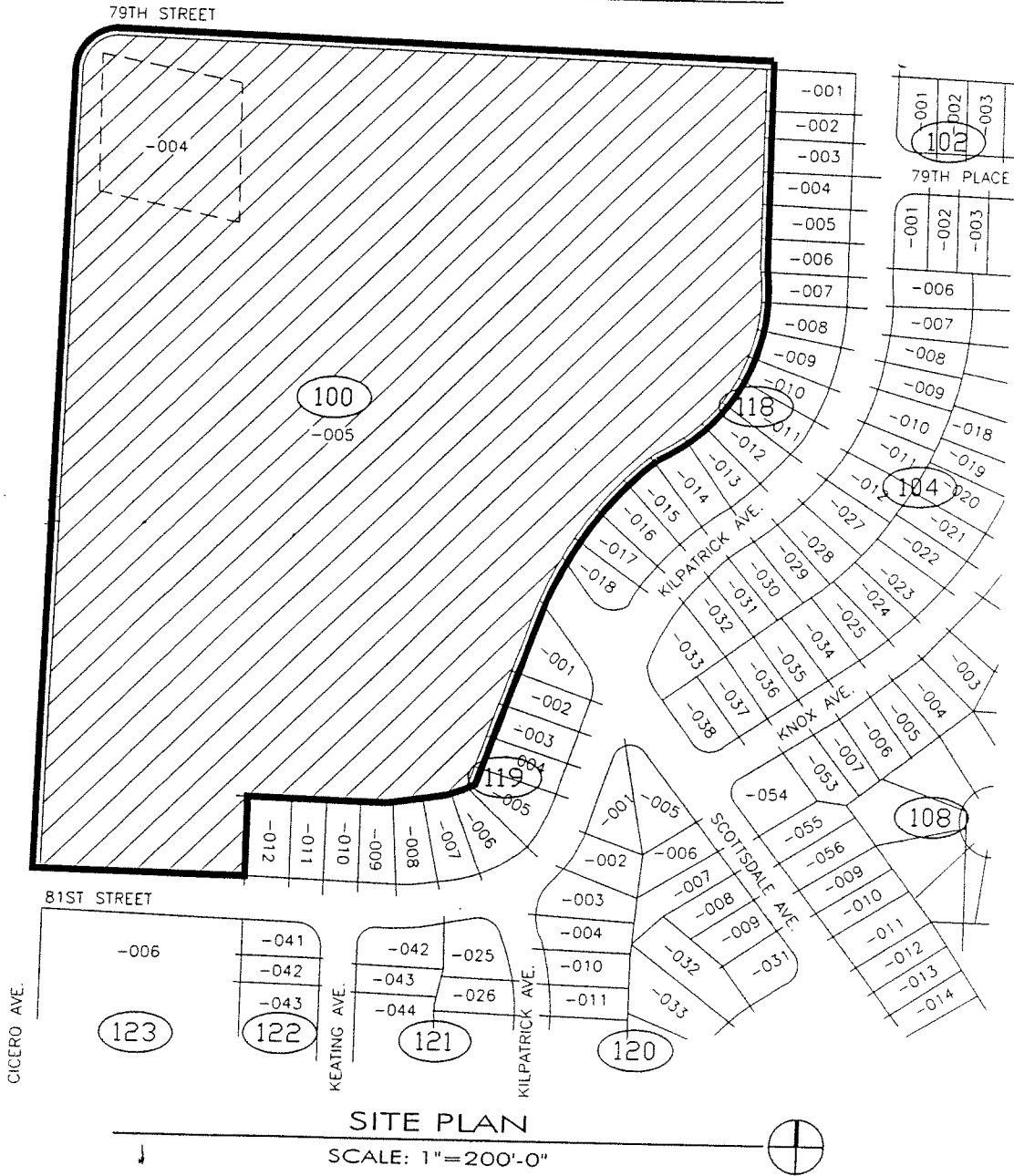




LEGEND:
 BOUNDARY LINE 
 DILAPIDATION 



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79th STREET - CICERO MAP 6 - DETERIORATION



LEGEND:
 BOUNDARY LINE 
 DETERIORATION 

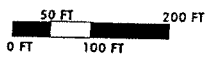


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79th STREET - CICERO MAP 7 - EXCESSIVE VACANCIES



LEGEND:
 BOUNDARY LINE
 EXCESSIVE VACANCIES



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