PERSHING/KING
TAX INCREMENT FINANCING
REDEVELOPMENT PLAN AND PROJECT

Prepared for:
The City of Chicago

By:
Ernest R. Sawyer Enterprises, Inc.

February 2, 2007

This plan is subject to review and may be revised after comment and public hearing
# TABLE OF CONTENTS

1. INTRODUCTION ........................................................................................................... 1

2. PROJECT AREA DESCRIPTION ...................................................................................... 5

3. ELIGIBILITY OF THE PROJECT AREA FOR DESIGNATION AS A CONSERVATION AREA .............................................................. 10

4. REDEVELOPMENT PLAN GOALS AND OBJECTIVES .................................................. 12

5. REDEVELOPMENT PLAN ............................................................................................ 14

6. REDEVELOPMENT PROJECT DESCRIPTION .................................................................. 16

7. GENERAL LAND USE PLAN AND MAP ........................................................................ 16

8. REDEVELOPMENT PLAN FINANCING ......................................................................... 17

9. HOUSING IMPACT STUDY .......................................................................................... 28

10. PROVISIONS FOR AMENDING THE PLAN ................................................................. 33

11. CITY OF CHICAGO COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION ......................................................... 33

APPENDIX A. EXHIBITS A-E ......................................................................................... A-1

APPENDIX B. LEGAL DESCRIPTION ................................................................................. B-1

APPENDIX C. ELIGIBILITY STUDY ................................................................................ C-1

APPENDIX D. INITIAL EQUALIZED ASSESSED VALUE (EAV) ........................................ D-1
LIST OF EXHIBITS AND FIGURES

EXHIBIT A  REDEVELOPMENT PROJECT AREA MAP .............................................. A-2
EXHIBIT B  EXISTING LAND USE MAP ................................................................. A-3
EXHIBIT C  LAND USE PLAN ............................................................................. A-4
EXHIBIT D  ADJACENT TIF DISTRICT MAP ......................................................... A-5
FIGURE A.  STUDY AREA BOUNDARY MAP ......................................................... C-2
FIGURE B.  PROPERTY TYPE MAP .................................................................. C-3
FIGURE C.  TAX PARCEL MAP .......................................................................... C-4
**LIST OF TABLES**

<table>
<thead>
<tr>
<th>TABLE</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BUILDING PERMIT ACTIVITY (2003-2005)</td>
<td>11</td>
</tr>
<tr>
<td>2</td>
<td>ESTIMATED REDEVELOPMENT PROJECT COSTS</td>
<td>22</td>
</tr>
<tr>
<td>3</td>
<td>NUMBER AND TYPE OF RESIDENTIAL UNITS</td>
<td>29</td>
</tr>
<tr>
<td>4</td>
<td>UNITS BY NUMBER OF BEDROOMS</td>
<td>29</td>
</tr>
<tr>
<td>5</td>
<td>RACE AND ETHNICITY CHARACTERISTICS</td>
<td>30</td>
</tr>
<tr>
<td>6</td>
<td>HOUSEHOLD INCOME</td>
<td>32</td>
</tr>
<tr>
<td>A</td>
<td>DISTRIBUTION OF CONSERVATION IMPROVED FACTORS</td>
<td>D-2</td>
</tr>
<tr>
<td>B</td>
<td>DISTRIBUTION OF BLIGHTED VACANT FACTORS</td>
<td>D-3</td>
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1. INTRODUCTION

This document presents a Tax Increment Financing (TIF) Redevelopment Plan and Project (hereinafter referred to as the “Plan”) pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) as amended, (the “Act”) for the Pershing/King Redevelopment Project Area (the “Project Area”) located in the City of Chicago, Illinois (the “City”). The Project Area boundaries are delineated on Exhibit A, Redevelopment Project Area Boundary Map in Appendix A and legally described in Appendix B. The Project Area boundaries are generally Pershing Road on the north, 41st Street on the south, Vincennes Avenue on the east and Martin Luther King Drive on the west.

The majority of the land within the Project Area is comprised of multi-family and senior rental apartments, condominiums, and single-family homes. Property on the northern edge of the Project Area contains several commercial uses. Furthermore, there are several institutional uses along the western edge of the Project Area. The Plan responds to problem conditions within the Project Area and reflects a commitment by the City to improve and revitalize the Project Area.

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

The Plan presents certain factors, research and analysis undertaken to document the eligibility of the Project Area for designation as a “conservation area” for the improved portion of the Project Area and a “blighted area” for the vacant portion of the Project Area as defined in Sections 74.4-3(b) and 74.4-3(a)(2) of the Act respectively. The need for public intervention, goals and objectives, land use policies, and other policy materials are presented in the Plan. The results of a study documenting the eligibility of the Project Area as a conservation area are presented in Appendix C, Eligibility Study.

Tax Increment Financing

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

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

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

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

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

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

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

Redevelopment projects are defined as any public or private development projects undertaken in furtherance of the objectives of the redevelopment plan and in accordance with the Act. The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current "equalized assessed value" (EAV) of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate to arrive at the Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

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

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

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

The City authorized an evaluation to determine whether a portion of the City, to be known as the Pershing/King Redevelopment Project Area, qualified for designation as a redevelopment project area pursuant to the provisions contained in the Act. If the Project Area qualified, the City requested the preparation of a redevelopment plan for the Project Area in accordance with the requirements of the Act.
The Pershing/King Project Area Overview

The Project Area totals approximately 26 acres in size, including alleys and streets and rights of way. The Project Area is comprised of approximately 24 acres of improved property and approximately two acres of vacant land.

There are a total of 73 tax parcels within the Project Area. There are currently 60 tax parcels characterized as improved property within the Project Area. These tax parcels are located on 6 tax blocks, as defined by Cook County, and shown on Figure C, Tax Parcel Map in Appendix C. There are 13 tax parcels characterized as vacant land within the Project Area located on three tax blocks.

The Project Area contains numerous physical assets as highlighted below:

- The Project Area has excellent access to and from the interstate highway system including entrances and exits to Interstate 90/94 (Dan Ryan Expressway) at Pershing Road.
- Public transportation options include CTA elevated train service and CTA buses. The CTA trains to the Loop and other locations are available via the CTA's Green Line and Red Line elevated trains, which are located at the intersections of: 47th Street and Indiana Avenue, 35th Street and State Street and, 35th Street and the Dan Ryan Expressway. Access is less than ½ mile from the Project Area. CTA buses that serve the area are the #29 and the #39.
- Pedestrian access to the lakefront is located less than ½ mile from the Project Area via 35th Street while vehicular access is available via Oakwood Boulevard and 41st Street.
- The Project Area is surrounded by a number of public facilities including parks various schools, libraries, transit stations, firehouses and police stations.
- The Project Area is in close proximity to multiple landmark structures from the golden age of the Black Metropolis-Bronzeville area, including the Chicago Bee Building and the Overton Hygienic Building on State Street.

In general, the Project Area has experienced a lack of growth and development from private investment. Evidence of this lack of growth and development is summarized in Section 3 of this Plan and documented in detail in the Eligibility Study, which is attached to this document in Appendix C.

The results of the Eligibility Study provide evidence that qualify the Project Area for designation as a Redevelopment Project Area consisting of a combination of an improved conservation area and a vacant blighted area.
The improved portion of the Project Area is characterized as a “conservation area”, based on age of structures and the presence of the following statutory qualifying factors under the Act:

- Obsolescence
- Deterioration
- Excessive vacancies
- Inadequate utilities
- Declining equalized assessed value
- Presence of structures below minimum code standards

The vacant portion of the Project Area is characterized as a “blighted area” based on the presence of the following statutory qualifying factors under the Act:

- Diversity of ownership
- Deterioration of structures or site improvements in adjacent areas
- Declining equalized assessed value

In addition, the Act requires that 50% of the buildings in the proposed Project Area be more than 35 years of age to qualify as a “conservation area” for the improved portion of the Project Area. There are 84 buildings within the Project Area with 76 being in excess of 35 years of age. Therefore, 90% of the buildings within the Project Area are more than 35 years of age.

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

The Project Area, as a whole, has not been subject to growth and development by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Plan. The analysis of conditions within the Project Area indicates that it is appropriate for designation as a Redevelopment Project Area in accordance with the Act.

The purpose of the Plan is to create a mechanism to allow for the redevelopment of multi-family and senior housing rehabilitation and commercial development on both improved and vacant land; the redevelopment of obsolete land uses; and the improvement of the area’s physical environment. The redevelopment of the Project Area is expected to encourage economic revitalization within the community and its surrounding area.

The Plan has been formulated in accordance with the provisions of the Act. This document is a guide to all proposed public and private actions in the Project Area that are to be assisted with Tax Increment Financing.

2. PROJECT AREA DESCRIPTION

The proposed boundaries of the Pershing/King Redevelopment Area are shown in Exhibit A, Redevelopment Project Area Boundary Map in Appendix A. The Project Area is approximately 26 acres in size, including public rights-of-way. It contains 73 tax parcels which are located on 6 tax blocks. A legal description of the Project Area is included as Appendix B of this document. The Project Area includes only those contiguous parcels that are anticipated to benefit
substantially by the proposed redevelopment project improvements and, which, collectively qualify for designation as a Redevelopment Project Area.

In general, the Project Area has experienced a lack of growth or development from investment by the private sector. Evidence of this lack of growth and development is detailed in Section 3 of the Eligibility Study of this Plan.

Between 2003 and 2005, there were a total of 11 building permits issued in the Project Area. The majority of those permits were issued to address rehabilitation and repair needs. Eight permits were issued for rehabilitation and repairs, representing approximately 73% of the total number of permits issued. There were three permits issued for new construction, accounting for approximately 27% of the total number of permits issued. There were no permits issued for demolition.

The tax parcels that comprise the improved portion of Project Area are characterized by six improved “conservation area” qualifying factors under Section 74.4-3(b) of the Act: (1) obsolescence, (2) deterioration, (3) excessive vacancies, (4) inadequate utilities, (5) declining equalized assessed value, and (6) the presence of structures below minimum code standards.

In addition, the Act requires that 50% of the buildings in the proposed Project Area be more than 35 years of age to qualify as a “conservation area” for the improved portion of the Project Area. There are eighty-four (84) buildings within the Project Area with seventy-six (76) being in excess of 35 years of age. Therefore, ninety percent (90%) of the buildings within the Project Area are more than thirty-five (35) years of age.

The tax parcels that comprise the vacant part of the Project Area are characterized by three (3) vacant “blighted area” qualifying factors under Section 74.4-3(a)(2) of the Act (the “Vacant Blighted Area Option A Factors”): (1) diversity of ownership, (2) deterioration of structures or site improvements in neighboring areas adjacent to the vacant land, (3) declining EAV. These declining physical and economic conditions impede the potential for growth and development through private investment. Without the intervention of the City and the adoption of tax increment financing and this Plan, the Project Area would not reasonably be expected to be redeveloped.

The analyses of these conditions are discussed in more detail in the Eligibility Study attached hereto as Appendix C.

Community Context

The project area sits in the Grand Boulevard neighborhood. Bounded by Pershing Road to the north, 51st street to the south, Cottage Grove Avenue to the east, and Federal Street to the west, Grand Boulevard is a tale of social change, paradise found and legendary sons and daughters. First developed in the late 19th century, the area also known as Bronzeville was home to successive waves of European immigrants and some of Chicago’s notable gilded-age tycoons. Their fashionable gray stone and sandstone mansions helped characterize the neighborhood as the place to be for the upwardly mobile.
Earliest use of the area was by Native Americans who marked a trail that became the modern-day Vincennes Avenue. European settlement came as a result of the development of the Illinois Central railroad. The Douglas Community was home to Irish Catholic immigrants working on the railroads in the 1850s and a large population of German Jews following the Chicago Fire of 1871.

Though home to a small population of African-Americans since the 1890s, by the 1920s the first wave of immigrants from the rural south firmly established the area as a Black Metropolis. For the next 30 years the city-within-a-city served as the epicenter of an explosive renaissance in art, literature, music, and politics.

Book-ended by two world-famous universities — the renowned Mies van der Rohe-designed campus of IIT to the north and the leafy enclave of The University of Chicago to the south — today’s Bronzeville is a neighborhood on the move. A stroll up the median of Dr. Martin Luther King Drive today offers formal landscaping, colorful artist-designed benches, decorative bronze plaques plotting the path of Bronzeville’s own Walk of Fame, and views of refurbished 19th-century homes.

Exciting development has come about, including the 40,000 square foot Harold Washington Cultural Center, which hosts national acts and speakers. Grand Boulevard includes a multitude of local attractions, from art exhibitions on the local gallery scene to local restaurants and cafes featuring live jazz and spoken word performances.

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

The Black Metropolis reached its peak in the mid 1920s. By 1925, the number of new arrivals had decreased considerably along with employment opportunities undermining the stability of the African-American owned business community. New business and commercial opportunities established outside the community to compete with the businesses within the Black Metropolis, further weakened its energy and financial base. Jobs disappeared. The final blow came with the Stock Market Crash of 1929 and the Great Depression. The independent businesses that relied strictly on the local community were unable to recover.

The housing infrastructure became overcrowded and dilapidated. In the 1950s many homes were abandoned or destroyed for urban renewal and large-scale public housing projects. Pockets of concentrated poverty were created in the CHA’s public housing complexes affecting the economy of the surrounding area. Overcrowding, unemployment and deteriorating living conditions worsened in the years that followed. The urban renewal program of the 1950s and 1960s dramatically changed the landscape of the neighborhood. During the 10 years the CHA Plan for Transformation is replacing much of the public housing stock in favor of mixed income communities that integrate public housing with market rate housing.
While the area has become known for persistent poverty and crime, the spirit and culture of the residents remain. Many have worked tirelessly to create the resources and energy needed for the area’s revival. In recent years, the proposed developments of the 47th Street Blues District and the 47th Street Cultural Center have sparked hope for a rebirth. The current cultural influences extend beyond jazz and blues to rap music and multi-media visual arts. With this wonderful cultural infrastructure and social capital, the Grand Boulevard area has an opportunity to set the cultural and economic agenda for the City and influence both the national and international scenes for years to come. The preservation of this cultural heritage and the revitalization of the Grand Boulevard Community will, in fact, celebrate Chicago’s rich diversity.

**Current Land Use and Community Facilities**

The current land use within the Project Area consists primarily of residential uses. The current configuration of land use is represented in *Figure B, Existing Land Use Map* (see *Appendix A*).

The Project Area is located within close proximity of the following public parks, schools, libraries, transit stations, and police stations:

- Public parks in close proximity to the Project Area include:
  1. Armstrong Park – 4433 South St. Lawrence Avenue
  2. Birch Playlot Park – 425 East 45th Street
  3. Buckthorn Playlot Park - 4345 South Calumet Avenue
  4. Gwendolyn Brooks Park - 4542 South Greenwood Avenue

- Public schools in close proximity to the Project Area include:
  1. Doolittle East – 535 East 35th Street
  2. Charles H. Mayo - 249 East 37th Street
  3. Jackie Robinson – 4225 South Lake Park Boulevard
  4. Wells Prep – 244 East Pershing Road
  5. Chicago Military Academy at Bronzeville – 3519 South Giles Avenue
  6. Dunbar Vocational Career Academy – 3000 South Martin Luther King Drive
  7. Martin Luther King Prep – 4445 South Drexel Boulevard
  8. Wendell Phillips Academy High School – 244 East Pershing Road

- Public libraries within close proximity of the project area include:
  1. Blackstone Library – 4904 South Lake Park
  2. Chicago Bee Library – 3647 South State Street
  3. Hall Library – 4801 South Michigan Avenue

Although there are commercial areas in several directions, there are none in the immediate vicinity of the Project Area.

The Project Area is well situated in relation to employment centers, medical institutions, and institutions of higher learning. The development is nestled approximately halfway between the
University of Chicago, located near 57th Street and Cottage Grove Avenue, and the Illinois Institute of Technology (IIT), located on State Street just north of 35th Street. Provident Hospital (550 East 51st Street) is one mile south of the Project Area, and the University of Chicago Hospital (5841 South Maryland) is approximately 1.5 miles to the southeast on 57th Street. Mercy Medical Center (2525 South Michigan Avenue) and Michael Reese Medical Center (2929 South Ellis) are located approximately two miles north of the development site.

The Project Area is in close proximity to multiple landmark structures from the golden age of the Black Metropolis-Bronzeville area, including the Chicago Bee Building and the Overton Hygienic Building, which is in close proximity to Project Area on State Street.

**Transportation Characteristics**

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

Public transportation options include the Chicago Transit Authority (CTA) elevated train and bus service. CTA trains to the Loop and other locations are available via the Green and Red Line elevated trains, located at 35th Street and State Street and 35th Street and the Dan Ryan Expressway respectively. Each of these rapid transit stations are within a 10 minute walking distance from the Project Area and have a commute time of less than 10 minutes to the Loop. CTA buses that serve the area include the #29 and #39 buses. The #29 bus runs from 95th Street to Grand Avenue and on to Navy Pier. The #39 bus runs east and west along Pershing Road between the lakefront and St. Louis Avenue. The CTA's #3 and #4 King Drive buses run on Martin Luther King Drive, providing service to downtown, with the #3 King Drive bus continuing as far north as Chicago Avenue.

Additionally, pedestrian access to the lakefront is available via Pershing Road while vehicular and pedestrian access is available via Oakwood Boulevard and 31st Street. The 31st Street Beach and Oakwood Beach are located within one mile of the Project Area. Downtown Chicago can be reached in minutes via Lake Shore Drive on its eastern edge and the Dan Ryan Expressway on the western edge.
3. ELIGIBILITY OF THE PROJECT AREA FOR DESIGNATION AS A CONSERVATION AREA

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

The Project Area contains a total of six tax blocks, which are identified in Figure C, Tax Parcel Map in Appendix C. There are a total of 73 tax parcels located on the six tax blocks. Each of the tax blocks consists of some improved property and some vacant land. There are 60 improved tax parcels and 13 vacant tax parcels.

For improved property, the presence of three of the 13 conditions set forth in State of Illinois TIF Act are required for designation as a conservation area. In addition, the Act requires that 50% of the buildings in the proposed Project Area be more than 35 years of age to qualify as a “conservation area” for the improved portion of the Project Area. There are eighty-four (84) buildings within the Project Area with 76 being in excess of 35 years of age. Therefore, 90% of the buildings within the Project Area are more than 35 years of age.

Of the 13 conservation area factors cited in the Act for improved property, six factors are present within the Project Area.

The following factors were found to be present in the improved part of the Project Area:

- Deterioration (affecting 100% of improved tax parcels)
- Obsolescence (affecting 5% of the improved parcels)
- Excessive vacancies (affecting 8% of the improved parcels)
- Inadequate utilities (affecting 100% of the improved parcels)
- Declining equalized assessed value (affecting 100% of the improved parcels)
- Presence of structures below minimum code standards (affecting 3% of the improved parcels)

With respect to vacant land in the Project Area, the following three Blighted Area, Option A Factors were found to be (i) present to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

- Diversity of ownership (affecting 100% of the vacant parcels)
- Deterioration of structure or site improvements in areas adjacent to vacant land (affecting 100% of the vacant parcels)
- Declining Equalized Assessed Value (affecting 100% of the vacant parcels)

For more detail on the basis for eligibility, refer to the Eligibility Study in Appendix C.
Need for Public Intervention

The analysis of conditions within the Project Area included an evaluation of construction activity between 2003 and 2005. Table 1, Building Permit Activity (2003-2005), summarizes construction activity within the Project Area by year and project type.

Table 1
BUILDING PERMIT ACTIVITY (2003-2005)

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Source: City of Chicago, Dept. of Buildings

During this three-year period, a total of 11 building permits were issued for projects within the Project Area. Eight permits were issued for rehabilitation and repairs, representing approximately 73% of the total number of permits issued. Three permits were issued for new construction representing approximately 27% of the total number of permits issued. There were no permits issued for demolition.

In addition, between 2000 and 2005, the EAV growth of the Project Area has lagged that of the remainder of the City in three out of the five years. This qualifies as an eligibility factor for both the improved portion of the Project Area and the vacant portion of the Project Area (see Eligibility Study for details).

Given the documented presence of factors that lead to blight, the overall redevelopment of the Project Area would not reasonably be expected to occur without public intervention and the adoption of the Plan. The economic and social conditions of the residents residing in the Project Area are such that the private sector would not engage in redevelopment of the Project Area or make significant private investments without active public involvement and intervention. As documented in the Housing Impact Study presented in Section 9 of this Plan, approximately 56% all the households in the Project Area are classified as very, very low-income households.

But for the designation of the TIF district and the use of tax increment financing, significant investment is unlikely to occur with the Project area.
4. REDEVELOPMENT PLAN GOALS AND OBJECTIVES

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

General Goals

- Rehabilitate and revitalize the Project Area into an economically vibrant community with appropriate neighborhood commercial facilities, and community uses.
- Create an attractive environment through streetscape enhancements and other public improvements that encourage residential and commercial development.
- Employ residents within and surrounding the Project Area in jobs generated by area development.
- Enhance the property tax base of the Project Area.
- Enhance public safety in the Project Area by utilizing new urbanism design standards.

Redevelopment Objectives

- Encourage private commercial investment and the rehabilitation and revitalization of existing multi-family and senior housing within the Project Area.
- Facilitate development of underutilized property for uses that have demonstrated market support such as commercial developments.
- Encourage a variety of housing types including the development of affordable rental housing, as defined by the City’s Department of Housing, including housing for persons earning no more than 60% of area median income, or such other limits that may be applicable.
- Establish job readiness and job training programs to provide residents in and around the Project Area with the skills necessary to secure jobs in the Project Area and in adjacent redevelopment project areas.
- Promote the hiring of local residents.
- Strengthen the economic well being of the Project Area by returning vacant and underutilized properties to active uses.
- Encourage visually attractive buildings that utilize high standards of design.
- Encourage improvements to increase accessibility for people with disabilities.
- Upgrade public utilities and infrastructure.
- Provide opportunities for minority-owned, women-owned, local businesses, and local residents to play an active role in the redevelopment of the Project Area.
Design Objectives

- Establish design standards for commercial and multi-family residential redevelopment to ensure high-quality development compatible with the neighborhood’s vintage character.
- Rehabilitate structures to improve quality and conform to the City’s planning and aesthetic standards.
- Encourage a variety of market-rate housing types.

5. REDEVELOPMENT PLAN

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

Property Assembly, Site Preparation and Environmental Remediation

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

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

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

Affordable Housing

The City requires that developers who receive TIF assistance for market rate housing set aside 20% of the units to meet affordability criteria established by Chapter 2-44 of the Municipal Code and the City’s Department of Housing or any successor agency. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 100% of the area median income, and affordable rental units should be affordable to persons earning no more than 60% of the area median income.
Intergovernmental and Redevelopment Agreements
The City may enter into redevelopment agreements or intergovernmental agreements with private entities or public entities to construct, rehabilitate, renovate or restore private or public improvements on one or several parcels (collectively referred to as “Redevelopment Projects”). Such redevelopment agreements may be needed to support the rehabilitation or construction of allowable private improvements in accordance with the Plan; incur costs or reimburse developers for other eligible redevelopment project costs as provided in the Act in implementing the Plan; and provide public improvements and facilities which may include, but are not limited to: utilities, street closures, transit improvements, streetscape enhancements, signalization, parking, surface right-of-way improvements.

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

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

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

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

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

**Financial Impact on Taxing Districts**

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

**Analysis, Professional Services and Administrative Activities**

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

**Financing Costs Pursuant to the Act**

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

**Interest Costs Pursuant to the Act**

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

**Construction of New Low-Income Housing Pursuant to the Act**

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

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

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

Public Improvements

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

- New water and sewer infrastructure.
- Public right-of-way restoration.
- Improvement of other public facilities that meet the needs of the community and attract private investment.

7. GENERAL LAND USE PLAN AND MAP

*Exhibit C, Land Use Plan* (see *Appendix A*), identifies land use policies to be pursued in the implementation of the Plan. The land use category planned for the Project Area is residential and commercial in nature. The *Land Use Plan* allows for a prudent level of flexibility in land use policy to respond to future market forces. The *Land Use Plan* is intended to serve as a guide for future land use improvements and developments within the Project Area.

The land uses proposed for the Project Area are consistent with the redevelopment goals of this Plan and are generally consistent with existing zoning. The Land Use Plan is intended to serve as a broad guide for land use and redevelopment policy. The plan is general in nature to allow adequate flexibility to respond to shifts in the market and private investment.

Residential and commercial uses are proposed for most of the Project Area. The plan will promote the rehabilitation of existing affordable multi-family and senior housing. The plan will promote the revitalization of the commercial corridor along the northern border of the project area. Commercial enhancement will promote investment in residential property and serve community residents.

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

8. REDEVELOPMENT PLAN FINANCING

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

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

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

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

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

Eligible Redevelopment Project Costs

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

1. Costs of studies and surveys, development of plans and specifications, implementation and administration of the Plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding
lobbying expenses), provided however, that no charges for professional services may be based on a percentage of the tax increment collected.

2. The cost of marketing sites within the Project Area to prospective businesses, developers and investors.

3. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land.

4. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings, fixtures and leasehold improvements; and the cost of replacing an existing public building, if pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment.

5. Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act.

6. Costs of job training and retraining projects including the cost of “welfare-to-work” programs implemented by businesses located within the Project Area and such proposals featuring a community-based training program which ensures maximum reasonable employment opportunities for residents of the Project Area with particular attention to the needs of those residents who have previously experienced inadequate opportunities and development of job-related skills, including residents of public and other subsidized housing and people with disabilities.

7. Financing costs, including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and, which may include payment of interest on any obligations issued thereto, including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto.

8. To the extent the City, by written agreement accepts and approves the same, all or a portion of a taxing district’s capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.

9. Relocation costs, to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by state or federal law or in accordance with the requirements of Section 74.4-3(n)(7) of the Act (see “Relocation” section).

10. Payment in lieu of taxes, as defined in the Act.
11. Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs: (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Project Area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a.

12. Interest costs incurred by a developer related to the construction, renovation or rehabilitation of a redevelopment project provided that:

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

(b.) such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year.

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

(d.) the total of such interest payments paid pursuant to the Act may not exceed 30% of the total: (i) cost paid or incurred by the redeveloper for such redevelopment project, plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act.

(e) up to 75% of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.

13. The cost of constructing new privately owned buildings is not an eligible redevelopment project cost, unless specifically authorized by the Act.

14. An elementary, secondary or unit school district’s increased costs attributable to assisted housing units will be reimbursed as provided for in the Act.
15. Instead of b, d, and e above, up to 50% of the cost of construction, renovation and/or rehabilitation of all low-income and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low-income and very low-income households, only the low and very low-income households shall be eligible for benefits under the Act.

16. The cost of day care services for children of employees from low-income families working for businesses located within the Project Area and all or a portion of the cost of operation of day care centers established by Project Area businesses to serve employees from low-income families working in businesses located in the Project Area. For the purposes of this paragraph, “low-income families” means families whose annual income does not exceed 80% of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

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

**Estimated Project Costs**

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

1. Professional services including planning studies, legal, surveys, real estate marketing costs, fees and other costs related to the implementation and administration of the Plan. This budget element provides for studies and survey costs for planning and implementation of the project, including planning and legal fees, architectural and engineering, development site marketing, financial and special service costs. *(Estimated cost: $700,000)*

2. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, and other appropriate and eligible costs needed to prepare the property for redevelopment. These costs may include the reimbursement of acquisition costs incurred by private developers. Land acquisition may include acquisition of both improved and vacant property in order to create development sites, accommodate public rights-of-way or to provide other public facilities needed to achieve the goals and objectives of the Plan. Property assembly costs also include: demolition of existing improvements, including clearance of blighted properties or clearance required to prepare sites for new development, site preparation, including grading, and other appropriate and eligible site activities needed to facilitate new construction, and environmental remediation costs associated with property assembly which are required to render the property suitable for redevelopment. *(Estimated cost: $3,500,000)*
3. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings and fixtures; and up to 50% of the cost of construction of low-income and very low-income housing units. *(Estimated cost: $9,000,000)*

4. Relocation costs, *(Estimated cost: $300,000)*

5. Interest costs related to redevelopment projects, pursuant to the provisions of the Act. *(Estimated cost: $1,000,000)*

6. Costs of construction of public improvements, infrastructure and facilities. These improvements are intended to improve access within the Project Area, stimulate private investment and address other identified public improvement needs, and may include all or a portion of a taxing district’s eligible costs, including increased costs of the Board of Education attributable to assisted housing units within the Project Area in accordance with the requirements of the Act. *(Estimated Cost: $3,000,000)*

7. Costs of job training and retraining projects, advanced vocational education or career education, as provided for in the Act *(Estimated Costs: $300,000).*

8. Provision of day care services as provided in the Act *(Estimated Costs: $200,000).*

The total redevelopment project costs estimated to be necessary for completion of this Redevelopment Plan is approximately $18,000,000 in 2007 dollars. All project cost estimates are in 2007 dollars. Any bonds issued to finance portions of the redevelopment project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with issuance of such obligations, as well as to provide for capitalized interest and reasonably required reserves. The total project cost figure excludes any costs for the issuance of bonds. Adjustments to estimated line items, which are estimates for these costs, are expected and may be made without amendment to the Plan.

Additional funding from other sources such as federal, state, county, or local grant funds may be utilized to supplement the City's ability to finance redevelopment project costs identified above.
**Table 2**

**ESTIMATED REDEVELOPMENT PROJECT COSTS**

<table>
<thead>
<tr>
<th>PROJECT EXPENDITURES</th>
<th>ESTIMATED PROJECT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional services including planning studies, legal, surveys, real estate marketing costs, fees and other costs related to the implementation and administration of the Plan.</td>
<td>$ 700,000</td>
</tr>
<tr>
<td>Property assembly costs, including, but not limited to, acquisition, demolition, site preparation, and environmental remediation</td>
<td>$ 3,500,000</td>
</tr>
<tr>
<td>Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings and fixtures; and up to 50% of the cost of construction of low-income and very low-income housing units.</td>
<td>$ 9,000,000</td>
</tr>
<tr>
<td>Relocation costs</td>
<td>$ 300,000</td>
</tr>
<tr>
<td>Interest costs</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Costs of construction of public improvements, infrastructure and facilities. Including streets, utilities, parks, open space, public facilities [1]</td>
<td>$ 3,000,000</td>
</tr>
<tr>
<td>Costs of job training and retraining projects, welfare to work.</td>
<td>$ 300,000</td>
</tr>
<tr>
<td>Costs of day care services as provided in the Act.</td>
<td>$ 200,000</td>
</tr>
</tbody>
</table>

**TOTAL REDEVELOPMENT COSTS [2] [3] [4]** $18,000,000

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

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

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

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

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

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

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

As shown in Exhibit D, Adjacent TIF Districts Map, the Project Area is contiguous to the 41st/King Redevelopment Project Area on the south, the 43rd/Cottage Grove Redevelopment Project Area on the east, and the Bronzeville Redevelopment Project Area and the 47th/King Redevelopment Area on the west.

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

The Project Area may become contiguous to, or be separated only by a public right-of-way from redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.61-1 et seq.). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas, or those separated only by a public right-of-way, are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and the furtherance of the purposes of the Plan that net revenues from the Project Area be made available to support any such redevelopment project areas and vice versa. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas, and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible redevelopment project costs within the Project Area, or other areas described in the preceding paragraph, shall not at any time
exceed the total redevelopment project costs described in Table 2, *Estimated Redevelopment Project Costs*.

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

**Nature and Term of Obligations to be Issued**

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

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

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

**Most Recent Equalized Assessed Valuation**

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Project Area is to provide an estimate of the initial EAV, which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The 2005 EAV of all taxable parcels within the Project Area is approximately $12,989,256. The total EAV amount by Permanent Identification Number (PIN) is summarized in Appendix D. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by Cook County.
Anticipated Equalized Assessed Valuation

By tax year 2030 (collection year 2031) and following substantial completion of the Pershing/King Redevelopment Project, the EAV of the Project Area is estimated to be approximately $41 million. This estimate is based on several key assumptions including: (1) redevelopment in the Project Area will occur in a timely manner; (2) rehabilitation of approximately 266 apartment units and redevelopment of approximately 30 new housing units and 22,000 square feet of new retail space on existing vacant lots, (3) an estimated annual inflation rate in EAV of 2.5% through 2030, realized in triennial assessment years only; and (4) the 2005 equalization factor of 2.7320 is used in all years to calculate the EAV.

Financial Impact on Taxing Districts

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

The following taxing districts are eligible to levy taxes on properties located within the Project Area:

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

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

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

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

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

Cook County: The County has principal responsibility for the protection of persons and property, the provision of public health services and the maintenance of County highways.
Cook County Forest Preserve District: The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public.

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

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

Within the land use designations on the Land Use Plan that allow for residential use, there are no new dwelling units planned. In the event that new residential units are built and occupied however, TIF funds may be used to accommodate any increased enrollment in existing schools.

Future residential and commercial development may increase the demand for improved water and sewer services and similar types of infrastructure, including the Metropolitan Water Reclamation District.

After the TIF is terminated, developments in the Project Area will generate increased property tax revenues for all taxing districts. Other revenues may also accrue to the City in the form of utility user fees. The costs of some services such as water and sewer service and building inspections are typically covered by user charges. However, others are not and should be subtracted from the estimate of property tax revenues to assess the net financial impact of the Plan on the affected taxing districts.

Increased service demands are expected to be handled by existing facility capabilities because most parcels currently have active uses. As there are no new high-density developments envisioned, the incremental increase in demands for taxing district services will be modest.

Upon completion of the Plan, all taxing districts are expected to share the benefits of a substantially improved tax base. However, prior to the completion of the Plan, certain taxing districts may experience an increased demand for services.

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

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

A Housing Impact Study has been conducted for the Project Area to determine the potential impact of redevelopment on area residents. As set forth in the Act, if the redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and the City is unable to certify that no displacement of residents will occur, the municipality shall prepare a housing impact study and incorporate the study in the Redevelopment Project Plan. The Project Area contains 427 residential units. The Plan provides for the redevelopment of portions of the Project Area that contain occupied residential units. As a result, implementation of this Plan may result in the displacement of residents from 10 or more inhabited residential units. Therefore, a housing impact study is required. This Housing Impact Study, which is part of the Pershing/King Redevelopment Plan, fulfills this requirement. It is also integral to the formulation of the goals, objectives, and policies of the Plan.

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

Part I - Housing Survey

i. Type of residential unit, either single-family or multi-family.

ii. The number and type of rooms within the units, if that information is available.

iii. Whether the units are inhabited or uninhabited, as determined not less than 45 days before the date that the ordinance or resolution required by subsection (a) of Section 11-74.4-5 of the Act is passed.

iv. Data as to the racial and ethnic composition of the residents in the inhabited residential units, which shall be deemed to be fully satisfied if based on data from the most recent federal census.

Part II - Potential Housing Impact

i. The number and location of those units that will be or may be removed.

ii. The municipality's plans for relocation assistance for those residents in the proposed redevelopment project area whose units are to be removed.

iii. The availability of replacement housing for those residents whose units will be removed, and the identification of the type, location and cost of the replacement housing.

iv. The type and extent of relocation assistance to be provided.
PART I - HOUSING SURVEY

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

i. Number and Type of Residential Units

The number and type of residential units within the Project Area were identified during the building condition and land use survey conducted as part of the eligibility analysis for the area. This survey, completed during July 2006, revealed that the Project Area contains 72 residential buildings containing a total of 427 units. The number of residential units by building type is outlined in Table 3, Number and Type of Residential Units.

Table 3
NUMBER AND TYPE OF RESIDENTIAL UNITS

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Total Number of Buildings</th>
<th>Total Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>42</td>
<td>397</td>
</tr>
<tr>
<td>Non-residential</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>84</strong></td>
<td><strong>427</strong></td>
</tr>
</tbody>
</table>

Source: ERS Enterprises

ii. Number and Type of Rooms in Residential Units

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

Table 4
UNITS BY NUMBER OF BEDROOMS*

<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>Number of Units</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Bedroom</td>
<td>77</td>
<td>18%</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>162</td>
<td>38%</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>102</td>
<td>24%</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>64</td>
<td>15%</td>
</tr>
<tr>
<td>4 Bedroom</td>
<td>13</td>
<td>3%</td>
</tr>
<tr>
<td>5+ Bedroom</td>
<td>9</td>
<td>2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>427</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: U.S. Census 2000, ERS Enterprises

* To categorize residential units by number of bedrooms and rooms, within the Redevelopment Project Area, a prorated form of estimation was employed using the total number of units determined by ERS Enterprises in the Project Area and data from the 2000 U.S. Census.
iii. Number of Inhabited Units

A survey of inhabited dwelling units within the Project Area was conducted by ERS. This survey identified 427 residential units, of which 61 (14.3%) were identified as vacant and 366 units were identified as inhabited within the Project Area.

iv. Race and Ethnicity of Residents

The racial and ethnic composition of the residents within the Project Area is identified in Table 5, Race, Ethnicity and Age Characteristics, within this section. The methodology to determine this information is described below.

Methodology

As required by the Act, the racial and ethnic composition of the residents in the inhabited residential units was determined by using demographic data specific to the census tracts in which the Project Area is located as provided by the U.S. Census 2000.

Table 5
RACE AND ETHNICITY CHARACTERISTICS OF RESIDENTS

<table>
<thead>
<tr>
<th>Race</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>5</td>
<td>0.4%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>9</td>
<td>0.7%</td>
</tr>
<tr>
<td>African-American</td>
<td>1278</td>
<td>98%</td>
</tr>
<tr>
<td>American Indian &amp; Alaska Native</td>
<td>4</td>
<td>0.4%</td>
</tr>
<tr>
<td>Pacific Islander</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Asian</td>
<td>2</td>
<td>0.2%</td>
</tr>
<tr>
<td>Other Race</td>
<td>4</td>
<td>0.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,302</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: U.S. Census 2000

<table>
<thead>
<tr>
<th>Hispanic Origin</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic</td>
<td>9</td>
<td>0.7%</td>
</tr>
<tr>
<td>Non-Hispanic</td>
<td>1293</td>
<td>99.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,302</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: 2000 U.S. Census
PART II - POTENTIAL HOUSING IMPACT

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

i. Number and Location of Units That May Be Removed

The primary objectives of the Plan are to rehabilitate existing multi-family and senior housing units, redevelop vacant land, and correct obsolete land use patterns through redevelopment. At this juncture, there are no plans to remove any residential units.

ii. Plans For Relocation Assistance

There are no plans involving the displacement of residents in the Project Area.

iii. Replacement Housing

In accordance with Section 11-74.4-3 (n)(7) of the Act, the City shall make a good faith effort to ensure that affordable replacement housing for any qualified displaced resident whose residence is removed is located in or near the Project Area.

At this juncture there are no plans to remove any residences within the Project Area.

Type and Extent of Relocation Assistance

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

Based on demographic information from the U.S. Census and the income limits provided by Housing and Urban Development Agency (HUD) ERS concludes that approximately 56% of the households within the Project Area can be classified as very, very low-income as defined by Section 3 of the Illinois Affordable Housing Act, I 310 ILCS 65/3. This information is summarized in Table 6, Household Income.
Table 6

HOUSEHOLD INCOME 2000

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Annual Income Range</th>
<th># of Households</th>
<th>% of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very, Very, Low-Income</td>
<td>$0-$17,647</td>
<td>205</td>
<td>56%</td>
</tr>
<tr>
<td>Very Low Income</td>
<td>$17,648 - $29,412</td>
<td>59</td>
<td>16%</td>
</tr>
<tr>
<td>Low-Income</td>
<td>$29,413 - $47,060</td>
<td>37</td>
<td>10%</td>
</tr>
<tr>
<td>Moderate-Income</td>
<td>$47,061 - $70,590</td>
<td>37</td>
<td>10%</td>
</tr>
<tr>
<td>Above Moderate- Income</td>
<td>$70,591 or above</td>
<td>29</td>
<td>8%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>366</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: HUD and 2000 U.S. Census

As described above, the estimates of the total number of moderate, low, very low and very, very low-income households within the Project Area collectively represent 92% of the total inhabited units, and the number of households in the very, very low-income category represents 56% of the total inhabited units within the Project Area. Replacement housing for any displaced households over the course of the 23-year life of the Pershing/King Redevelopment Project Area are strongly encouraged to be affordable at these income levels. It should be noted that these income levels are likely to change over the 23-year life of the Project Area as both median income and income levels within the Project Area change.
10. PROVISIONS FOR AMENDING THE PLAN

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

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

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

1. The assurance of equal opportunity in all personnel and employment actions, with respect to the Redevelopment Project, including but not limited to: hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, or housing status.

2. Redevelopers must meet the City of Chicago's standards for participation of 24% Minority Business Enterprises and four percent 4% Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.

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

4. Redevelopers will meet City standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

PERSHING/KING
REDEVELOPMENT PROJECT AREA

EXHIBITS A-E
EXHIBIT D: ADJACENT TIF DISTRICTS MAP

PERSHING/KING TIF
CITY OF CHICAGO, ILLINOIS
A-5
APPENDIX B

LEGAL DESCRIPTION
15; THENCE WESTERLY ALONG SAID LAST DESCRIBED CENTER LINE TO AN INTERSECTION WITH THE CENTER LINE OF THE 16 FOOT WIDE NORTH-SOUTH PUBLIC ALLEY LYING WEST OF AND ADJOINING LOT 11 IN BLOCK 2 IN GEORGE S. BOWEN'S SUBDIVISION, AFORESAID; THENCE NORTHERLY ALONG SAID LAST DESCRIBED CENTER LINE TO AN INTERSECTION WITH THE CENTER LINE OF 66 FOOT WIDE E. 41ST STREET; THENCE WESTERLY ALONG SAID CENTER LINE OF 66 FOOT WIDE E. 41ST STREET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS. (CONTAINING 26.1 ACRES INCLUDING ACRES FALLING IN PUBLIC STREETS AND ALLEYS)
APPENDIX C

PERSHING/KING
REDEVELOPMENT AND PROJECT AREA

ELIGIBILITY STUDY

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

The area proposed for designation as the Pershing/King Project Area, hereinafter referred to as the "Study Area," is shown in Figure A, Study Area Boundary Map of this section. The Study Area is approximately 26 acres in size, including approximately six acres of streets and public rights of way. The area encompasses a total of 73 tax parcels located on six tax blocks. The majority of the tax parcels within the study area are residential in nature containing a combination of improved and vacant land. There are a total of 84 buildings within the Study Area.

Improved property within the Study Area 60 parcels acres located on six tax blocks composed of residential, institutional and commercial property.

There are 13 vacant parcels within the Study area that are located on three tax blocks encompassing a total of approximately two acres of land.

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

PERSHING/KING TIF
CITY OF CHICAGO, ILLINOIS
C-3
1. INTRODUCTION

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

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

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

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

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

Before the tax increment financing (“TIF”) technique can be used, the municipality must first determine that the proposed redevelopment project area qualifies for designation as a “blighted area,” “conservation area,” or “industrial park conservation area.” Based on the conditions present, this Eligibility Study (the “Study”) finds that the Study Area qualifies for designation as a redevelopment project area consisting of a combination of an improved conservation area and a vacant blighted area as defined in the Act.

Conservation Areas

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

On and after November 1, 1999, “conservation area” means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but, because of a combination of 3 or more of the following factors, is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area:
(1) Dilapidation. 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. The condition or process of falling into disuse. Structures have become ill-suited for the original use.

(3) Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, 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.

(4) Presence of structures below minimum code standards. 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.

(5) Illegal use of individual structures. 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.

(6) Excessive vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

(7) Lack of ventilation, light, or sanitary facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios.

(8) Inadequate utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.
(9) Excessive land coverage and overcrowding of structures and community facilities. 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: 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 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.

(10) Deleterious land use or layout. 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.

(11) Lack of community planning. The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development.

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

(13) The total equalized assessed value of the proposed redevelopment project area has declined 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 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 for which information is available.

In order to use tax increment financing, a municipality must first establish that the proposed redevelopment project area meets the statutory criteria for designation as a "blighted area," "conservation area" or "industrial park conservation area."
Blighted Areas

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

I. (1) 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; (2) the redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the redevelopment plan and project was adopted, the redevelopment plan and project either: (i) conforms to the strategic economic development or redevelopment plan issued by the designated planning authority of the municipality, or (ii) includes land uses that have been approved by the planning commission of the municipality; and (3) the redevelopment plan establishes the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs (which dates shall not be later than December 31 of the year in which the payment to the municipal treasurer as provided in 65 ILCS 5/11-74.4-8(b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted.

II. On and after November 1, 1999, "blighted area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:

If vacant, the sound growth of the redevelopment project area is impaired by a combination of 2 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

(A) Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.

(B) Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.

(C) Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last 5 years.
(D) Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

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

(F) The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

The preceding factors listed in section II (A) through II (F) are referred to herein as the Vacant Blighted Area Option A Factors:

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

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

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

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

2. ELIGIBILITY STUDIES AND ANALYSIS

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

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

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

The exterior building condition survey and site conditions survey of the Study Area were undertaken between June 2006 and July 2006. The analysis of site conditions was organized by tax parcel as shown in Figure C: Tax Parcel Map, with the existing land use shown in Exhibit B: Existing Land Use.

Eligibility factors identified in Section 74.4-3(b) of the Act for determining whether the improved portion of the Project Area qualifies as a “conservation area” are discussed herein.

In addition, eligibility factors identified in Section 74.4-3(a)(2) of the Act for determining whether the vacant portion of the Project Area qualifies as a “blighted area” are discussed below.
3. PRESENCE AND DISTRIBUTION OF ELIGIBILITY FACTORS

Property within the Study Area consists of a combination of improved property and vacant land. The Act establishes different eligibility factors for improved property versus vacant property.

Improved property includes parcels that contain buildings, structures, parking areas or other physical improvements. Improved property may include single parcels or multiple parcels under single or common ownership. Landscaped yards, open space or other ancillary functions may also be classified as improved property for the purposes of the eligibility analysis if they are obviously an accessory to an adjacent building.

In order to establish the eligibility of a redevelopment project area as a conservation area under the criteria established in the Act, more than 50% of the buildings in the project area must be 35 or more years of age, and at least three of 13 eligibility factors must be present.

For vacant land, either two Vacant Blighted Area Option A Factors or one Vacant Blighted Area Option B Factor must be meaningfully present and reasonably distributed with respect to the vacant land.

This eligibility study finds that the Study Area qualifies for designation as a conservation area with regard to the improved parcels and a blighted area with regard to the vacant parcels.

In addition, the Act requires that 50% of the buildings in the proposed Project Area be more than 35 years of age to qualify as a “conservation area.” There are 84 buildings within the Project Area, of which 76 are older than 35 years of age. Therefore, ninety percent (90%) of the buildings within the Project Area are more than thirty-five (35) years of age.

The following six qualifying factors for a conservation area were found to be present within the improved portions of the Study Area:

1. Obsolescence;
2. Deterioration;
3. Excessive vacancies;
4. Inadequate utilities;
5. Declining equalized assessed value; and
6. Presence of structures below minimum code standards.

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

1. Diversity of ownership;
2. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land;
3. Declining equalized assessed value; and

The presence and distribution of eligibility factors related to the qualification of the Study Area for designation as a combination of a conservation area for the improved portion of the Project
Area and a blighted area for the vacant portion of the Project area are discussed. First, the six conditions that were analyzed with respect to the improved portion of the Study Area are presented. Following this discussion, the eligibility factors related to vacant portion of the Project Area are discussed.

The distribution of these factors throughout the Study Area, is shown in Table A: Factors Matrix of Improved Area and Table B: Distribution of Vacant Blight Factors.

**IMPROVED PROPERTY**

Of the 73 tax parcels within the Study Area, 60 (82%) of the tax parcels were characterized as improved property.

**Factors Present within the Improved Portion of the Study Area**

The Act requires that 50% of the buildings in the proposed Project Area be more than 35 years of age to qualify as a “conservation area.” There are 84 buildings within the Project Area, of which 76 are older than 35 years of age. Therefore, 90% of the buildings within the Project Area are more than 35 years of age.

1. **Obsolescence**

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

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

**Functional Obsolescence**

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

**Economic Obsolescence**

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

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

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

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

**Conclusion:** Obsolescence, as a factor, is present in the Project Area, affecting three of the 60 improved parcels within the Study Area. Economic obsolescence exists along Pershing Road. The lack of site improvements, parking areas, and sidewalks contribute to its inability to compete in the marketplace.

2. Deterioration

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

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

**Conclusion:** Deterioration is present in the Project Area affecting all 60 of the improved tax parcels within the study area. As illustrated in Table A, Appendix D) all 60 parcels show deterioration relating to curbs, gutters, and alleys.

3. Excessive Vacancies

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

**Conclusion:** Excessive vacancies, as a factor, is present in the Project Area affecting five of the 60 improved tax parcels. There are vacant buildings along Pershing Road with the remaining vacancies on Oakwood Boulevard and 41st Street.

4. Inadequate Utilities

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

Water Atlas information from the City of Chicago’s Department of Water Management, relating to the overall condition of underground infrastructure within the boundaries of the subject area indicated the following:

1. The Department of Water is phasing out all 6-inch cast iron pipe mains and is replacing them with 8-inch ductile iron mains. The fact that there exist mains with three or more breaks in a block renders them eligible candidates for replacement, thus making them inadequate in the sense that they are of insufficient capacity to serve the uses of the development area.

2. The projected service life of the underground water mains is 100 years. Half the the water mains located within the project area have exceeded the 100-year threshold while the other half are approaching the threshold. According to the water atlas maps provided by the Department of Water Management, the ages of the 6 water mains that comprise the Project Area are:

   a. Water Main 1: 106 years
   b. Water Main 2: 106 years
   c. Water Main 3: 116 years
   d. Water Main 4: 77 years
   e. Water Main 5: 77 years
   f. Water Main 6: 77 years

   The water main service life has expired for three of the 6 water mains, suggesting that they are antiquated and therefore need to be replaced.

3. The City of Chicago’s Department of Water Management also provided sewer atlas information for the project area. Their ages indicate that the sewer mains are also antiquated and in need of being replaced.

   a. Sewer Pipe 1: 117 years
   b. Sewer Pipe 2: 93 years
   c. Sewer Pipe 3: 111 years

   A subsequent hydraulic investigation performed by the City of Chicago’s Department of Water Management, to ascertain the capacity of the local sewer system, indicated that a $407,000 sewer line improvement would be beneficial to the area.

Conclusion: Since the water and sewer facilities in the Project Area are considered antiquated, obsolete and lacking sufficient capacity, we conclude that the factor of inadequate utilities is present throughout the Project Area.
5. Declining Equalized Assessed Value

As defined in the Act, “the total equalized assessed value of the proposed redevelopment project area has declined for three of the last five calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for three of the last five 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 three of the last five calendar years prior to the year in which the redevelopment project area is designated.

**IMPROVED AREA EAV (2000-2005): Project Area vs. City of Chicago**

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<th>Change</th>
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*Source: Cook County Assessor*

**Conclusion:** The total equalized assessed value of the improved portion of the Project Area has increased at an annual rate in years 2001, 2002, and 2004, that was less than the balance of the municipality. Therefore, the 60 parcels that comprise the improved portion of the Project Area qualify for this factor.

6. Presence of Structures below Minimum Code Standards

As defined in the act, the Presence of Structures below Minimum Code Standards refers to all structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

**Conclusion:** Data from the City of Chicago’s Department of Buildings indicate that there were a total of 31 instances where buildings in the Project Area did not meet code in 2006. Code violations in the Project Area included issues relating to: elevators, boilers, and, exposed wiring, smoke detectors and nuisances. There is a significant presence of this factor in the Project Area.

**Overall Conclusion:** Improved Portion of the Project Area:

The Act requires that 50% of the buildings in the proposed Project Area be more than 35 years of age to qualify as a “conservation area.” There are 84 buildings within the Project Area, of which
76 are older than 35 years of age. Therefore, ninety percent (90%) of the buildings within the Project Area are more than thirty-five (35) years of age.

In addition to age, the Act requires that three of the 13 factors be found among the improved parcels of the Project Area to qualify as a “conservation area”. The Project Area exhibits six of the 13 improved “conservation area” factors.

Therefore the improved portion of the Project Area qualifies as a “conservation area” in accordance with the Act.

**VACANT LAND**

There are 13 tax parcels classified as vacant for purposes of this eligibility analysis. Vacant land may qualify as a blighted area if any of two of the six Vacant Blighted Area Option A Factors exist or if any one of the six Vacant Blighted Area Option ‘B’ factors exist.

**Factors Present within the Vacant Portion of the Project Area**

The vacant part of the Project Area satisfies three of the Vacant Blighted Area Option A Factors.

**Vacant Blighted Area Option A Factors**

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

1. **Diversity of Ownership**

   As defined in the Act, diversity of ownership is where the ownership of vacant land parcels within the project area is sufficient in number to retard or impede the ability to assemble land for development

   *Conclusion: There are nine different owners for the 13 vacant parcels. Therefore, this factor is meaningfully present and reasonably distributed within the Study Area.*

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

   As defined in the Act, deterioration of structures or site improvements in neighboring areas adjacent to the vacant land includes the improved areas as described in the previous sections.
Improved portions of the Project Area are adjacent to the vacant portion of the Project Area. As described previously in this report, deterioration is present to a meaningful degree in the improved portion of the Project Area. The factor of deterioration of structures or site improvements in neighboring areas adjacent to the vacant land is present to a meaningful extent and impacts all of the vacant tax parcels.

**Conclusion:** Deterioration of structures or site improvements in neighboring areas adjacent to the vacant area impacts each of the 13 vacant tax parcels and is therefore present to a meaningful extent and reasonably distributed throughout the vacant parts of the Project Area.

3. **Declining Equalized Assessed Value**

As defined in the Act, “the total equalized assessed value of the proposed redevelopment project area has declined for three of the last five calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for three of the last five 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 three of the last five calendar years prior to the year in which the redevelopment project area is designated.

### VACANT AREA EAV (2000-2005): Project Area vs. City of Chicago

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*Source: Cook County Assessor*

**Conclusion:** Since the growth of the EAV of the vacant parcels has lagged the City’s EAV in four of the last five years, this factor is present to a meaningful extent and reasonably distributed throughout the vacant portion of the Study Area. As shown in the table below, the total equalized assessed value of the vacant portion of the Study Area has increased at an annual rate in years 2001, 2002, 2004, 2005 that is less than the balance of the municipality for three of the last five calendar years for those respective years.
Overall Conclusion – Vacant portion of Study Area

On the basis of the aforementioned vacant blighted area option A qualifying factors above, the vacant portion of the Study Area meets the criteria for qualification as a vacant blighted area. The vacant areas exhibit the presence of three of the six vacant area factors to a meaningful extent so that the City may reasonably find that the factors are clearly present within the intent of the Act and that the factors are reasonably distributed throughout the vacant part of the project area. Only two factors are required to qualify as a vacant blighted area under option A in the Act.
APPENDIX D

PERSHING/KING
REDEVELOPMENT AND PROJECT AREA
INITIAL EQUALIZED ASSESSED VALUE
APPENDIX D

PERSHING/KING
REDEVELOPMENT AND PROJECT AREA
INITIAL EQUALIZED ASSESSED VALUE
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**Table A**

**Factors Matrix of Improved Area**

Date: September 30, 2006

Redevelopment Plan Project

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<th>Factor 3</th>
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**Factors Matrix of Improved Area**

**TABLE A**

*Proposed Conservation Strategy Project Area*

September 30, 2006
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<th>Deter of Structures or Improvem.</th>
<th>Environmental Contamination</th>
<th>Stagnant or Declining EAV</th>
<th>Unused quarries mines or strip ponds</th>
<th>Unused rail yards, rail tracks or railroad right-of-ways</th>
<th>Subject to chronic flooding</th>
<th>Unused or illegal disposal site</th>
<th>Blighted before becoming vacant</th>
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