CITY OF CHICAGO

134TH STREET AND AVENUE K REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING PROGRAM

REDEVELOPMENT PLAN AND PROJECT

CITY OF CHICAGO

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THIS REDEVELOPMENT PLAN IS SUBJECT TO REVIEW, COMMENTS, AND REVISION.

PREPARED BY
LOUIK/SCHNEIDER & ASSOCIATES, INC.
# 134th Street and Avenue K Redevelopment Project Area

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I. Introduction

The 134th Street and Avenue K Redevelopment Project Area Tax Increment Financing Program Redevelopment Plan and Project (the "Plan") is for the proposed redevelopment area known as 134th Street and Avenue K in Chicago, Illinois (the "Redevelopment Project Area"). The Redevelopment Project Area is located on the south side of the City of Chicago (the "City"), sixteen miles south of the City's central business district.

The Redevelopment Project Area is approximately 179 acres and is irregular in size. However, the general boundaries extend as far north as Wolf Lake; south to Pennsylvania Railroad, 136th Street and Powderhorn Lake; east to the Indiana Harbor Belt Railroad and the Illinois-Indiana State border; and as far west as Burley Avenue (see Exhibit 1, Map 1 – Project Boundary). Specifically, the Redevelopment Project Area can be divided into multiple sections. The western section is bounded by 132nd Street on the north, 133rd Street on the south, Buffalo Avenue on the east, and West Burley Avenue on the west. The mid-section extends between 132nd Street on the north, 136th Street on the south, the west side of Green Bay Avenue on the east, and the alley west of Mackinaw Avenue on the west. The mid-section extends along the north and south sides of 136th Street. The eastern portion of the Redevelopment Project Area extends into Wolf Lake on the north, the Pennsylvania Railroad and Powderhorn Lake on the south, the Indiana Harbor Belt Railroad and the Illinois-Indiana State border on the east, and the west side of Avenue K on the west.

Louik/Schneider & Associates, Inc. ("LSA") conducted comprehensive exterior surveys of all of the parcels in the Redevelopment Project Area to identify the eligibility factors and their degree of presence. The exterior surveys examined not only the condition and use of buildings, but also streets, sidewalks, curbs, gutters, lighting, underutilized land, parking facilities, landscaping, fences and walls, and general maintenance. In addition, an analysis was conducted of existing site coverage and parking, land uses, zoning, and the Redevelopment Project Area's relationship to the surrounding area. LSA's subconsultant Bloodgood Sharp Buster Architects and Planners, Inc. provided assistance in preparing the maps and subconsultant Stonelake Survey Company Ltd. prepared the legal description. LSA and its subconsultants (collectively, the "Consultant"), jointly prepared this report.

Based upon surveys, site inspections, research, and analysis by the Consultant, the Redevelopment Project Area qualifies as a vacant Blighted Area and a Conservation Area as defined by the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act"). A separate report, entitled City of Chicago 134th Street and Avenue K Tax Increment Financing Program Eligibility Study dated October 2007 (the "Eligibility Study"), is attached as Exhibit 5 to this Plan. It describes in detail the surveys and analyses undertaken, and the basis for qualifying the Redevelopment Project Area as a vacant Blighted Area and Conservation Area.

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 a municipality is unable to certify that no displacement will occur, the municipality must prepare a housing impact study and incorporate the study in the redevelopment project plan. As of August 4, 2007, the Redevelopment
Project Area contains 265 inhabited residential units. The Plan provides for the development or redevelopment of several portions of the Redevelopment Project Area that may contain occupied residential units. As a result, it is possible that by implementation of this Plan, the displacement of residents from 10 or more inhabited residential units could occur. Thus, a housing impact study was completed.

The results of the housing impact study are described in a separate report that presents factual information required by the Act. The report, prepared by the Consultant is entitled 134th Street and Avenue K Redevelopment Project Area Tax Increment Financing Housing Impact Study dated September 2007 (the “Housing Impact Study”), and is attached as Exhibit 4 to this Plan. None of the residential units have been identified for acquisition.

This Plan summarizes the analyses and findings of the Consultant’s work, which, unless otherwise noted, is 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 on: (1) the findings and conclusions of the Plan, the related Eligibility Study, and the Housing Impact Study in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Plan, and (2) the fact that the Consultant has obtained the information necessary for the Plan, the related Eligibility Study, and the Housing Impact Study to comply with the Act.
II. Redevelopment Project Area

A. Existing Land Use

The Redevelopment Project Area's land uses include residential, institutional, open space and industrial (see Exhibit 1, Map 2 – Existing Land Uses). The residential land uses include single-family homes along 132nd Street and along 136th Street. Residential uses also include the Harbour Pointe Estates, a mobile home park located north and south of 134th Street east of Avenue K. The institutional use includes the Clay Elementary School, which occupies an entire block from 132nd Street to 133rd Street, from Burley Avenue to Buffalo Avenue. The Redevelopment Project Area includes Commonwealth Edison power lines that run from 132nd Street to 136th Street between Mackinaw and Greenways Avenues. Open space uses are located immediately east of Avenue K and north and south of 134th Street. Additional open space uses are located immediately east of Avenue K and north and south of 134th Street. The industrial use occupied by the Azcon Corporation, is located at the south end of the Redevelopment Project Area at approximately 136th Street and Avenue O.

The Redevelopment Project Area surroundings include: an 804-acre water sanctuary of Wolf Lake, the 250-acre Egger’s Woods Forest Preserve, 175-acre Powderhorn Lake Prairie, and 40-acre Hyde Lake Wetland. The surrounding area is home to nearly 170 species of birds, fish, and other wildlife, many of which is endangered.

B. Community Area

The Redevelopment Project Area is located in the Hegewisch Community Area. Hegewisch is City’s most southeastern community area. According to the Local Community Fact Book Chicago Metropolitan Area 1990, The Chicago Fact Book Consortium, the territory was originally marshland circumvented by the railroads built in the late 1840s and early 1850s. The town of Hegewisch is named after its founder, Adolph Hegewisch, then the president of the United States Rolling Stock Company, which was located 15 miles west on Blue Island Ridge in 1882. United States Rolling Stock Company purchased 100 acres of land southwest of the current 135th Street and Brandon Avenue along the railroad tracks, upon which industrial plants and shops were constructed in 1883. Another group of City investors representing Hegewisch purchased 1,500 additional acres. Hegewisch became part of the City when the Township of Hyde Park was annexed in 1889.

The initial population of Hegewisch consisted mostly of foreign-born Caucasians from Polish, Swedish, Yugoslavian, Czechoslovakian, and Irish descent. In 1920 the population was still 47 percent foreign born with the largest group being Polish. The residential section of Hegewisch was slow growing and between 1920 and 1950 remained mostly unchanged. The population declined between 1930 and 1950 despite war and postwar industrial expansion in the South Chicago and Calumet region and postwar housing shortages. Hegewisch's distance from central Chicago as well as its industrial character was likely the cause of this decline.

During the 1950s, the population of Hegewisch grew by 25 percent and the number of housing units in the town increased by 39 percent. Growth continued in the 1960s with housing stock increasing by 29 percent and in the 1970s increasing by another 29 percent. The town's population hit an all-
time high in 1980 at 11,572. In 1990, however, the population dropped to just over 10,000 due to
the relocation of individuals who as children had moved in during the 1950s and 1960s.

C. TRANSPORTATION AND ACCESS

The major local surface transportation access routes serving the Redevelopment Project Area and
its surrounding community include Brainard Avenue (northwest-southeast); 134th Street (east-west);
and Torrence Avenue, Avenue K, and Avenue O (north-south). Although the western and mid-
sections of the Redevelopment Project Area are well served by the City's current grid system, the
eastern portion is not. East of Avenue K, the only public street is 134th Street that serves the
approximately 158 acre portion of the Redevelopment Project Area.

The west and mid-sections of the Redevelopment Project Area are well served by public
transportation making the site easily accessible to the local work force. Chicago Transit Authority
bus routes servicing the area include the #30 South Chicago and #108 Halsted-95th. Also servicing
the area are Pace bus routes #355 Lansing and #358 Torrence. The #108 Halsted-95th provides
transportation north to the 95th Street CTA Red Line Train Stop, which also serves as a Greyhound
Terminal. Public Access to the eastern section of the Redevelopment Project Area is non-existent.
Public transportation does not extend east of Avenue O.

The Hegewisch Metra Train Station serves the South Shore Line north to Millennium Station and
east to Hammond, East Chicago, Gary, Michigan City, and South Bend, Indiana. The station is
located south of the Redevelopment Project Area just west of 138th Street and Avenue O at 13730
South Brainard Avenue.

D. ZONING CHARACTERISTICS

Based on the 2006 Title 17 Municipal Code of Chicago Zoning Ordinance (Index Publishing
Corporation) (the “Zoning Ordinance”), the Redevelopment Project Area includes the following
zoning classifications: RS-2 and RS-3 Residential Single Unit Detached Housing Districts, M1-1
Limited Manufacturing Business Park, and M3-1 Heavy Industry District.

Residential zoned properties are located in the following five areas: (1) the block enclosed by South
Burley Avenue to the east, South Buffalo Avenue to the west, East 132nd Street to the north, and
East 133rd Street to the south is zoned RS-3, (2) properties south along East 132nd Street are also
zoned RS-3 from South Buffalo Avenue to South Green Bay Avenue, (3) properties running along
the east side of the rail line from East 132nd Street to East 135th Street are zoned RS-2, (4)
properties from East Avenue O east until the West Avenue K are zoned RS-2, and (5) the
properties along East Avenue K between 133rd Street and 134th Street are zoned RS-2.

Industrial and manufacturing zoned properties are located in three areas: (1) just south of East
135th Street on the east side of South Green Bay Avenue includes properties zoned M1-1, (2) the
south side of East 136th Street between South Avenue O and South Avenue L includes properties
zoned M3-1, and (3) the majority of the area roughly encompassed by Wolf Lake to the north,
Powderhorn Lake to the south, the Illinois-Indiana State border to the east, and South Avenue O to
the west is zoned M1-1.
E. **Tax Increment Allocation Redevelopment Act**

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

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

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed value ("EAV"), as certified by the county clerk, for all taxable real estate located within the redevelopment project area, and the current year EAV. The EAV is the current assessed value of the property multiplied by the state multiplier. Any increase in EAV is then multiplied by the current tax rate, which determines the incremental real property tax.
III. Redevelopment Goals and Objectives

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

A. General Goals

- Reduce or eliminate those conditions that qualify the Redevelopment Project Area as a vacant Blighted Area and a Conservation Area.
- Create an environment within the Redevelopment Project Area that will contribute to the health, safety, and general welfare of the City.
- Strengthen the economic well-being of the Redevelopment Project Area and the City by enhancing the properties and the local tax base to their fullest potential.
- Improve the transportation network throughout the Redevelopment Project Area.
- Preserve the natural elements including lakes and wetlands by implementing methods of development that take into account the sensitivity of the surrounding environment.
- Improve access to area Wolf and Powderhorn Lakes through the construction of new paths, beaches, or other waterfront features.
- Encourage the participation of minorities and women in the redevelopment process of the Redevelopment Project Area.

B. Redevelopment Objectives

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

- Revitalize and restore the physical and economic conditions by removing substandard structures, obsolete building types, deleterious uses, and other blighting influences.
- Improve the transportation access, traffic flow, and safety particularly along 134th Street.
- Encourage private investment in new development and rehabilitation of buildings in the Redevelopment Project Area.
- Provide public infrastructure improvements throughout the Redevelopment Project Area. Add new and repair existing streets, alleys, sidewalks, and curbs, where necessary. Provide new water and sewer service where service is non-existent.
• Provide public and private infrastructure and streetscape improvements and other available assistance necessary to promote commercial uses to serve the residents of the Redevelopment Project Area.

• Utilize job training and job-readiness programs to provide residents within and near the Redevelopment Project Area with skills necessary to secure jobs.

• Attract new sales tax and real estate tax revenue to the City.

C. DESIGN GUIDELINES

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

• Integrate new development that is functionally and aesthetically compatible with area’s natural resources and adjacent developments.

• Ensure safe and functional circulation patterns for pedestrians and vehicles particularly along 134th Street.

• Ensure improvements of public ways that encourage neighborhood usage of area’s natural resources.

• Create landscaping in accordance with the City’s Calumet Design guidelines for redevelopment that will buffer the new parking lots, adjacent areas, and other institutional uses.

• Integrate energy efficient features and low impact detention throughout the Redevelopment Project Area.

• Encourage the addition of special features within the Redevelopment Project Area where appropriate, such as, but not limited to, public art, murals, neighborhood-identifying signage, and plazas, to increase desirability as a place to live, visit, and shop.

• Ensure the adequate maintenance of public and private landscaping, focal points, and open spaces.
IV. Vacant Blighted Area and Conservation Area Conditions in the Redevelopment Project Area

A. Illinois Tax Increment Act

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

As set forth in the Act, a "Blighted Area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality for which either area wide or stand alone eligibility factors apply.

B. Vacant Blighted - Area Wide Eligibility Factors

If vacant, the sound growth of the redevelopment project area is impaired by a combination of two 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:

1. 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-way 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.

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

3. Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last five years.

4. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

5. 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.

6. 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.

C. VACANT BLIGHTED - STAND ALONE ELIGIBILITY FACTORS

If vacant, the sound growth of the redevelopment project area is impaired by one of the following factors that (i) is 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) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

1. The redevelopment project area consists of one or more unused quarries, mines, or strip mine ponds.

2. The redevelopment project area consists of unused railyards, rail tracks, or railroad rights-of-way.

3. The redevelopment project area, prior to its designation, is subject to chronic flooding that adversely impacts real property in the area as certified by a registered professional engineer or appropriate regulatory agency.

4. The redevelopment project 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. Prior to the November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within five years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in Subheading (B) of this subsection, the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

6. The redevelopment project area qualified as a blighted improved area immediately prior to becoming vacant unless there have been substantial private investment in the immediately surrounding parcels.

D. CONSERVATION AREA ELIGIBILITY FACTORS

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

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

2. Obsolescence

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

3. Deterioration

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

4. Presence of structures below minimum code standards

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

5. Illegal use of individual structures

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

6. Excessive vacancies

Excessive vacancy according to the Act is referred to as "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." Excessive vacancies include improved properties that evidence no redundant effort directed toward their occupancy or underutilization.
7. Lack of ventilation, light, or sanitary facilities

The Act refers to the lack of ventilation, light, or sanitary facilities as "the absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials."

8. Inadequate utilities

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

9. Excessive land coverage and overcrowding of structures and community facilities

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

10. Deleterious land use or layout

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

11. Necessity of environmental clean-up

As defined by the Act, a finding of Environmental Clean-up can be found if the proposed redevelopment project 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."
12. Lack of community planning

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

13. Total Equalized Assessed Value

Total EAV may be considered a factor if the EAV total of the proposed redevelopment project area has declined for three of the last five calendar years for which the information is available or is increasing at an annual rate that is less than the balance of the municipality for 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.

The Act states that no redevelopment plan shall be adopted unless a municipality complies with all of the following requirements: (1) the municipality finds that the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the redevelopment plan; (2) the municipality finds that the redevelopment plan and project conforms to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the redevelopment plan and project was adopted, the redevelopment plan and project either: (i) conforms to the strategic economic development or redevelopment plan issued by the designated planning authority of the municipality, or (ii) includes land uses that have been approved by the planning commission of the municipality; and (3) the redevelopment plan establishes the estimated dates of completion of the redevelopment project and retirement of obligations, if any, issued to finance redevelopment project costs.

E. BLIGHTED AREA ELIGIBILITY FACTORS FINDINGS

The vacant portion of the Redevelopment Project Area contains nine blocks representing 14 parcels. A finding may be made that the Redevelopment Project Area is a vacant Blighted Area based on two sets of criteria, either area wide factors or stand alone factors. The Redevelopment Project Area meets five of the area wide qualifying factors of which two are required:
Area Wide Factors

1. Obsolete platting
2. Diversity of ownership
3. Deterioration of structures or site improvements in neighboring areas
4. Environmental remediation
5. EAV demonstrates lack of growth

In addition to the area wide set of eligibility factors met, the Redevelopment Project Area meets two of the stand alone qualifying factors of which one is required.

Stand Alone Factors

1. Unused railyards, rail tracks, or railroad rights-of-way
2. Chronic flooding

In conclusion, the vacant portion of the Redevelopment Project Area meets five of the six area wide qualifying factors of which two are required and also meets two qualifying factors for the stand alone qualifying criteria of which one is required.

F. Conservation Area Eligibility Findings

The Redevelopment Project Area consists of 54 Permanent Index Numbers ("PIN"). There are approximately 19 buildings and 333 mobile homes in the Redevelopment Project Area. The age of each of the buildings was verified by the Cook County Assessor’s Office. Eighteen of the 19 buildings within the Redevelopment Project Area are 35 years of age or more. As set forth in the Act, the Redevelopment Project Area meets the qualifying factor for age; 95% of the buildings are 35 years of age or more.

The Redevelopment Project Area is characterized by the presence of seven of the Conservation Area eligibility factors defined below:

1. Obsolescence
2. Deterioration
3. Excessive vacancies
4. Inadequate utilities
5. Environmental clean-up
6. Lack of community planning
7. EAV demonstrates lack of growth
G. **Eligibility Findings Conclusion**

As set forth in the Eligibility Study, the Redevelopment Project Area qualifies as a vacant Blighted Area and a Conservation Area as set forth in the Act. The number, degree, and distribution of factors as documented in this report warrant the designation as a Redevelopment Project Area. Specifically:

- **Vacant Blighted - Area Wide Findings**
  Of 54 parcels, 14 parcels qualify as a vacant Blighted Area based on the presence of five of the area wide blighting qualification factors, which are reasonably distributed throughout the Redevelopment Project Area. Only two of the factors are required by the Act.

- **Vacant Blighted - Stand Alone Findings**
  Of 14 vacant Blighted Area parcels, six of the parcels qualify as a vacant Blighted Area based on the presence of two of the stand alone factors which are reasonably distributed throughout the Redevelopment Project Area. Only one of the factors is required by the Act.

- **Conservation Area Findings**
  Of the 54 parcels, 40 parcels qualify as a Conservation Area based on a finding of age in excess of 35 years in 95% of the buildings and the presence of seven of the 13 eligibility factors which are reasonably distributed throughout the Redevelopment Project Area. In addition to age, only three of the factors are required by the Act.

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

The Redevelopment Project Area has not benefited from growth and development as a result of investments by private enterprise and without action by the City. Specifically, because of the blighting factors of obsolete site improvements, deterioration and lagging EAV, development of the Redevelopment Project Area is impeded. Primarily, the eastern portion of Redevelopment Project Area lacks the necessary streets, alleys, sidewalks, and updated sanitary sewer and water systems, and has a very high water table. In order to develop the eastern portion (approximately 100 acres) of the Redevelopment Project Area, engineering estimates require filling the site with three to four feet of structural fill to place future building foundations above the water table and to assure proper drainage. An extensive amount of site preparation will have to be completed before this section of the Redevelopment Project Area is ready for the future development. New sanitary sewers, storm sewers and water mains will have to be installed. Additionally, new roads, alleyways, sidewalks and utilities will need to be constructed.

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

- Exterior surveys of the conditions and use of the Redevelopment Project Area;
- Field surveys of environmental conditions, including streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
- Comparison of current land uses to the Zoning Ordinance and current zoning maps;
- Historical analysis of site uses and users;
- Analysis of original and current platting and building size layout;
- Review of previously prepared plans, studies, and data; and
- Evaluation of the EAVs in the Redevelopment Project Area from tax years 2000 to 2006.

The Redevelopment Project Area qualifies as a vacant Blighted Area and an improved Conservation Area and is therefore eligible for Tax Increment Financing under the Act.
V. 134th Street Redevelopment Project

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

A. General Land-Use Plan

The proposed land uses for the Redevelopment Project Area reflect the goals and objectives previously identified. Exhibit 1, Map 3 – Proposed Land Use identifies the uses that will be supported by the Plan. The major land use categories for the Redevelopment Project Area include residential, institutional, mixed-use, open space and industrial. The Proposed Land Use Plan is intended to guide future land use improvements and developments for the Redevelopment Project.

1. Residential Uses

Residential uses should include a variety of residential types and community facilities. New single-family homes, townhouses, senior housing and multi-family rental units, should be developed in blocks where appropriate.

2. Institutional Uses

Institutional land uses include property utilized by educational and publicly owned facilities. This includes Chicago Public Schools, Chicago Park District facilities, places of worship, and community centers.

3. Mixed-Use

The mixed-use category allows for flexibility in the development of parcels which are deemed appropriate for a variety of uses and allows the Plan to accommodate market demands more readily. Mixed-use areas can be developed with any combination of residential, institutional, commercial, and open space uses, provided such uses are compatible and comply with the land use controls of the Plan. Where considered appropriate, as in the designated mixed-use areas, dwelling units and professional offices above commercial/retail or service establishments should be encouraged.

4. Open Space

The proposed open space land use is for existing open space.

5. Industrial

Industrial land uses reflect the uses allowed under the current zoning regulations for the Redevelopment Project Area.
The Chicago Plan Commission must approve this Plan and the proposed land uses described herein prior to its adoption by the City Council.

B. Redevelopment Plan

The proposed land uses are key to the comprehensive and cohesive development of the Redevelopment Project Area as a successful complement to its surrounding community. The primary intent of this Plan is to build upon the work that has already taken place within the community to preserve and enhance existing residential buildings and develop new residential and commercial developments. The overall strategy is to provide permanent housing and develop a commercial center along 134th Street. Additionally, the Plan will help to eliminate existing deteriorating conditions within the Redevelopment Project Area that make the area eligible as a Conservation Area under the Act.

This Plan incorporates the use of tax increment revenues to stimulate or stabilize the Redevelopment Project Area through the planning and programming of improvements. The Plan's strategy is to develop a public improvement program using tax increment financing, as well as other funding sources available to the City, which will improve the Redevelopment Project Area for current residents and which will reinforce and further private investment. This public improvement program can be categorized as follows:

- Encourage the development of new residential and commercial structures.
- Develop a unified neighborhood theme that can be accomplished through a variety of methods including streetscaping, murals, signage, decorative lighting, planter/tree boxes, and banners.
- Develop a pedestrian-friendly, community center with mixed-uses along 134th Street.

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

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

In the event that the implementation of the Plan results in the removal of residential housing units in the Redevelopment 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

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Assistance and Real Property Acquisition Policies Act of 1970 and the regulations thereunder, 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 Redevelopment 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 percent but less than 80 percent 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 percent 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 percent of the maximum allowable income for such households, as applicable.

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

C. Redevelopment Project

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

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

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

In the event the Act is amended after the date of the approval of this Plan by the City Council 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 1 or otherwise adjust the line item in Table 1 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 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 costs may include, without limitation, the following:

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

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

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

4. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
5. Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;

6. Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the Redevelopment Project Area as long as such projects feature a community-based training program that ensures maximum reasonable opportunities for residents of the community area with particular attention to the needs of those residents who have previously experienced inadequate employment opportunities and development of job-related skills including residents of public and other subsidized housing and people with disabilities;

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

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

9. Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act;

10. Payment in lieu of taxes, as defined in the Act;

11. Costs of job training, retraining, advanced vocational education or career education, including, but not limited to courses in occupational, semi-technical, or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (1) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Redevelopment Project Area; and (2) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken including, but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;
12. Interest costs incurred by a redeveloper related to the construction, renovation, or rehabilitation of a redevelopment project provided that: (1) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act; (2) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year; (3) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; (4) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total (i) cost paid or incurred by the redeveloper for such redevelopment project, or (ii) Redevelopment Project Costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and (5) up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing for low- and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be substituted for 30 percent in (2) and (4) above;

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

14. An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;

15. Instead of the eligible costs provided for in item (12) 2, 4 and 5 above, the City may pay up to 50 percent of the cost of construction, renovation and/or rehabilitation of all low- 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- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act; and

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

If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 et seq., as amended, then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax 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.
Table 1 – Estimated Redevelopment Project Costs represents those eligible project costs pursuant to the Act. The total Redevelopment Project Costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, interest, and other financing costs). Within this limit, adjustments may be made in line items without amendment to this Plan. These upper limit expenditures are potential costs to be expended over the maximum 23-year life of the Redevelopment Project Area. These funds are subject to the amount of redevelopment projects and incremental tax revenues generated and the City’s willingness to fund proposed projects on a project-by-project basis. The Redevelopment Project Costs set forth in Table 1 represent estimated amounts and do not represent actual City commitments or expenditures.
### Table 1 - Estimated Redevelopment Project Costs

<table>
<thead>
<tr>
<th>Program/Action/Improvements</th>
<th>Estimated Costs ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Property assembly, including acquisition</td>
<td>5,000,000</td>
</tr>
<tr>
<td>2. Site preparation, demolition, and environmental remediation</td>
<td>40,000,000</td>
</tr>
<tr>
<td>3. Public works and improvements including streets and utilities, parks and open space, public facilities (schools and other public facilities) (1)</td>
<td>45,000,000</td>
</tr>
<tr>
<td>4. Relocation</td>
<td>1,000,000</td>
</tr>
<tr>
<td>5. Rehabilitation of existing structures, fixtures and leasehold improvements, affordable housing construction and rehabilitation</td>
<td>500,000</td>
</tr>
<tr>
<td>6. Job training, retraining, welfare-to-work</td>
<td>1,000,000</td>
</tr>
<tr>
<td>7. Interest subsidies</td>
<td>5,000,000</td>
</tr>
<tr>
<td>8. Professional services: studies, surveys, plans and specifications, administrative costs relating to redevelopment plan, architectural, engineering, legal, marketing, financial, planning, or other services</td>
<td>2,000,000</td>
</tr>
<tr>
<td>9. Day care services</td>
<td>500,000</td>
</tr>
<tr>
<td>Total Redevelopment Project Costs (2)(3)(4)(5)</td>
<td>100,000,000</td>
</tr>
</tbody>
</table>

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

(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 affected by the redevelopment of the Redevelopment Project Area. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all or a portion of a taxing district’s capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan.

(2) Total Redevelopment 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 Costs that can be incurred in the Redevelopment Project Area will be reduced by the amount of Redevelopment Project Costs incurred in contiguous redevelopment project areas, or those separated from the Redevelopment Project Area only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Redevelopment Project Area, but will not be reduced by the amount of Redevelopment Project Costs incurred in the Redevelopment Project Area that are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Redevelopment Project Area only by a public right-of-way.

(4) Increases in estimated Total Redevelopment Project Costs of more than five percent, after adjustment for inflation from the date of the Redevelopment Plan adoption, are subject to the 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 used to supplement the City’s ability to finance Redevelopment Project Costs identified above.

(5) In 2006 dollars.

Changes may be made in line items (but not in total) without Amendment of the Plan.
E. SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from incremental property taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the City may deem appropriate. The City may incur Redevelopment Project Costs which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed for such costs from incremental taxes. Also, the City may permit the use of guarantees, deposits and other forms of security made available by private sector developers. Additionally, the City may utilize revenues, other than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received.

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

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

F. ISSUANCE OF OBLIGATIONS

The City may issue obligations secured by incremental property taxes pursuant to Section 11-74.4-7 of the Act. To enhance the security of a municipal obligation, the City may pledge its full faith and credit though the issuance of general obligations bonds. Additionally, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.
The Redevelopment Project shall be completed, and all obligations issued to finance Redevelopment Project Costs shall be retired, no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this Redevelopment Project Area is adopted (assuming City Council approval of the Redevelopment Project Area and Plan in 2007, by December 31, 2031). Also, the final maturity date of any such obligations issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.

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

G. Most Recent Equalized Assessed Valuation of Properties

The purpose of identifying the most recent EAV of the Redevelopment Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Redevelopment Project Area. The 2005 EAV of all taxable parcels in the Redevelopment Project Area is approximately $6,628,875. This total EAV amount, by PIN, is summarized in Exhibit 2. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Redevelopment Project Area will be calculated by Cook County. This Plan has utilized the EAVs for the 2006 tax year.

H. Anticipated Equalized Assessed Valuation

The estimated EAV of real property within the Redevelopment Project Area, by the year 2027 (when it is estimated that the Redevelopment Projects, based on current information, will be constructed and fully assessed), is anticipated to be between $150,000,000 and $175,000,000. These estimates are based on several key assumptions including the following: (1) all currently projected development will be constructed and occupied by 2028; (2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Plan; (3) the most recent State Multiplier of 2.732 as applied to 2006 assessed values will remain unchanged; (4) for the duration of the Redevelopment Project Area, the tax rate for the entire area is assumed to be the same and will remain unchanged from the 2006 level; and (5) growth from reassessments of existing properties in the Redevelopment Project Area will be at a rate of 2.5% per year with a reassessment every three years. Although development in the Redevelopment Project Area could occur after 2030, it is not possible to estimate with accuracy the effect of such future development on the EAV for the Redevelopment Project Area. In addition, as described in Section V (M) of the Plan, Phasing and Scheduling, public improvements and the expenditure of Redevelopment Project Costs may be necessary in furtherance of the Plan throughout the period that the Plan is in effect.
I. **FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT**

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

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

The Plan primarily involves site preparation and construction of new residential development. The new residential development will increase the amount of residents and may cause an increased demand for some capital improvements to be provided by the taxing districts. Therefore, as discussed below, the financial burden of the Plan and Project on taxing districts is expected to be minimal.

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

**Impact of the Redevelopment Project**

The site preparation and construction of new residential development in the Redevelopment Project Area may increase the demand for services and/or capital improvements to be provided by the City of Chicago, Chicago Board of Education District, Chicago School Finance Authority, Chicago Park District, Chicago Community College District, Metropolitan Water Reclamation District of Greater Chicago, County of Cook, and Cook County Forest Preserve District. The nature of these potential demands for services on these taxing districts is described below.

**City of Chicago.** The site preparation and construction of new residential development may increase the demand for services and programs provided by the City, including police and fire protection, sanitary collection, recycling, etc. Appropriate City departments can adequately address any increase in demand for City services and programs.

**Chicago Board of Education.** The site preparation and construction of new residential development will increase the number of school age children to the Redevelopment Project Area.

**Chicago Park District.** The site preparation and construction of new residential development will increase the number of residents to the Redevelopment Project Area. Any future development should include accommodations for open space. The City intends to monitor development with the cooperation of the Chicago Park District to ensure that any increase in the demand for services will be adequately addressed.
Chicago Community Colleges. The site preparation and construction of new residential development should not increase the need for college educational services, nor increase the number of schools provided by the Chicago Community Colleges.

Metropolitan Water Reclamation District of Greater Chicago. The site preparation and construction of new residential development will increase the demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District. The Redevelopment Project Area will require the addition of new water and sewer lines in some areas.

County of Cook. The site preparation and construction of new residential development should not increase the need for additional services by the County of Cook.

Cook County Forest Preserve District. The site preparation and construction of new residential development may increase the need for additional services by the Cook County Forest Preserve District.

J. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

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

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

K. PROVISION FOR AMENDING THE PLAN

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

L. FAIR EMPLOYMENT PRACTICES, AFFIRMATIVE ACTION PLAN, AND PREVAILING WAGE AGREEMENT

The City is committed to and will affirmatively implement the following principles with respect to the Redevelopment Project Area and 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, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, or housing status.
2. Redevelopers must meet the City's standards for participation of 24 percent Minority Business Enterprises and four percent Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.

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

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

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

M. PHASING AND SCHEDULING

A phased implementation strategy will be used to achieve a timely and orderly redevelopment of the Redevelopment Project Area. It is expected that while this Plan is in effect for the Redevelopment Project Area, numerous public/private improvements and developments can be expected to take place. The specific time frame and financial investment will be staged in a timely manner. Development within the Redevelopment Project Area intended to be used for residential, commercial, or institutional purposes will be staged consistently with the funding and construction of infrastructure improvements, and private sector interest. City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers. The Plan shall be completed, and all obligations issued to finance Redevelopment Project 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 23rd calendar year following the year in which the ordinance approving this Redevelopment Project Area was adopted (assuming adoption by the City Council in 2007, by December 31, 2031).
Appendix

Exhibit 1 - Map Legend
Exhibit 2 - 2006 Equalized Assessed Value
Exhibit 3 - Legal Description
Exhibit 4 - City of Chicago 134th Street and Avenue Tax Increment Financing Program Housing Impact Study
Exhibit 5 - City of Chicago 134th Street and Avenue Tax Increment Financing Program Eligibility Study
Exhibit 2 - Legal Description

LEGAL DESCRIPTION
FOR
134th & K TIF

STONELAKE SURVEY CO. LTD. FILE NO 4400-134K TIF
DATE: 10-04-2007


45 FEET FROM THE SOUTEAST CORNER OF LOT 13 IN SAID BLOCK 2; THENCE SOUTHEASTERLY TO THE NORTHWEST CORNER OF LOT 14 IN BLOCK 3 OF SAID SUBDIVISION OF THE EAST 869.85 FEET OF THE WEST 1027.62 FEET; THENCE EASTERLY TO THE NORTHEAST CORNER OF LOT 13 IN SAID BLOCK 3; THENCE EASTERLY TO THE NORTHWEST CORNER OF LOT 34 OF PHILLIPS'S SUBDIVISION OF THE EAST 298.54 FEET EXCEPT THE SOUTH 224 FEET OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 32, TOWNSHIP AND RANGE AFORESAID; THENCE EASTERLY TO THE NORTHEAST CORNER OF LOT 33 IN SAID PHILLIPS SUBDIVISION; THENCE NORTHEASTERLY TO THE NORTHWEST CORNER OF LOT 29 IN MCNAMARA'S FIRST ADDITION TO HEGEWISCH, A SUBDIVISION OF THE WEST 174 FEET (EXCEPT THE NORTH 40 FEET TAKEN FOR STREET) OF THE WEST HALF OF THE WEST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 32, TOWNSHIP AND RANGE AFORESAID; THENCE EASTERLY TO THE NORTHEAST CORNER OF SAID LOT 29; THENCE NORTHERLY TO THE NORTHEAST CORNER OF LOT 1, IN SAID MCNAMARA'S FIRST ADDITION; THENCE WESTERLY TO THE NORTHWEST CORNER OF SAID AVENUE K AND 134" STREET; THENCE NORTHERLY ALONG THE WEST RIGHT OF WAY LINE OF SAID AVENUE K TO THE SOUTH CORNER OF 133rd STREET AND SAID AVENUE K; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID 133rd STREET TO THE SOUTHEAST CORNER OF AVENUE K AND 133rd STREET; THENCE NORTH 89 DEGREES 37 MINUTES 06 SECONDS EAST ALONG THE SOUTH RIGHT OF WAY LINE OF SAID 133rd STREET 327.29 FEET; THENCE NORTH 00 DEGREES 30 MINUTES 30 SECONDS WEST ALONG THE EAST LINE OF THE STATE OF ILLINOIS DEPARTMENT OF CONSERVATION PROPERTY 1448.11 FEET; THENCE SOUTH 60 DEGREES 43 MINUTES 10 SECONDS EAST 310.00 FEET; THENCE SOUTH 58 DEGREES 46 MINUTES 03 SECONDS EAST 190.00 FEET; THENCE SOUTH 00 DEGREES 34 MINUTES 34 SECONDS EAST 465.31 FEET; THENCE SOUTH 50 DEGREES 43 MINUTES 10 SECONDS EAST 132.29 FEET; THENCE NORTH 46 DEGREES 14 MINUTES 29 SECONDS EAST 875.00 FEET TO SOUTHERLY LINE OF STATE OF ILLINOIS PROPERTY; THENCE NORTH 25 DEGREES 45 MINUTES 31 SECONDS WEST ALONG SAID SOUTHERLY LINE 35.00 FEET; THENCE NORTH 58 DEGREES 46 MINUTES 03 SECONDS WEST TO A POINT ON THE NORTH SOUTH CENTERLINE OF SAID SECTION 32; THENCE NORTHERLY TO A POINT ON THE NORTH LINE OF FRACTIONAL NORTHWEST QUARTER OF SAID SECTION 32; THENCE EASTERLY TO THE SOUTHWESTERLY RIGHT OF WAY LINE OF THE INDIANA HARBOR BELT RAILROAD PROPERTY; THENCE SOUTHEASTERLY ALONG SAID SOUTHWESTERLY RIGHT OF WAY LINE OF THE INDIANA HARBOR BELT RAILROAD PROPERTY TO A POINT ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 32; THENCE CONTINUING SOUTHEASTERLY ALONG SAID SOUTHWESTERLY RAILROAD RIGHT OF WAY LINE TO A POINT ON THE NORTH LINE OF THE 50 FOOT WIDE RIGHT OF WAY OF THE PENNA RAILROAD (SOUTH CHICAGO AND SOUTHERN RAILROAD); THENCE EASTERLY 100 FEET TO A POINT ON THE EAST LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 32; THENCE SOUTHERLY ALONG SAID EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 32, A DISTANCE OF 50 FEET TO A POINT ON THE SOUTH LINE OF SAID PENNA RAILROAD; THENCE WESTERLY ALONG THE SOUTH LINE OF SAID PENNA RAILROAD TO A POINT ON THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 32, THENCE SOUTHERLY 174 FEET ALONG SAID WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 32; THENCE WESTERLY TO A POINT ON THE WEST LINE OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 32, SAID POINT BEING ON THE CENTERLINE OF AVENUE K EXTENDED SOUTH; THENCE WESTERLY TO A POINT ON THE WEST LINE OF THE
SOUTHWEST QUARTER OF SAID SECTION 32; THENCE CONTINUING WESTERLY TO A POINT ON THE WEST RIGHT OF WAY LINE OF AVENUE O; THENCE NORTHEASTERLY ALONG THE WESTERLY RIGHT OF WAY LINE OF SAID AVENUE O, A DISTANCE OF 199.94 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID PENNA RAILROAD (SOUTH CHICAGO AND SOUTHERN RAILROAD); THENCE NORTHEASTERLY 307.60 FEET ALONG A CURVE TO THE LEFT, HAVING A RADIUS OF 605.11 FEET TO A POINT IN THE CENTERLINE OF SAID GREENBAY AVENUE; THENCE SOUTHERLY ALONG SAID CENTERLINE TO A POINT 33 FEET EASTERLY OF THE NORTHEAST CORNER OF LOT 19 IN BLOCK 19 OF CALUMET AND CHICAGO CANAL AND DOCK COMPANY'S SUBDIVISION IN SECTION 31, TOWNSHIP AND RANGE AFORESAID; THENCE WESTERLY 33 FEET TO THE NORTHEAST CORNER OF SAID LOT 19 IN BLOCK 19; THENCE SOUTHERLY TO THE SOUTHEAST CORNER OF SAID LOT 19 IN BLOCK 19, SAID CORNER BEING ON THE NORTH RIGHT OF WAY LINE OF 136th STREET; THENCE WESTERLY ALONG THE SAID NORTH RIGHT OF WAY LINE TO THE SOUTHWEST CORNER OF LOT 23 IN SAID BLOCK 19; THENCE NORTHERLY TO THE NORTHWEST CORNER OF SAID LOT 23, BLOCK 19; THENCE NORTHEASTERLY TO THE SOUTHWEST CORNER OF LOT 18 IN SAID BLOCK 19; THENCE NORTHERLY ALONG THE WEST LINES OF LOTS 1 THROUGH 18 BLOCK 19, AND LOTS 1 THROUGH 24 BLOCK 16, IN SAID CALUMET AND CHICAGO CANAL AND DOCK COMPANY'S SUBDIVISION IN SAID SECTION 31 TO THE NORTHEAST CORNER OF SAID LOT 1 IN BLOCK 16; THENCE CONTINUING NORTH, 33 FEET TO THE CENTER LINE OF 134th STREET; THENCE WEST 7 FEET; THENCE NORTH ALONG THE CENTER LINE OF A 14 FOOT VACATED ALLEY, AND THE SOUTH EXTENSION OF SAID CENTER LINE; LYING WEST OF LOTS 1 THRU 5 IN BLOCK 11 OF SAID CALUMET AND CHICAGO CANAL AND DOCK COMPANY'S SUBDIVISION TO THE SOUTH LINE; EXTENDED WEST, OF LOT 18 IN BLOCK 7 OF HEGEWISCH FIRST ADD TO HEGEWISCH IN SAID SECTION 31, BEING ON THE CENTER LINE OF VACATED ALLEY; THENCE WEST 7 FEET TO THE WEST LINE OF VACATED ALLEY; THENCE NORTH ALONG SAID WEST LINE TO A POINT IN THE SOUTH RIGHT OF WAY LINE OF 133rd STREET; THENCE WESTERLY ALONG SAID SOUTH LINE TO A POINT DISTANT 71.25 FEET EASTERLY OF THE SOUTHEAST CORNER OF THE INTERSECTION OF SAID 133rd STREET AND MACKINAW AVENUE; THENCE NORTHERLY ALONG THE WESTERLY RIGHT OF WAY LINE OF RAILROAD LANDS TO A POINT DISTANT SOUTHERLY 41 FEET FROM THE SOUTH LINE OF SAID 132nd STREET; THENCE WESTERLY TO A POINT IN THE WEST LINE OF LOT 47 BLOCK 2; THENCE NORTHEASTERLY TO A POINT IN THE WEST LINE OF MACKINAW AVENUE, DISTANT SOUTH 36.77 FEET FROM THE SOUTHWEST CORNER OF 132nd STREET AND SAID MACKINAW AVENUE; THENCE WESTERLY TO A POINT IN THE EAST LINE OF LOT 47 BLOCK 3 OF SAID HEGEWISCH FIRST ADDITION TO HEGEWISCH SUBDIVISION OF SAID SECTION 31; THENCE NORTHERLY TO THE SOUTHEAST CORNER OF LOT 48 IN SAID BLOCK 3; THENCE WESTERLY ALONG THE SOUTH LINE OF SAID LOT 48 BLOCK 3 TO THE EASTERY LINE OF BUFFALO AVENUE; THENCE SOUTHERLY ALONG THE EASTERY LINE OF SAID BUFFALO AVENUE TO THE SOUTHEAST CORNER OF THE INTERSECTION OF SAID BUFFALO AVENUE AND SAID 133rd STREET; THENCE WESTERLY TO THE INTERSECTION OF THE SOUTHWEST CORNER OF SAID 133rd STREET AND SAID BURLEY AVENUE; THENCE NORTHERLY ALONG THE WEST LINE OF SAID BURLEY AVENUE TO THE POINT OF BEGINNING.
## Exhibit 3 - 2006 Equalized Assessed Value

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<td>956,906</td>
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<tr>
<td>26-32-500-003</td>
<td>156,594</td>
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**TOTAL** | **6,628,875**
Exhibit 4 - City of Chicago 134th Street and Avenue K Tax Increment Financing Program Housing Impact Study
CITY OF CHICAGO

134th Street and Avenue K Redevelopment Project Area

Tax Increment Financing

Housing Impact Study

CITY OF CHICAGO

RICHARD M. DALEY
Mayor

AUGUST 2007

Prepared by:
LOUIK/SCHNEIDER & ASSOCIATES, INC.
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EXHIBIT 1 - UNITS THAT MAY BE REMOVED OVER THE 23-YEAR LIFE OF THE REDEVELOPMENT PROJECT AREA 13
Louik/Schneider and Associates, Inc. has been retained by the City of Chicago (the "City") to conduct a Housing Impact Study for the 134th Street and Avenue K Tax Increment Financing Redevelopment Project and Plan (the "Plan"), pursuant to the Illinois Tax Increment Allocation Redevelopment Act in the Illinois Compiled Statutes, Chapter 65, Article 5, Section 11-74.4-1, et. seq., as amended (the "Act"). The 134th Street Tax and Avenue K Increment Financing Redevelopment Project Area ("Redevelopment Project Area") is generally bounded by Wolf Lake to the north; Pennsylvania Railroad and 138th Street to the south; the Indiana Harbor Belt Railroad and the Illinois-Indiana State boarder to the east; and Burley Avenue to the west. This report summarizes the analyses and findings of the consultants' work, which is the responsibility of Louik/Schneider and Associates, Inc.

The Redevelopment Project Area is primarily located within the Hegewich community area. The demographic and statistical information presented in this study was obtained from the 2000 United States Census from the U.S Census Bureau. Demographic information was obtained only for portions of the Redevelopment Project Area that included existing residential land uses.

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 does not certify at that time that no displacement of residents will occur, the municipality shall prepare a housing impact study and incorporate the study in the Plan.

The number and type of residential buildings in the Redevelopment Project Area potentially affected by this Plan were identified during the survey of building conditions and land use conducted for the Redevelopment Project Area. An estimate of the number of residential units within each building, and whether such residential units were inhabited or uninhabited, was based on a number of analytical tools including, where appropriate, physical building surveys, Cook County tax assessment records, and census data. As of August 7, 2007, the Redevelopment Project Area contained approximately 341 residential units, of which 265 are inhabited and 75 are uninhabited.

The primary goal of the Plan is to promote residential and commercial. However, the City is unable to certify that no displacement of residents will occur throughout the 23-year life of the Redevelopment Project Area. Therefore, based on the requirements of the Act, this housing impact study contains the following two parts.
Part I herein identifies the residential units in number and type, indicating whether they are inhabited or uninhabited and the racial and ethnic composition of the residents. Specifically, the housing impact study provides information from field surveys and census data regarding residential units to establish if they are single-family or multi-family units. Part I also includes the following:

1) Documentation of the number and type of rooms within the units, provided that information is available;

2) Documentation of whether the units are inhabited or uninhabited (as determined not less than 45 days before the Plan is introduced by the Community Development Commission);

3) Data regarding the racial and ethnic composition of the residents in the inhabited residential units. (This data requirement shall be deemed fully satisfied if it is based on data from the most recent federal census.)

Part II herein identifies the inhabited residential units in the proposed Redevelopment Project Area that may be removed, including the information below:

1) Number and location of those units that may be removed;

2) Municipality’s plans for relocation assistance for those residents in the proposed Redevelopment Project Area whose residences may be removed;

3) Availability of replacement housing for those residents whose residences may be removed, and the type, location, and cost of the housing;

4) Type and extent of relocation assistance to be provided.
PART I - RESIDENTIAL UNITS

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

A. RESIDENTIAL UNIT NUMBER AND TYPE

Field studies conducted by Louik/Schneider & Associates, Inc. indicate the Redevelopment Project Area contains 336 residential mobile homes and RV homes and five single-family homes. The mobile homes consist of single-wide, double-wide and RV’s.

### TABLE 1 - RESIDENTIAL UNITS BY TYPE*

<table>
<thead>
<tr>
<th>Type of Home**</th>
<th>Estimated Number of Units in the Amended Area</th>
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<tbody>
<tr>
<td>Single-wide mobile home</td>
<td>302</td>
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<tr>
<td>Double-wide mobile home</td>
<td>30</td>
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<tr>
<td>RV</td>
<td>4</td>
</tr>
<tr>
<td>Single Family Homes</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>341</td>
</tr>
</tbody>
</table>

*Based on information provide by Harbour Point Estates and field surveys.

B. RESIDENTIAL UNIT DETAIL

The distribution within the Redevelopment Project Area of the 341 residential units by number of rooms is identified in Table 2. The methodology used to determine this information is described below.
METHODOLOGY

For purposes of this study, data has been gathered from field surveys conducted by Louik/Schneider & Associates, Inc. The unit types can be classified according based on the following assumptions:

- Single-wide mobile homes generally have 2-3 bedrooms
- Double-wide mobile homes generally have 3-4 bedrooms
- RV generally have sleeping areas not bedrooms
- Single family homes have 1-3 bedrooms

Table 1 shows the number of residential units in the Redevelopment Project Area by unit type.

**Table 1 - Residential Units by Unit Type**

<table>
<thead>
<tr>
<th>Type of unit**</th>
<th>Number of Units</th>
<th>Estimated Number of Bedrooms per unit type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-wide mobile home</td>
<td>302</td>
<td>2-3</td>
</tr>
<tr>
<td>Double-wide mobile home</td>
<td>30</td>
<td>3-4</td>
</tr>
<tr>
<td>RV</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Single Family Homes</td>
<td>5</td>
<td>1-3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>341</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Information obtained from field surveys.

C. NUMBER OF INHABITED UNITS

Field surveys were completed on a building-by-building basis by Louik/Schneider & Associates, Inc. to determine the total number of inhabited and uninhabited residential units within the Redevelopment Project Area. As required by the Act, this information was ascertained as of August 5, 2007 which is less than 45 days before the date that the resolution is or will be passed, as required by Subsection (a) of Section 11-74.4-5.

Field surveys indicate that of the 341 residential units, 261 are inhabited and 81 are uninhabited.
D. **Demographics**

In an effort to determine the racial and ethnic composition of the residents as required by the Act, the total number of residents in the 2000 United States must first be established. Table 2 identifies the number of residents (referred to as population by the US Census Bureau) as 7,033. In 2000, Census Tract 5501 had 369 mobile home units, 12.3% of the total 3,010 housing units and Census Tract 5502 has five 1-unit detached single family homes, 0.45% of the total of 1,111 housing units.* Applying the 12.3 and .45 percent methodology, the estimated population of the Redevelopment Project Area totals 877 as follows:

<table>
<thead>
<tr>
<th>Table 2 – Number of Residents*</th>
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</thead>
<tbody>
<tr>
<td>Population of Census Tract 5501</td>
</tr>
<tr>
<td>7033</td>
</tr>
</tbody>
</table>

| Population of Census Tract 5502 | Estimated Population of the Redevelopment Project Area |
| 2748                            | 12                                                 |

*Information for Table 2 was obtained from the 2000 U.S. Census Summary File 1 (SF 1).

Tables 3 and 4 further identify the residents of the Census Tracts by racial and ethnic composition. The same methodology was used to estimate the racial and ethnic composition of the residents of the Redevelopment Project Area shown within these two tables.
### Table 3 - Racial and Ethnic Composition*

<table>
<thead>
<tr>
<th>Race</th>
<th>Population within Census Tract 5501</th>
<th>Estimated Population within the Redevelopment Project Area</th>
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<tr>
<td>Population of one race:</td>
<td>4,736</td>
<td>583</td>
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<tr>
<td>White alone</td>
<td>4,577</td>
<td>563</td>
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<tr>
<td>Black or African American alone</td>
<td>101</td>
<td>12</td>
</tr>
<tr>
<td>American Indian and Alaska Native alone</td>
<td>23</td>
<td>3</td>
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<tr>
<td>Asian alone</td>
<td>18</td>
<td>3</td>
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<tr>
<td>Native Hawaiian and Other Pacific Islander alone</td>
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<td>0</td>
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<td>Some other race alone</td>
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<td>Population of two or more races</td>
<td>171</td>
<td>21</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>2,126</td>
<td>261</td>
</tr>
<tr>
<td><strong>Total Population</strong></td>
<td><strong>7033</strong></td>
<td><strong>865</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Race</th>
<th>Census Tract 5502</th>
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<td>Population of one race:</td>
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<tr>
<td>White alone</td>
<td>1,976</td>
<td>9</td>
</tr>
<tr>
<td>Black or African American alone</td>
<td>29</td>
<td>0</td>
</tr>
<tr>
<td>American Indian and Alaska Native alone</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Asian alone</td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td>Native Hawaiian and Other Pacific Islander alone</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Some other race alone</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Population of two or more races</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>694</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total Population</strong></td>
<td><strong>2,748</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>

*Information for Tables 3 and 4 was obtained from 2000 U.S. Census Summary File 1 (SF 1).
PART II - UNITS THAT MAY BE REMOVED OVER THE 23-YEAR LIFE OF THE REDEVELOPMENT PROJECT AREA

Part II contains, as required by the Act, information on acquisition, relocation, replacement housing, and relocation assistance.

A. NUMBER AND LOCATION OF UNITS THAT MAY BE REMOVED

The primary goal of the Plan is to encourage maintenance, restoration, and reuse of existing structures, to the maximum extent feasible. The establishment of the Redevelopment Project Area is intended to foster the growth and development of the permanent residential community. There is no acquisition map in the Redevelopment Plan.

METHODOLOGY

The methodology used to fulfill the statutory requirements of defining the number and location of inhabited residential units that may be removed involves three steps.

Step one counts all inhabited residential units that are identified in an acquisition list of any underlying plan as well as this Redevelopment Plan. Based upon these, the number of inhabited residential units counted in this step is 0.

Step two counts the number of inhabited residential units in structures that are dilapidated as defined by the Act. The number of inhabited residential units counted in this step is 10.

Step three counts the number of inhabited residential units that exist where the future land use indicated by any underlying plan, as well as this Redevelopment Plan, will not include residential uses. In the Redevelopment Project Area, the future land uses in this Redevelopment Plan are residential and mixed-uses which includes commercial and residential. Residential development is allowed throughout the Redevelopment Project Area. Thus, the proposed land use for the existing residential units is identified as residential or mixed use. Therefore, the number of inhabited residential units counted in this step is 0.

Exhibit 1, Units That May Be Removed over the 23-year life of the Redevelopment Project Area, identifies approximately 10 occupied units (the sum of the units found in Steps 1–3 above), in three PINs of the Redevelopment Project Area, that could potentially be removed during the 23-year life of the Redevelopment Project Area. Specific parcels by PIN are listed in Exhibit 1 of this study.
B. **Relocation Program**

If, during the life of the 23-year tax increment financing district, the acquisition plans change, the City's plans for relocation assistance for qualified residents in the proposed Redevelopment Project Area shall be consistent with the requirements set forth in Section 11-74.4-3(n)(7) of the Act. The terms and conditions of such assistance are described in Section D below. The City, as of the date of this report, has prepared no specific relocation plan because it is not the intent of the City to acquire any occupied residential units within the Redevelopment Project Area.

C. **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 residents whose residence is removed, is located in or near the Redevelopment Project Area.

To promote development of affordable housing, the Redevelopment Plan requires that developers who receive tax increment financing assistance for market-rate housing are to set aside at least 20 percent of the units to meet affordability criteria established by the City's Department of Housing. Generally, this means the for-sale units should be priced at a level that is affordable to households earning no more than 100 percent of the area median income (adjusted for family size), and rental units should be affordable to households earning no more than 60 percent of the area median income (adjusted for family size).

If, during the life of the 23-year tax increment financing district, the acquisition plans change, appropriate replacement housing can be found in either the Redevelopment Project Area or the surrounding community area.

The location, type, cost, and availability of a sample of possible replacement housing units located in within the Redevelopment Project Area or within a mile of the Redevelopment Project Area are listed in Table 5. The information presented is based on classified advertisements and Internet research during the week of January 8, 2007. Our research indicated that there are 9 mobile home parks within a five-mile radius of the Harbour Point Estates. Of the nine, three have availability information. In addition three comparable homes have been identified in the following table.
<table>
<thead>
<tr>
<th>Location</th>
<th>Type</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Park Harbor Mobile Home Park</td>
<td>Single-wide</td>
<td>$425 single-wide (includes water, trash)</td>
</tr>
<tr>
<td>4 Oak Court, Calumet City, IL 60409</td>
<td>Double-wide</td>
<td></td>
</tr>
<tr>
<td>708-891-9838</td>
<td></td>
<td></td>
</tr>
<tr>
<td>River Oaks Mobile Estates</td>
<td>Single-wide</td>
<td>$429 for single-wide</td>
</tr>
<tr>
<td>2025 Dolton Road, Calumet City, IL 60409</td>
<td>Double-wide</td>
<td>$439 for double-wide</td>
</tr>
<tr>
<td>708-862-6480</td>
<td></td>
<td>(includes water, trash)</td>
</tr>
<tr>
<td>Sheffield Estates</td>
<td>Single-wide</td>
<td>$450 for single-wide and double-wide</td>
</tr>
<tr>
<td>3600 Sheffield Avenue, Hammond, IN 46327</td>
<td>Double-wide</td>
<td>Additional $25 for water and trash</td>
</tr>
<tr>
<td>219-931-9400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13353 S. Mackinaw Ave.</td>
<td>Single Family</td>
<td>$169,000</td>
</tr>
<tr>
<td>Chicago, Illinois 60633</td>
<td>1032 sq.ft.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 bedrooms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 bath</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13116 S. Avenue O</td>
<td>Single Family</td>
<td>$184,000</td>
</tr>
<tr>
<td>Chicago, Illinois 60633</td>
<td>3 bedrooms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 bath</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13428 S. Mackinaw</td>
<td>Single Family</td>
<td>$179,900</td>
</tr>
<tr>
<td>Chicago, Illinois 60633</td>
<td>1702 sq.ft.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4 bedrooms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 bath</td>
<td></td>
</tr>
</tbody>
</table>

*Information is based on a sample of advertisements or internet listings. The study was conducted during the week of January 8, 2007*

D. **Relocation Assistance**

At the date of this Plan, there are no plans to acquire occupied residential housing units as part of the Plan. However, if the removal or displacement of low-income or very low-income residential housing units is required, such residents will be provided with affordable housing and
relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations thereunder, 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 Redevelopment Project Area.

As used in the paragraph above, "low-income household," "very low-income household," "very, very low-income household," and "affordable housing" have the meanings set forth in Section 3 of the Illinois Affordable Housing Act, 310 ILCS 65/3. As of the date of this study, these statutory terms have the following meanings:

1) "Low-income household" means a single person, family or unrelated persons living together whose adjusted income is more than 50 percent, but less than 80 percent of the median income of the area of residence, adjusted for family size, as such adjusted and median incomes 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.

2) "Very low-income household" means a single person, family or unrelated persons living together whose adjusted income is not more than 50 percent of the median income of the area of residence, adjusted for family size, as so determined by HUD.

3) "Very, very low-income households" means a single person, family or unrelated persons living together whose adjusted income is not more than 30 percent of the median income of the area of residence, adjusted for family size, as so determined by HUD.

4) "Affordable housing" is residential housing that, so long as the same is occupied by a low-income or very low-income household, requires payment of monthly housing costs, including utilities other than telephone, of no more than 30 percent of the maximum allowable income for such households as applicable.

E. Methodology

In order to estimate the income level of the residents of the Redevelopment Project Area, we relied upon information gathered by 2000 United States Census. It is important to note that the United States Census does not match household characteristics information to income level, for reasons of individual privacy. Therefore, we must make a reasonable approximation based upon the facts that can be gathered:

- First, 99% of the residential units have 1–6 rooms. According to the Family Size
Adjustment Rate provided by the Department of Housing and Urban Development, a unit of this size typically is occupied by a family of fewer than five. To be considered low- or very low-income, according to the Department of Housing and Urban Development, a household of fewer than five people must have an annual income of $22,500 or less.

- Second, according to the 2000 U.S. Census Data Summary File 3 (SF3), approximately 29.8 percent of households have incomes under $24,999.

These two statistics, examined together, indicate that approximately one third of the households in the Redevelopment Project Area could be classified as low- or very-low income.
EXHIBIT 1 - UNITS THAT MAY BE REMOVED OVER THE 23-YEAR LIFE OF THE REDEVELOPMENT PROJECT AREA

The following is a list of PINs of the buildings that contain residential units that could possibly be removed over the 23-year life of the Redevelopment Project Area.

PIN

26-32-200-002
26-32-200-014
26-32-400-009
Exhibit 5 - City of Chicago 134th Street and Avenue K Tax Increment Financing Program Eligibility Study
CITY OF CHICAGO

134TH STREET AND AVENUE K
TAX INCREMENT FINANCING PROGRAM

ELIGIBILITY STUDY

CITY OF CHICAGO
RICHARD M. DALEY
MAYOR

NOVEMBER 2007

THIS STUDY IS SUBJECT TO REVIEW, COMMENTS, AND REVISION

PREPARED BY
LOUIK/SCHNEIDER & ASSOCIATES, INC.
134th Street and Avenue K
Tax Increment Financing Program
Eligibility Study

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I. INTRODUCTION

Louik/Schneider & Associates, Inc. ("LSA") has conducted a study and survey of the proposed redevelopment project area known as the 134th Street and Avenue K, Chicago, Illinois redevelopment area, (hereafter referred to as the "Redevelopment Project Area"). LSA's subconsultant Bloodgood Sharp Buster Architects and Planners, Inc. provided assistance in preparing the maps and subconsultant Stonelake Survey Company, Ltd. prepared the legal description. LSA and its subconsultants (collectively, the "Consultant") jointly prepared this report. The purpose of this study is to determine whether the 54 parcels of the Redevelopment Project Area qualify for designation as a "Blighted Area" and a "Conservation Area" for the purpose of establishing a tax increment financing district pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act"). This report summarizes the analyses and findings of the Consultant's work, which is the responsibility of the Consultant.

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

Following this introduction, Section II presents background information on the Redevelopment Project Area including the area location, existing land use, transportation and access, description of current conditions, and zoning characteristics. Section III explains the Building Condition Assessment and documents the qualifications of the Redevelopment Project Area as a vacant Blighted Area and Conservation Area under the Act. Section IV, Summary and Conclusion, presents the findings.

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

- Exterior surveys of the conditions and use of the Redevelopment Project Area
- Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance
• Comparison of current land uses to the current Chicago Zoning Ordinance (the "Zoning Ordinance") and the current zoning maps

• Historical analysis of site uses and users

• Analysis of original and current platting and building size layout

• Review of previously prepared plans, studies, and data

• Evaluation of the Equalized Assessed Valuation (the "EAV") of each of the parcels in the Redevelopment Project Area from 2000 to 2006
II. BACKGROUND INFORMATION

A. LOCATION

The Redevelopment Project Area is located in the far south side community of Hegewisch, approximately 16 miles south of the City’s central business district. The Redevelopment Project Area is approximately 179 acres and is irregular in size. However the general boundaries extend as far north as Wolf Lake; south to the Pennsylvania Railroad, 136th Street and Powderhorn Lake; east to the Indiana Harbor Belt Railroad and the Illinois-Indiana State border; and as far west as Burley Avenue (see Exhibit 1, Map 1 – Project Boundary). Specifically, the Redevelopment Project Area can be divided into multiple sections. The western section is bounded by 132nd Street on the north, 133rd Street on the south, Buffalo Avenue on the east, and West Burley Avenue on the west. The mid-section also extends between 132nd Street on the north, 136th Street on the south, the west side of Green Bay Avenue on the east, and the alley west of Mackinaw Avenue on the west. The mid-section extends along the north and south sides of 136th Street. The eastern portion of the Redevelopment Project Area extends into Wolf Lake on the north, the Pennsylvania Railroad and Powderhorn Lake on the south, the Indiana Harbor Belt Railroad and the Illinois-Indiana State border on the east, and the west side of Avenue K on the west.

B. EXISTING LAND USE

The Redevelopment Project Area’s land uses include residential, institutional, open space and industrial (see Exhibit 1, Map 2 – Existing Land Uses). The residential land uses include single-family homes along 132nd Street and along 136th Street as well as the Harbour Pointe Estates, a mobile home park located north and south of 134th Street and east of Avenue K. The Institutional use includes the Clay Elementary School, which occupies an entire block from 132nd Street to 133rd Street, from Burley Avenue to Buffalo Avenue. The Redevelopment Project Area includes Commonwealth Edison power lines that run from 132nd Street to 136th Street between Mackinaw and Greenways Avenues. Open space uses are located immediately east of Avenue K and north and south of 134th Street. Additional open space uses are located immediately east of Avenue K and north and south of 134th Street. The industrial use occupied by the Azcon Corporation is located at the south end of the Redevelopment Project Area at approximately 136th Street and Avenue O.
The Redevelopment Project Area surroundings include: an 804-acre water sanctuary of Wolf Lake, the 250-acre Egger’s Woods Forest Preserve, 175-acre Powderhorn Lake Prairie and 40-acre Hyde Lake Wetland. The surrounding area is home to nearly 170 species of birds, fish and other wildlife, many of which is endangered.

C. DESCRIPTION OF CURRENT CONDITIONS

The Redevelopment Project Area is in need of major revitalization, which should include the rehabilitation of existing structures. The Redevelopment Project Area is characterized by the following:

- Underutilized parcels
- Deteriorated structures
- Obsolete configuration
- Lack of public infrastructure and utilities
- Other deteriorating characteristics

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

D. TRANSPORTATION AND ACCESS

The major local surface transportation access routes serving the Redevelopment Project Area and its surrounding community include Brainard Avenue (northwest-southeast); 134th Street (east-west); and Torrence Avenue, Avenue K, and Avenue O (north-south). Although the western and mid-sections of the Redevelopment Project Area are well served by the City’s current grid system, the eastern portion is not. East of Avenue K, the only public street is 134th Street that serves the approximately 158 acre portion of the Redevelopment Project Area.

The west and mid-sections of the Redevelopment Project Area are well served by public transportation making the site easily accessible to the local work force. Chicago Transit Authority bus routes servicing the area include the #30 South Chicago and #108 Halsted-95th. Also servicing the area are Pace bus routes #355 Lansing and #358 Torrence. The #108 Halsted-95th provides transportation north to the 95th Street CTA Red Line Train Stop,
which also serves as a Greyhound Terminal. Public Access to the eastern section of the Redevelopment Project Area is non-existent. Public transportation does not extend east of Avenue O.

The Hegewisch Metra Train Station serves the South Shore Line north to Millennium Station and east to Hammond, East Chicago, Gary, Michigan City, and South Bend, Indiana. The station is located south of the Redevelopment Project Area just west of 138th Street and Avenue O at 13730 South Brainard Avenue.

E. ZONING CHARACTERISTICS

Based on the 2006 Title 17 Municipal Code of Chicago Zoning Ordinance (Index Publishing Corporation) (the “Zoning Ordinance”), the Redevelopment Project Area includes the following zoning classifications: RS-2 and RS-3 Residential Single Unit Detached Housing Districts, M1-1 Limited Manufacturing Business Park, and M3-1 Heavy Industry District.

Residential zoned properties are located in the following five areas: (1) the block enclosed by South Burley Avenue to the east, South Buffalo Avenue to the west, East 132nd Street to the north, and East 133rd Street to the south is zoned RS-3, (2) properties south along East 132nd Street are also zoned RS-3 from South Buffalo Avenue to South Green Bay Avenue, (3) properties running along the east side of the rail line from East 132nd Street to East 135th Street are zoned RS-2, (4) properties from East Avenue O east until the West Avenue K are zoned RS-2, and (5) the properties along East Avenue K between 133rd Street and 134th Street are zoned RS-2.

Industrial and manufacturing zoned properties are located in three areas: (1) just south of East 135th Street on the east side of South Green Bay Avenue includes properties zoned M1-1, (2) the south side of East 136th Street between South Avenue O and South Avenue L includes properties zoned M3-1, and (3) the majority of the area roughly encompassed by Wolf Lake to the north, Powderhorn Lake to the south, the Illinois-Indiana State border to the east, and South Avenue O to the west is zoned M1-1.
III. BLIGHTED AREA AND CONSERVATION AREA QUALIFICATIONS

A. ILLINOIS TAX INCREMENT ACT

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

B. VACANT BLIGHTED - AREA WIDE ELIGIBILITY FACTORS

As set forth in the Act, a "Blighted Area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality for which either stand alone or area wide eligibility factors apply.

If vacant, the sound growth of the redevelopment project area is impaired by a combination of two 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:

1. 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-way 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.

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

3. Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last five years.

4. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

5. 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.

6. 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.

C. VACANT BLIGHTED - STAND ALONE FACTORS

If vacant, the sound growth of the redevelopment project area is impaired by one of the
following factors that (i) is 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) is reasonably distributed throughout the vacant part of the redevelopment
project area to which it pertains:

1. The redevelopment project area consists of one or more unused quarries, mines, or strip mine ponds.

2. The redevelopment project area consists of unused railyards, rail tracks, or railroad rights-of-way.

3. The redevelopment project area, prior to its designation, is subject to chronic flooding that adversely impacts real property in the area as certified by a registered professional engineer or appropriate regulatory agency.

4. The redevelopment project 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. Prior to November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within five years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in Subheading (B) of this subsection, the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

6. The redevelopment project area qualified as a blighted improved area immediately prior to becoming vacant unless there have been substantial private
investment in the immediately surrounding parcels.

D. CONSERVATION AREA FACTORS

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

1. DILAPIDATION

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

2. OBSOLESCENCE

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

3. DETERIORATION

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

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

5. ILLEGAL USE OF INDIVIDUAL STRUCTURES

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

6. EXCESSIVE VACANCIES

Excessive vacancy according to the Act is referred to as "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." Excessive vacancies include improved properties that evidence no redundant effort directed toward their occupancy or underutilization.

7. LACK OF VENTILATION, LIGHT, OR SANITARY FACILITIES

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

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

9. **Excessive Land Coverage and Overcrowding of Structures and Community Facilities**

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

10. **Deleterious Land Use or Layout**

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

11. **Environmental Clean-up**

As defined by the Act, a finding of Environmental Clean-up can be found if the proposed redevelopment project 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."

12. LACK OF COMMUNITY PLANNING

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

13. EAV COMPARISON DEMONSTRATES LACK OF GROWTH

EAV Comparison demonstrates lack of growth may be considered a factor if the EAV total of the proposed Redevelopment Project Area has declined for three of the last five calendar years for which the information is available or is increasing at an annual rate that is less than the balance of the municipality for 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.

On the basis of this approach, the Redevelopment Project Area is eligible for designation as a vacant Blighted Area and a Conservation Area within the requirements of the Act.

E. SURVEY, ANALYSIS, AND DISTRIBUTION OF ELIGIBILITY FACTORS

LSA conducted comprehensive exterior surveys of the 54 parcels of the Redevelopment Project Area and an analysis of each of the vacant Blighted Area and a Conservation Area eligibility factors contained in the Act to determine their presence. With respect to the Conservation Area factors, the exterior surveys examined not only the condition and use of buildings but also included conditions of streets, sidewalks, curbs, gutters, lighting, underutilized land, parking facilities, landscaping, fences and walls, and general
maintenance. In addition, an analysis was conducted by Louik/Schneider & Associates, Inc. of existing site coverage and parking, land uses, zoning, and its relationships to the surrounding area.

For purposes of this report, 14 of the Redevelopment Project Area’s 54 parcels will be referred to as the vacant portion of the Redevelopment Project Area and will be qualified as a vacant Blighted Area. The remaining 40 parcels will be referred to as the improved portion of the Redevelopment Project Area and will be qualified as a Conservation Area (see Exhibit 2 – Vacant and Improved Parcels). The improved portion of the Redevelopment Project Area includes 19 buildings and 333 mobile homes (personal property).

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

- **Limited extent** indicates that the condition does exist, but its distribution was found in only a small percentage of parcels and/or blocks.

- **Present to a minor extent** indicates that the condition does exist, and the condition is substantial in distribution or impact.

- **Present to a major extent** indicates that the condition does exist and is present throughout the area and is at a level sufficient to influence the Redevelopment Project Area as well as adjacent and nearby parcels of property.

F. **Building Evaluation Procedure**

During the field surveys, all building components and improvements to the subject buildings were examined to determine whether 50% or more of the buildings have an age of 35 years or more. The age of each building was verified by the Cook County Assessor’s Office. Eighteen of the 19 buildings (representing 95%) within the Redevelopment Project Area are 35 years of age or more. Additionally, the buildings were examined to determine if they were in sound condition or had minor, major, or critical defects. These examinations were completed to determine whether conditions existed to evidence the presence of dilapidation, deterioration, or depreciation of physical maintenance.
Building components and improvements examined were of two types:

**Primary Structural Components**

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

**Secondary Components**

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

Each primary structural component and secondary component was evaluated separately as a basis for determining the overall condition of the building and surrounding area. This evaluation considered the relative importance of specific components and the effect that deficiencies in building components and improvements have on the remainder of the building components and improvements. Subsequent to the buildings being evaluated, they were classified, as described in the following section.

**G. Building Component and Improvement Classifications**

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

1. **Sound**

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

2. **Requiring Minor Repair — Depreciation of Physical Maintenance**

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

3. **Requiring Major Repair — Deterioration**

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

4. **Critical — Dilapidated**

Building components and improvements contain major defects (bowing, sagging, or settling of any or all exterior components, for example) causing the structure to be out-of-plumb or broken. Loose or missing materials and severe deterioration over a widespread area so extensive that the cost of repair would be excessive also qualify for dilapidated classifications.

H. **Blighted Area Eligibility Factor Findings**

1. **Area Wide Factors**

The vacant portion of the Redevelopment Project Area contains nine blocks representing 14 parcels. A finding may be made that the Redevelopment Project Area is a vacant Blighted Area based on two sets of criteria, either area wide factors or stand alone factors. The area wide factors require that the Redevelopment Project Area be impaired by a combination of two 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**

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-way 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.

Eight of the 14 parcels in the vacant portion of the Redevelopment Project Area, exhibit obsolete platting. Six of these parcels are of irregular shape and/or size for contemporary development. Two of the parcels have limited, if any street access. Three parcels include portions of wetlands and have no future use.

FINDING

Obsolete Platting is present to a major extent in the vacant portion of Redevelopment Project Area. This factor is present to a meaningful extent and is reasonably distributed throughout the vacant portion of the Redevelopment Project Area.

B. DIVERSITY OF OWNERSHIP

The diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.

Diversity of ownership is present in the vacant portion of the Redevelopment Project Area. The 14 parcels of vacant land are owned by 10 different entities.

FINDING

Diversity of ownership is present to a major extent in the vacant portion of the Redevelopment Project Area. This factor is present to a meaningful extent and is reasonably distributed throughout the vacant portion of the Redevelopment Project Area.
C. Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land

The area has deterioration of structures and site improvements in neighboring areas adjacent to the vacant land.

Field surveys of the neighboring area adjacent to the vacant portion of the Redevelopment Project Area determined the presence of deterioration of structures and site improvements. Evidence of neighboring deterioration in the improved portion of the Redevelopment Project Area is outlined in Section III (E)(3). It is present in all of the 14 parcels of the vacant portion of the Redevelopment Project Area.

Finding

Deterioration of the structures and site improvements in neighboring areas is present to major extent within the vacant portion of the Redevelopment Project Area. This factor is present to a meaningful extent and reasonably distributed throughout the vacant portion of the Redevelopment Project Area.

D. Environmental Clean-Up

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.

A Phase I Environmental Site Assessment for 4000 & 4001 East 134th Street, Chicago, Illinois was prepared by Pioneer Engineering & Environmental Services, Inc. on November 10, 2005. The report identified the following: (1) the use of slag from nearby steel mills; (2) the former on-site presence of four underground fuel tanks; (3) petroleum orders found in soil samples. In addition, a Letter Report of the Soil Testing Services Summary Report prepared by Pioneer Engineering & Environmental Services, Inc. recommended that because of the low water table the area will need to be
raised to three feet for future development and address the chromium exceedances. Environmental clean-up is required for four of the 14 parcels.

**Finding**

Environmental clean-up is present to a major extent in the vacant portion the Redevelopment Project Area. This factor is present to a meaningful extent in those portions of the and reasonably distributed throughout the eastern section of the vacant portion of the Redevelopment Project Area.

**E. EAV Comparison Demonstrates Lack of Growth**

EAV comparison demonstrates lack of growth may be considered a factor if the total EAV 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.

The following table summarizes the EAV for all of the 14 parcels in the vacant portion of Redevelopment Project Area for the last five tax years. The total EAV for the Redevelopment Project Area has increased at an annual rate that is less than the balance of the municipality for four of the last five calendar years; from 2001 to 2002, from 2002 to 2003, from 2003 to 2004, and from 2004 to 2005. Therefore, lack of EAV comparison is a factor.
Table 1 - EAV Comparison Demonstrates Lack of Growth

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Redevelopment Project Area EAV Change (%)</th>
<th>City of Chicago* EAV Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-2002</td>
<td>5.16%</td>
<td>7.98%</td>
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<td>2002-2003</td>
<td>-0.94%</td>
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</tr>
<tr>
<td>2004-2005</td>
<td>7.38%</td>
<td>7.27%</td>
</tr>
<tr>
<td>2005-2006</td>
<td>5.61%</td>
<td>17.21%</td>
</tr>
</tbody>
</table>

*City EAV Change amount reflects the Total EAV for the City minus the total EAV for the Redevelopment Project Area.

Finding

EAV Comparison demonstrates lack of growth is present in the vacant portion of the Redevelopment Project Area. For four of the last five years, the Redevelopment Project Area has been increasing at a rate that is less than the balance of the municipality. This factor is present to a meaningful extent and reasonably distributed throughout the vacant portion of the Redevelopment Project Area.

2. Stand Alone Factors

In addition to the area wide eligibility factors, individual parcels of the vacant portion of the Redevelopment Project Area meet two of the stand alone qualifying factors of which only one is required.

A. Unused Railyards, Rail Tracks, or Railroad Rights-of-Way

The area consists of unused railyards, rail tracks, or railroad rights-of-way. Parcels 26-32-308-001, 26-32-309-002, 26-32-309-004, 26-31-413-004, 26-31-413-005, 26-32-413-030, and 26-32-413-031 include unused rail lines and rail tracks.
FINDING

The vacant portion of the Redevelopment Project Area consists of unused rail tracks and railroad rights-of-way. It is present in 7 of the 14 parcels. This factor is present to a meaningful extent and reasonably distributed throughout the mid-section and eastern section of the vacant portion of the Redevelopment Project Area.

B. CHRONIC FLOODING

The area, prior to its designation, is subject to chronic flooding that adversely impacts real property in the area as certified by a registered professional engineer or appropriate regulatory agency.

Parcels 26-32-114-012 and 26-32-114-013 (approximately 12 acre combined) are designated jurisdictional wetlands by the United States Army Corp of Engineers. The parcels currently lie within the Federal Emergency Management Assistance unnumbered Zone A floodplain for Wolf Lake. In addition, parcels 26-32-114-012, 26-32-114-013, 26-32-209-002, and 26-32-309-004 each include land that surrounds a lake, which because of the area’s low water table is subject to chronic flooding.

FINDING

Chronic Flooding is present in 4 of the 14 parcels in the vacant portions of the Redevelopment Project Area. This factor is present to a meaningful extent and reasonably distributed throughout the eastern section of the vacant portion of the Redevelopment Project Area.

In conclusion, the vacant portion of the Redevelopment Project Area meets five of the qualifying factors for the area wide eligibility factors of which two are required and also meets two qualifying factors for the stand alone qualifying criteria of which one is required.

I. CONSERVATION AREA ELIGIBILITY FINDINGS

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

The improved portion of the Redevelopment Project Area is represented by 12 blocks and contains 40 parcels containing 19 buildings. This section examines each of the qualifying Conservation Area eligibility factors.

AGE

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

Based on information obtained from the Cook County Assessors Office, the age of each of the buildings was established. Of the 19 buildings in the Redevelopment Project Area, 18 buildings (representing 95%) are 35 years of age or older.

FINDING

Age is present in 95% of the buildings in the Redevelopment Project Area.

1. OBSOLESCENCE

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

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

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

Functional obsolescence includes the following: 1) lack of public infrastructure including required sanitary sewers and water mains, 2) deterioration or lack of site improvements including deteriorated/or missing sidewalks, unpaved streets, and inadequate street widths, and 3) majority of parcels are located within a very high water table (55%).

ECONOMIC OBsolescence

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

Economic obsolescence is evidenced by the following: 1) number of underutilized parcels (65%), 2) declining EAV in the Redevelopment Project Area; parcels are not equipped with necessary public improvements, and 3) nine of the parcels lack the necessary public infrastructure/drainage to allow the construction of permanent structures.

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

OBsolete BUILDING TYPES

Obsolete buildings contain characteristics or deficiencies that limit their long-term sound use or reuse for the purpose for which they were built. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse effect on nearby and surrounding developments and detract from the physical, functional, and
economic vitality of the area. These structures are characterized by conditions indicating that they are incapable of efficient or economic use according to contemporary standards. Obsolete building types were not found present in the Redevelopment Project Area.

**Obsolete Site Improvements**

Site improvements, including but not limited to sewer and water lines, public utility lines (gas, electric, and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also be obsolete in relation to contemporary development standards for such improvements. Factors of obsolescence include inadequate utility capacities, outdated designs of water mains and replacement of existing sewers.

Evidence of obsolete and non-existent site improvements exist throughout the Redevelopment Project Area (26-32-114-014, 26-32-200-002, 26-32-500-003, 26-32-200-002, 26-32-400-006, 26-32-400-008, and 26-32-400-009) including lack of adequate water and sewer line, streets, sidewalks, and alleyways.

In conclusion, economic obsolescence, which is evidenced by underutilized parcels, declining EAV, lack of public improvements, and functional obsolescence which is evidenced by the lack of public infrastructure, deterioration or lack of site improvements and a very high water table can be found throughout the entire Redevelopment Project Area.

**Finding**

Obsolescence is present to a major extent in the Redevelopment Project Area. Obsolescence is present in 26 of the 40 parcels (representing 65%). This factor is present to a meaningful extent and reasonably distributed throughout the improved portion of the Redevelopment Project Area.

2. **Deterioration**

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

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

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

**Deterioration of Buildings**

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding Section III (F and G).

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

**Deterioration of Parking and Surface Areas**

Field surveys were also conducted to identify the condition of parking and surface areas. Evidence of deterioration of surface areas can be found throughout Redevelopment Project Area including exposed foundations, unpaved surfaces, damaged/or missing curbs and sidewalks, debris, and standing water. Deterioration was found in sections of the parking and surface areas throughout the Redevelopment Project Area.

In conclusion, deterioration of buildings and parking and surface areas are evidenced by the following conditions:
structures throughout the Redevelopment Project Area with loose/missing siding, cracked/missing masonry, dry root, rusting, missing gutters/ downspouts, damaged or missing parapets, broken and boarded windows;

parking and surface throughout the Redevelopment Project Area areas with exposed foundations, crumbling asphalt, cracked or missing bumper guards, broken curbs and pavements; and

sidewalks and private streets throughout the Redevelopment Project Area with inadequate or unpaved surfaces.

Finding

Deterioration is present to a major extent in the Redevelopment Project Area. Deterioration is present in 30 of the 40 parcels (representing 75%). This factor is present to a meaningful extent and reasonably distributed throughout the improved portion of the Redevelopment Project Area.

3. Excessive Vacancies

Excessive vacancy according to the Act is referred to as "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." Excessive vacancies include improved properties that evidence no redundant effort directed toward their occupancy or underutilization.

Excessive vacancies are present throughout the eastern section of Redevelopment Project Area. The Redevelopment Project Area has one vacant building and 68 vacant mobile homes. In addition to the vacant mobile homes, there are numerous vacant concrete pads for the placement of trailers with utilities services available. Structures with excessive vacancies and/or boarded buildings have an adverse effect on the value, safety and desirability of nearby properties. The amount of vacancies has a widespread effect, covering over 100 acres of Redevelopment Project Area.

Finding

Excessive vacancies are present to a minor extent in the Redevelopment Project Area due to the amount of vacant mobile homes and vacant concrete pads for the placement of trailers with utilities services available. Excessive vacancies are present in 6 of the 40
parcels (representing 15%), in one building, and 68 of the 333 mobile homes (representing 20%). This factor is present to a meaningful extent and reasonably distributed throughout the improved portion of the Redevelopment Project Area.

4. **INADEQUATE UTILITIES**

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

According the City's Department of Water Management, most of the water mains within the Redevelopment Project Area have exceeded the 100-year threshold and, therefore, are antiquated, obsolete, and of insufficient capacity to serve the uses in the Redevelopment Project Area. The projected service life of an underground water main is 100-years. The City is currently phasing out all 6-inch cast iron pipe mains and is replacing them with 8-inch ductile iron mains. The majority of the Redevelopment Project Area also has inadequate storm sewer or storm drainage/detention systems.

In order for future development to occur on the underutilized portion of the Redevelopment Project Area (26-32-26-32-114-014, 26-32-200-002, 26-32-500-003, 26-32-200-002, 26-32-400-006, 26-32-400-008, and 26-32-400-009) an extensive amount of site preparation will have to be completed before the site is ready for future development. New sanitary sewers, storm sewers, and water mains will have to be installed. New roads, sidewalks, alleyways, and utilities will need to be built. To prepare the eastern section of the Redevelopment Project Area for future development the following items are necessary:

**SANITARY SEWER**

To convey sewage from the eastern section of the Redevelopment Project Area, approximately 22,000 feet of new sanitary sewers with appurtenances and services need to be built. Based on the existing City sewers on and near the site, a lift station that will pump sewage to the main sewage line will be required for the eastern section of the Redevelopment Project Area.
WATER MAINS

To convey portable water throughout the eastern section of the Redevelopment Project Area, approximately 20,000 lineal feet of new water main will need to be built as well as the necessary valve vaults, building services, and fire hydrants.

STORM SEWER

A sustainable urban drainage system utilizing sheet flow, which reduces the length of the storm sewer that will need to be installed. Over 10,000 lineal feet of storm sewer need to be built to properly drain the eastern section of the Redevelopment Project Area.

PAVING

Due to the lack of dedicated streets and alleys, curbs and gutters, sidewalks, and pathways, approximately 34,400 feet of roadway and alley pavement will be required for future development.

FINDING

Inadequate utilities are found present to a major extent in 28 of the 40 parcels (representing 70%). This factor is present to a meaningful extent and reasonably distributed throughout the improved portion of the Redevelopment Project Area.

5. ENVIRONMENTAL CLEAN-UP

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

A Phase I Environmental Site Assessment of 4000 & 4001 East 134th Street, Chicago, Illinois was prepared by Pioneer Engineering & Environmental Services, Inc. on November 10, 2005 for the following parcels: 26-32-114-014, 26-32-200-002, 26-32-200-002, 26-32-
400-006, 26-32-400-008, 26-32-400-009, 26-26-32-500-003, and 32-116-001-016. In addition, a Letter Report of the Soil Testing Services Summary Report was prepared by Pioneer Engineering & Environmental Services, Inc. recommending that because of the low water table, the surface evaluation of the subject property needs to be raised to three feet for future development and that the chromium exceedances needs to be addressed.

**Finding**

Environmental clean-up is present to a major extent in the Redevelopment Project Area based on the findings of the Phase I Environmental Site Assessment. Environmental clean-up is present in 22 of the 40 parcels (representing 55%). This factor is present to a meaningful extent and reasonably distributed throughout the improved portion of the Redevelopment Project Area.

6. **Lack of Community Planning**

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

Evidence of lack of community planning can be found throughout the Redevelopment Project Area. It is evidenced through the following: 1) inadequate street layout, 2) parcels of inadequate shape and size to meet contemporary development standards, and 3) lack of public infrastructure. The development of the Redevelopment Project Area occurred prior to the adoption by the City of a comprehensive or other community plan. Although the area surrounding the Redevelopment Project Area has been the subject of numerous studies, the Redevelopment Project Area has not.
FINDING

Based on review and analysis, lack of community planning was found present to a major extent throughout the Redevelopment Project Area. This factor is present to a meaningful extent and reasonably distributed throughout the improved portion of the Redevelopment Project Area.

7. EAV DEMONSTRATES LACK OF GROWTH

EAV demonstrates lack of growth may be considered a factor if the EAV total of the proposed Redevelopment Project Area has declined for three of the last five calendar years for which the information is available or is increasing at an annual rate that is less than the balance of the municipality for 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.

The following table summarizes the EAV for 40 PINs within for the improved portion of Redevelopment Project Area for the last five tax years. The total EAV for the Redevelopment Project Area has increased at an annual rate that is less than the balance of the municipality for three of the last five calendar years; from 2001 to 2002, from 2002 to 2003, from 2004 to 2005, and from 2005 to 2006. Therefore, lack of EAV comparison is a factor.

### Table 1 - EAV Comparison Demonstrates Lack of Growth

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Redevelopment Project Area EAV Change (%)</th>
<th>City of Chicago* EAV Change (%)</th>
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<tbody>
<tr>
<td>2001-2002</td>
<td>-10.538%</td>
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<td>2005-2006</td>
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*The City EAV change amount reflects the total EAV for the City minus the total EAV for the Redevelopment Project Area.*
FINDING

EAV demonstrates lack of growth is present in the Redevelopment Project Area. For three of the last five years the Redevelopment Project Area has been increasing at a rate that is less than the balance of the municipality. This factor is present to a meaningful extent and reasonably distributed throughout the improved portion of the Redevelopment Project Area.

J. CONSERVATION AREA ELIGIBILITY FACTORS SUMMARY

The Conservation Area eligibility criteria are present to a meaningful extent and reasonably distributed throughout the Redevelopment Project Area. In addition to age, seven of the 13 Conservation Area eligibility factors for eligibility have been identified as present in the Redevelopment Project Area, including:

Major Extent
   1. Obsolescence
   2. Deterioration
   3. Inadequate utilities
   4. Environmental cleanup
   5. Lack of community planning
   6. Lack of growth in EAV

Minor Extent
   1. Excessive vacancies
IV. SUMMARY AND CONCLUSION

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

• **Vacant Blighted - Area Wide Findings**
  Of 54 parcels, 14 parcels qualify as a vacant Blighted Area based on the presence of five of the area wide blighting qualification factors, which are reasonably distributed throughout the Redevelopment Project Area. Only two of the factors are required by the Act.

• **Vacant Blighted – Stand Alone Findings**
  Of 14 vacant Blighted Area parcels, six of the parcels qualify as a vacant Blighted Area based on the presence of two of the stand alone factors, which are reasonably distributed throughout the Redevelopment Project Area. Only one of the factors is required by the Act.

• **Conservation Area Findings**
  Of the 54 parcels, 40 parcels qualify as an improved Conservation Area based on a finding of age in excess of 35 years in 95% of the buildings and the presence of seven of the 13 eligibility factors, which are reasonably distributed throughout the Redevelopment Project Area. In addition to age, only three of the factors are required by the Act.

The eligibility findings indicate that the Redevelopment Project Area contains factors that qualify it as a vacant Blighted Area and a Conservation Area in need of revitalization and that designation as a Redevelopment Project Area will contribute to the long-term enhancement of the City.
The Redevelopment Project Area has not benefited from growth and development as a result of investments by private enterprise and without action by the City. Specifically, because of the blighting factors of obsolete site improvements, deterioration and lagging EAV, development of the Redevelopment Project Area is impeded. Primarily, the Redevelopment Project Area lacks the necessary streets, alleys, sidewalks, updated sanitary sewer and water systems and has a very high water table. In order to develop the eastern portion (approximately 100 acres) of Redevelopment Project Area, the site will need to be raised with three to four feet of structural fill to place future building foundations above the water table and to assure proper drainage. An extensive amount of site preparation will have to be completed before this section of the Redevelopment Project Area is ready for future development. New sanitary sewers, storm sewers and water mains will have to be installed. Additionally, new roads, alleyways, sidewalks, and utilities will need to be constructed.

From this data, together with the other eligibility factors, it can be reasonably concluded that the Redevelopment Project Area (i) has not been subject to growth and development through private investment, and (ii) would not reasonably be anticipated to be developed without adoption of a redevelopment plan by the City.

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

The Redevelopment Project Area qualifies as a vacant Blighted Area and a Conservation Area and is therefore eligible for Tax Increment Financing under the Act.
EXHIBIT 1 - MAP LEGEND

MAP 1
PROJECT BOUNDARY

MAP 2
EXISTING LAND USE
**EXHIBIT 2 – VACANT AND IMPROVED PARCELS**

**Vacant Blighted Area PINs**

1. 26-31-221-025  
2. 26-31-221-027  
3. 26-31-229-003  
4. 26-31-229-004  
5. 26-31-406-002  
6. 26-31-413-004  
7. 26-31-413-005  
8. 26-31-414-030  
9. 26-31-414-031  
10. 26-32-114-012  
11. 26-32-114-013  
12. 26-32-309-002  
13. 26-32-309-004  

**Improved Conservation Area PINs**

1. 26-31-219-001  
2. 26-31-219-002  
3. 26-31-220-001  
4. 26-31-220-051  
5. 26-31-221-028  
6. 26-31-414-029  
7. 26-32-114-014  
8. 26-32-116-001  
9. 26-32-116-002  
10. 26-32-116-003  
11. 26-32-116-004  
12. 26-32-116-005  
13. 26-32-116-006  
14. 26-32-116-007  
15. 26-32-116-008  
16. 26-32-116-009  
17. 26-32-116-010  
18. 26-32-116-011  
19. 26-32-116-012  
20. 26-32-116-013  
21. 26-32-116-014  
22. 26-32-116-015  
23. 26-32-116-016  
24. 26-32-308-001  
25. 26-32-308-002  
26. 26-32-200-002  
27. 26-32-304-008  
28. 26-32-304-021  
29. 26-32-305-010  
30. 26-32-305-022  
31. 26-32-306-013  
32. 26-32-306-026  
33. 26-32-307-013  
34. 26-32-307-022  
35. 26-32-311-012  
36. 26-32-400-006  
37. 26-32-400-007  
38. 26-32-400-008  
39. 26-32-400-009  
40. 26-32-500-003