



DEPARTMENT OF LAW
CITY OF CHICAGO

January 26, 2022

Ms. Andrea Valencia
City Clerk
City of Chicago
121 North LaSalle Street – Room 107
Chicago, Illinois 60602

Chicago City Clerk-Council Div.
2022 JAN 26 AM 11:43

Re: Redevelopment Plan and Project for the proposed Cicero/Stevenson
Redevelopment Project Area (Tax Increment Financing)

Dear Ms. Valencia:

Enclosed please find a copy of the proposed Cicero/Stevenson Tax Increment Financing Redevelopment Plan and Project (the "Plan") for the proposed Cicero/Stevenson Redevelopment Project Area, Chicago, Illinois, dated January 25, 2022. An Eligibility Report is included in Appendix C of the Plan.

Please make the Plan available in your office as of this date for public inspection in accordance with the requirements of Section 5/11-74.4-5(a) of the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended. If you have any questions concerning this matter, please contact me at 312-742-5763.

Sincerely,

Adam R. Walker
Senior Assistant Corporation Counsel

Enclosure

cc w/o encl: Scott D. Fehlan, Chief Assistant Corporation Counsel
Ryan Slattery, Department of Planning and Development
Beth McGuire, Department of Planning and Development

**CICERO/STEVENSON
TAX INCREMENT FINANCING
REDEVELOPMENT AREA PROJECT AND PLAN**

**Prepared for:
The City of Chicago, Illinois**

January 25, 2022

Chicago City Clerk-Council City
2022 JAN 25 PM 1:40

**City of Chicago
Lori Lightfoot, Mayor**

**Department of Planning and Development
Maurice D. Cox, Commissioner**

Prepared by:

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Chicago, Illinois 60602**

**This plan is subject to review and may be revised after comment and public
hearing**

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1. INTRODUCTION

This document is to serve as the redevelopment plan (hereinafter referred to as the "Plan"), pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) as amended, (the "Act") for the Cicero/Stevenson Redevelopment Project Area located on the south west side of the City of Chicago, Illinois (the "City"). The area is currently a vacant 65 acre tract of vacant land that is in need of infrastructure repair and improvements. The Project Area is generally bounded by the Interstate 55 Stevenson Expressway ("I-55") and the Canadian National Railroad on the north, Cicero Avenue on the east, 45th Street on the south, and Laramie and Lavergne Avenues on the west (the "Project Area") (See **Figure 1. Community Context Map** and **Figure 2. Project Area Boundary Map**, included in Appendix A). A legal description of the Project Area is included in Appendix B.

Along with the Chicago Housing Authority (the "CHA"), the City is committed to providing housing that promotes the health and vitality of neighborhoods and a supportive environment that enables people to improve their quality of life. In furtherance of this effort, the CHA has approved the selection of LeClaire Partners, LLC (the "Developer"), a development team of Cabrera Capital and The Habitat Company, to oversee the redevelopment of the Project Area. The redevelopment project is comprised of three development zones and includes housing, retail, and commercial components. The LeClaire Courts Working Group, which includes former LeClaire Courts residents, community members and other key stakeholders, will work with the Developer in guiding the planning and implementation of the Plan.

The Plan summarizes the analyses and findings of Ernest R. Sawyer Enterprises, Inc. (the "Consultant") 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 Project Area as a redevelopment project area under the Act. The Consultant has prepared this Plan and the related eligibility study with the understanding that the City would rely: 1) on the findings and conclusions of the Plan and the related eligibility study in proceeding with the designation of the Project Area and the adoption and implementation of the Plan, and 2) on the fact that the Consultant has obtained the necessary information so that the Plan and the related eligibility study will comply with the Act.

The Plan presents certain factors, research and analysis undertaken to document the eligibility of the Project Area for designation as a redevelopment project area as defined in the Act. The need for public intervention, goals and objectives, land use policies, and other policy materials are presented in the Plan. The results of a study documenting the eligibility of the Project Area as a blighted area are presented in *Appendix C, Cicero/Stevenson Tax Increment Financing Eligibility Study* (the "Eligibility Study").

Tax Increment Financing

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

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

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

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

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

For the purposes of the Plan, in order to be adopted, a municipality seeking to qualify a redevelopment project area as a "blighted area," must find that a plan meets the following conditions pursuant to Section 5/11-74.4-3(n) of the Act:

- (1) The redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the redevelopment plan, provided, however, that such a finding shall not be required with respect to any redevelopment project area located within a transit facility improvement area established pursuant to Section 11-74.4-3.3;
- (2) the redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the redevelopment plan and project was adopted, the redevelopment plan and project either: (i) conforms to the strategic economic development or redevelopment plan issued by the designated planning authority of the municipality, or (ii) includes land uses that have been approved by the planning commission of the municipality; and
- (3) the redevelopment plan establishes the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs. Those dates may not be later than the dates set forth under Section 11-74.4-3.5.

Under Section 5/11-74.4-3(o) of the Act, a redevelopment project means any public or private development projects in furtherance of the objectives of the redevelopment plan. The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and

to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax(es)" are derived from the increase in the current equalized assessed value (EAV) of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate to arrive at the Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

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

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

Tax increment financing does not generate tax revenues. This financing mechanism allows the municipality to capture, for a certain number of years, the new tax revenues produced by the enhanced valuation of properties resulting from the municipality's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. This revenue is then reinvested in the area through rehabilitation, developer subsidies, public improvements, and other eligible redevelopment activities. All taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when (1) annual Incremental Property Taxes received exceed principal and interest obligations for that year, (2) all redevelopment project costs necessary to implement the redevelopment plan have been paid, and (3) such excess Incremental Property Taxes are not otherwise required, pledged or are in any way designated for other redevelopment projects. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

The CHA authorized an evaluation to determine whether a portion of the City, to be known as the Cicero/Stevenson Tax Increment Financing District, qualifies for designation as a redevelopment project area pursuant to the provisions contained in the Act. If the Project Area is so qualified, CHA requested the preparation of a redevelopment plan for the Project Area in accordance with the requirements of the Act.

2. PROJECT AREA DESCRIPTION

Cicero/Stevenson Redevelopment Project Area Overview

The Project Area is within the Garfield Ridge Community Area, approximately 10 miles southwest of downtown Chicago. Garfield Ridge stretches from Harlem Avenue on the west to a line four blocks east of Cicero Avenue on the east, and from 59th Street on the south to I-55 on the north. The land in this community area was annexed to Chicago gradually in the 19th and 20th centuries, though its population grew slowly before surging in the 1920s after experiencing industrial development, a new streetcar line on Archer Avenue, and the construction of Midway International Airport. The area's population peaked in the 1970s after the loss of traffic at Midway in favor of O'Hare Airport caused a decline in jobs and population.

The Project Area comprises currently vacant land where the previous LeClaire Courts public housing complex once stood. The Chicago Housing Authority's ("CHA") LeClaire Courts development was initially built in 1950, expanded in 1954, and consisted of approximately 600 units of low-rise rowhomes. It was once one of the most desirable public housing projects in Chicago and was the first project in the state to be managed by its residents in 1987. However, after several decades of insufficient funding for public housing maintenance, the buildings gradually deteriorated and became obsolete to the point where renovation was far more costly than building new structures up to modern building codes and standards. By 2009 a large percentage of units were already vacant and the remaining residents were relocated to allow for demolition of the the entire complex. The demolition was completed in 2011. Now the intent of the CHA and the City is to facilitate the comprehensive redevelopment of the Project Area into a thriving mixed-income neighborhood of residential and commercial uses.

The Project Area is approximately 65 acres in size, including streets and rights-of-way. There are a total of 19 parcels and 17 tax blocks within the Project Area. The Project Area consists entirely of vacant land and public park land and is generally bounded by I-55 and the Canadian National Railroad on the north, 45th Street on the south, Cicero Avenue on the east, and Laramie and Lavergne Avenues on the west (See **Figure 3. Existing Land Use Map**).

The immediate neighborhood is a mixed-use area, with Chicago Midway International Airport residential apartments and single-family homes being the dominant land uses. There are commercial uses along Cicero Avenue, and clusters of industrial uses situated north of Interstate 55, a few blocks west of the Project Area, and also a few blocks east of Cicero Avenue. These industrial clusters are generally light industrial in nature, predominantly consisting of warehouse, distribution and logistics facilities, but several heavy industry sites are located north of I-55.

There has been limited new residential construction activity in this area over the past 15 years, most of which has consisted of affordable and mixed income apartment

development. The current population within a 3-mile radius of the Project Area is 308,812, and the average household size is 3.5 which is larger than the overall Chicago average household size of 2.54 (in 2019). Population in the area has decreased marginally since the 2010 census, and this trend is projected to continue over the next five years. By comparison, population in the Chicago MSA is projected to increase slightly.

Median household income is \$50,911, which is 12.5 percent lower than the median household income of the City, which was \$58,247 in 2019. Residents within a 3-mile radius have a lower level of educational attainment than those of the Chicago MSA, while median owner-occupied home values are also lower.

The Project Area has not attracted any private investment projects in at least 11 years. As a result of these conditions, the Project Area is in need of public intervention. In recognition of the unrealized potential of the Project Area, the City and the CHA are taking action to facilitate its revitalization.

The Act defines two sets of eligibility criteria under which a vacant area may qualify as a blighted area (Vacant Area Option A criteria and Vacant Area Option B criteria). Vacant Area Option A criteria are defined in the Act as six factors for vacant areas, such that the presence of two or more of these factors qualifies an area as a vacant blighted area (the "Vacant Blighted Area Option A Factors"). The Vacant Area Option B criteria are defined in the Act as six stand-alone factors for vacant areas, such that the presence of any one of these factors qualifies an area as a vacant blighted area (the "Vacant Blighted Area Option B Factors"). The Project Area is characterized by the following two Vacant Blighted Area Option A Factors and one Vacant Blighted Area Option B Factor for a vacant blighted area under Section 5/11-74.4-3(a)(3) of the Act:

Vacant Blighted Area Option A Factors:

- Obsolete platting; and
- The area has incurred Illinois Environmental Protection Agency remediation costs for the cleanup of hazardous wastes, hazardous substances, and the remediation costs constitute a material impediment to the redevelopment of the redevelopment project area.

Vacant Blighted Area Option B Factor:

- The Study Area qualified as a blighted improved area immediately prior to becoming vacant unless there has been substantial private investment in the immediately surrounding area.

The Study Area so qualifies due to the meaningful presence and reasonable distribution of the following six improved area factors, prior to becoming vacant:

- Dilapidation;
- Obsolescence;
- Deterioration;

- Presence of structures below minimum code standards;
- Excessive vacancies; and
- Environmental clean-up costs were necessary and were incurred.

The Project Area, as a whole, has not been subject to growth and development by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Plan. The *Eligibility Study*, attached hereto as *Appendix C*, provides evidence of the Project Area current conditions and the conditions prior to demolition, and concludes that the property within the Project Area is experiencing deterioration and disinvestment. The analysis of conditions within the Project Area indicate that it is appropriate for designation as a redevelopment project area in accordance with the Act.

The purpose of the Plan is to create a mechanism to allow for a large neighborhood revitalization effort on Chicago's southwest side and foster economic opportunity for the local community and beyond. The Cicero/Stevenson development will further support CHA's right of return for previously displaced residents from the former LeClaire Courts, fulfill a vital need for affordable housing in Chicago, bring new retail and/or grocery and health care options to the area, create new construction and permanent jobs for residents, and generate new sales and property tax revenue. The development of the Project Area is also expected to encourage residential and economic revitalization in the surrounding area.

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

3. ELIGIBILITY OF THE PROJECT AREA FOR DESIGNATION AS A BLIGHTED AREA

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

The Project Area is comprised of vacant land and a public park and the sound growth of Project Area is impaired by the following Vacant Blighted Area factors as set forth in *Section 11.74.4-3(a)(3)(F)* of the Act:

Vacant Blighted Area Option A Factors:

- Obsolete platting; and
- The area has incurred Illinois Environmental Protection Agency remediation costs for the cleanup of hazardous wastes, hazardous substances, and the remediation costs constitute a material impediment to the redevelopment of the redevelopment project area.

Vacant Blighted Area Option B Factor:

- The Project Area qualified as a blighted improved area immediately prior to becoming vacant unless there has been substantial private investment in the immediately surrounding area.
 - The Project Area so qualifies due to the meaningful presence and reasonable distribution of the following six improved area factors, prior to becoming vacant:
 - Dilapidation;
 - Obsolescence;
 - Deterioration;
 - Presence of structures below minimum code standards;
 - Excessive vacancies.
 - Environmental clean-up costs were necessary and were incurred.

Consequently, immediately prior to the Project Area becoming vacant, the Project Area qualified as a blighted improved area, as set forth in *Section 11.74.4-3(a)(1)* of the Act. For more detail on the basis for eligibility, refer to the Eligibility Study in *Appendix C*.

Need for Public Intervention

Given the documented blighting factor, and lack of development within the Project Area now spanning over 10 years, the overall redevelopment of the Project Area would not reasonably be expected to occur without public intervention and the adoption of the Plan.

4. REDEVELOPMENT PLAN GOALS AND OBJECTIVES

Comprehensive and coordinated investment in new public and private improvements and facilities is essential for the successful redevelopment of the Project Area. Redevelopment of the Project Area will benefit the City through improvements in the physical environment, an increased tax base, and additional employment opportunities. This section identifies the general goals and objectives adopted by the City for redevelopment of the Project Area. Section 5 presents more specific redevelopment activities that the City plans to undertake to achieve the goals and objectives presented in this section.

General Goals

As previously stated, the purpose of the Plan is to create a mechanism to allow for the neighborhood revitalization effort on Chicago's southwest side and foster economic opportunity for the local community and beyond. The Cicero/Stevenson development will further support CHA's right of return for previously displaced residents from LeClaire Courts, fulfill a vital need for affordable housing in Chicago, bring new grocery and health care options to the area, create new construction and permanent jobs for residents, and generate new sales and property tax revenue. The development of the Project Area is expected to encourage residential and economic revitalization in the surrounding area.

- Create a vibrant mixed-income community with both residential and commercial uses.
- Reactivate long-vacant land into a lively, active mixed-use development.
- Offer a range of affordable and market rate housing opportunities that intersect with commercial amenities, safe neighborhoods, good schools and supportive services.
- Ensure safe, sustainable and quality housing that serves as the building block for residential wellbeing and a vibrant community.
- Coordination with City departments and other public agencies to carefully leverage public resources and activities to maximize private investment and public benefit.

Development Objectives

- Encourage private investment.
- Create affordable housing opportunities and provide opportunities for former LeClaire Courts CHA residents to return to the Project Area.
- Direct development activities to appropriate locations within the Project Area in accordance with the land use plan and general land use strategies.
- Facilitate development of underutilized property for uses that have demonstrated market support.

- Encourage the development of new commercial and retail uses that serve the Project Area and surrounding communities.
- Promote the hiring of local residents.
- Strengthen the economic well-being of the Project Area.
- Encourage visually attractive buildings, appropriate rights-of-way, and encourage high standards of design.
- Utilize open space where appropriate.
- Encourage accessibility for people with disabilities.

Overall Design Objectives

- Establish design standards for mixed use commercial, residential, and retail development to ensure compatible high-quality development.
- Develop a series of connected open spaces.
- Create high quality, pedestrian friendly streets.
- Create multi-modal corridors that allow for smooth transitions to and from the various parcels within the development.
- Identify streets, walking paths and park like seating with the appropriate signage to guide residents/visitors throughout the Project Area smoothly.

5. REDEVELOPMENT PLAN

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

Site Assembly

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

In connection with the City exercising its power to acquire real property, including the exercise of the power of eminent domain, under the Act 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.

Intergovernmental Agreements and Redevelopment Agreements

The City may enter into redevelopment agreements or intergovernmental agreements with private entities or public entities to construct, rehabilitate, renovate, or restore private or public improvements on one or several parcels (collectively referred to as "Redevelopment Projects").

Analysis, Professional Services and Administrative Activities

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

Financing Costs Pursuant to the Act

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

Interest Costs Pursuant to the Act

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

6. REDEVELOPMENT PROJECT DESCRIPTION

Mixed Use Redevelopment

Mixed use commercial and residential redevelopment is proposed for all of the Project Area. Neighborhood open space and community facilities shall be incorporated into the overall development pattern as appropriate.

Affordable Housing

The Plan envisions creation of a mixed-income, mixed use community, including a significant number of units dedicated to former residents of the prior LeClaire Courts CHA development as well as other units that will be affordable to households with incomes below the area median income.

The City requires that developers who receive TIF assistance for market rate housing set aside 20 percent of the units to meet affordability criteria established by the City's Department of Planning and Development 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.

Public Improvements

The creation of public infrastructure and facilities are needed to complement and attract private sector investment. Infrastructure improvements for the Project Area may include:

- Construction and dedication of streets to provide adequate access to individual properties;
- Sidewalks and other pedestrian-friendly amenities;
- Street lighting;
- Water and sewer infrastructure;
- Recreation areas;
- Public facilities that meet the needs of the community.

7. GENERAL LAND USE PLAN AND MAP

Figure 4. General Land Use Plan (see Appendix A), identifies land use policies to be pursued in the implementation of the Plan. The land use categories planned for the Project Area are mixed use, public park/open space, and institutional.

Mixed uses are planned for most of the vacant land where the former LeClaire Courts housing complex stood. The mixed use category is intended to be flexible and include residential, office, retail, other commercial and recreational uses.

Institutional uses are designated for the land associated with PIN number 19-04-404-037, which has been acquired by an institution that plans to build a charter school.

The existing LeClaire–Hearst Public Park is designated as public park/open space, and this park will continue to benefit the surrounding neighborhood residents as well as future new residents and occupants of the redeveloped area within the TIF.

The general land use plan will complement the existing low-density character of the neighborhood, which consists mainly of residential uses with supporting commercial and light industrial uses, as well as institutional uses. See **Figure 5. Community Facilities**.

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

8. REDEVELOPMENT PLAN FINANCING

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

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

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

Redevelopment Project Costs

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

In the event the Act is amended after the date of the approval of this Plan by the City Council 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 items 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.

1. Eligible Redevelopment Costs

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

a) 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;

b) The costs of marketing sites within the Project Area to prospective businesses, developers and investors;

c) 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;

d) 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; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;

e) Costs of the construction of public works or improvements, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification subject to the limitations in Section 11-74.4-3(q)(4) of the Act;

f) Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the Project Area;

g) 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 related thereto;

h) 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.

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

j) 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 (see "Relocation" section);

k) Payment in lieu of taxes, as defined in the Act;

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

m) 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; (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-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.

n) Instead of the eligible costs provided for in (m) 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;

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

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

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

Estimated Redevelopment Project Costs

A range of activities and improvements may be required to implement the Plan. The proposed eligible activities and their estimated costs over the life of the Project Area are briefly described below and shown in *Table 1, Estimated Redevelopment Project Costs*.

1. Professional services including planning studies, legal, surveys, real estate marketing costs, fees and other costs related to the implementation and administration of the Plan. This budget element provides for studies and survey costs for planning and implementation of the project, including planning and legal fees, architectural and engineering, development site marketing, financial and special service costs.
2. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, and other appropriate and eligible costs needed to prepare the property for redevelopment. These costs may include the reimbursement of acquisition costs incurred by the CHA and private developers. Land acquisition may include acquisition of both improved and vacant property in order to create development sites, accommodate public rights-of-way or to provide other public facilities needed to achieve the goals and objectives of the Plan. Property assembly costs also include: demolition of existing improvements, including clearance of blighted properties or clearance required to prepare sites for new development, site preparation, including grading, and other appropriate and eligible site activities needed to facilitate new construction, and environmental remediation costs associated with property assembly which are required to render the property suitable for redevelopment.

3. Costs of Rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings and fixtures.
4. Costs of Construction of public improvements, infrastructure, and facilities. These improvements are intended to improve access within the Project Area, stimulate private investment and address other identified public improvement needs, and may include all or a portion of a taxing district's eligible costs within the Project Area, in accordance with the requirements of the Act.
5. TIF may be provided to developers for up to 50 percent of the cost of construction, renovation 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 this paragraph, pursuant to the Act.
6. Relocation costs.
7. Job Training, Retraining, and Welfare to Work Programs, for businesses located within the Project Area implementing such programs.
8. Interest costs related to redevelopment projects, pursuant to the provisions of the Act.
9. Provision of day care services as provided in the Act.
10. Financing costs, including but not limited to the issuance of tax increment allocation revenue obligations.

The estimated total eligible project cost over the life of the Project Area is approximately **\$80 million**. All project cost estimates are in 2022 dollars. Any bonds or other tax increment allocation revenue obligations issued to finance portions of the redevelopment project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with issuance of such obligations, as well as to provide for capitalized interest and reasonably required reserves. The total project cost figure excludes any costs for the issuance of bonds. Adjustments to estimated line items, which are upper estimates for these costs, are expected and may be made without amendment to the Plan.

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

**TABLE 1
ESTIMATED REDEVELOPMENT PROJECT COSTS**

Eligible Expense	Estimated Cost
1. Analysis, Administration, Studies, Surveys, Legal, Marketing, etc.	\$ 2,000,000
2. Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	4,000,000
3. Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation Costs	30,500,000
4. Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) ^[1]	20,000,000
5. Relocation Costs	1,500,000
6. Job Training, Retraining, Welfare-to-Work	7,000,000
7. Interest Subsidy	10,000,000
8. Day Care Services	5,000,000
TOTAL REDEVELOPMENT COSTS ^{[2] [3] [4]}	\$ 80,000,000

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

²Total Redevelopment Project Costs represent an upper limit on expenditures that are to be funded using tax increment revenues and 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. Within this limit, adjustments may be made in line items without amendment to this Plan, to the extent permitted by the Act.

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

⁴All costs are in 2022 dollars and may be increased by five percent (5%) after adjusting for inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U.S. Department of Labor. Additional funding from other sources such as federal, state, county, or local grant funds may be utilized to supplement the City's ability to finance Redevelopment Project Costs identified above.