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**MADDEN WELLS PHASE 1B ASSOCIATES LIMITED PARTNERSHIP  
REDEVELOPMENT AGREEMENT**

**CITY OF CHICAGO**

**AND**

**MADDEN WELLS PHASE 1B ASSOCIATES LIMITED PARTNERSHIP**

Box 430

8002329

## LIST OF EXHIBITS

Exhibit A	*Redevelopment Area Legal Description
Exhibit B	Project Legal Description
Exhibit B-1	Site Plan
Exhibit C	*Redevelopment Plan
Exhibit D	Financing for the Project
Exhibit E	Available Incremental Revenues
Exhibit F	Project Budget
Exhibit G	*Plans and Specifications
Exhibit H-1	*Architect's Opening Certificate
Exhibit H-2	*Architect's Completion Certificate
Exhibit I	*Requisition Form for TIF-Funded Interest Costs
Exhibit J	Schedule of Maximum Amount of TIF-Funded Interest Costs

\* indicates documents that are not recorded

**MADDEN WELLS PHASE 1B ASSOCIATES LIMITED PARTNERSHIP  
REDEVELOPMENT AGREEMENT**

This Redevelopment Agreement (the "Agreement") is made as of this 1st day of July, 2005, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Housing ("DOH"), and Madden Wells Phase 1B Associates Limited Partnership, an Illinois limited partnership (the "Developer").

**RECITALS**

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the authority to promote the health, safety and welfare of the City and its inhabitants, to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act"), to finance the redevelopment of conservation areas.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of City (the "City Council") adopted the following ordinances on November 6, 2002: (1) "An Ordinance of the City of Chicago, Illinois, Approving a Redevelopment Plan for the Madden/Wells Tax Increment Financing Redevelopment Project Area;" (2) "An Ordinance of the City of Chicago, Illinois, Designating the Madden/Wells Tax Increment Financing Redevelopment Project Area a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act;" and (3) "An Ordinance of the City of Chicago, Illinois, Adopting Tax Increment Allocation Financing for the Madden/Wells Tax Increment Financing Redevelopment Project Area Project". Collectively, these ordinances shall be referred to herein as the "TIF Ordinances." The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Developer will acquire a 99 year leasehold interest from the Chicago Housing Authority with respect to certain real property parcels located in the Redevelopment Area and legally described on Exhibit B and depicted on Exhibit B-1 (each parcel individually, and the sites collectively, the "Property"). Within the time frames set forth in Section 3.01 hereof, the Developer shall commence and complete the following activities (the "Project"): construction of a total of 162 one, two, three and four bedroom units in 24 buildings consisting of townhomes, six- and nine-flat apartment buildings. A total of 47 of the units may be leased at market rates with no income or rent restrictions. The other units 115 will be subject to rent-restrictions and rented only by households earning sixty percent (60%) or less of the median income for the City of Chicago. Of these 115 units, 63 units will be reserved and made available

as replacement public housing units.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Madden/Wells Tax Increment Financing Redevelopment Project and Plan (the "Redevelopment Plan") attached hereto as Exhibit C. Among the goals and objectives of the Redevelopment Plan are the creation of new housing opportunities for all income groups and support for the development of new mixed-income and mixed-density housing, including rental units for market rate, affordable and low and very low-income households.

F. Lender Financing: The City acknowledges that other financing for the Project is to be provided as set forth in Exhibit D attached hereto (collectively, the "Lender Financing"). The terms of certain portions of the Lender Financing include requiring the Developer to enter into various occupancy and use restrictions.

G. City Financing: Pursuant to the terms and conditions of this Agreement, the City will pay or reimburse the Developer for the TIF-Funded Interest Costs (as defined below) from Available Incremental Revenues (the "City Funds") in the manner set forth in the TIF Ordinances (as defined below).

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this Agreement by reference.

## SECTION 2. DEFINITIONS

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

"Act" shall have the meaning set forth in Paragraph B of the Recitals hereto.

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with the Developer.

"Available Incremental Revenues" shall mean those Incremental Taxes deposited in the Incremental Taxes Fund attributable to the taxes levied on the Property, to the extent available,

allocated by the City in each fiscal year and in the amounts set forth in Exhibit E hereto, subject to the modifications provided for in Section 4.04, for payment of the TIF-Funded Interest Costs.

"Certificate" shall mean the Certificate of Completion described in Section 8 hereof.

"City Funds" shall have the meaning set forth in Paragraph G of the Recitals hereto.

"City Loan" shall mean the loan made by the City of Chicago for the Project, in the amount and on the terms set forth in Paragraph A.2 of Exhibit D hereto.

"Corporation Counsel" shall mean City's Office of Corporation Counsel.

"Employer(s)" shall have the meaning set forth in Section 11 hereof.

"Environmental Laws" shall mean the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree now or hereafter in force regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Material, as now or at any time hereafter in effect.

"Event of Default" shall have the meaning set forth in Section 16 hereof.

"Financial Statements" shall mean complete audited financial statements of the Developer prepared by a certified public accountant in accordance with generally accepted accounting principles and practices.

"General Contractor" shall mean Linn-Mathes, Inc. (or such other contractor acceptable to DOH).

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Ordinances and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by Treasurer into the Incremental Taxes Fund.

"Incremental Taxes Fund" shall mean the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund created pursuant to the TIF Ordinances.

"Lender Financing" shall have the meaning set forth in paragraph F of the Recitals.

"Lenders" shall mean the providers of the Lender Financing.

"MBE(s)" or minority-owned business enterprise shall mean a business enterprise identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority business enterprise.

"Other Funds" shall mean those funds set forth in paragraph A7 and A8 of Exhibit D.

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and specifications for the Project prepared by Campbell Tiu Campbell.

"Project" shall have the meaning set forth in Paragraph D of the recitals.

"Project Budget" shall mean the budget for the Developer Project attached hereto as Exhibit F.

"Project Costs" shall mean all of the costs incurred in connection with the Project.

"Property" shall have the meaning set forth in paragraph D of the recitals.

"Senior Lender" shall mean during the construction period, J.P. Morgan Chase Bank, N.A., or its respective successors or assigns, who is providing the senior construction loan and, thereafter, shall mean Enterprise Mortgage Investments, Inc., or its respective successors or assigns, who is providing the permanent senior loan.

"Senior Loan" shall mean the loan made by the Senior Lender, or a financial institution or other entity acceptable to the Commissioner of DOH, for the Project, in the amount and on the terms set forth in Exhibit D hereto.

"Survey" shall mean a plat of an ALTA survey of the Property acceptable in form and content to the City and the Title Company.

"Term of the Agreement" shall mean the term commencing on the date of execution of this Agreement and ending December 31, 2026.

"TIF-Funded Interest Costs" shall mean those costs which (i) are included within the definition of redevelopment project costs in Section 5/11-74.4-3(q) of the Act and are included in the Plan, and (ii) have the meaning set forth in Section 4.02 hereof.

"TIF Ordinances" shall have the meaning set forth in paragraph C of the recitals hereto.

"Title Company" shall mean Title Services, Inc.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, issued by the Title Company.

"WBE(s)" or women's business enterprise shall mean a business enterprise identified in the Directory of Certified Women's Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women's business enterprise.

### SECTION 3. THE PROJECT

#### 3.01 The Project.

(a) The Developer shall: (i) commence construction of the Project no later than 180 days from the passage by the City Council of the ordinance approving this Agreement, subject to such extension, if any, as the City, in its sole discretion, may grant; and (ii) complete construction of the Project no later than December 31, 2006, subject to the provisions of Section 18.16 of this Agreement. The Project shall be carried out in accordance with the Plans and Specifications for the Project.

3.02 Plans and Specifications. The Plans and Specifications shall conform to the Redevelopment Plan as amended from time to time and shall comply with all applicable state and local laws, ordinances and regulations. As of the date hereof, the Developer has delivered to DOH, and DOH has approved, the Plans and Specifications, a list of which are attached hereto as Exhibit G. The Developer has submitted also all such documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

Any material amendment to the Plans and Specifications must be submitted to DOH for its approval.

3.03 Project Budget. The Developer has furnished to DOH, and DOH has approved, the Project Budget. The Developer hereby certifies to the City that (a) to the best of the Developer's knowledge, after diligent inquiry, the Lender Financing and Other Funds shall be sufficient to pay all Project Costs (other than the TIF-Funded Interest Costs) and (b) to the best of the Developer's knowledge after diligent inquiry, the Project Budget is true, correct and complete in all material respects. The Developer hereby represents to the City that the Lender Financing is (a) along with Other Funds and the City Funds, necessary to pay for all Project Costs and (b) available to be drawn upon to pay for certain Project Costs in accordance with the terms of the

documents securing the Lender Financing.

3.04 Other Approvals. Construction of the Project shall not commence until the Developer has obtained all permits and approvals required by state, federal or local statute, ordinance or regulation and the General Contractor has delivered to the Developer performance and payment bonds in the full amount of the construction contract.

3.05 Survey Updates. Upon DOH's request, the Developer shall provide three as-built Surveys to DOH reflecting improvements made to the Property.

3.06 Architect's Certificates and Periodic Reports. The Developer has contracted with Campbell Tiu Campbell (the "Developer's Architect") to act as its architect on the Project. The Developer's Architect shall provide the following documents to DOH:

(a) at the time of execution of this Agreement, an original executed Architect's Opening Certificate in the form attached hereto as Exhibit H-1;

(b) during construction of the Project on a monthly basis, a copy of AIA Form G-703, or a comparable form containing the same information as AIA Form G-703, and inspection reports; and

(c) upon completion of the Project, an original executed Architect's Completion Certificate in the form attached hereto as Exhibit H-2.

#### SECTION 4. FINANCING FOR THE PROJECT COSTS

4.01 Initial Financing for the Project. The Developer shall pay for all of the Project Costs, except the TIF-Funded Interest Costs, using the proceeds of the Lender Financing and Other Funds.

4.02 Reimbursement for TIF-Funded Interest Costs.

(a) The City hereby agrees to pay or reimburse the Developer from Available Incremental Revenues, if any, for a portion of the interest costs incurred by the Developer that will accrue on the Senior Loan (the "TIF-Funded Interest Costs") in each year and in the amounts set forth in Exhibit E hereto, subject to the modification provided for in Section 4.04; provided, however, that in no event shall the amount payable by the City for TIF-Funded Interest Costs in any year exceed the lesser of (x) the maximum amount specified in Section 4.04 or, (y) the lesser of:

(i) 75 percent of the annual interest costs on the Lender Financing incurred by the



Developer with regard to the Project during that year, provided that, if there are not sufficient Available Incremental Revenues to make the payment pursuant to this subparagraph, then the amounts so due shall accrue and be payable when Available Incremental Revenues are available; or

(ii) 75 percent of the total (A) cost paid or incurred by the Developer on the Project, plus (B) redevelopment project costs (excluding any property assembly costs and relocation costs) incurred by the City pursuant to the Act.

(b) The amounts payable pursuant to Section 4.02(a) shall be paid by the City in accordance with this Agreement while the Lender Financing remains outstanding and so long as the TIF-Funded Interest Costs, may, under the Act, be legally paid out of Available Incremental Revenues. The amounts payable pursuant to Section 4.02(a) shall be paid annually by the City to the Senior Lender. The City will pay the Senior Lender for the TIF-Funded Interest Costs for the Project upon submission by the Senior Lender to the DOH of an executed Requisition Form for TIF-Funded Interest Costs in the form attached hereto as Exhibit I. The Requisition Form for TIF-Funded Interest Costs shall be sent to DOH on or after November 1 of each year that payment is requested, and shall set forth the date for payment which shall be not less than 60 days from the date of its receipt by the DOH. The City Comptroller shall pay, to the extent of any Available Incremental Revenues then available in the Incremental Taxes Fund, the amount requested in the Requisition Form for TIF-Funded Interest Costs within 60 days of its receipt; provided, that the amount so requested shall not exceed the maximum amount payable for such year as shown on Exhibit J attached hereto, plus any portion of such maximum amount for prior years that has not been paid as a result of insufficient funds. The Senior Lender shall submit to the DOH and the Department of Finance at the addresses specified in Section 17 copies of monthly invoices sent to the Developer by the Senior Lender to evidence the accrual of such amounts for TIF-Funded Interest Costs. Upon the City's request, the Senior Lender will provide any additional supporting documentation. Attached as Exhibit J is a schedule of maximum amounts which may be reimbursed as interest cost incurred by the Developer in accordance with the Redevelopment Plan and the limitations provided in Section 11-74.4-3(q)(11) of the Act.

4.03 Sufficiency of Available Incremental Revenues for TIF-Funded Interest Costs.

It is hereby understood and agreed to by the Developer that the City does not make any representations that the amount of the Available Incremental Revenues will be sufficient to pay for or reimburse the Developer for any or all of the TIF-Funded Interest Costs.

4.04 Source of City Funds to Pay TIF-Funded Interest Costs. Subject to the terms and conditions of this Agreement, the City hereby agrees to reserve City Funds from the sources and in the amounts described directly below to pay TIF-Funded Interest Costs:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Available Incremental Taxes	\$3,021,0000

The Developer acknowledges and agrees that the City has committed to reserve only the Available Incremental Taxes and that the Developer has no right or claim to, and the City shall be free to otherwise reserve, pledge and commit to other redevelopment projects or financing, the Incremental Taxes attributable to the other tax parcels in the Redevelopment Area. The City acknowledges and agrees that the Developer shall have a first priority claim to the Available Incremental Taxes committed and reserved under this Section 4.04.

The Developer and the City contemplate that the Developer and CHA will cooperate to seek and obtain the statutory abatement provided for under 35 ILCS 200/18-177 with respect to the 63 Project units that constitute "public housing" units subject to abatement under such statute. If such abatement is obtained with respect to such units, the maximum Available Incremental Taxes payable with respect to the year to which such abatement relates shall be the amount set forth in the first shaded column of Exhibit E (subject to any "catch-up" payments permitted under Section 4.02(b)). If such abatement is not obtained, and provided that the Developer pays the unabated taxes, then the maximum of Available Incremental Taxes payable with respect to the year to which such abatement relates shall be the amount set forth in the second shaded column of Exhibit E (subject to any "catch-up" payments permitted under Section 4.02(b)). For example, if general real estate taxes are levied against such 63 Project units in 2007 (such taxes being due and payable in 2008) and are abated, then the maximum amount of Available Incremental Taxes payable in connection with the Requisition Form submitted in 2008 shall be \$101,000 (subject to any additional "catch-up" payments that may be due). If such taxes are levied, not abated, and paid by the Developer, the maximum amount of Available Incremental Taxes payable in connection with the Requisition Form submitted in 2008 shall be \$132,000. In the event an abatement is obtained with respect to some, but less than all, of the 63 Project units subject to abatement, the maximum amount of Available Incremental Taxes shall be ratably adjusted to an amount greater than \$101,000, but less than \$132,000, to take into account such partial abatement and reimburse the Developer for its payment of any unabated general real estate taxes.

## SECTION 5. GENERAL PROVISIONS

5.01 DOH Approval. Any approval granted by DOH pursuant to this Agreement is for the purposes of this Agreement only and does not affect or constitute any approval required by any other department of the City or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DOH pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

5.02 Other Approvals. Any DOH approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Sections 3.02 and 3.04 hereof.

5.03 Signs and Public Relations. The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the construction of the

Project indicating that partial financing is being provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Developer, the Property and the Project in the City's promotional literature and communications.

5.04 Utility Connections. The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to the City utility lines existing on or near the perimeter of the Property, provided the Developer first complies with all the City requirements governing such connections, including the payment of customary fees and costs related thereto, subject to any fee and/or cost waivers provided to the Developer by the City, if any.

5.05 Permit Fees. In connection with the Project, the Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City and are of general applicability to other property within the City, subject to any fee waivers provided to the Developer by the City, if any.

## SECTION 6. CONDITIONS

The following conditions shall be complied with to the City's satisfaction within the time periods set forth below:

6.01 Title Policy. On the Closing Date, the Developer shall provide the City with a copy of the Title Policy showing the Developer in the title to (or holding a leasehold interest in, as applicable) each site comprising the Property.

6.02 Survey. The Developer has furnished the City with a Survey of each site comprising the Property prior to the execution of this Agreement.

6.03 Insurance. The Developer, at its own expense, shall insure each site comprising the Property in accordance with Section 13 hereof.

6.04 Opinion of Developer's Counsel. The Developer shall furnish the City with an opinion of counsel upon the execution of this Agreement in the form as may be reasonably required by or acceptable to Corporation Counsel.

## SECTION 7. AGREEMENTS WITH CONTRACTORS

7.01 City Resident Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (individually an "Employer" and collectively, "Employers"), as applicable, to agree, that during the construction

of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City of Chicago specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the construction of the Project shall be performed by actual residents of the City of Chicago); provided, however, that in addition to complying with this percentage, the Developer and the other Employers shall be required to make good faith efforts to utilize qualified residents of the City of Chicago in both skilled and unskilled labor positions.

The Developer and the other Employers may request a reduction or waiver of this minimum percentage level of total worker hours performed by actual residents of the City of Chicago as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Purchasing Agent of the City of Chicago.

"Actual residents of the City of Chicago" shall mean persons domiciled within the City of Chicago. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

The Developer and the other Employers shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project. The Developer and the other Employers shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DOH in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the company hired the employee should be written in after the employee's name.

The Developer and the other Employers shall provide full access to their employment records to the Purchasing Agent, the Commissioner of DOH, the Superintendent of the Chicago Police Department, the Inspector General, or any duly authorized representative thereof. The Developer and the other Employers shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project as evidenced by the (final) Certificate.

At the direction of DOH, affidavits and other supporting documentation will be required of the Developer and the other Employers to verify or clarify an employee's actual address when in doubt or lack of clarity has arisen.

Good faith efforts on the part of the Developer and the other Employers to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Purchasing Agent) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning

the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer and the other Employers failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or has failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicago to the degree stipulated in this Section. Therefore, in such case of non-compliance it is agreed that 1/20 of 1 percent (.05%) of the aggregate hard construction costs set forth in the Project Budget (as the same shall be evidenced by approved contract value for the actual contracts), shall be surrendered by the Developer and/or the other Employers to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer and/or the other Employers or employee to prosecution. Any retainage to cover contract performance that may become due to the Developer and the other Employers pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Purchasing Agent's determination whether the Developer and the other Employers must surrender damages as provided in this paragraph. In addition, the Developer shall make good faith efforts that all other contracts entered into in connection with the Project for work done, services provided or materials supplied shall be let to persons or entities whose main office and place of business are located within the City.

Nothing herein provided shall be construed to be a limitation upon the "Notice of Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement.

The Developer shall cause or require the provisions of this Section 7.01 to be included in all construction contracts and subcontracts related to the Project.

7.02 Maintaining Records. On a monthly basis until completion of construction of the Project, the Developer shall provide to DOH reports in a form satisfactory to DOH evidencing its compliance with Section 7.01.

7.03 Other Provisions. Photocopies of all contracts or subcontracts entered into by the Developer in connection with the Project shall be made available to DOH upon request. The Developer has the right to delete proprietary information from such contracts or subcontracts, provided, however, that upon DOH's request, the Developer shall make available such proprietary information for review by any authorized City representative.

## SECTION 8. COMPLETION OF CONSTRUCTION

**8.01 Certificate of Completion.** Upon completion of the construction of the Project and related redevelopment activities constituting the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DOH shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DOH shall respond to the Developer's written request for a Certificate by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures.

**8.02 Effect of Issuance of Certificate; Continuing Obligations.** The Certificate relates only to the construction of the Project and related redevelopment activities constituting the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 8.05 and 9.02 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.14 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

**8.03 Failure to Complete.** If the Developer fails to complete the Project in accordance with the terms of the Agreement, following the expiration of applicable grace periods, if any, then the City shall have, but shall not be limited to, any of the following rights and remedies:

(a) subject to the provisions of Section 16.02, the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto;

(b) the right (but not the obligation) to complete the Project and to pay for its costs out of City Funds or other City monies. In the event that the aggregate cost of completing the Project exceeds the amount of City Funds available, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such work in excess of the

available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer.

**8.04 Notice of Expiration of Term of Agreement.** Upon the expiration of the Term of the Agreement, DOH shall provide the Developer, at the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

**8.05 Affordable Housing Covenant.** The Developer agrees and covenants to the City that, prior to any foreclosure of the Property by a lender providing Lender Financing, the provisions of that certain Regulatory Agreement executed by the Developer and DOH as of the date hereof shall govern the terms of the Developer's obligation to provide affordable housing. Following foreclosure, if any, and from the date of such foreclosure through the Term of the Agreement, the following provisions shall govern the terms of the obligation to provide affordable housing under this Agreement:

(a) The Project shall be operated and maintained solely as residential rental housing;

(b) All of the units in the Project, except for the 47 market rate units, shall be available for occupancy to and be occupied solely by one or more qualifying as Low Income Families (as defined below) upon initial occupancy; and

(c) All of the units in the Project, except for the 47 market rate units, have monthly rents not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Internal Revenue Code of 1986, as amended); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income.

(d) As used in this Section 8.05, the following terms has the following meanings:

(i) "Family" shall mean one or more individuals, whether or not related by blood or marriage; and

(ii) "Low Income Families" shall mean Families whose annual income does not exceed sixty percent (60%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

(e) The covenants set forth in this Section 8.05 shall run with the land and be binding

upon any transferee.

(f) The City and the Developer may enter into a separate agreement to implement the provisions of this Section 8.05.

## **SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF DEVELOPER**

The Developer represents, warrants and covenants to the City as follows:

9.01 General. The Developer represents, warrants and covenants that:

(a) the Developer is an Illinois limited partnership duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in every other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) the Developer has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary partnership action and will not violate its partnership agreement as amended and supplemented, any applicable provision of law, or constitute a material breach of, default under or require any consent under, any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

(d) unless otherwise permitted pursuant to the terms of this Agreement, including Section 18.14 hereof, the Developer shall acquire and shall maintain a good, merchantable leasehold interest in the Property, subject to those matters shown in the Title Policy;

(e) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, or to the Developer's knowledge, threatened or affecting the Developer which would materially impair its ability to perform under this Agreement;

(f) the Developer shall obtain and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to construct, complete and operate its business at the Property;

(g) the Developer is not aware of any default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Developer is a party or by which the Developer is bound which would materially affect its ability to perform hereunder;



(h) the Financial Statements when submitted will be, complete and correct in all material respects and will accurately present the assets, liabilities, results of operations and financial condition of the Developer as of the date of such statements; and

(i) the Developer is satisfied that it has taken any measures required to be taken to bring the Property and the Project into compliance with Environmental Laws (or, as part of the remediation process to be undertaken in connection with the Property's enrollment in the Illinois Site Remediation Program, the Project will be brought compliance with such Environmental Laws, as such compliance may be required under one or more "no further remediation" letters to be issued with respect to the Property) and that the Property is suitable for its intended use.

9.02 Covenant to Redevelop. The Developer shall redevelop the Property substantially in accordance with the Agreement and all Exhibits attached hereto, the TIF Ordinances, the Plans and Specifications, the Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section 9.02 shall run with the land and be binding upon any transferee of the Property.

9.03 Redevelopment Plan. The Developer represents that the Project shall be in compliance with all of the terms of the Redevelopment Plan.

9.04 Use of Available Incremental Revenues. Available Incremental Revenues disbursed to, or on behalf of, the Developer shall be used solely to pay or reimburse the Developer for the TIF-Funded Interest Costs as provided in this Agreement.

9.05 Arms-Length Transactions. Unless DOH shall have given its prior written consent with respect thereto, no Affiliate of the Developer may receive any part of the City Funds, directly or indirectly, through reimbursement of the Developer pursuant to Section 4 or otherwise, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Interest Costs. The Developer shall provide information with respect to any entity to receive the City Funds (by reimbursement or otherwise), upon DOH's request, prior to any such disbursement.

9.06 Conflict of Interest. The Developer represents and warrants that no member, official or employee of the City, or member of any commission or committee exercising authority over the Project or the Redevelopment Plan, or any consultant hired by the City in connection with the Project, owns or controls (or has owned or controlled) any interest, direct or indirect, in the Developer's business or the Property.

9.07 Disclosure of Interest. The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project.

9.08 Financial Statements. The Developer shall maintain and provide to DOH its Financial Statements at the earliest practicable date but no later than 120 days following the end of the Developer's fiscal year, each year for the Term of the Agreement.

9.09 Developer's Liabilities. The Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder. The Developer shall immediately notify DOH of any and all events or actions which may materially affect the Developer's ability to perform its obligations under this Agreement.

9.10 Compliance with Laws. To the best of the Developer's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes (or, as part of the remediation process to be undertaken in connection with the Property's enrollment in the Illinois Site Remediation Program, the Project will be brought compliance with such legal requirements, as such compliance may be required under one or more "no further remediation" letters to be issued with respect to the Property). Upon the City's request, the Developer shall provide copies of any documentary evidence of compliance of such laws which may exist, such as, by way of illustration and not limitation, permits and licenses.

9.11 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with any Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

9.12 Real Estate Provisions.

(a) Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to the Developer, the Property or the Project, including but not limited to real estate taxes. The Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. The Developer shall have the right to challenge real estate taxes applicable to the Property provided, that such real

estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DOH of the Developer's intent to contest or object to a Governmental Charge and, unless, at DOH's sole option, (i) the Developer shall demonstrate to DOH's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings and/or (ii) the Developer shall furnish a good and sufficient bond or other security satisfactory to DOH in such form and amounts as DOH shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise DOH thereof in writing, at which time DOH may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in DOH's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DOH deems advisable. All sums so paid by DOH, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly paid to DOH by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, City, in its sole discretion, may require the Developer to submit to City audited Financial Statements at the Developer's own expense. Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 9.12(b) below.

(b) Real Estate Taxes. [Intentionally deleted.]

9.13 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

## **SECTION 10. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY**

10.01 General Covenants. The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder, and covenants that: (a) the Incremental Taxes Fund will be established, (b) the Incremental Taxes will be deposited therein, and (c) such funds shall remain available to pay the City's obligations under Sections 4.02 and 4.04 as the same become due, as long as the TIF-

Funded Interest Costs continue to be payable from Available Incremental Revenues under the Act. The City agrees not to amend the Redevelopment Plan so as to materially impair its ability to pay in full any amounts due from the City under this Agreement without the written consent of the Developer and the Lenders.

10.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 10 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

## SECTION 11. EMPLOYMENT OPPORTUNITY

The Developer and its successors and assigns hereby agree, and shall contractually obligate its or their contractors or any Affiliate of the Developer operating on the Property (individually an "Employer" and collectively, "Employers") to agree, that for the Term of the Agreement with respect to the Developer and during the period of any other such party's provision of services hereunder or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment on the basis of race, color, sex, age, religion, mental or physical disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status or source of income, as defined in the City of Chicago Human Rights Ordinance adopted December 21, 1988, Municipal Code of Chicago, ch. 2-160, Section 2-160-010 et seq., as amended from time to time (the "Human Rights Ordinance"). Each Employer will take affirmative action to insure that applicants are employed and employees are treated during employment without regard to their race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause.

(b) All solicitation or advertisement for employees placed by or on behalf of any Employer shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income.

(c) Each Employer shall comply with federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the Human Rights

Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1992), and any subsequent amendments and regulations promulgated pursuant thereto.

(d) Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 11, during the course of construction of the Project, construction costs for the Project shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs") as follows:

- a. at least 24 percent by MBEs;
- b. at least 4 percent by WBEs.

Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 11.

The Developer shall deliver quarterly reports to DOH during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, inter alia, the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DOH in determining the Developer's compliance with this MBE/WBE commitment. The Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and DOH shall have access to all such records maintained by the Developer, on five Business Days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

Upon the disqualification of any MBE or WBE General Contractor or Subcontractor, if such status was misrepresented by the disqualified party, the Developer shall be obligated to discharge

or cause to be discharged the disqualified General Contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 11 shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.

Prior to the commencement of the Project, the Developer shall be required to meet with the monitoring staff of DOH with regard to the Developer's compliance with its obligations under this Section 11. The General Contractor and all major Subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to DOH its plan to achieve its obligations under this Section 11, the sufficiency of which shall be approved by DOH. During the Project, the Developer shall submit the documentation required by this Section 11 to the monitoring staff of DOH. Failure to submit such documentation on a timely basis, or a determination by DOH, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 11, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided hereunder, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payments to, or on behalf of, the Developer, or (3) seek any other remedies against the Developer available at law or in equity.

(e) The Developer will include the foregoing provisions in every contract entered into in connection with the Project and every agreement with any Affiliate operating on the Property so that such provision will be binding upon each contractor or Affiliate, as the case may be.

## SECTION 12. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws (as the same may be modified by one or more "no further remediation" letters to be issued with respect to the Property) and this Agreement and all Exhibits attached hereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, Developer agrees to indemnify, defend and hold City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of Developer: (i) the presence of any

Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which Developer, or any person directly or indirectly controlling, controlled by or under common control with Developer, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of City or Developer or any of its subsidiaries under any Environmental Laws relating to the Property.

### SECTION 13. INSURANCE

The Developer shall procure and maintain, or cause to be maintained, at its sole cost and expense, at all times throughout the Term of the Agreement, and until each and every obligation of the Developer contained in the Agreement has been fully performed, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations under this Agreement, whether performed by the Developer, any contractor or subcontractor:

- (a) Prior to Execution and Delivery of this Agreement: At least 10 business days prior to the execution of this Agreement, the Developer shall procure and maintain the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, independent contractors, broad form property damage and contractual liability coverages are to be included.

- (b) Construction: Prior to the construction of any portion of the Project, the Developer shall procure and maintain, or cause to be maintained, the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under or in connection with this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$2,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, explosion, collapse, underground, independent contractors, broad form property damage and contractual liability coverages are to be included.

(iii) Automobile Liability Insurance

When any motor vehicles are used in connection with work to be performed in connection with this Agreement, the Developer shall provide Automobile Liability Insurance with limits of not less than \$1,000,000.00 per occurrence combined single limit, for bodily injury and property damage.

(iv) All Risk Builders Risk Insurance

When the Developer, any contractor or subcontractor undertakes any construction, including improvements, betterments, and/or repairs, Developer, such contractor or subcontractor shall provide All Risk Blanket Builder's Risk Insurance to cover the materials, equipment, machinery and fixtures that are or will be part of the permanent facilities. Coverage extensions shall include boiler and machinery, and flood.

(v) Professional Liability

When any architects, engineers or consulting firms perform work in connection with this Agreement, Professional Liability insurance shall be maintained with limits of \$1,000,000.00. The policy shall have an extended reporting period of two years. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Project.

(c) Other Provisions



Upon DOH's request, the Developer shall provide DOH with copies of insurance policies or certificates evidencing the coverage specified above. If the Developer fails to obtain or maintain any of the insurance policies required under this Agreement or to pay any insurance policies required under this Agreement, or to pay any premium in whole or in part when due, the City may (without waiving or releasing any obligation or Event of Default by the Developer hereunder) obtain and maintain such insurance policies and take any other action which the City deems advisable to protect its interest in the Property and/or the Project. All sums so disbursed by the City including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by the Developer upon demand by the City.

The Developer agrees, and shall cause each contractor and subcontractor to agree, that any insurance coverages and limits furnished by the Developer and such contractors or subcontractors shall in no way limit the Developer's liabilities and responsibilities specified under this Agreement or any related documents or by law, or such contractor's or subcontractor's liabilities and responsibilities specified under any related documents or by law. The Developer shall require all contractors and subcontractors to carry the insurance required herein, or the Developer may provide the coverage for any or all contractors and subcontractors, and if so, the evidence of insurance submitted shall so stipulate.

The Developer agrees, and shall cause its insurers and the insurers of each contractor and subcontractor engaged after the date hereof in connection with the Project to agree, that all such insurers shall waive their rights of subrogation against the City.

The Developer shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's Regulations, Title 49 of the Code of Federal Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, state or local regulations concerning the removal and transport of Hazardous Materials.

The City maintains the right to modify, delete, alter or change the provisions of this Section 13 and so long as such action does not, without the Developer's prior written consent, increase the requirements set forth in this Section 13 beyond that which is reasonably customary at such time.

#### **SECTION 14. INDEMNIFICATION**

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses

including, without limitation, reasonable attorneys' fees and court costs, suffered or incurred by the City arising from or in connection with (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Developer's or any contractor's failure to pay contractors or materialmen in connection with the Project, or (iii) the existence of any material misrepresentation or omission in the Redevelopment Plan or any other document related to this Agreement and executed by the Developer that is the result of information supplied or omitted by the Developer or its agents, employees, contractors or persons acting under the control or at the request of the Developer or (iv) the Developer's failure to cure its misrepresentation in this Agreement or any other agreement relating thereto within the cure period provided.

## **SECTION 15. MAINTAINING RECORDS/RIGHT TO INSPECT**

15.01 Books and Records. The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Developer's loan statements, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Developer's expense. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Developer with respect to the Project.

15.02 Inspection Rights. Any authorized representative of the City shall have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

## **SECTION 16. DEFAULT AND REMEDIES**

16.01 Events of Default. The occurrence of any one or more of the following events, following expiration of applicable cure periods under Sections 16.03 and subject further to Section 18.16, shall constitute an "Event of Default" by the Developer hereunder:

(a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under this Agreement or any related agreement;

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of Developer under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer's

business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect when made;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the permitted liens consented to by the City as set forth in the mortgage securing the City Loan, or the making or any attempt to make any levy, seizure or attachment thereof if not dismissed or bonded over in a manner reasonably acceptable to the City;

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within 90 days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within 90 days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for 30 days after such entry without a stay of enforcement or execution;

(h) a change in the Developer's general partner (except a "for cause" replacement of such general partner by the limited partner in accordance with the Developer's partnership agreement), addition of a general partner or sale or other transfer of all or a controlling interest in the ownership of the general partner without DOH's prior written consent; or

(i) a change in the ownership of the Project without DOH's prior written consent.

16.02 Remedies. (a) Subject to the provisions of paragraph (b) of this section, upon the occurrence of an Event of Default, the City may terminate this Agreement and all related

agreements, and may suspend disbursement of the City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, secure the specific performance of the agreements contained herein, or may be awarded damages for failure of performance, or both, provided, however, that the City shall not obtain a lien against the Property.

(b) Notwithstanding any other provision in this Agreement, the City shall not terminate this Agreement or suspend disbursement of the City Funds upon the occurrence of an Event of Default unless foreclosure proceedings have been commenced under the mortgage securing the Senior Loan or a deed in lieu of such foreclosure has been executed and delivered and provided that Senior Lender has not cured the Event of Default within the curative time period provided allowed under Section 16.04(b).

16.03 Curative Period. In the event the Developer shall fail to perform a covenant which Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless Developer shall have failed to perform such covenant within 30 days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those defaults which are not reasonably capable of being cured within such 30-day period, if the Developer has commenced to cure the alleged default within such 30-day period and thereafter continues diligently to effect such cure, then said 30-day period shall be extended to 60 days upon written request from the Developer to the City delivered during such 30-day period, and upon further written request from the Developer to the City delivered during such 60-day period, said 60-day period shall be extended to 90 days; provided, further, that such default is cured in any event within 120 days of the date of the Developer's receipt of a written default notice.

16.04 Right to Cure by Lenders and Investors. In the event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it that could result in the termination of this Agreement or the cancellation, suspension, or reduction of any payment due from the City under this Agreement, the City shall send notice of such intended exercise to the parties identified in Section 17 and the Lenders and the limited partner investor(s) in the Developer shall have the right (but not the obligation) to cure such an Event of Default under the following conditions:

- (a) if the Event of Default is a monetary default, any party entitled to cure such default may cure it within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such monetary default; or (ii) receipt by the Lenders of such notice from the City; and
- (b) if the Event of Default is of a non-monetary nature, any party entitled to cure such default shall have the right to cure it within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such non-monetary default; or (ii) receipt of such notice from the City; provided, however, that if such non-monetary



Chicago, Illinois 60607  
Attention: Ben Applegate

To Senior Lender  
(Construction Period):

JP Morgan Chase Bank, N.A  
Community Development Real Estate  
1 Bank One Plaza  
Mail Code IL1-0953  
Chicago, Illinois 60670  
Attn: Michael Rhodes

With copy to:

Schwartz, Cooper, Greenberger & Krauss, Chartered  
180 North LaSalle Street, Suite 2700  
Chicago, Illinois 60601  
Attn: Derek L. Cottier, Esq.

To Senior Lender  
(Permanent):

Enterprise Mortgage Investments, Inc.  
10227 Wincoppin Circle, Suite 800  
Columbia, Maryland 21044-3400  
Attn: Jeffrey Stern

With copy to:

Krooth and Altman  
1850 M Street, NW, Suite 400  
Washington, D.C. 20036  
Attn: Harrison Smith

To CHA:

Chicago Housing Authority  
626 West Jackson Blvd.  
Chicago, Illinois 60661  
Attention: Chief Executive Officer

With copies to:

Chicago Housing Authority  
200 West Adams Street, Suite 2100  
Chicago, Illinois 60606  
Attention: General Counsel  
Daniel E. Levin and The Habitat Company LLC  
350 West Hubbard Street  
Chicago, Illinois 60610  
Attn: Managing Member

The Habitat Company LLC  
350 West Hubbard Street  
Chicago, IL 60610  
Attn: General Counsel

Reno & Cavanaugh PLLC  
1250 Eye Street, NW  
Suite 900  
Washington, DC 20005  
Attn: Megan Glasheen

To Investor Limited Partner: Wachovia Affordable Housing Community Development Corporation  
301 South College Street, NC 0173  
Charlotte, North Carolina 28288

With copy to: Holland & Knight  
10 St. James Avenue, 11<sup>th</sup> Floor  
Boston, Massachusetts 02116  
Attn: Roslyn Poznansky

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the business day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two business days following deposit in the mail.

## SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended without the prior written consent of the City and the Developer. The Commissioner of DOH shall have discretion to amend the pertinent provisions of this Agreement, including, without limitation, Sections 4.02 and 4.04 and Exhibits E and K, as necessary to take into account any failure to obtain an abatement with respect to all or some of the 63 Project units subject to abatement under 35 ILCS 200/18-177.

18.02 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. The Developer agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

18.05 Waiver. Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing.

18.06 Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

18.07 Disclaimer. Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

18.08 Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

18.09 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

18.10 Severability. If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

18.11 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

18.12 Form of Documents. All documents required by this Agreement to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City.

18.13 Approval. Wherever this Agreement provides for the approval or consent of the City or DOH, or any matter is to be to the City's or DOH's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City or DOH in writing and in its reasonable discretion thereof. The Commissioner of DOH or other person designated by the Mayor of the City shall act for the City or DOH in making all



approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.14 Assignment. The Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, except that the Developer may collaterally assign its interest in the Redevelopment Agreement to the Senior Lender, if the Senior Lender requires such collateral assignment. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all terms of this Agreement for the Term of the Agreement, and shall execute an affidavit to the effect that it is in compliance with all applicable City ordinances and is otherwise qualified to do business with the City.

18.15 Binding Effect. This Agreement shall be binding upon the Developer and its successors and permitted assigns and shall inure to the benefit of the City, its successors and assigns. The provisions of this Agreement pertaining to the obligations of the City shall be binding upon the City.

18.16 Force Majeure. For the purposes of any of the provisions of this Agreement, neither the City nor the Developer, as the case may be, nor any successor in interest, shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or quantity for an abnormal duration, tornadoes or cyclones and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its respective obligations hereunder.

18.17 Lists Maintained by Office of Foreign Assets Control Neither the Developer nor any affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Asset Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

18.18. No Business Relationship with City Elected Officials Pursuant to Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any

person acting at the direction of such official, with respect to any of the Loan Documents, or in connection with the transactions contemplated thereby, shall be grounds for termination of the Redevelopment Agreement and the transactions contemplated thereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to the Redevelopment Agreement or the transactions contemplated thereby.

## SECTION 19. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit D hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "New Mortgage." Any New Mortgage that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage" including the proposed permanent senior loan to be made by Enterprise Mortgage Investments, Inc., and the mortgage securing the permanent loan. It is hereby agreed by and between the City and the Developer as follows:

(a) In the event that a mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" hereunder; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee

under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the issuance by the City to the Developer of a Certificate pursuant to Section 8 hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DOH.

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

MADDEN WELLS PHASE 1B ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership

By: Madden Wells Phase 1B Corp., an Illinois corporation and its general partner

By: William Goldsmith

Name: William Goldsmith

Title: Secretary

CITY OF CHICAGO, ILLINOIS, acting by and through its Department of Housing

By: \_\_\_\_\_

John Markowski, Commissioner

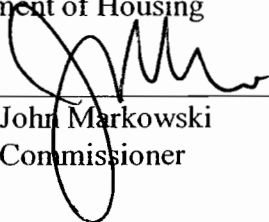
IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

MADDEN WELLS PHASE 1B ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership

By: Madden Wells Phase 1B Corp., an Illinois corporation and its general partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF CHICAGO, ILLINOIS, acting by and through its Department of Housing

By:  \_\_\_\_\_  
John Markowski  
Commissioner

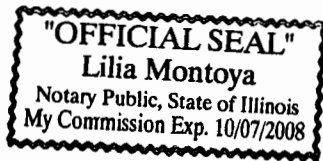
STATE OF ILLINOIS        )  
                                  ) ss  
COUNTY OF COOK        )

I, Lilia Montoya, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that <sup>William</sup>Goldsmith, personally known to me to be the Secretary of Madden Wells Phase 1B Corp., an Illinois corporation and general partner of Madden Wells Phase 1B Associates Limited Partnership,(the "Partnership") and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me in person and acknowledged that s/he signed, sealed, and delivered said instrument, pursuant to the authority given to her/him by the Board of Directors as her/his free and voluntary act and as the free and voluntary act of the above-named entities, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 6<sup>th</sup> day of July, 2005.

Lilia Montoya  
Notary Public

My commission expires 10/7/08  
(SEAL)





**EXHIBIT A**

**MADDEN/WELLS REDEVELOPMENT AREA LEGAL DESCRIPTION**

**[NOT ATTACHED FOR ORDINANCE OR RECORDING PURPOSES]**



MADDEN/WELLS TIF

ALL THAT PART OF THE SOUTHEAST QUARTER OF SECTION 34, AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 35 IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 3 AND THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 2 IN TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST PERSHING ROAD WITH THE WESTERLY LINE OF SOUTH VINCENNES AVENUE;

THENCE NORTHEASTERLY ALONG SAID WESTERLY LINE OF SOUTH VINCENNES AVENUE TO THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 1 IN THE RESUBDIVISION OF LOT 16 (EXCEPT THE EAST 84 FEET THEREOF) AND EXCEPT THE ALLEY CONDEMNED THEREOF SAID LOT, IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO, ALSO THE SOUTH 3 FEET OF LOT 5 AND ALL OF LOT 6 IN THE SUBDIVISION OF LOT 15 (EXCEPT THE EAST 82 FEET OF THE EAST HALF THEREOF) IN SAID ELLIS' EAST OR SECOND ADDITION TO CHICAGO (EXCEPT A STRIP OF LAND ON THE EAST SIDE OF LOTS 5 AND 6 CONDEMNED FOR ALLEY PURPOSES), SAID SOUTH LINE OF LOT 1 BEING ALSO THE NORTH LINE OF EAST 37<sup>TH</sup> STREET AS SAID EAST 37<sup>TH</sup> STREET IS OPENED AND DEDICATED IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND ALONG THE NORTH LINE OF EAST 37<sup>TH</sup> STREET TO THE WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY IN THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTHEASTERLY ALONG SAID WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY TO THE SOUTHERLY LINE OF EAST OAKWOOD BOULEVARD;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF EAST OAKWOOD BOULEVARD TO THE EASTERLY LINE OF LOT 1 IN BENSLEY'S SUBDIVISION OF LOTS 15 AND 16 OF THE ASSESSOR'S DIVISION OF BLOCK 7 IN CLEAVERVILLE, A SUBDIVISION OF THE NORTH PART OF FRACTIONAL SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE SOUTH

PART OF SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF LOT 1 IN BENSLEY'S SUBDIVISION AND ALONG THE SOUTHERLY EXTENSION THEREOF AND ALONG THE EASTERLY LINE OF LOT 12 IN SAID BENSLEY'S SUBDIVISION TO THE SOUTHERLY LINE OF SAID BENSLEY'S SUBDIVISION;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF BENSLEY'S SUBDIVISION TO THE EASTERLY LINE OF SOUTH ELLIS AVENUE;

THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF SOUTH ELLIS AVENUE TO THE EASTERLY EXTENSION OF THE SOUTHERLY LINE OF THE NORTHERLY 5 FEET OF LOT 3 IN THE SUBDIVISION BY L. C. P. FREER OF BLOCK 6 OF AFORESAID CLEAVERVILLE;

THENCE WESTERLY ALONG SAID EASTERLY EXTENSION AND THE SOUTHERLY LINE OF THE NORTHERLY 5 FEET OF LOT 3 IN THE SUBDIVISION BY L. C. P. FREER OF BLOCK 6 OF CLEAVERVILLE TO THE WESTERLY LINE OF SAID LOT 3;

THENCE SOUTHERLY ALONG SAID WESTERLY LINE OF LOT 3 TO THE SOUTHERLY LINE OF LOT "A" IN THE CONSOLIDATION OF THE NORTH 10 FEET OF LOT 8, ALL OF LOT 9 AND THE SOUTH 25 FEET OF LOTS 10 AND 11 IN THE SUBDIVISION OF BLOCK 6 IN AFORESAID CLEAVERVILLE;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF LOT "A" AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WESTERLY LINE OF SOUTH DREXEL BOULEVARD;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF SOUTH DREXEL BOULEVARD TO THE POINT OF INTERSECTION OF SAID WESTERLY LINE OF SOUTH DREXEL BOULEVARD WITH THE EASTERLY LINE OF SOUTH COTTAGE GROVE AVENUE;

THENCE NORTH ALONG THE NORTHERLY EXTENSION OF THE WEST LINE OF BLOCK 16 IN AFORESAID CLEAVERVILLE, SAID WEST LINE OF BLOCK 16 BEING ALSO THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOTS 10, 11, 14 AND 15 IN BLOCK 1 OF CLEAVERVILLE ADDITION, BEING A SUBDIVISION OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF VINCENNES AVENUE, SAID SOUTH LINE OF LOTS 10, 11, 14 AND 15 IN BLOCK 1 OF CLEAVERVILLE ADDITION BEING ALSO THE NORTH LINE OF EAST OAKWOOD BOULEVARD;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF EAST OAKWOOD BOULEVARD TO THE EAST LINE OF SOUTH LANGLEY AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH LANGLEY AVENUE AND ALONG THE NORTHERLY EXTENSION THEREOF TO THE NORTH LINE OF EAST PERSHING AVENUE;

THENCE WEST ALONG SAID NORTH LINE OF EAST PERSHING AVENUE TO THE POINT OF BEGINNING AT POINT OF INTERSECTION OF THE NORTH LINE OF EAST PERSHING ROAD WITH THE WESTERLY LINE OF SOUTH VINCENNES AVENUE;

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

**EXHIBIT B**  
**PROPERTY LEGAL DESCRIPTION**  
**(Madden Wells Phase 1B)**

LOT 2 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, TOGETHER WITH THAT PART OF LOT 3 IN MADDEN-WELLS SUBDIVISION, AFORESAID, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHERLY MOST WEST CORNER OF SAID LOT 3; THENCE NORTH 22°52'25" WEST, ALONG THE SOUTHWESTERLY LINE THEREOF, 127.33 FEET, TO THE WESTERLY MOST NORTH CORNER OF SAID LOT 3; THENCE NORTH 66°24'08" EAST, ALONG THE NORTHWESTERLY LINE THEREOF, 0.01 FEET; THENCE SOUTH 23°30'22" EAST 127.32 FEET TO THE SOUTHEASTERLY LINE OF SAID LOT 3; THENCE SOUTH 66°24'08" WEST, ALONG THE SOUTHEASTERLY LINE OF SAID LOT 3, A DISTANCE OF 1.42 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

LOT 3 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, (EXCEPT THAT PART THEREOF, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHERLY MOST WEST CORNER OF SAID LOT 3; THENCE NORTH 22°52'25" WEST, ALONG THE SOUTHWESTERLY LINE THEREOF, 127.33 FEET, TO THE WESTERLY MOST NORTH CORNER OF SAID LOT 3; THENCE NORTH 66°24'08" EAST, ALONG THE NORTHWESTERLY LINE THEREOF, 0.01 FEET; THENCE SOUTH 23°30'22" EAST 127.32 FEET TO THE SOUTHEASTERLY LINE OF SAID LOT 3; THENCE SOUTH 66°24'08" WEST, ALONG THE SOUTHEASTERLY LINE OF SAID LOT 3, A DISTANCE OF 1.42 FEET TO THE POINT OF BEGINNING), IN COOK COUNTY, ILLINOIS.

LOT 4 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, IN COOK COUNTY, ILLINOIS.

LOT 35 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, IN COOK COUNTY, ILLINOIS.

LOT 36 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, IN COOK COUNTY, ILLINOIS.

LOT 37 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, IN COOK COUNTY, ILLINOIS.

LOT 38 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, IN COOK COUNTY, ILLINOIS.

LOT 42 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, TOGETHER WITH THAT PART OF LOT 43 IN MADDEN-WELLS SUBDIVISION, AFORESAID, DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER

OF SAID LOT 43; THENCE NORTH 86°06'20" EAST, ALONG THE SOUTHERLY LINE OF SAID LOT 43, A DISTANCE OF 102.65 FEET TO THE POINT OF BEGINNING; THENCE NORTH 03°53'40" WEST, 122.61 FEET TO THE NORTHERLY LINE OF SAID LOT 43; THENCE NORTH 86°06'20" EAST, ALONG THE NORTHERLY LINE OF SAID LOT 43, A DISTANCE OF 21.01 FEET TO THE EASTERLY LINE OF SAID LOT 43; THENCE SOUTH 03°53'40" EAST, ALONG THE EASTERLY LINE OF SAID LOT 43, A DISTANCE OF 122.61 FEET TO THE SOUTHERLY LINE OF SAID LOT 43; THENCE SOUTH 86°06'20" WEST, ALONG THE SOUTHERLY LINE OF SAID LOT 43, A DISTANCE OF 21.01 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

LOT 44 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, IN COOK COUNTY, ILLINOIS.

LOT 52 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, TOGETHER WITH THAT PART OF LOT 53 IN MADDEN-WELLS SUBDIVISION, AFORESAID, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 53; THENCE NORTH 73°52'10" EAST, ALONG THE NORTHERLY LINE OF SAID LOT 53, A DISTANCE OF 109.91 FEET TO THE NORTHEAST CORNER THEREOF; THENCE SOUTH 20°03'30" EAST, ALONG THE EASTERLY LINE OF SAID LOT 53 A DISTANCE OF 9.21 FEET; THENCE SOUTH 73°52'10" WEST, 110.54 FEET TO THE WESTERLY LINE OF SAID LOT 53; THENCE NORTH 16°07'50" WEST, ALONG THE WESTERLY LINE OF SAID LOT 53, A DISTANCE OF 9.19 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

LOT 54 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, (EXCEPT THAT PART THEREOF, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 54; THENCE NORTH 20°03'30" WEST, ALONG THE WESTERLY LINE OF SAID LOT 54, A DISTANCE OF 0.94 FEET; THENCE NORTH 69°57'06" EAST, 125.18 FEET TO THE EASTERLY LINE OF SAID LOT 54; THENCE SOUTH 19°58'00" EAST, 2.59 FEET TO THE SOUTHEAST CORNER OF SAID LOT 54; THENCE SOUTH 70°42'26" WEST, ALONG THE SOUTHERLY LINE OF SAID LOT 54, A DISTANCE OF 125.19 FEET TO THE POINT OF BEGINNING), IN COOK COUNTY, ILLINOIS.

LOT 55 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, (EXCEPT THAT PART THEREOF, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 55; THENCE NORTH 20°03'30" WEST, ALONG THE WESTERLY LINE OF SAID LOT 55, A DISTANCE OF 0.95 FEET; THENCE NORTH 69°57'06" EAST, 125.10 FEET TO THE EASTERLY LINE OF SAID LOT 55; THENCE SOUTH 19°58'00" EAST, 1.13 FEET TO THE SOUTHEAST CORNER OF SAID LOT 55; THENCE SOUTH 70°01'59" WEST, ALONG THE SOUTHERLY LINE OF SAID LOT 55, A DISTANCE OF 125.10 FEET TO THE POINT OF BEGINNING), TOGETHER WITH THAT PART OF LOT 54, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 54; THENCE NORTH 20°03'30" WEST, ALONG THE WESTERLY LINE OF SAID LOT 54, A DISTANCE OF 0.94 FEET; THENCE NORTH 69°57'06" EAST, 125.18 FEET TO THE EASTERLY LINE OF SAID LOT 54; THENCE SOUTH 19°58'00" EAST, 2.59 FEET TO THE SOUTHEAST CORNER OF SAID LOT 54; THENCE SOUTH 70°42'26" WEST, ALONG THE SOUTHERLY LINE OF SAID LOT 54, A DISTANCE OF 125.19 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

LOT 56 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, TOGETHER WITH THAT PART OF LOT 55, DESCRIBED AS

FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 55; THENCE NORTH 20°03'30" WEST, ALONG THE WESTERLY LINE OF SAID LOT 55, A DISTANCE OF 0.95 FEET; THENCE NORTH 69°57'06" EAST, 125.10 FEET TO THE EASTERLY LINE OF SAID LOT 55; THENCE SOUTH 19°58'00" EAST, 1.13 FEET TO THE SOUTHEAST CORNER OF SAID LOT 55; THENCE SOUTH 70°01'59" WEST, ALONG THE SOUTHERLY LINE OF SAID LOT 55, A DISTANCE OF 125.10 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

LOT 64 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, IN COOK COUNTY, ILLINOIS.

LOT 65 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, IN COOK COUNTY, ILLINOIS.

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LOT 74 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, IN COOK COUNTY, ILLINOIS.

LOT 76 IN MADDEN-WELLS SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER

OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 24, 2004 AS DOCUMENT NUMBER 0408445058, IN COOK COUNTY, ILLINOIS.

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17-34-420-033, VOL. 527  
17-35-101-102, VOL. 527  
17-34-419-012, VOL. 527

**EXHIBIT B-1**

**SITE PLAN**

[ATTACHED FOR ORDINANCE PURPOSES]

(See attached page that follows.)





**EXHIBIT C**

**REDEVELOPMENT PLAN**

[NOT ATTACHED FOR ORDINANCE OR RECORDING PURPOSES]

**MADDEN/WELLS**  
**TAX INCREMENT FINANCING**  
**REDEVELOPMENT AREA PROJECT AND PLAN**

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City of Chicago, Illinois  
Department of Planning and Development

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

Prepared by:

Trkla, Pettigrew, Allen & Payne, Inc.

June 27, 2002

Revised October 18, 2002

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## EXHIBITS

- EXHIBIT I: LEGAL DESCRIPTION OF PROJECT BOUNDARY
- EXHIBIT II: ESTIMATED REDEVELOPMENT PROJECT COSTS
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- EXHIBIT IV: MADDEN/WELLS REDEVELOPMENT PROJECT AREA  
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- EXHIBIT V: MADDEN/WELLS REDEVELOPMENT PROJECT AREA  
TAX INCREMENT FINANCING HOUSING IMPACT STUDY
- EXHIBIT VI: NORTH KENWOOD-OAKLAND CONSERVATION AREA ACQUISITION MAP (AS  
APPROVED IN 1992)

## I. INTRODUCTION

This document is to serve as the redevelopment plan (the "Redevelopment Plan") for an area located on the near south side of the City of Chicago (the "City") approximately four miles immediately south of the City's central business district (the "Loop"). The area is generally bounded by East 37<sup>th</sup> Street on the north, the west line of the Illinois Central Rail Line on the east, East Pershing Road and East Oakwood Boulevard on the south and South Vincennes Avenue on the west. This area is referred to in this document as the Madden/Wells Tax Increment Financing Redevelopment Project Area (the "Project Area"). The Project Area is regionally accessible by Lake Shore Drive and is less than two miles from the Dan Ryan Expressway.

As part of a strategy to encourage managed growth and stimulate private investment within the Project Area, Oakwood Boulevard Associates, the developer of a proposed residential development within the Project Area, engaged Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") to study whether the Project Area of approximately 97.6 acres qualifies as a "conservation area," a "blighted area," or a combination of both blighted areas and conservation areas under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended (the "Act"). The Project Area, described in more detail below as well as in the accompanying Eligibility Report, has not been subject to growth and development through investment by private enterprise and is not reasonably expected to be developed without the efforts and leadership of the City.

The Plan summarizes the analyses and findings of the consultants' work, which, unless otherwise noted, is the responsibility of "TPAP". 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 and the related eligibility report with the understanding that the City would rely: 1) on the findings and conclusions of the Plan and the related eligibility report in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Plan, and 2) on the fact that the Consultant has obtained the necessary information so that the Plan and the related eligibility report will comply with the Act.

### A. *Madden/Wells Tax Increment Financing Redevelopment Project Area*

The Project Area contains 125 buildings and consists of 13 full and/or partial blocks. The Project Area encompasses a total of approximately 97.6 acres of which 27.3 acres (27.9%) are devoted to alley, street and rail rights-of-way. The Project Area is comprised of an improved area as well as five vacant areas. Of the 97.6 acres, approximately 80.6 acres are located within the improved area and approximately 17.0 acres are located within the five vacant areas. For a map depicting the boundaries and delineation of improved and vacant areas see Figure 1, *Project Area Boundary*. A legal description of the Project Area is included in *Section II, Legal Description and Project Boundary*.

The Project Area is located entirely in the Oakland community area. Oakland was first settled in the 1850s as a workers town serving the Sherman and Cottage Grove stockyards and industrial area. Growth of the area accelerated with the establishment of the 47<sup>th</sup> Street train station by the Illinois Central Railroad and the entire Oakland community was annexed to Chicago by 1889. With the extension of horse car and later streetcar service through the area, Oakland quickly changed to an

affluent residential suburb and reached maturity by 1895. After the turn of the century, the community changed again with the influx of working class residents and the departure of wealthier residents to more prestigious communities. Larger homes were converted into smaller units and rooming houses, which attracted more transient and working class residents to the area. As a result, the population of Oakland reached an historic high between 1940 and 1950.

From the 1920s through the 1950s, the Project Area became the center of the Black Metropolis and home to thousands of African Americans during the Great Migration. Overcrowded conditions as a result of the Great Migration caused a large portion of the Project Area to be declared slums and blighted and consequently identified for public housing. By the late 1930s, the Chicago Housing Authority began construction of the Ida B. Wells development, which was low rise in scale and intended for working families. Madden Park Homes, which opened in 1970, was the last public housing development built in Chicago. By 1970, the Oakland community had begun to experience serious economic problems including rising unemployment and poverty rates. Planning efforts targeted toward improving the public housing conditions and presenting an overall redevelopment plan for the larger North Kenwood-Oakland area were initiated in the 1980s.

A Neighborhood Planning Committee (NPC) was formed in 1988 followed by a Community Assistance Panel (CAP) to generate a comprehensive community plan for the North Kenwood and Oakland communities. The work of these groups led to the formation of the North Kenwood-Oakland Conservation Plan (NKO Plan), which was adopted in 1992. Built on much of the work completed by the NPC and CAP, the NKO Plan sets forth goals for development, defines specific land uses for the community and identifies certain improved and unimproved property to be acquired in order to implement the NKO Plan.

A Madden Park/Ida B. Wells HOPE VI Steering Committee was formed in 1999 to coordinate the revitalization activities in a manner that complements and reinforces ongoing and planned economic development activities in the surrounding community. In May 2000, the CHA and its development team submitted a complex and ambitious HOPE VI application in an effort to revamp the traditional public housing program and revitalize the community with the proposal of a mixed income residential development that will create high-quality residential and economic opportunities for public housing residents, as well as affordable and market-rate renters and homeowners. Because of this effort, the Federal Government has committed to \$35 million in HOPE VI grants toward the redevelopment of the Madden Park/Ida B. Wells/Wells Extension/Clarence Darrow Homes public housing developments.

A number of structures with historical or architectural interest remain. Seven buildings and one vacant lot in the Project Area, listed in Table 1 and illustrated in Figure 2, *Historic Resources*, have been designated as a part of the "Oakland Landmark Multiple Resource District" (MRD) as a Chicago Landmark. No building in the MRD can be demolished or altered without the approval of the Commission on Chicago Landmarks and, in some cases, the approval of the Chicago City Council. In addition, any new construction within the MRD must be approved by the Commission on Chicago Landmarks. A map of the MRD can also be found in the Chicago Zoning Ordinance. Additional historic resources and requirements pertaining to those resources may be identified as part of the Memorandum of Agreement between the City, CHA, HUD, et. al., regarding the redevelopment of the Madden/Wells CHA property.



**Table 1. Buildings or Properties With Architectural or Historical Interest**

<b>Address</b>	<b>Date</b>	<b>Architect</b>	<b>PIN</b>
3731 S. Ellis Avenue	1890	Information not available	17-35-101-019
3733 S. Ellis Avenue	1890	Information not available	17-35-101-020
3735 S. Ellis Avenue*	1890	Information not available	17-35-101-021
3729 S. Lake Park Avenue	1902	Information not available	17-35-102-009
3735 S. Lake Park Avenue	1904	Information not available	17-35-102-010
3846 S. Lake Park Avenue	1891	Information not available	17-35-101-084
3848 S. Lake Park Avenue	1891	Information not available	17-35-101-085
3850 S. Lake Park Avenue	1891	Information not available	17-35-101-086

*\* No building is currently standing on this parcel, however, it is still a part of the MRD.*

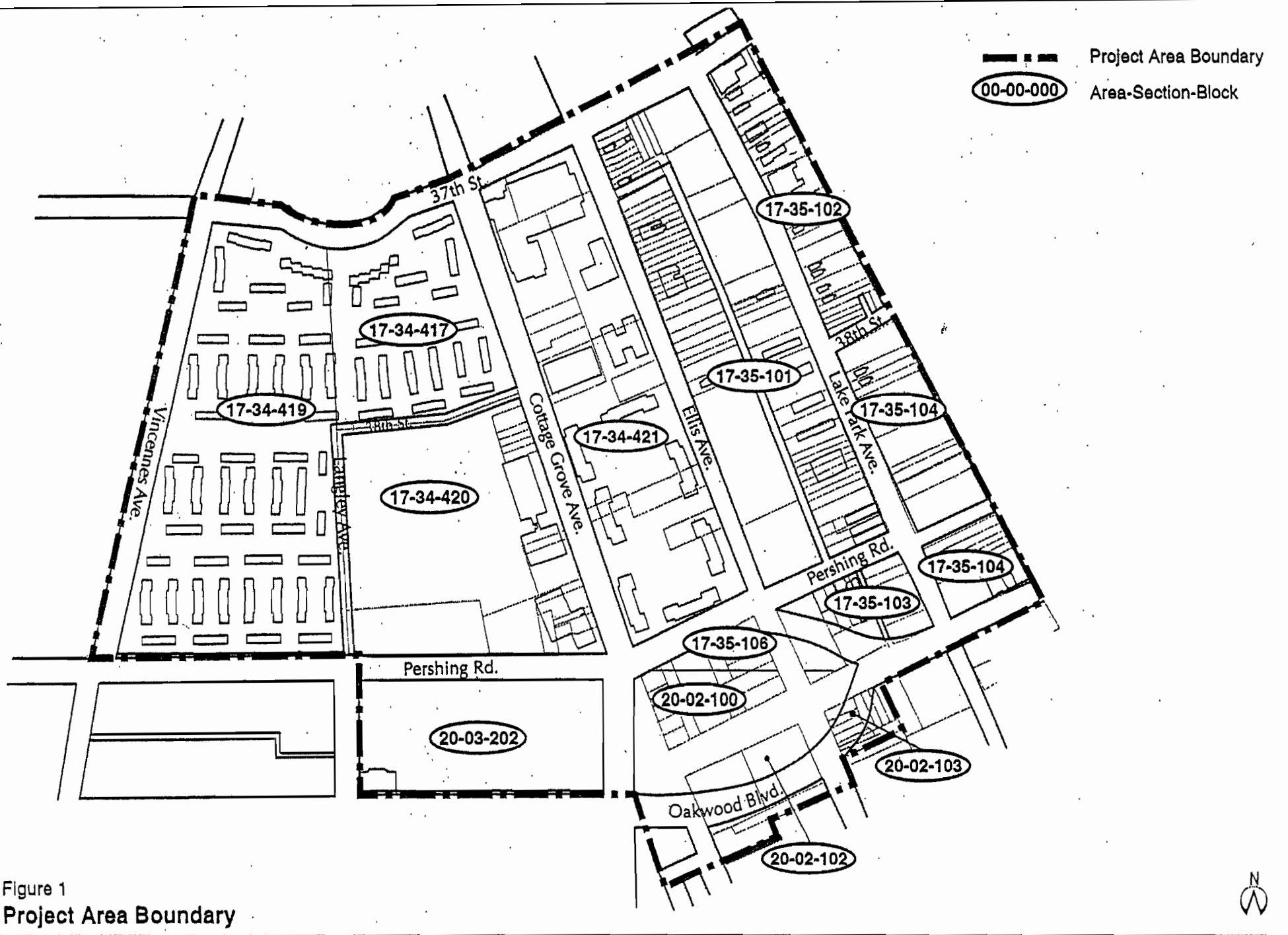
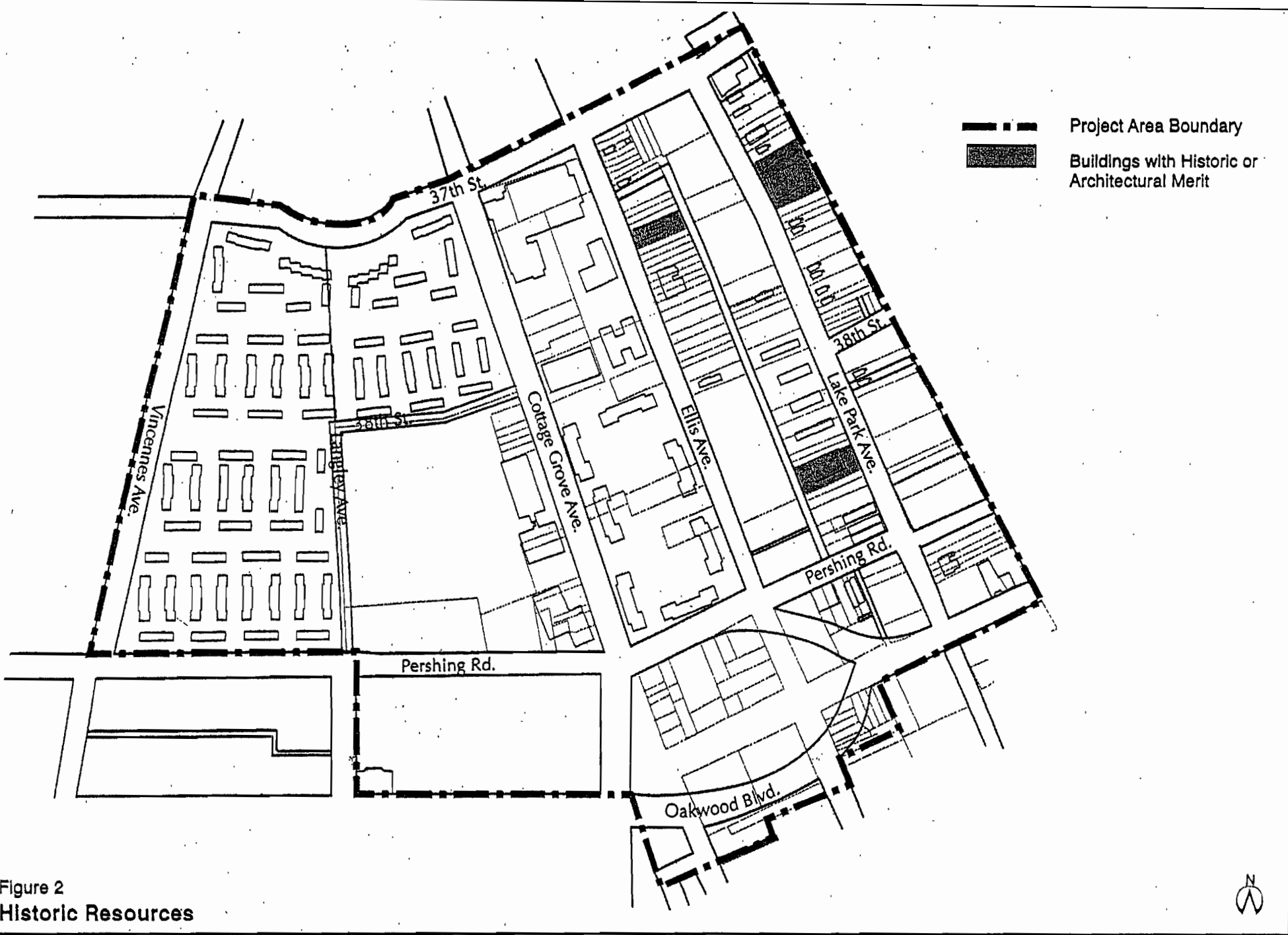


Figure 1  
Project Area Boundary



In addition to the architectural and historically significant structures in the Project Area, the Project Area includes a number of other physical assets:

- Convenient access to and from the interstate highway system. Entrance/exit to Lake Shore Drive can be made via Oakwood Boulevard at the southeast end of the Project Area and the I-90/I-94 highway system (Dan Ryan Expressway) is accessible less than two miles west of the Project Area.
- Public transportation options include CTA elevated service, CTA buses and the Metra Illinois-Central Electric Rail Line. CTA trains to the Loop and other locations are available via the Green Line and Red Line, located at 40<sup>th</sup> Street & Indiana Avenue and 35<sup>th</sup> Street & the Dan Ryan Expressway, respectively. CTA buses that serve the area include the #4, #35 and #39 buses. The Metra station is located approximately one mile southeast of the Project Area at 47<sup>th</sup> Street and Lake Park Avenue.
- Pedestrian access to the lakefront is available via 35<sup>th</sup> Street while vehicular and pedestrian access is available via Oakwood Boulevard and 31<sup>st</sup> Street.
- Mandrake Park and Oakland Park are located within the Project Area providing playground equipment and neighborhood park recreational opportunities. Other public park and recreation opportunities that are available within a half-mile of the Project Area include Ellis Park and Madden Park. Oakwood Beach is located just east of the Project Area.
- Another place of interest within a half-mile of the Project Area is the Douglas Tomb State Historic Site located at 35<sup>th</sup> Street and Lake Park Avenue.

Despite the numerous assets in the community, the Project Area as a whole has not been subject to growth and development through investment by the private sector. Evidence of this lack of growth and development is detailed in *Section VI* and summarized below.

- Of the 125 buildings in the Project Area, 102 (81%) are classified as deteriorating.
- The Project Area contains 887 residential units. As of March 19, 2002, 310 were inhabited and 577 units (65%) were vacant.
- Over the three-year period from January 1999 to February 2002, 74 code violations were issued to 74 separate properties within the Project Area, which represents 59.2% of the buildings in the Project Area.
- Between 1996 and 2000, the growth in EAV of the vacant areas within the Project Area, both individually and collectively, has not kept pace with the EAV growth rate of the City. Between 1996 and 2000, the growth in EAV of the vacant areas lagged behind the City in 3 of the last 5 years. In two of those years, the EAV declined.
- Between 2000 and 2001, the total EAV of the improved portion of the Project Area declined by 14.4%. During the same year period, the total EAV of the vacant portions of the Project Area declined by 9.4%.
- Twenty-seven properties (12%) within the Project Area were tax delinquent in 2000.
- Between 1997 to 2001, there were a total of 27 building permits issued in the Project Area, 10 of which were for new construction. Of those, 1 was for a minor project, while 2 were

issued to the same address. All ten permits for new construction were issued for properties on the same 2 tax blocks (out of 13 tax blocks in the Project Area). Those two tax blocks represent 7% of the total land in the Project Area. All new construction has been isolated to the eastern edge of the project area. The greatest percent of permits issued were for repair (44%).

The improved portion of Project Area is characterized by obsolescence, deterioration, structures below minimum code standards, excessive vacancies, inadequate utilities, excessive land coverage and overcrowding of structures and community facilities, deleterious land use or layout, and an overall lack of community planning.

The vacant areas are characterized by a combination of factors including obsolete platting of the land, diversity of ownership, tax and special assessment delinquencies deterioration of structures or site improvements in neighboring areas adjacent to the vacant land, environmental clean-up, and declining or lagging EAV. These declining physical and economic conditions continue to impede growth and development through private investment. Without the intervention of the City and the adoption of Tax Increment Financing and this Redevelopment Plan, the Project Area would not reasonably be expected to be redeveloped.

### ***B. Tax Increment Financing***

In January 1977, Tax Increment Financing ("TIF") was authorized by the Illinois General Assembly through passage of the Act. The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current EAV of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate 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. Under TIF, all taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property

Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

**C. *The Redevelopment Plan for the Madden/Wells Tax Increment Financing Redevelopment Project Area***

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

TPAP has prepared the Redevelopment Plan and the related Eligibility Report with the understanding that the City would rely on (i) the findings and conclusions of the Redevelopment Plan and the related Eligibility Report in proceeding with the designation of the Project Area as a Redevelopment Project Area under the Act and adoption of the Redevelopment Plan, and (ii) the fact that TPAP has obtained the necessary information so that the Redevelopment Plan and the related Eligibility Report will comply with the Act.

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

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

Redevelopment of the Project Area will constitute a complex endeavor. The success of this redevelopment effort will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for redevelopment of the Project Area. By means of public investment, the Project Area can become a stable environment that will attract new private investment. Public investment will set the stage for redevelopment by the private sector. Through this Redevelopment Plan, the City will provide a basis for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

This Redevelopment Plan sets forth the overall "Redevelopment Project" to be undertaken to accomplish the City's above-stated goals. During implementation of the Redevelopment Project, the City may, from time to time: (i) undertake or cause to be undertaken public improvements and other redevelopment project activities authorized under the Act; and (ii) enter into redevelopment

agreements and intergovernmental agreements with private or public entities to construct, rehabilitate, renovate or restore private improvements and undertake other redevelopment project activities authorized under the Act on one or several parcels (items (i) and (ii) are collectively referred to as "Redevelopment Projects").

This Redevelopment Plan specifically describes the Project Area and summarizes the factors that qualify the improved part of the Project Area as an improved "blighted area" and the factors that qualify the vacant part of the Project Area as a vacant "blighted area" as defined in the Act.

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

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

- Elimination of problem conditions in the Project Area;
- The construction of an improved system of roadways, utilities and other infrastructure that can adequately accommodate desired new development;
- Increased opportunities for affordable rental and for-sale housing within the Project Area;
- Quality housing opportunities for public housing residents;
- A strengthened tax base for affected taxing districts arising from new residential development, rehabilitation of existing buildings and returning tax exempt properties to the tax roll; and
- The expansion and improvement of public facilities.

## II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

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

The Project Area is generally bounded by East 37<sup>th</sup> Street on the north, the west line of the Illinois Central Rail Line on the east, East Pershing Road and East Oakwood Boulevard on the south and South Vincennes Avenue on the west.

The legal description of the Project Area is found in Exhibit I at the end of this report.



### III. ELIGIBILITY CONDITIONS

The results summarized in this section are more fully described in a separate report that presents the definition, application and extent of the blight factors in the Project Area. The report, prepared by TPAP is entitled "Madden/Wells Redevelopment Project Area Tax Increment Financing Eligibility Report," (the "Eligibility Report") and is attached as Exhibit IV to this Redevelopment Plan.

#### A. *Summary of Project Area Eligibility*

Based upon surveys, inspections and analyses of the Project Area, both the vacant and improved portions of the Project Area separately qualify under the applicable criteria as a "blighted area" within the requirements of the Act. The Project Area is characterized by the presence of a combination of five or more of the blight factors listed in the Act, rendering the Project Area detrimental to the public safety, health and welfare of the citizens of the City. Specifically, the Eligibility Report finds that:

##### *The Improved Area*

- Of the 13 factors set forth in the Act for improved blighted areas, 9 factors are found to be present. Five factors are required for eligibility as a blighted area.
- Of the 9 factors present, all are present to a meaningful extent and reasonably distributed throughout the Project Area. These factors include: obsolescence; deterioration; structures below minimum code standards; excessive vacancies; inadequate utilities; excessive land coverage and overcrowding of structures and community facilities; deleterious land use or layout; declining/lagging EAV, and a lack of community planning.
- The Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

##### *The Vacant Area*

- All of the vacant subareas within the Project Area contain at least 3 out of the 6 Criteria 1 factors listed in the Act (and presented in detail in the Eligibility Report), each of which is present to a meaningful extent and reasonably distributed throughout such vacant subarea. A combination of 2 of the 6 Criteria 1 factors is required for eligibility as a vacant blighted area.
- Vacant subarea 1 qualifies as a blighted area under 1 of the "Criteria 2" factors (as presented in detail in the Eligibility Report) in that it qualified as a blighted improved area immediately prior to becoming vacant.
- Vacant subarea 2 contains 5 out of the 6 Criteria 1 factors: obsolete platting; diversity of ownership; deterioration in adjacent areas; environmental clean-up; and declining or lagging EAV.
- Vacant subarea 3 contains 4 out of the 6 Criteria 1 factors: obsolete platting; deterioration in adjacent areas; and declining or lagging EAV, and environmental clean-up.

- Vacant subarea 4 contains 5 out of the 6 Criteria 1 factors: obsolete platting; deterioration in adjacent areas; and declining or lagging EAV; diversity of ownership, and environmental clean-up.
- Vacant subarea 5 contains all of the 6 Criteria 1 factors.

### ***B. Surveys and Analyses Conducted***

The blight factors documented in the Project Area are based upon surveys and analyses conducted by TPAP. The surveys and analyses conducted for the Project Area include:

1. Exterior survey of the condition and use of each building;
2. Field survey of conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences, and general property maintenance;
3. Analysis of existing uses within the Project Area and their relationships to surroundings;
4. Comparison of current land use to current zoning ordinance and the current zoning map;
5. Analysis of original and current platting and building size and layout;
6. Analysis of vacant portions of the site and buildings;
7. Analysis of building floor area and site coverage;
8. Review of previously prepared plans, studies and data;
9. Review of City of Chicago sewer and water condition data;
10. Analysis of City of Chicago building code violation data from 1996 to 2002;
11. Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area for assessment years 1996 to 2001;
12. Analysis of Cook County Treasurer's Proof of Payment records for the year 2000; and
13. Review of Phase II Environmental Report as prepared by an independent consultant.

## **IV. REDEVELOPMENT 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 and the elimination of conditions that have impeded redevelopment of the Project Area in the past. Redevelopment of the Project Area will benefit the City through improvements in the physical environment, an increased tax base, and additional employment opportunities.

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

### **A. General Goals**

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

1. An improved quality of life in the Project Area and the surrounding communities.
2. Elimination of the factors that qualified the Project Area as a blighted area.
3. An environment that will contribute more positively to the health, safety and general welfare of the Project Area and the surrounding community.
4. A community that is stable, economically and racially diverse, secure and beautiful.
5. New housing opportunities for all income groups.
6. The preservation and enhancement of historic or architecturally significant buildings in the Project Area.
7. A system of public open spaces that serves the neighboring residents, complements institutional uses and provides effective and attractive pedestrian connections to the lakefront park system.
8. New investment and development opportunities that will increase the real estate tax base of the City and other taxing districts having jurisdiction over the Project Area.

### **B. Redevelopment Objectives**

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

1. Create an environment that stimulates private investment in the Project Area.
2. Strengthen the economic well being of the Project Area by returning vacant and underutilized properties to the tax rolls.
3. Support the development of new mixed-income and mixed-density housing, including rental units for market rate, affordable, and low- and very low-income households, and for sale units available at market rate and affordable prices.

4. Encourage the rehabilitation and re-use of historic and/or architecturally significant buildings.
5. Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Redevelopment Plan.
6. Encourage visually attractive buildings, rights-of-way and open spaces and encourage high standards of design.
7. Encourage improvements in accessibility for people with disabilities.
8. Upgrade public utilities, infrastructure and streets, including streetscape and beautification projects, improvements to schools and community facilities.
9. Create a strong, sustainable system of parks and open spaces that links the Project Area to adjacent amenities, boulevards and parks while creating desirable addresses for the new development.
10. Create new job opportunities for City residents utilizing the most current hiring programs and appropriate job training programs.
11. Provide opportunities for women-owned, minority-owned and local businesses and local residents to share in the redevelopment of the Project Area.

## V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by other public and private entities on behalf of the City in furtherance of this Redevelopment Plan. Several previous plans, reports and policies have been reviewed and form the basis for some of the recommendations presented in this Redevelopment Plan including: *North Kenwood-Oakland Conservation Plan (1992)*; *Madden/Wells/Darrow Homes Hope VI Application (2000)*; *Chicago Housing Authority: Plan for Transformation (2000)* and *Madden/Wells/Darrow Master Plan (2001)*; and the *Chicago Zoning Ordinance (1999)*.

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

### A. Overall Redevelopment Concept

Figure 3 presents the Land-Use Plan that will be in effect upon adoption of this Redevelopment Plan.

The Project Area's prime location near the lakefront, close proximity to the Loop, and excellent local and regional accessibility via Lake Shore Drive, the Dan Ryan Expressway, two CTA elevated lines, various bus routes, and the Metra IC train make it a highly attractive location for residential uses. Consideration should be given to redeveloping the Project Area as a Planned Residential Development providing a range of housing types and densities with complementary open space amenities and public community facilities.

The Project Area should re-establish the traditional pattern of streets and blocks that connect to adjacent neighborhoods and link to a network of neighborhood open spaces and public amenities. New development should complement the existing patterns found in traditional Southside Chicago neighborhoods with buildings oriented to the street, consistent setbacks, alleys, front porches, street trees and parking behind the housing.

### B. Land Use Plan

The land uses within the Project Area are General Residential, Park and Open Space, and Public/Institutional. Permitted uses allowable under the each land use is listed and described below:

#### *General Residential*

- Dwellings, one-family, two-family, and multiple family attached or detached;
- Schools; including campus park-type playgrounds and other types of playgrounds and parks;

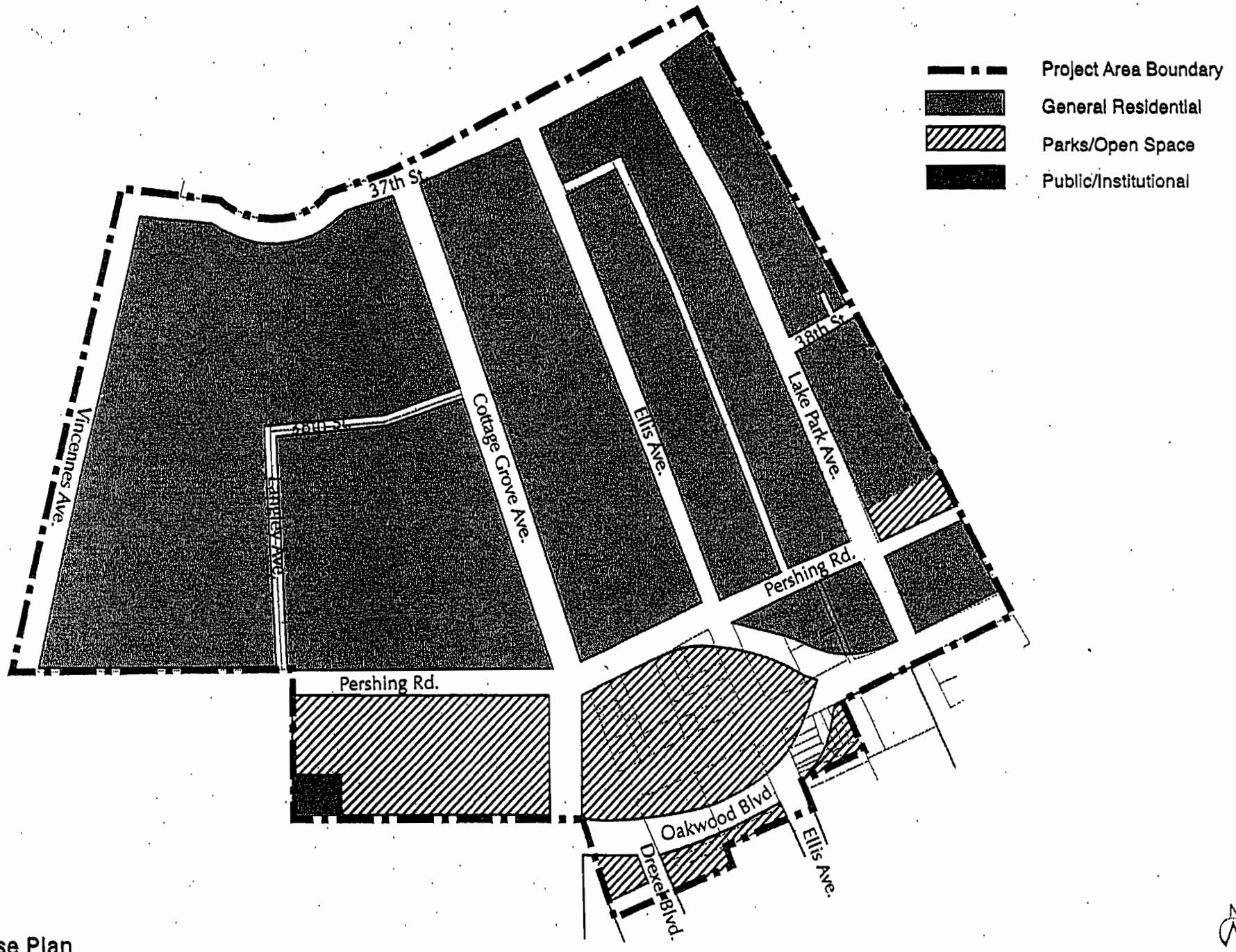


Figure 3  
Land Use Plan



- Community centers and day care centers

***Park and Open Space***

- Parks and playgrounds, and
- Community centers and day care centers,

***Public/Institutional***

- Public and institutional uses that serve the Project Area and surrounding neighborhoods.

All development should comply with the Redevelopment Plan objectives set forth in *Section IV* above, the Chicago Zoning Ordinance or any applicable Planned Residential Development, the Comprehensive Plan of Chicago, the NKO Conservation Plan, the Madden/Wells/Darrow Homes HOPE VI Application and all other relevant City ordinances and development guidelines.

***C. Development And Design Objectives***

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

The Development and Design Objectives are intended to enhance and attract a variety of desirable uses such as new residential and public/institutional redevelopment; foster a consistent and coordinated development pattern; and revitalize the urban identity of the Project Area.

**a) Land Use**

- Promote comprehensive redevelopment of the Project Area as a planned and cohesive urban neighborhood.
- Remove or minimize physical barriers and other impediments to unified development.
- Create a sustainable network of park and open spaces that serve the neighborhood uses and link the community to the larger park system.
- Establish community facilities, including community centers, schools, and day care centers at appropriate locations within the Project Area.

**b) Building and Site Development**

- Maintain Chicago's traditional neighborhood form that is characterized by a grid pattern of streets, buildings oriented toward the street, and a human scale that is attractive and inviting to pedestrians.
- Strengthen the historic character of the larger community by encouraging new developments that reflect designs consistent with adjacent South side neighborhoods, including consistent

front yard setbacks and building lines/heights; street orientation of buildings; alleys; parking to the rear of housing; and limited curb cuts.

- Encourage a variety of architectural styles that would be consistent with surrounding neighborhoods.
- Ensure that private development and redevelopment improvements to sites and streetscapes are consistent with public improvement goals and plans.

**c) Transportation, Circulation and Infrastructure**

- Re-establish a traditional pattern of streets that inter-connects the various parts of the neighborhood and supports a safe, pedestrian environment.
- Promote improved public transportation, including bus and rail transit.
- Improve the street surface conditions, street lighting, and traffic signalization.
- Install or upgrade public utilities and infrastructure as required.
- Ensure that provision of off-street parking meets or exceeds the minimum requirements of the City.

**d) Urban Design, Landscaping, and Open Space**

- Promote high quality and harmonious architectural, landscape and streetscape design that contributes to and complements the surrounding neighborhoods.
- Provide new pedestrian-scale lighting where appropriate.
- Encourage streetscape features within the Project Area including street trees.
- Screen active rail tracks for safety and appearance, as appropriate.
- Develop new neighborhood parks that are accessible to all residents.
- Ensure that all open spaces are designed, landscaped and lit to achieve a high level of public safety and security.
- Ensure that all landscaping and design materials comply with the City of Chicago Landscape Ordinance or any applicable Planned Residential Development and reflect the existing ecological character of the area.



#### **D. *Redevelopment Improvements and Activities***

The City proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques including, but not limited to, tax increment financing, to undertake some or all of the activities and improvements authorized under the Act, including the activities and improvements described below. The City also maintains the flexibility to undertake additional activities and improvements authorized under the Act, if the need for activities or improvements change as redevelopment occurs in the Project Area.

The City may enter into redevelopment agreements or intergovernmental agreements with public or private entities for the furtherance of this Redevelopment Plan to construct, rehabilitate, renovate or restore improvements for public or private facilities on one or several parcels or any other lawful purpose. Redevelopment agreements may contain terms and provisions that are more specific than the general principles set forth in this Redevelopment Plan and which include affordable housing requirements as described below.

Developers who receive TIF assistance for market-rate housing are to set aside 20 percent of the units to meet affordability criteria established by the City's Department of Housing, based on area median income. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 120 percent of the area median income, and affordable rental units should be affordable to persons earning no more than 80 percent of the area median income.

##### **1. *Property Assembly***

Property acquisition and land assembly by the private sector in accordance with this Redevelopment Plan will be encouraged by the City. To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program and may be for the purpose of: (a) sale, lease or conveyance to private developers or other public bodies; 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.

No acquisition plan has been prepared for this Plan. By adoption of the *North Kenwood-Oakland Conservation Plan* in 1992 ("Underlying Conservation Area Plan"), the City has established authority to acquire and assemble property. Properties to be acquired as identified on the Underlying Conservation Area Plan have been carefully selected to cause minimal residential and business relocation. Sites that may be acquired include predominately vacant lots and abandoned, boarded, dilapidated and deteriorated structures. The list of parcels to be acquired pursuant to the Underlying Redevelopment Area Plan is depicted as Exhibit VI, North Kenwood-Oakland Conservation Area Acquisition Map (as approved in 1992). Included on the Underlying Conservation Area Plan's acquisition list and corresponding acquisition map are approximately 85 tax

parcels that are located within the Madden/Wells Project Area. Of those 85 tax parcels, 76 were included as part of the 1992 North Kenwood Oakland Conservation Plan, while 9 were added as part of an amendment to such plan in 2002. Acquisition of any parcels on Exhibit VI of the Redevelopment Plan will be carried out with the terms set forth in the North Kenwood-Oakland Conservation Area Plan.

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

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

## **2. Relocation**

Relocation assistance may be provided to facilitate redevelopment of portions of the Project Area and to meet other City objectives. Business or households legally occupying properties to be acquired by the City subsequent to this Plan may be provided with relocation advisory and financial assistance as determined by the City. In the event that the implementation of the Redevelopment Plan results in the removal of residential housing units in the Project Area occupied by low-income households or very low-income households, or the displacement of low-income households or very low-income households from such residential housing units, such households shall be provided affordable housing and relocation assistance not less than that which would be provided under the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations 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 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 Redevelopment 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.

### **3. Provision of Public Works or Improvements**

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

#### **a) *Streets and Utilities***

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

#### **b) *Parks and Open Space***

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

### **4. Rehabilitation of Existing Buildings**

The City will encourage the rehabilitation of buildings that are basically sound and/or historically or architecturally significant.

### **5. Job Training and Related Educational Programs**

Programs designed to increase the skills of the labor force that would take advantage of the employment opportunities within the Project Area may be implemented.

### **6. Day Care Services**

Incremental Property Taxes may be used to cover the cost of day care services and centers within the Project Area for children of low-income employees of Project Area businesses or institutions.

### **7. Taxing Districts Capital Costs**

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

### **8. Interest Subsidies**

Funds may be provided to redevelopers for a portion of interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

- (a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
- (b) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year;
- (c) if there are not sufficient funds available in the special tax allocation fund to make an interest payment, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
- (d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total(i) cost paid or incurred by a redeveloper for a redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and
- (e) The cost limits set forth in this paragraph in subparagraphs (b) and (d) above shall be modified to permit payment of up to 75 percent of interest costs incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.

#### **9. Affordable Housing**

Funds may be provided to developers for 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.

#### **10. Analysis, Administration, Studies, Surveys, Legal, etc.**

Under contracts that will run for three years or less (excluding contracts for architectural and engineering services which are not subject to such time limits) the City and/or private developers may undertake or engage professional consultants, engineers, architects, attorneys, etc. to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Redevelopment Plan.

### ***E. 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 Redevelopment Plan (the "Redevelopment Project Costs").

#### **1. Eligible Redevelopment Project Costs**

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

- a) Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to, staff and professional service costs for architectural, engineering, legal, 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 cost of marketing sites within the 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 cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- e) Costs of the construction of public works or improvements 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 redevelopment project area and such proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the Oakland 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;
- 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 municipality 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 redevelopment plan and project;

- i) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act (see Section V.D.2 above);
- j) Payment in lieu of taxes, as defined in the Act;
- k) 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 municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 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;
- l) 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, plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality 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 units for low-income households and

very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.

- m) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;
- n) An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
- o) 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
- p) The cost 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 redevelopment 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.

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

## 2. **Estimated Redevelopment Project Costs**

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan. All estimates are based on 2002 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan at the City's discretion

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

In the event the Act is amended after the date of the approval of this Redevelopment Plan by the City Council of Chicago to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/1-74.4-3(q)(11)), this Redevelopment Plan shall be deemed to

incorporate such additional, expanded or increased eligible costs Redevelopment Project Costs under the Redevelopment 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 Exhibit II or otherwise adjust the line items in Exhibit II without amendments to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total redevelopment project costs without a further amendment to this Redevelopment Plan.

#### ***F. Sources of Funds to Pay Redevelopment Project Costs***

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

The Project Area is contiguous to the 43<sup>rd</sup> and Cottage Grove redevelopment project area on the south and may, in the future, be contiguous to or separated by only a public right-of-way from other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or project areas separated only by a public right-of-way, and vice versa. The amount of revenue from the Project Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan.

The Project Area may become contiguous to, or be separated only by a public right-of-way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.6-1, et seq.). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right-of-way are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Project Area be made available to support any such redevelopment project areas. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area or other areas as



described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Exhibit II of this Redevelopment Plan.

### **G. Issuance of Obligations**

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

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., assuming City Council approval of the Project Area and Redevelopment Plan in 2002), by December 31, 2026. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.

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

### **H. Valuation of the Project Area**

#### **1. Most Recent EAV of Properties in the Project Area**

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The final 2001 EAV of all taxable parcels in the Project Area is approximately \$1,464,503. This total EAV amount by PIN is summarized in Exhibit III. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by Cook County.

## 2. Anticipated Equalized Assessed Valuation

By the tax year 2025 (collection year 2026) and following the substantial completion of the Redevelopment Project, the EAV of the Project Area is estimated to range between approximately \$36.8 million and \$40.0 million. The estimated range is based on several key assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2) approximately 1335 new residential units will be constructed in the Project Area and occupied by December 2007; 3) development will occur over multiple phases and be completed and occupied by December 2007; 4) an estimated annual inflation rate in EAV of 2.0 percent through 2025, realized in triennial reassessment years only (6.12 percent per triennial reassessment period); 5) the five-year average state equalization factor of 2.1909 (tax years 1996 through 2000) is used in all years to calculate estimated EAV; and 6) the land associated with for-sale units will be either completely taxable or completely tax-exempt. This final assumption explains range of the estimates (i.e., if the land associated with the for-sale units is assigned tax-exempt status, the final EAV is estimated at \$36.8 million, and if it is deemed taxable, then the final EAV is estimated at \$40.0 million). The land associated with rental units is assumed to be tax-exempt under both scenarios.

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

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

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

### ***Improved Area***

- Nine blight factors are present to a meaningful extent and reasonably distributed throughout the improved part of the Project Area. These factors include: obsolescence; deterioration; structures below minimum code standards; excessive vacancies; excessive land coverage and overcrowding of structures and community facilities; inadequate utilities; deleterious land use or layout; declining/lagging EAV, and lack of community planning.
- Of the 125 buildings in the Project Area, 102 (81%) are classified as deteriorating.
- Over the three-year period from January 1999 to February 2002, 74 code violations were issued to 74 separate properties within the Project Area, which represents 59.2% of the 125 buildings in the Project Area.
- The Project Area contains 887 residential units. As of March 19, 2002 310 units (34.4%) were inhabited and 577 units (65.6%) were vacant.
- Eighteen properties (12%) within the improved part of the Project Area were tax delinquent in 2000.
- Between 2000 and 2001, the total EAV of the improved portion of the Project Area declined by 14.4%.

### ***Vacant Areas***

- Between 1996 and 2000, the growth in EAV of each of the five vacant subareas, both individually and collectively, has not kept pace with the growth rate of the City. Between 1996 and 2000 the growth in EAV of the vacant subareas lagged behind the City in 3 of the last 5 years. In two of those years, the EAV declined.
- Between 2000 and 2001, the total EAV of the vacant portions of the Project Area declined by 9.4%.
- Nine properties (4%) of the properties within the vacant parts of the Project Area were tax delinquent in 2000.

In summary, the improved part of the Project Area qualifies under the Act as a blighted area exhibiting 9 of the 13 factors listed in the Act. Only 5 factors are required for qualification as a blighted area. The 5 vacant subareas individually qualify under the vacant blighted area criteria.

Therefore, the Project Area as a whole is eligible as a redevelopment project area, with the meaningful presence and reasonable distribution of blighting conditions that are detrimental to the public safety, health, and welfare.

Over the five-year period of 1997-2001, there were a total of 27 building permits issued in the Project Area, 10 of which were for new construction. Of those, 1 was for a minor project, while 2 were issued to the same address. All ten permits for new construction were issued for properties on the same 2 tax blocks (out of 13 tax blocks in the Project Area). Those two tax blocks represent only 7% of the total land in the Project Area. All new construction has been isolated on the eastern edge of the project area. The greatest percent of permits issued were for repair (44%).

Of the total Project area, approximately 24% of the land that is not dedicated to alley, street, and rights-of-way, is vacant. Based on field surveys undertaken by TPAP, approximately 114 of the 125 buildings in the Project Area (90%) were constructed before 1950, with only 10% of the buildings having been constructed within the last 5 decades. The Project Area on the whole has not been subject to growth and development through investment by private enterprise. The Project Area would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan for the Project Area.

## VII. FINANCIAL IMPACT

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

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

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

## VIII. DEMAND ON TAXING DISTRICT SERVICES

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

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

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

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

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

City of Chicago Library Fund. General responsibilities of the Library Fund include the provision, maintenance and operation of the City's library facilities. There are no libraries located in the Project Area.

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

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operation of educational facilities and the provision of educational services for kindergarten through twelfth grade. There are two public school facilities located in the Project Area including Donahue Elementary & Child Parent Center and the Einstein Parent Training Center.

Chicago Park District and Chicago Park District Aquarium & Museum Bonds. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. There are two public parks located within the Project Area, Mandrake Park and Oakland Park.

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

In 1994, the Act was amended to require an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Redevelopment Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the 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.

#### ***A. Impact of the Redevelopment Project***

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

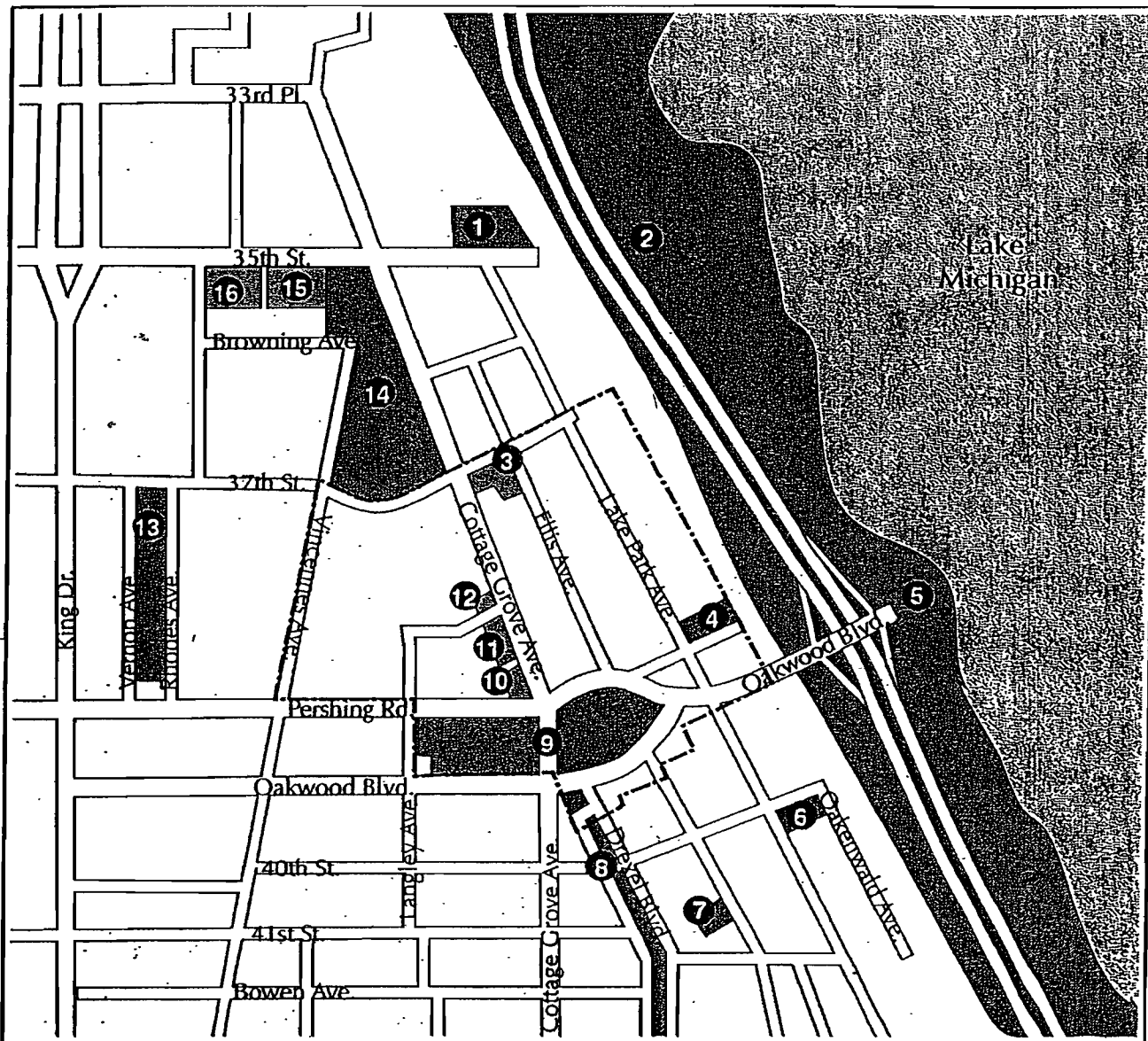
Metropolitan Water Reclamation District of Greater Chicago. The rehabilitation of or replacement of underutilized properties with new development may cause increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.




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

Board of Education. The replacement or rehabilitation of underutilized properties with new residential development is likely to increase the demand for services and programs provided by the City. Two Chicago Public School facilities, Donahue Elementary & Child Parent Center and the Einstein Parent Training Center are located within the boundaries of the Project Area. Each of these public school facilities, as well as other nearby public school facilities is identified in Figure 4, *Community Facilities*.

Chicago Park District. The replacement or rehabilitation of underutilized properties with residential, commercial, business and other development is likely to increase the demand for services, programs and capital improvements provided by the Chicago Park District within and adjacent to the Project Area. These public services or capital improvements may include, but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. There are currently two public parks located within the Project Area, Mandrake Park and Oakland Park. The nearest parks within approximately one-half mile are identified in Figure 4, *Community Facilities*.

City of Chicago Library Fund. The replacement or rehabilitation of underutilized properties with residential, commercial, business and other development is likely to increase the demand for services, programs and capital improvements provided by the City of Chicago Library Fund. The King Branch library at 3436 S. King Drive is the nearest library facility.



-  Project Area Boundary
-  Educational/Institutional
-  Parks and Open Space

- |  |  |
|--|--|
| 1. Woodland Park                         | 9. <b>Mandrake Park*</b>                   |
| 2. 35th St Beach Pedestrian Access       | 10. <b>Abraham Lincoln Center*</b>         |
| 3. <b>Donahue Elementary/CPC* School</b> | 11. <b>Einstein PTC*</b>                   |
| 4. <b>Oakland Park*</b>                  | 12. <b>Chicago Police Wells Extension*</b> |
| 5. Oakwood Beach                         | 13. Madden Park                            |
| 6. Quayle Park                           | 14. Ellis Park                             |
| 7. Holly Park                            | 15. Doolittle Intermediate School          |
| 8. Drexel Boulevard                      | 16. Doolittle Elementary School            |

\*Facilities in bold are within the Project Area  
 CPC= Child Parent Center  
 PTC= Parent Teacher Center





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

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

- Metropolitan Water Reclamation District of Greater Chicago. It is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Therefore, no special program is proposed for the Metropolitan Water Reclamation District.
- City of Chicago. It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special programs are proposed for the City.
- Board of Education. It is expected that new residential development and the redevelopment of vacant, underutilized or non-residential property to residential use will result in an increase in demand for services provided by the Board of Education. To determine this potential increase, the Ehlers & Associates' (formerly Illinois School Consulting Services) methodology for estimating school age children was utilized. Based on the Project Area's potential for the development of 1235 new housing units (an additional 100 units will be developed for senior housing but are not used for estimation in this report), an increase of approximately 195 elementary school age children and approximately 60 high school age children could result.

Although two public school facilities have been identified as located within the Project Area, Einstein has been closed as an elementary school and currently operates as a parent and teacher training center. According to Chicago Public Schools, demolition of the Einstein facility is slated for 2002. The remaining school facility within the Project Area, Donahue Elementary, is currently not in use and is expected to remain unused until the neighborhood population increases enough to justify the use of this school. Additional public elementary schools located outside of the Project Area, but within approximately one-half mile, include Doolittle Elementary School and Doolittle Intermediate School. School representatives indicate that both schools are operating under capacity and could handle additional students.

The nearest public high schools are Martin Luther King High School and Phillips High School. Martin Luther King High School is operating well under capacity but is in the process of transitioning to a magnet school, which, while it may serve a more city-wide population, will be an educational option for new and existing families with high school age

children. Phillips High School is operating well under capacity and could accommodate additional students beyond its current enrollment.

It is expected that any increase in demand for Board of Education services and programs associated with the Project Area can be adequately handled by existing facilities. The City and the Board of Education, will attempt to ensure that any increased demands for the services and capital improvements provided by the Board of Education are addressed in connection with any particular residential development in the Project Area.

Other Taxing Districts. It is expected that any increase in demand for Chicago Park District, Chicago Library Fund, Cook County, Cook County Forest Preserve District, and Chicago Community College District 508's services and programs associated with the Project Area can be adequately handled by existing services and programs maintained and operated by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts.

The City's program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Project occurring as anticipated in this Redevelopment Plan, (ii) the Redevelopment Project resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs; and (iii) the generation of sufficient Incremental Property Taxes to pay for the Redevelopment Project Costs in Exhibit II. In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise its program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

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

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

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

## **X. PHASING AND SCHEDULING**

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

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

The estimated date for completion of Redevelopment Projects is no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., assuming City Council approval of the Project Area and Redevelopment Plan in 2002), by December 31, 2026.

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

This Redevelopment Plan may be amended pursuant to the Act.

## **XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN**

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

- A) The assurance of equal opportunity in all personnel and employment actions, 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.
- B) Redevelopers must meet the City's standards for participation of 25 percent Minority Business Enterprises and 5 percent Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.
- C) 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.
- D) Redevelopers will meet City standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

### **XIII. HOUSING IMPACT**

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.

The Redevelopment Project Area contains 310 inhabited residential units. The Redevelopment Plan provides for the development or redevelopment of several portions of the 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.

The results of the housing impact study section are described in a separate report which presents certain factual information required by the Act. The report, prepared by TPAP, is entitled "*Madden/Wells Redevelopment Project Area Tax Increment Financing Housing Impact Study*," and is attached as Exhibit V to this Redevelopment Plan.

# **EXHIBIT I:**

## **Legal Description of Project Boundary**

### **MADDEN/WELLS TIF**

ALL THAT PART OF THE SOUTHEAST QUARTER OF SECTION 34, AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 35 IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 3 AND THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 2 IN TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST PERSHING ROAD WITH THE WESTERLY LINE OF SOUTH VINCENNES AVENUE;

THENCE NORTHEASTERLY ALONG SAID WESTERLY LINE OF SOUTH VINCENNES AVENUE TO THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 1 IN THE RESUBDIVISION OF LOT 16 (EXCEPT THE EAST 84 FEET THEREOF) AND EXCEPT THE ALLEY CONDEMNED THEREOF SAID LOT, IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO, ALSO THE SOUTH 3 FEET OF LOT 5 AND ALL OF LOT 6 IN THE SUBDIVISION OF LOT 15 (EXCEPT THE EAST 82 FEET OF THE EAST HALF THEREOF) IN SAID ELLIS' EAST OR SECOND ADDITION TO CHICAGO (EXCEPT A STRIP OF LAND ON THE EAST SIDE OF LOTS 5 AND 6 CONDEMNED FOR ALLEY PURPOSES), SAID SOUTH LINE OF LOT 1 BEING ALSO THE NORTH LINE OF EAST 37<sup>TH</sup> STREET AS SAID EAST 37<sup>TH</sup> STREET IS OPENED AND DEDICATED IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND ALONG THE NORTH LINE OF EAST 37<sup>TH</sup> STREET TO THE WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY IN THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTHEASTERLY ALONG SAID WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY TO THE SOUTHERLY LINE OF EAST OAKWOOD BOULEVARD;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF EAST OAKWOOD BOULEVARD TO THE EASTERLY LINE OF LOT 1 IN BENSLEY'S SUBDIVISION OF LOTS 15 AND 16 OF THE ASSESSOR'S DIVISION OF BLOCK 7 IN CLEAVERVILLE, A SUBDIVISION OF THE NORTH PART OF FRACTIONAL SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE SOUTH



PART OF SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF LOT 1 IN BENSLEY'S SUBDIVISION AND ALONG THE SOUTHERLY EXTENSION THEREOF AND ALONG THE EASTERLY LINE OF LOT 12 IN SAID BENSLEY'S SUBDIVISION TO THE SOUTHERLY LINE OF SAID BENSLEY'S SUBDIVISION;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF BENSLEY'S SUBDIVISION TO THE EASTERLY LINE OF SOUTH ELLIS AVENUE;

THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF SOUTH ELLIS AVENUE TO THE EASTERLY EXTENSION OF THE SOUTHERLY LINE OF THE NORTHERLY 5 FEET OF LOT 3 IN THE SUBDIVISION BY L. C. P. FREER OF BLOCK 6 OF AFORESAID CLEAVERVILLE;

THENCE WESTERLY ALONG SAID EASTERLY EXTENSION AND THE SOUTHERLY LINE OF THE NORTHERLY 5 FEET OF LOT 3 IN THE SUBDIVISION BY L. C. P. FREER OF BLOCK 6 OF CLEAVERVILLE TO THE WESTERLY LINE OF SAID LOT 3;

THENCE SOUTHERLY ALONG SAID WESTERLY LINE OF LOT 3 TO THE SOUTHERLY LINE OF LOT "A" IN THE CONSOLIDATION OF THE NORTH 10 FEET OF LOT 8, ALL OF LOT 9 AND THE SOUTH 25 FEET OF LOTS 10 AND 11 IN THE SUBDIVISION OF BLOCK 6 IN AFORESAID CLEAVERVILLE;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF LOT "A" AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WESTERLY LINE OF SOUTH DREXEL BOULEVARD;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF SOUTH DREXEL BOULEVARD TO THE POINT OF INTERSECTION OF SAID WESTERLY LINE OF SOUTH DREXEL BOULEVARD WITH THE EASTERLY LINE OF SOUTH COTTAGE GROVE AVENUE;

THENCE NORTH ALONG THE NORTHERLY EXTENSION OF THE WEST LINE OF BLOCK 16 IN AFORESAID CLEAVERVILLE, SAID WEST LINE OF BLOCK 16 BEING ALSO THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOTS 10, 11, 14 AND 15 IN BLOCK 1 OF CLEAVERVILLE ADDITION, BEING A SUBDIVISION OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF VINCENNES AVENUE, SAID SOUTH LINE OF LOTS 10, 11, 14 AND 15 IN BLOCK 1 OF CLEAVERVILLE ADDITION BEING ALSO THE NORTH LINE OF EAST OAKWOOD BOULEVARD;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF EAST OAKWOOD BOULEVARD TO THE EAST LINE OF SOUTH LANGLEY AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH LANGLEY AVENUE AND ALONG THE NORTHERLY EXTENSION THEREOF TO THE NORTH LINE OF EAST PERSHING AVENUE;

THENCE WEST ALONG SAID NORTH LINE OF EAST PERSHING AVENUE TO THE POINT OF BEGINNING AT POINT OF INTERSECTION OF THE NORTH LINE OF EAST PERSHING ROAD WITH THE WESTERLY LINE OF SOUTH VINCENNES AVENUE;

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

# EXHIBIT II:

## Madden/Wells Redevelopment Project Area

### Estimated Redevelopment Project Costs

ELIGIBLE EXPENSE	ESTIMATED COST
Analysis, Administration, Studies, Surveys, Legal, Marketing etc.	\$ 1,000,000
Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	\$18,000,000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation costs	\$ 5,000,000
Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) <sup>[1]</sup>	\$ 5,000,000
Relocation Costs	\$ 1,500,000
Job Training, Retraining, Welfare-to-Work	\$ 1,250,000
Day Care Services	\$ 1,250,000
Interest Subsidy	<u>\$ 2,000,000</u>
<b>TOTAL REDEVELOPMENT COSTS<sup>[2] [3]</sup></b>	<b>\$ 35,000,000 <sup>[4]</sup></b>

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

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

<sup>[3]</sup> The amount of the Total Redevelopment 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.

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

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

**EXHIBIT III:**

**2001 Equalized Assessed Valuation by Tax Parcel**

**EXHIBIT III. 2001 EAV BY TAX PARCEL**

	<u>PIN</u>	<u>2001 EAV</u>			
1.	17-34-417-025-0000	Exempt	48.	17-35-101-022-0000	Exempt
2.	17-34-419-012-0000	Exempt	49.	17-35-101-023-0000	Exempt
3.	17-34-420-001-0000	Exempt	50.	17-35-101-024-0000	Exempt
4.	17-34-420-010-0000	Exempt	51.	17-35-101-025-0000	4,573
5.	17-34-420-018-0000	Exempt	52.	17-35-101-026-0000	30,210
6.	17-34-420-024-0000	Exempt	53.	17-35-101-027-0000	13,965
7.	17-34-420-027-0000	Exempt	54.	17-35-101-028-0000	11,567
8.	17-34-420-028-0000	Exempt	55.	17-35-101-029-0000	12,314
9.	17-34-420-029-0000	Exempt	56.	17-35-101-030-0000	Exempt
10.	17-34-420-030-0000	Exempt	57.	17-35-101-031-0000	Exempt
11.	17-34-420-031-0000	Exempt	58.	17-35-101-032-0000	Exempt
12.	17-34-420-032-0000	Exempt	59.	17-35-101-033-0000	Exempt
13.	17-34-420-033-0000	Exempt	60.	17-35-101-034-0000	Exempt
14.	17-34-420-034-0000	Exempt	61.	17-35-101-035-0000	5,243
15.	17-34-421-001-0000	Exempt	62.	17-35-101-036-0000	4,001
16.	17-34-421-057-0000	Exempt	63.	17-35-101-037-0000	Exempt
17.	17-34-421-072-0000	Exempt	64.	17-35-101-038-0000	26,353
18.	17-34-421-081-0000	Exempt	65.	17-35-101-072-0000	11,394
19.	17-34-421-082-0000	Exempt	66.	17-35-101-073-0000	Exempt
20.	17-34-421-083-0000	Exempt	67.	17-35-101-074-0000	6,310
21.	17-34-421-090-0000	Exempt	68.	17-35-101-075-0000	13,870
22.	17-34-421-091-0000	Exempt	69.	17-35-101-076-0000	Exempt
23.	17-34-421-092-0000	Exempt	70.	17-35-101-079-0000	Exempt
24.	17-34-421-093-0000	Exempt	71.	17-35-101-080-0000	Exempt
25.	17-34-421-094-0000	Exempt	72.	17-35-101-081-0000	Exempt
26.	17-34-421-096-0000	137,849	73.	17-35-101-082-0000	5,666
27.	17-34-421-097-0000	50,989	74.	17-35-101-083-0000	Exempt
28.	17-34-421-098-0000	58,801	75.	17-35-101-084-0000	12,099
29.	17-34-421-099-0000	44,475	76.	17-35-101-085-0000	15,600
30.	17-35-101-001-0000	3,340	77.	17-35-101-086-0000	14,554
31.	17-35-101-002-0000	9,186	78.	17-35-101-087-0000	Exempt
32.	17-35-101-003-0000	9,200	79.	17-35-101-088-0000	5,728
33.	17-35-101-004-0000	Exempt	80.	17-35-101-089-0000	7,913
34.	17-35-101-005-0000	Exempt	81.	17-35-101-090-0000	44,230
35.	17-35-101-006-0000	Exempt	82.	17-35-101-092-0000	13,598
36.	17-35-101-007-0000	10,073	83.	17-35-101-093-0000	Exempt
37.	17-35-101-008-0000	3,837	84.	17-35-101-099-0000	Exempt
38.	17-35-101-009-0000	Exempt	85.	17-35-101-101-0000	Exempt
39.	17-35-101-010-0000	Exempt	86.	17-35-101-102-0000	Exempt
40.	17-35-101-014-0000	Exempt	87.	17-35-101-103-0000	Exempt
41.	17-35-101-015-0000	Exempt	88.	17-35-101-104-0000	Exempt
42.	17-35-101-016-0000	Exempt	89.	17-35-101-105-0000	Exempt
43.	17-35-101-017-0000	Exempt	90.	17-35-101-106-0000	Exempt
44.	17-35-101-018-0000	Exempt	91.	17-35-101-107-0000	24,306
45.	17-35-101-019-0000	12,699	92.	17-35-101-108-0000	1,568
46.	17-35-101-020-0000	5,012	93.	17-35-101-109-0000	905
47.	17-35-101-021-0000	3,934	94.	17-35-101-110-0000	42,403
			95.	17-35-101-111-0000	41,419

**EXHIBIT III. 2001 EAV BY TAX PARCEL**

96.	17-35-102-001-0000	Exempt	144.	17-35-104-010-0000	11,662
97.	17-35-102-002-0000	Exempt	145.	17-35-104-011-0000	Exempt
98.	17-35-102-003-0000	33,885	146.	17-35-104-012-0000	2,922
99.	17-35-102-004-0000	9,359	147.	17-35-104-013-0000	Exempt
100.	17-35-102-005-0000	5,139	148.	17-35-104-014-0000	14,755
101.	17-35-102-006-0000	13,965	149.	17-35-104-015-0000	14,713
102.	17-35-102-007-0000	3,363	150.	17-35-104-016-0000	11,226
103.	17-35-102-008-0000	17,633	151.	17-35-104-022-0000	56,061
104.	17-35-102-009-0000	55,966	152.	17-35-104-023-0000	24,512
105.	17-35-102-010-0000	196,418	153.	17-35-104-024-0000	22,802
106.	17-35-102-011-0000	5,149	154.	17-35-106-001-0000	Exempt
107.	17-35-102-012-0000	4,135	155.	17-35-106-002-0000	Exempt
108.	17-35-102-013-0000	4,141	156.	17-35-106-003-0000	Exempt
109.	17-35-102-014-0000	6,133	157.	17-35-106-004-0000	Exempt
110.	17-35-102-015-0000	7,195	158.	20-02-100-001-0000	Exempt
111.	17-35-102-016-0000	11,112	159.	20-02-100-002-0000	Exempt
112.	17-35-102-017-0000	11,205	160.	20-02-100-003-0000	Exempt
113.	17-35-102-018-0000	9,595	161.	20-02-100-004-0000	Exempt
114.	17-35-102-019-0000	9,533	162.	20-02-100-005-0000	Exempt
115.	17-35-102-020-0000	36,275	163.	20-02-100-006-0000	Exempt
116.	17-35-102-021-0000	Exempt	164.	20-02-100-007-0000	Exempt
117.	17-35-102-022-0000	Exempt	165.	20-02-100-008-0000	Exempt
118.	17-35-102-023-0000	3,257	166.	20-02-100-009-0000	Exempt
119.	17-35-102-024-0000	4,192	167.	20-02-100-010-0000	Exempt
120.	17-35-102-025-0000	Exempt	168.	20-02-100-011-0000	Exempt
121.	17-35-102-026-0000	Exempt	169.	20-02-100-013-0000	Exempt
122.	17-35-103-001-0000	Exempt	170.	20-02-100-017-0000	Exempt
123.	17-35-103-002-0000	13,401	171.	20-02-100-018-0000	Exempt
124.	17-35-103-003-0000	Exempt	172.	20-02-102-001-0000	Exempt
125.	17-35-103-004-0000	Exempt	173.	20-02-102-002-0000	Exempt
126.	17-35-103-005-0000	Exempt	174.	20-02-102-024-0000	Exempt
127.	17-35-103-006-0000	11,907	175.	20-02-102-034-0000	Exempt
128.	17-35-103-007-0000	18,862	176.	20-02-103-001-0000	Exempt
129.	17-35-103-008-0000	5,303	177.	20-02-103-003-0000	Exempt
130.	17-35-103-009-0000	5,169	178.	20-02-103-004-0000	Exempt
131.	17-35-103-010-0000	4,629	179.	20-02-103-005-0000	Exempt
132.	17-35-103-011-0000	4,629	180.	20-02-103-006-0000	Exempt
133.	17-35-103-012-0000	Exempt	181.	20-02-103-018-0000	Exempt
134.	17-35-103-013-0000	9,399	182.	20-02-103-020-0000	Exempt
135.	17-35-104-001-0000	Exempt	183.	20-02-103-021-0000	2,023
136.	17-35-104-002-0000	14,956	184.	20-02-103-037-0000	Exempt
137.	17-35-104-003-0000	5,571	185.	20-02-103-038-0000	4,370
138.	17-35-104-004-0000	5,620	186.	20-02-103-039-0000	Exempt
139.	17-35-104-005-0000	Exempt	187.	20-02-103-040-0000	Exempt
140.	17-35-104-006-0000	21,583	188.	20-03-202-001-0000	Exempt
141.	17-35-104-007-0000	4,169	189.	20-03-202-002-0000	Exempt
142.	17-35-104-008-0000	6,724	190.	20-03-202-003-0000	Exempt
143.	17-35-104-009-0000	698	191.	20-03-202-004-0000	Exempt

**EXHIBIT III. 2001 EAV BY TAX PARCEL**

192.	20-03-202-005-0000	Exempt
193.	20-03-202-006-0000	Exempt
194.	20-03-202-007-0000	Exempt
195.	20-03-202-008-0000	Exempt
196.	20-03-202-009-0000	Exempt
197.	20-03-202-010-0000	Exempt
198.	20-03-202-011-0000	Exempt
199.	20-03-202-012-0000	Exempt
200.	20-03-202-013-0000	Exempt
201.	20-03-202-014-0000	Exempt
202.	20-03-202-015-0000	Exempt
203.	20-03-202-016-0000	Exempt
204.	20-03-202-017-0000	Exempt
205.	20-03-202-018-0000	Exempt
206.	20-03-202-019-0000	Exempt
207.	20-03-202-020-0000	Exempt
208.	20-03-202-021-0000	Exempt
209.	20-03-202-022-0000	Exempt
210.	20-03-202-023-0000	Exempt
211.	20-03-202-026-0000	Exempt
212.	20-03-202-027-0000	Exempt
213.	20-03-202-028-0000	Exempt
214.	20-03-202-029-0000	Exempt
215.	20-03-202-030-0000	Exempt
216.	20-03-202-031-0000	Exempt
217.	20-03-202-032-0000	Exempt
218.	20-03-202-033-0000	Exempt
219.	20-03-202-034-0000	Exempt
220.	20-03-202-035-0000	Exempt
<b>Total Project Area</b>		<b>\$ 1,464,503</b>

# **EXHIBIT IV:**

## **Madden/Wells Redevelopment Project Area Tax Increment Financing Eligibility Report**



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**MADDEN/WELLS  
REDEVELOPMENT PROJECT AREA  
ELIGIBILITY REPORT**

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Prepared for the  
Department of Planning and Development  
City of Chicago

City of Chicago  
Richard M. Daley, Mayor

Department of Planning and Development  
Alicia Mazur Berg, Commissioner

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

June 27, 2002  
Revised October 18, 2002

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## EXECUTIVE SUMMARY

The purposes of this report entitled *Madden/Wells Redevelopment Project Area Eligibility Report* (the "Eligibility Report") are to: (i) document the blighting and conservation factors that are present within the Madden/Wells Redevelopment Project Area (the "Project Area"), and (ii) conclude whether the Project Area qualifies for designation as a conservation area, blighted area, or combination of conservation and blighted areas within the definitions set forth in the Tax Increment Allocation Redevelopment Act (the "Act"). The Act is found in Illinois Compiled Statutes, Chapter 65, Act 5, Section 11-74.4-1 *et. seq.*, as amended.

The findings and conclusions contained in this Eligibility Report are based on surveys, documentation, and analyses of physical conditions within the Project Area. These surveys and analyses were conducted by Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") during February and March 2002. The City of Chicago (the "City") is entitled to rely on the findings and conclusions of this Eligibility Report in designating the Project Area as a redevelopment project area under the Act. TPAP has prepared this Eligibility Report and the related Redevelopment Plan with the understanding that the City would rely on (i) the findings and conclusions of this Eligibility Report and the related Redevelopment Plan in proceeding with the designation of the Project Area as a redevelopment project area under the Act, and (ii) the fact that TPAP has obtained the necessary information so that the Eligibility Report and the related Redevelopment Plan will comply with the Act. The determination of whether the Project Area qualifies for designation as a conservation area or a blighted area, or a combination of both, pursuant to the Act is made by the City of Chicago (the "City") after careful review and consideration of the conclusions contained in this Eligibility Report.

### The Project Area

The Project Area is approximately 97.6 acres in size, located approximately four miles south of the Chicago Loop in the Oakland community area. The Project Area is bordered by 37<sup>th</sup> Street on the north, the Illinois Central Rail Line (Metra) right-of-way on the east, portions of Pershing Road and Oakwood Boulevard on the south, and Vincennes Avenue on the west. The boundaries of the Project Area are illustrated in Figure 1, *Project Area Boundary*.

The Project Area is made up of 13 full and/or partial tax blocks, four of which have been laid out as super blocks as a result of street vacations for land assembly related to the large Chicago Housing Authority ("CHA") housing developments. One tax block (104) is split by the extension of Pershing Road. The CHA developments include the Ida B. Wells complex (between Cottage Grove Avenue and Vincennes Avenue) and the Madden Park Homes (between Cottage Grove Avenue and Ellis Avenue). The former Clarence Darrow Homes in the large block bordered by Pershing Road, Langley Avenue, 38<sup>th</sup> Street and Cottage Grove Avenue have been demolished.

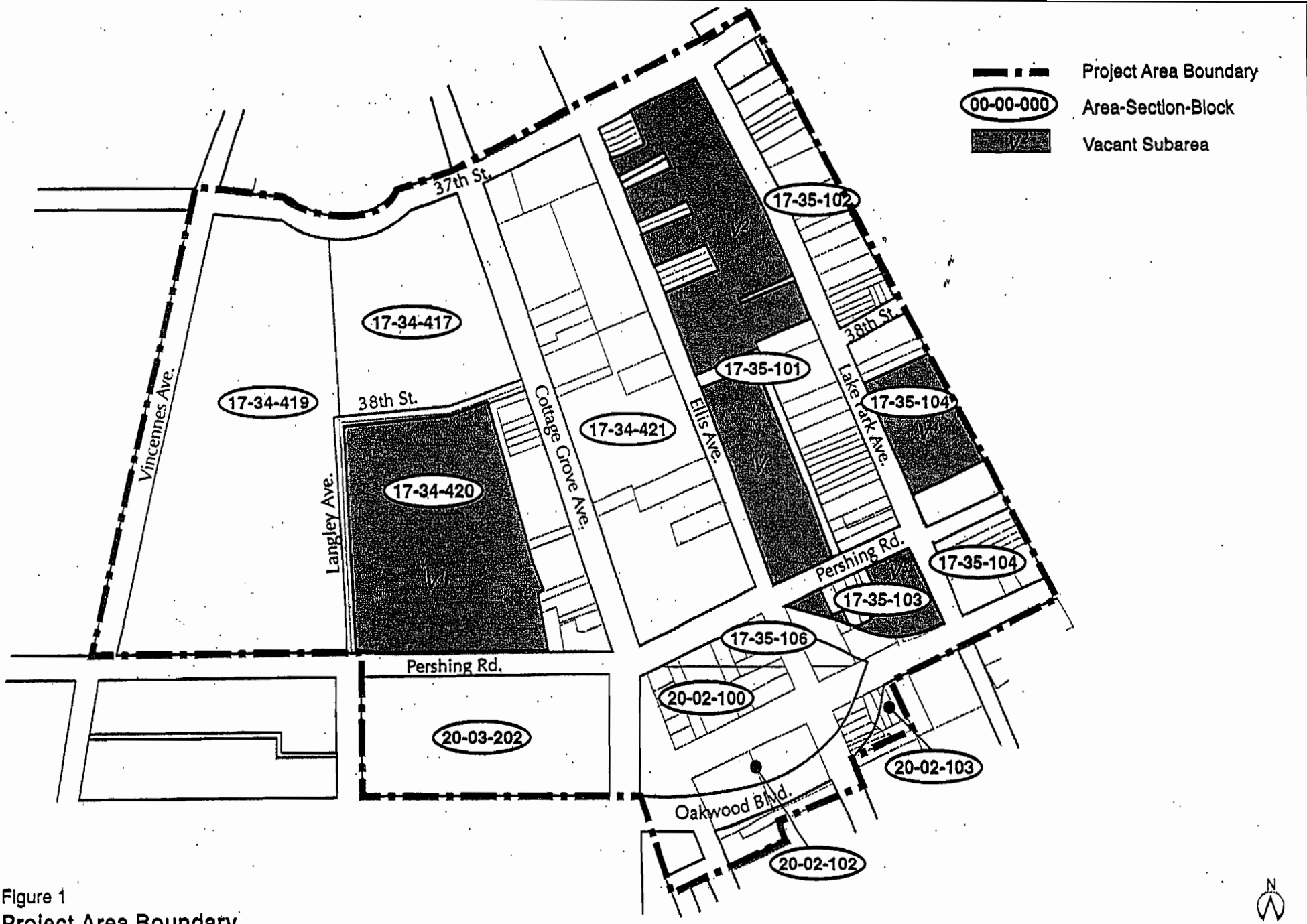


Figure 1  
Project Area Boundary

The Project Area consists of both vacant and improved areas. There are five vacant subareas including the former Clarence Darrow Homes site and four subareas, each consisting of numerous contiguous parcels). The improved area consists of the remaining properties, which include CHA Housing developments, scattered single-family and multi-family structures, public facilities and several social agencies and churches. The improved area is characterized by obsolescence, deterioration of buildings, streets and sites, excessive vacancies within the remaining CHA buildings as well as within many residential structures in the blocks east of Ellis Avenue; inadequate utilities, excessive land coverage and overcrowding of structures, structures below minimum code standards, deleterious land-use or layout of parcels, streets, and alleys, and a general lack of community planning. Existing land uses are illustrated in Figure 2, *Existing Land Use*.

The Project Area is found to be eligible as a blighted area including a combination of an improved blighted area and five vacant blighted subareas within the definitions set forth in the Act.

The basis for designating an area as a redevelopment project area and adopting the use of tax increment financing ("TIF") is described in Section II, *Eligibility Analysis and Conclusions*, and summarized briefly below. The summary that follows is limited to (i) a discussion of the approach taken to evaluate the presence of eligibility factors in the Project Area and (ii) the conclusions derived from the evaluation.

### **Eligibility Evaluation**

The approach taken to evaluate the presence of eligibility factors within the Project Area is listed below.

1. Survey the Project Area and document the physical conditions of buildings, site improvements and vacant areas.
2. Document and analyze existing land uses and their relationships with one another, and the size, configuration and layout of buildings and parcels.
3. Review supporting secondary and previously prepared plans and documents.
4. Delineate improved and vacant areas within the Project Area.
5. Tabulate and map the extent and distribution of blighted factors that exist within the improved and vacant areas.
6. Evaluate the extent and distribution of eligibility factors within each of the vacant and improved areas, and conclude whether the extent and distribution of the factors are sufficient to qualify the areas for designation as a redevelopment project area.
7. Review Chicago Housing Authority documentation of the CHA buildings and sites for the presence of blighted area factors as required by the Act.
8. Review of City Sewer Department and Water Department memoranda regarding the adequacy of utilities in the Project Area.
9. Review of Phase II Environmental Report as prepared by an independent consultant for the need for environmental clean-up in the Project Area.

## **Conclusions**

The Project Area is found to be eligible as a combination of an improved and vacant blighted area within the definitions set forth in the Act. This conclusion is made on the basis that blighted area factors are, with respect to both the vacant and improved areas, (i) present to a meaningful extent and (ii) reasonably distributed throughout the Project Area.

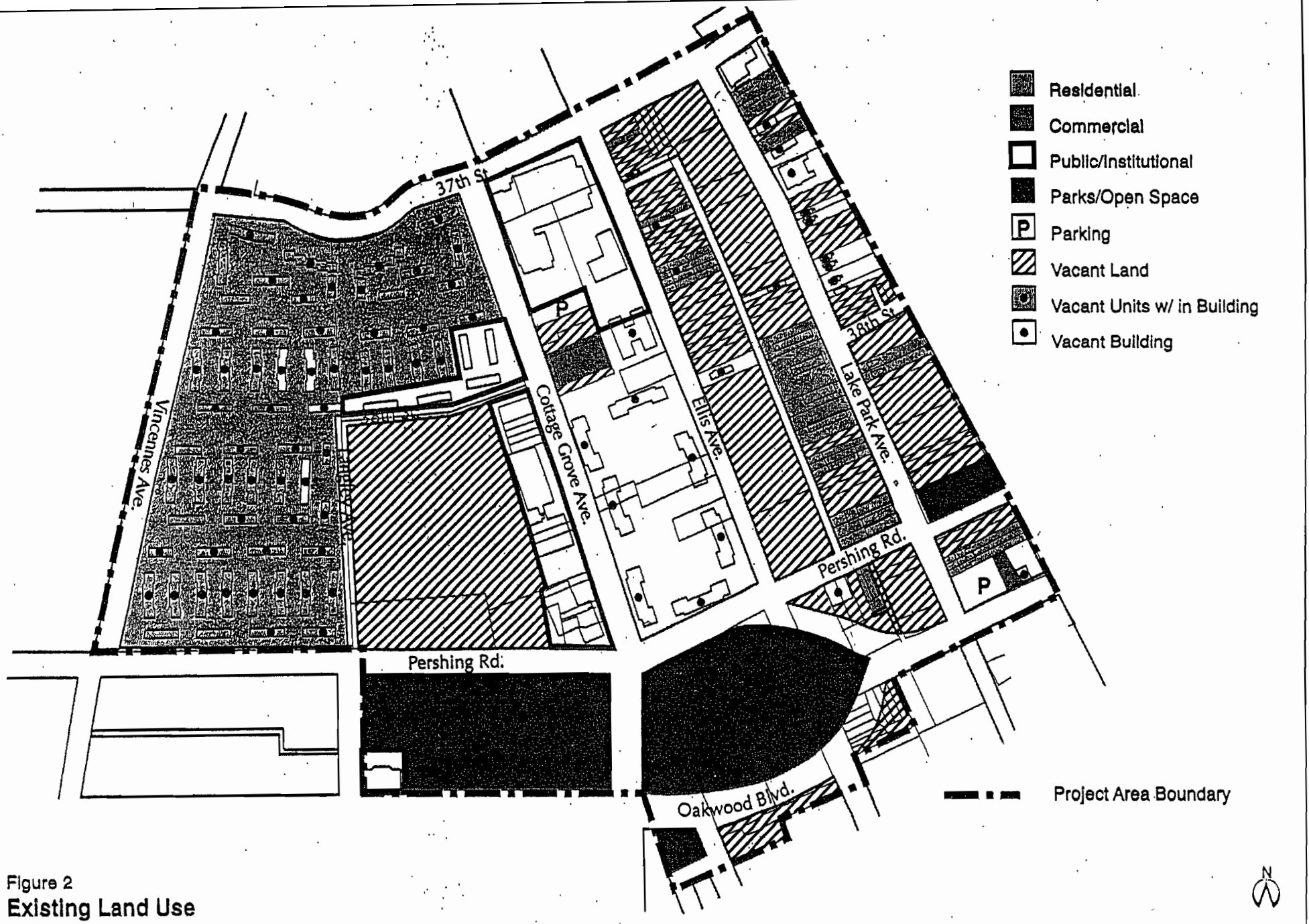


Figure 2  
Existing Land Use



## **I. BASIS FOR REDEVELOPMENT**

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

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

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

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

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

### **A. ELIGIBILITY OF A BLIGHTED AREA**

#### **IMPROVED AREA**

A blighted area may be either improved or vacant. If the area is improved, it may be found to be eligible as a blighted area based on the finding that industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following 13 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 improved part of the redevelopment project area:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies

7. Lack of ventilation, light, or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land-use or lay-out
11. Environmental clean-up
12. Lack of community planning
13. Declining or lagging equalized assessed valuation

## VACANT AREAS

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

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

- a. Obsolete platting of the vacant land;
- b. Diversity of ownership of such land;
- c. Tax and special assessment delinquencies on such land;
- d. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land;
- e. The area has incurred or is in need of significant environmental remediation costs; and
- f. The total equalized assessed valuation has declined or lagged behind the City.

2. The presence of one 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:

- g. The area consists of an unused quarry or unused quarries;
- h. The area consists of unused rail yards, rail tracks or railroad rights-of-way;
- i. The area, prior to the area's designation, is subject to chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency;
- j. The area consists of an unused or illegal disposal site, containing earth, stone, building debris or similar material, that were removed from construction, demolition, excavation or dredge sites;
- k. Prior to November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial

agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets certain other qualifying criteria and

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

## **II. ELIGIBILITY ANALYSIS AND CONCLUSIONS**

The determination of whether the Project Area qualifies as an Improved Blighted Area and/or Vacant Blighted Area pursuant to the Act is made by the City after careful review and consideration of the conclusions contained in the Redevelopment Plan and Eligibility Report. The conclusions contained in this Eligibility Report are based on an analysis of physical conditions found to be present within the Project Area. The analysis and conclusion of physical conditions are based on surveys and analyses of existing conditions and land uses as well as a review of third party documents conducted by TPAP during March 2002.

It is important to note that the test of eligibility is based on the conditions of the Project Area as a whole; it is not required that eligibility be established for every property in the Project Area. Although it may be concluded that the mere presence of a combination of the stated factors may be sufficient to make a finding that the area qualifies as a Blighted Area, the evaluation contained in this Eligibility Report was made on the basis that the required factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of factors throughout the improved part and vacant part of the Project Area must be reasonable so that basically good areas are not arbitrarily found to qualify simply because of their proximity to areas which do qualify.

### **A. SURVEYS AND ANALYSES CONDUCTED**

An analysis was made of each of the factors listed in the Act to determine whether each or any are present in improved and vacant parts of the Project Area, and if so, to what extent and in what locations. Surveys and analyses conducted by TPAP included:

1. Exterior survey of the condition and use of all buildings and sites in the Project Area including detailed site inspection with CHA management staff to survey each Ida B. Wells building for condition, occupancy, and analysis of neighboring areas adjacent to the Project Area;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
4. Analysis of current parcel configuration and building size and layout;
5. Comparison of current land use to current zoning ordinance and the current zoning map;

6. Analysis of original and current platting and building size and layout;
7. Analysis of vacant portions of the site and building;
8. Analysis of building floor area and site coverage;
9. Review of previously prepared plans, studies and data;
10. Review of Sewer Department and Water Department memoranda regarding the adequacy of utilities in the Project Area;
11. Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area for assessment years 1996 to 2001;
12. Analysis of Cook County Treasurer proof of payment records for the Year 2000; and
13. Review of Phase II Environmental Reports as prepared by an independent consultant.

## **B. IMPROVED AREA**

The improved area within the Project Area meets the criteria required for determination as a Blighted Area as set forth in the Act. The improved part of the Project Area, which is indicated in Figure 1, exhibits the presence of 9 of the 13 factors listed in the Act. Only five of the 13 factors are required to qualify as a Blighted Area.

A statement of findings is presented for each blighting factor listed in the Act. The conditions that exist and the relative extent to which each factor is present are described below.

### **1. Dilapidation**

*As defined in the Act, Dilapidation refers to 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 meaningful repair is required or the defects are so serious and so extensive that the buildings must be removed.*

This section summarizes the process used for assessing building conditions in the Project Area, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation or deterioration of structures. The process, standards and criteria were applied in accordance with the TPAP Building Condition Survey Manual.

The building condition analysis is based on a thorough exterior inspection of the buildings and sites conducted in March 2002. Structural deficiencies in building components and related environmental deficiencies in the Project Area were noted during the survey. See Figure 3, *Exterior Survey Form*, which was completed for, and contains survey findings for each building in the Project Area.

#### *Building Components Evaluated*

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

### Primary Structural Components

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

### Secondary Components

These are components generally added to the primary structural components and are necessary parts of the building, including exterior and interior stairs, windows and window units, doors and door units, interior walls, chimneys, and gutters and downspouts.

### Criteria for Classifying Defects for Building Components

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

### *Building Component Classifications*

The four categories used in classifying building components and systems and the criteria used in evaluating structural deficiencies are described below:

#### Sound

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

#### Deficient - Requiring Minor Repair

Building components containing 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 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 components. Minor defects are not considered in rating a building as structurally substandard.

#### Deficient - Requiring Major Repair

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

#### Critical

Building components that contain major defects (bowing, sagging, or settling to any or all exterior components causing the structure to be out-of-plumb, or broken, loose or missing material and deterioration over a widespread area) so extensive that the cost of repair would be excessive.

### *Final Building Rating*

After completion of the exterior-interior building condition survey, each structure was placed in one of four categories based on the combination of defects found in various primary and secondary building components. Each final rating is described below:

#### Sound

Sound buildings can be kept in a standard condition with normal maintenance. Buildings so classified have less than one minor defect.

#### Deficient

Deficient buildings contain defects that collectively are not easily correctable and cannot be accomplished in the course of normal maintenance. The classification of major or minor reflects the degree or extent of defects found during the survey of the building.

#### Minor

Buildings classified as "deficient - requiring minor repairs" - have more than one minor defect, but less than one major defect.

#### Major

Buildings classified as "deficient - requiring major repairs" - have at least one major defect in one of the primary components or in the combined secondary components, but less than one critical defect.

#### Substandard

Structurally substandard buildings contain defects that are so serious and so extensive that the building must be removed. Buildings classified as structurally substandard have two or more major defects.

"Minor deficient" and "major deficient" buildings are considered to be the same as "deteriorating" buildings as referenced in the Act; "substandard" buildings are the same as "dilapidated" buildings. The words "building" and "structure" are presumed to be interchangeable.



### *Exterior Survey*

The conditions of the buildings within the Project Area were determined based on observable components. TPAP conducted an exterior survey of each building within the Project Area to determine its condition. One commercial building was found to be in substandard (dilapidated) condition. This building is one of several buildings in one of the thirteen full and/or partial blocks within the Project Area.

A block in which 10% or more of the buildings are dilapidated (substandard) is indicated as characterized by the presence of dilapidation to a major extent. A block in which less than 10% of the buildings are dilapidated is indicated as characterized by the presence of dilapidation to a limited extent.

*Conclusion: Structurally substandard buildings (Dilapidation) as a factor is present to a meaningful extent in only one of thirteen full and/or partial blocks and impacts only one of 125 total buildings, resulting in an insufficient presence and therefore, dilapidation is not present to a meaningful extent and is not reasonably distributed to qualify as an eligibility factor.*

## **2. Obsolescence**

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

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

### Functional Obsolescence

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

### Economic Obsolescence

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

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



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

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 re-use. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse affect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

Obsolescence is present in several small commercial buildings in the Project Area, which are of limited size for the present retail use. Several vacant commercial buildings are also of limited design and dimension for conversion or alteration to accommodate any sizable commercial activity. The CHA buildings are obsolete with limited amenities, outdated plumbing, electrical and heating systems, lack of energy efficiency and provisions for American Disability Act (ADA)) and would require major renovation to update these structures. The Ida B. Wells development, which comprises the majority of the public housing in the Project Area, was constructed in 1941, and has not been substantially improved or rehabilitated

A block in which more than 20% of the buildings or sites are obsolete is indicated as characterized by the presence of obsolescence to a meaningful extent. A block in which less than 20% of the buildings or sites are obsolete is indicated as characterized by the presence of obsolescence to a limited extent. Figure 4, *Obsolescence*, illustrates meaningful and limited obsolescence in the Project Area.

*Conclusion: The analysis indicates that obsolescence is present to a meaningful extent in five blocks and to a limited extent in two blocks. Obsolescence is present to a meaningful extent and reasonably distributed throughout the Project Area.*

### **3. Deterioration**

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

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

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

#### *Deterioration of Streets*

Deterioration of streets is present only within the interior streets of the Ida B. Wells housing development, which represents over one-third of the overall Project Area, and includes deteriorated pavement, concrete curbing and concrete parking bumpers which are broken and dislodged from their locations. Streets impacted by deterioration include 38<sup>th</sup> Place, 38<sup>th</sup> Street, and 37<sup>th</sup> Place.

#### *Deterioration of Buildings*

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." Table 1, *Building Conditions*, indicates the condition of all buildings in the 9 blocks containing buildings within the improved area.

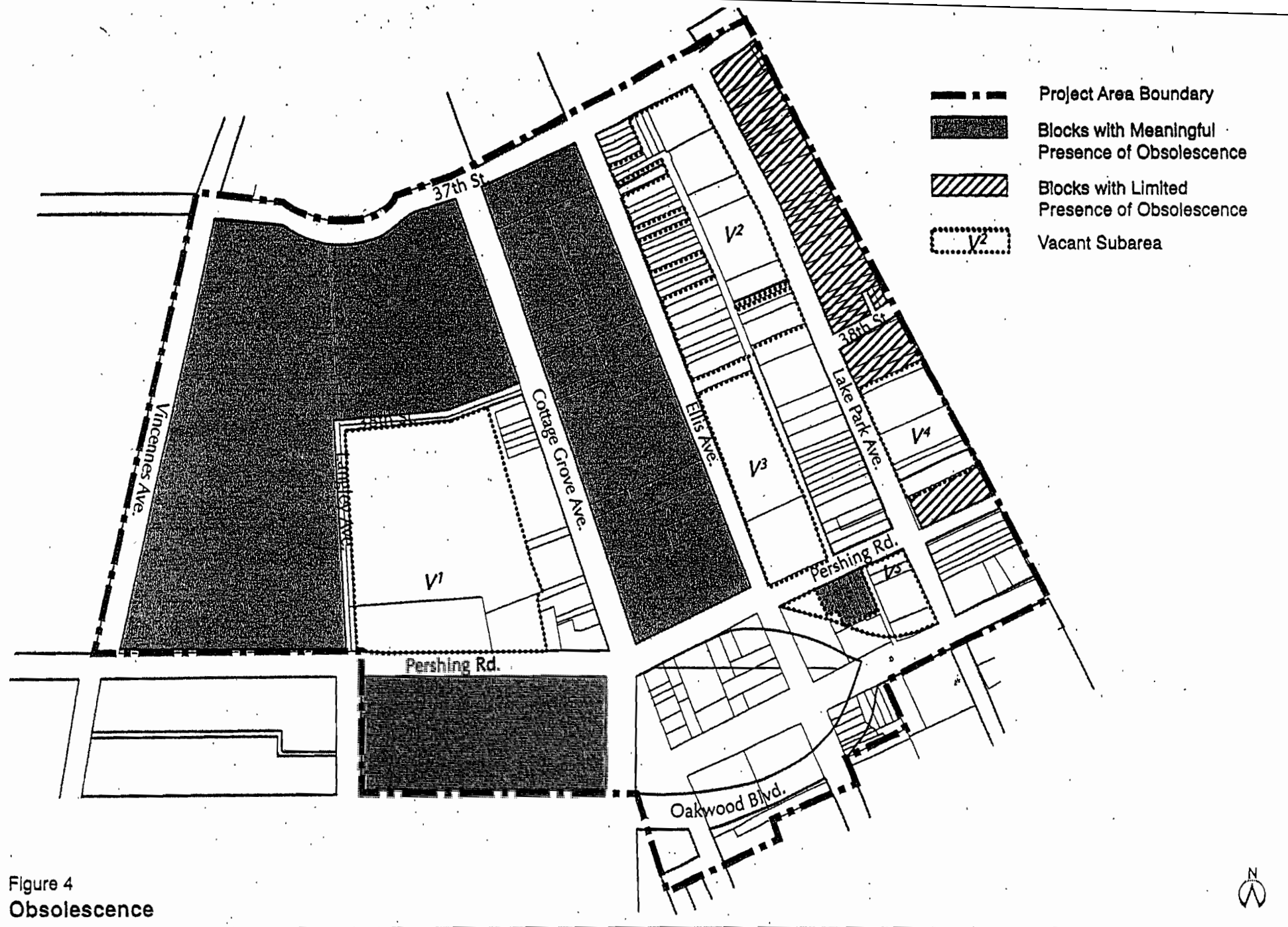


Figure 4  
Obsolescence

**Table 1. Building Conditions**

Block No.	Total Buildings	Sound	Minor Deficient	Major Deficient	Substandard (Dilapidated)	Percent Deficient (Deter.)
17-35-101	21	5	7	9	0	76.2%
17-35-102	11	5	4	2	0	54.5%
17-35-103	3	2	0	1	0	33.3%
17-35-104	7	0	5	1	1	100%
20-03-202	1	1	0	0	0	0
17-34-417	19	5	0	14	0	73.7%
17-34-419	49	0	0	49	0	100%
17-34-420	2	2	0	0	0	0
17-34-421	12	3	0	9	0	75.0%
<b>Total</b>	<b>125</b>	<b>23</b>	<b>16</b>	<b>85</b>	<b>1</b>	<b>81%</b>

Exterior Survey

The conditions of the buildings within the Project Area were determined based on observable components and the degree and distribution of minor and major defects. Components of each building found in deteriorating conditions are noted on the field survey forms previously referenced in the report and will be made available to the City. Of the total 125 buildings:

- 23 buildings were classified as structurally sound;
- 16 buildings were classified as minor deficient (deteriorating);
- 85 buildings were classified as major deficient (deteriorating); and
- 1 building was classified as substandard (dilapidated).

A block in which 20% or more of the buildings or site improvements are characterized by deterioration, provided that at least 10% of all buildings are deteriorating to a major deficient level, indicate that deterioration is present to a meaningful extent. A block in which less than 20% of the buildings or sites show the presence of deterioration and less than 10% of all buildings are deteriorating to a major deficient level, indicate that deterioration is present to a limited extent. Figure 5, *Deterioration*, illustrates blocks within the Project Area with meaningful deterioration.

**Conclusion:** *Deterioration is present to a meaningful extent in 7 of the 9 blocks containing buildings and improvements. Therefore, the factor of deterioration is present to a meaningful extent and reasonably distributed throughout the Project Area.*

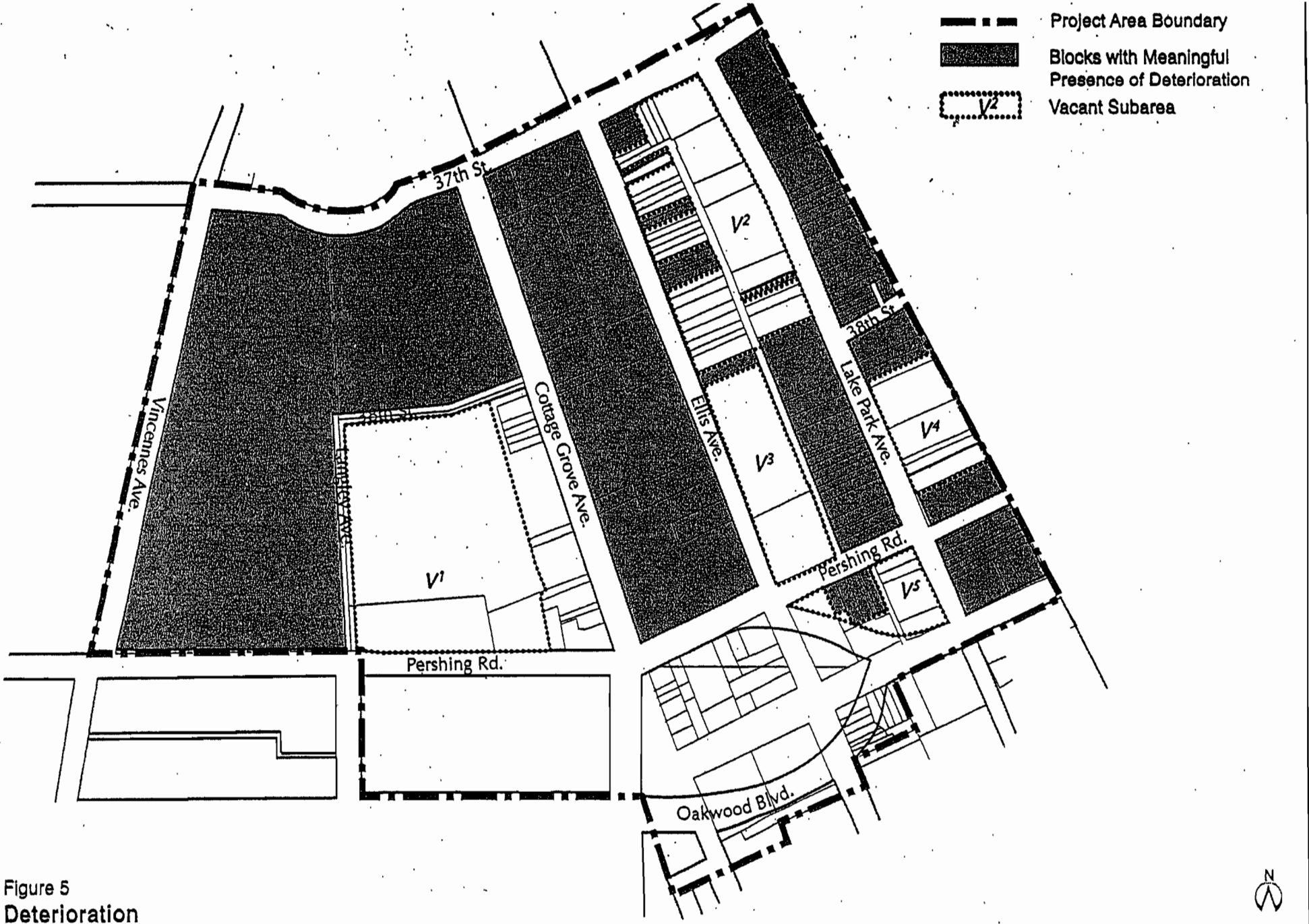


Figure 5  
Deterioration



#### 4. Illegal Use of Individual Structures

*As defined in the Act, "illegal use of individual structures" refers to 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.*

No illegal uses of individual buildings were noted to be present.

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

#### 5. Presence of Structures Below Minimum Code Standards

*As defined in the Act, the "presence of structures below minimum code standards" refers to all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.*

As referenced in the definition above, the principal purposes of governmental codes applicable to properties are to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy; to be safe for occupancy against fire and similar hazards; and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code standards are characterized by defects or deficiencies that threaten health and safety.

Determination of the presence of structures below minimum code standards was based upon visible defects and advanced deterioration of building components from the exterior surveys.

Advanced deterioration, broken and/or missing components in the CHA buildings included fascias, door canopies, windows, doors, gutters and downspouts. City of Chicago Building Department records between 1996 and 2002 indicate that 74 separate buildings within the Project Area were cited with code violations. These code violations represent 59.2% of the 125 buildings in the Project Area. Figure 6, *Structures Below Code*, illustrates the locations of structures below minimum code within the Project Area.

The factor is considered to be present to a meaningful extent in a block if 20% or more of the buildings on a block are below minimum code standards. The factor is considered to be present to a limited extent on a block if fewer than 20% of the buildings are below minimum code standards.

*Conclusion: The factor of structures below minimum code standards is present to a meaningful extent in 6 blocks and to a limited extent in 1 block of the 9 blocks containing buildings. Therefore, the factor of structures below minimum code standards is present to a meaningful extent and reasonably distributed throughout the Project Area.*

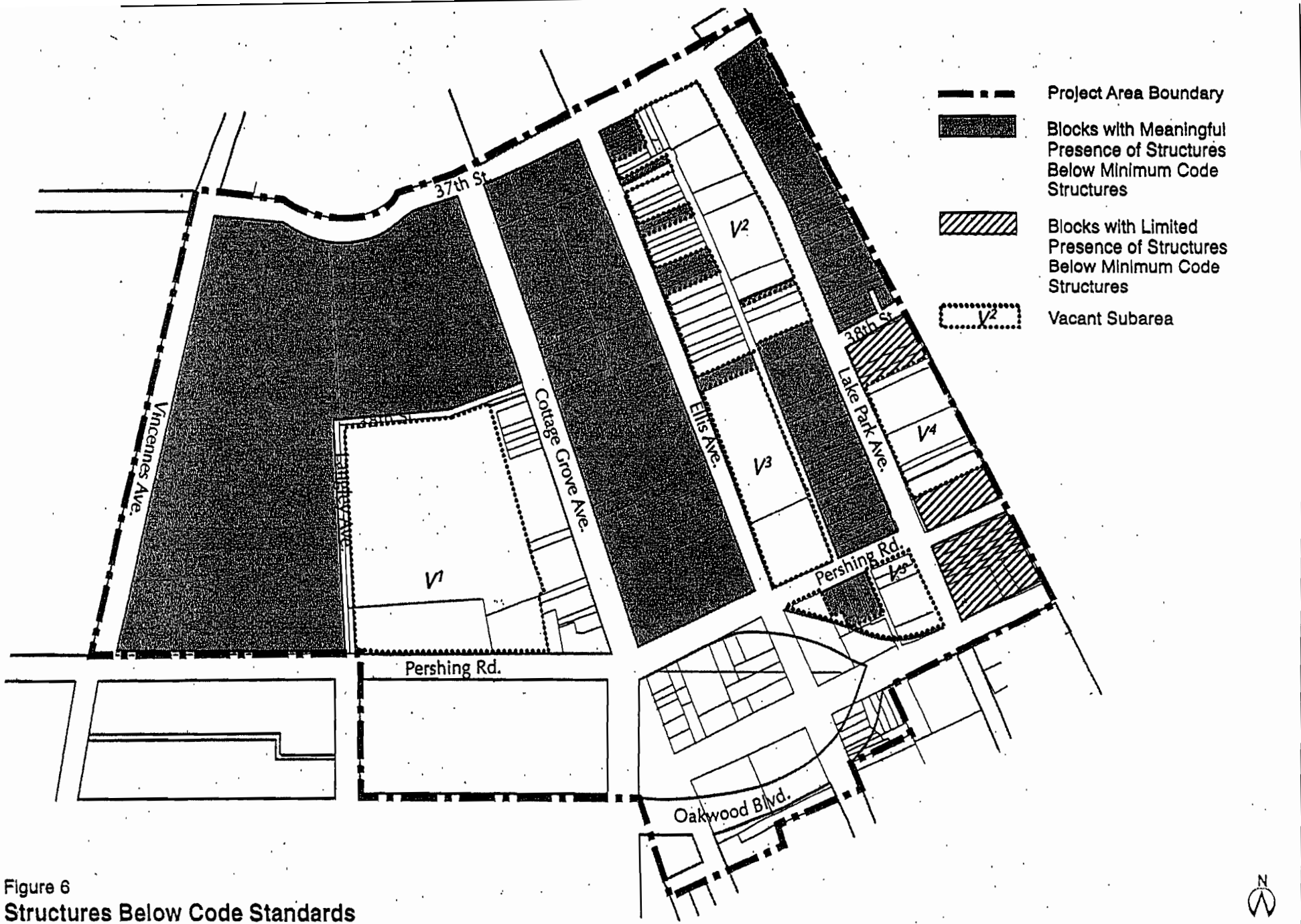


Figure 6  
Structures Below Code Standards

## 6. Excessive Vacancies

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

Wide-spread vacancies of residential units within both the Ida B. Wells and Madden Park housing developments, as well as within residential buildings in adjacent blocks, were documented in field visits conducted in March 2002. Of the 887 total dwelling units in the Project Area, 577 are vacant (65%). Based on the building capacity and limited occupancy of the current Project Area, excessive vacancies as a factor is present to a meaningful extent in seven of the nine block containing most of the existing buildings. Two blocks contain occupied buildings, the school and one public building. Blocks with excessive vacancies are illustrated in Figure 7, *Excessive Vacancies*.

A block in which 20% or more of the buildings are partially or totally vacant is characterized by the presence of excessive vacancies to a meaningful extent. A block where fewer than 20% of the buildings partially or totally vacant is characterized by the presence of excessive vacancies to a limited extent.

*Conclusion: Excessive vacancies, as a factor, is present to a meaningful extent throughout the entire Project Area. Therefore, the factor of excessive vacancies is present to a meaningful extent and reasonably distributed throughout the Project Area.*

## 7. Excessive Land Coverage and Overcrowding of Structures and Community Facilities

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

The Ida. B. Wells housing development contains 68 buildings within the Project Area on two large blocks and originally contained close to 600 dwelling units prior to the conversion of a number of buildings, which are currently used by social services, food service or police offices. The buildings are spaced with adequate set backs and distance from adjacent structures, and are served by perimeter streets including Vincennes Avenue, 37<sup>th</sup> Street, 38<sup>th</sup> Street, Langley Avenue and 39<sup>th</sup> Street. However, the interior of the development contains three narrow interior streets, and no provisions for parking or loading and service access to any of the buildings, including those converted to office use. The Act specifies that a lack of off-street parking or provisions for



loading and service are conditions of parcels exhibiting excessive land coverage. Twenty-six of the 68 buildings are located on the interior of the various clusters of buildings, far removed from the limited existing interior streets. Also, current standards require a minimum of at least one parking space per dwelling unit. The Ida B. Wells development would require at least 4 or more acres to meet the parking standard if off-street surface parking were provided to meet current standards.

Additionally, several properties containing public and institutional buildings (Donahue Elementary School, Christ the King Church, and several apartment buildings) cover most of the lots on which they are located with no or limited provisions for off-street parking, loading, and service.

Lack of open space/play areas and a total lack of parking for the Ida B. Wells housing development contribute to the overcrowding and excessive building coverage of this housing development. Blocks with meaningful and limited presence of overcrowding and excessive land coverage are illustrated in Figure 8, *Overcrowding/Excessive Land Coverage*.

*Conclusion: Excessive land coverage and overcrowding of structures and community facilities is present to a meaningful extent in two CHA blocks and to a limited extent in four adjacent blocks. The factor of excessive land coverage and overcrowding of structures and community facilities is present to a meaningful extent and reasonably distributed throughout the Project Area.*

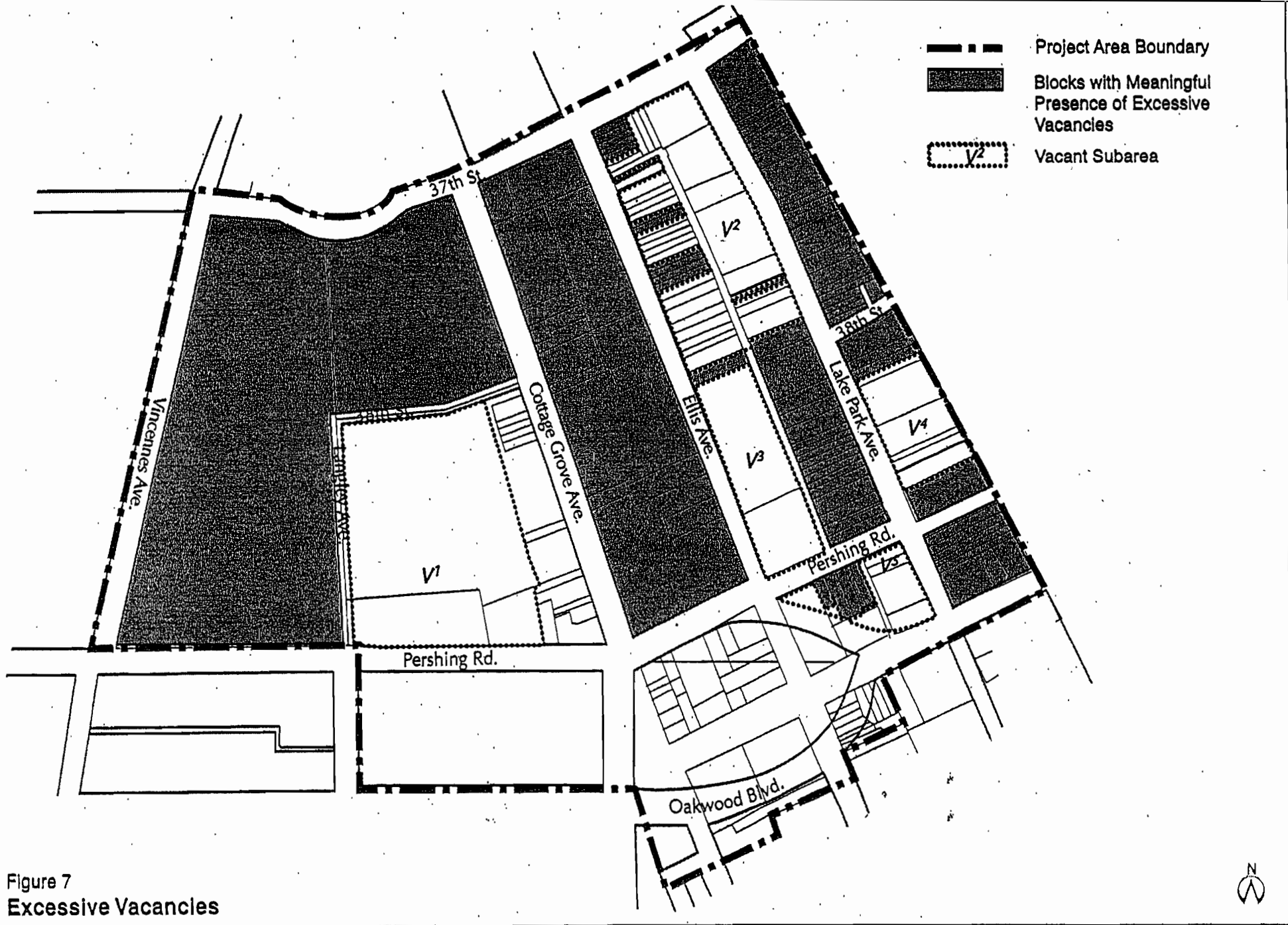


Figure 7  
Excessive Vacancies



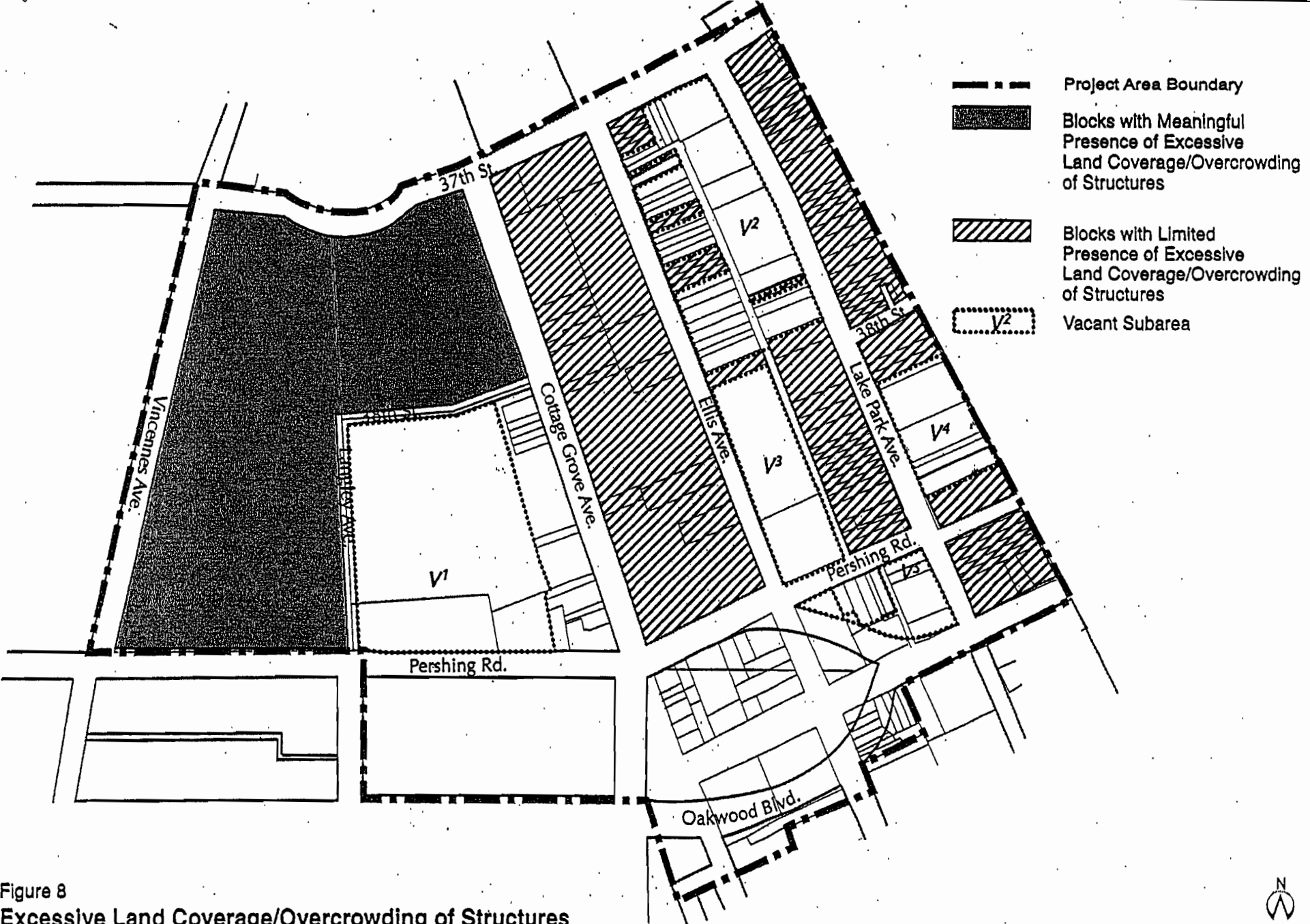


Figure 8  
**Excessive Land Coverage/Overcrowding of Structures**

## 8. Lack of Ventilation, Light, or Sanitary Facilities

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

*Conclusion: No condition pertaining to a lack of ventilation, light, or sanitary facilities has been documented as part of the exterior surveys and analyses undertaken within the Project Area.*

## 9. Inadequate Utilities

*As defined in the Act, "inadequate utilities" refers to underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) 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 to information TPAP received from the architectural and engineering firm Campbell Tiu Campbell, Inc, ("CTC"), there are major deficiencies in utility and mechanical systems throughout the CHA developments in the Project Area. According to CTC's report submitted as part of the HOPE VI application, a physical assessment indicated severe problems with the CHA district heating boiler plant which serves the entire complex, interior damage to dwelling units due to leaking and broken plumbing systems, electrical shortages due to inadequate electrical supply, water damage and defective sanitary systems. The interior streets serving the Ida B. Wells complex are subject to ponding water due to inadequate storm drainage. This ponding was present during TPAP's exterior survey of the area. According to reports received from the City's Department of Water and Sewers, some of the existing water mains are over 100 years of age and other water mains are approaching 100 years. Existing 6-inch lines need to be replaced with the minimum 8-inch lines and other existing lines along Langley Avenue, Cottage Grove Avenue, Ellis Avenue, 38<sup>th</sup> Street and 39<sup>th</sup> Street need to be replaced over the next 20 years. Existing brick sewers need to be relined along Ellis and Vincennes Avenues and sewer replacement is needed along 37<sup>th</sup> Street, 37<sup>th</sup> Place, 38<sup>th</sup> Street, 38<sup>th</sup> Place and along Langley Avenue. The combined anticipated cost for water and sewer replacement is estimated to be over \$3,835,000.

*Conclusion: Inadequate utilities, as a factor, is present to a meaningful extent and reasonably distributed throughout all portions of the Project Area.*

## 10. Deleterious Land Use or Layout

*As defined in the Act, "deleterious land-use or layout refers to the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area. Deleterious layout includes evidence of improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to meet contemporary development standards. It also includes evidence of improper layout of buildings on parcels and in relation to other buildings.*

### *Improper Layout*

The improved portion of the Project Area contains several parcels of varying sizes including small narrow parcels less than 25 feet in width located within several blocks. Several blocks contain these narrow parcels, which inhibit land assembly for housing development. Large super blocks created for the CHA housing developments lack proper interior street access for circulation, loading and parking. The existing platting and configuration of the area does not satisfy contemporary standards and limits potential for private development.

### *Incompatible Uses*

Two blocks contain commercial uses within predominantly residential areas and conflict with the residential character of adjacent residential land uses.

A block in which 20% or more of all properties exhibit deleterious land use or layout is indicated as characterized by the presence of deleterious land use or layout to a meaningful extent. A block in which fewer than 20% of the properties exhibit deleterious land use or layout is indicated as characterized by the presence of deleterious land use or layout to a limited extent. Figure 9, *Deleterious Land Use/Layout*, illustrates blocks with meaningful or minor presence of this factor.

*Conclusion: The factor of deleterious land-use or layout is present to a major extent in two blocks and to a limited extent in six blocks containing buildings. Therefore, the factor of deleterious land use or layout is present to a meaningful extent and reasonably distributed throughout the Project Area.*

## 11. Lack of Community Planning

*As defined in the Act, "lack of community planning" means that the proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. 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.*

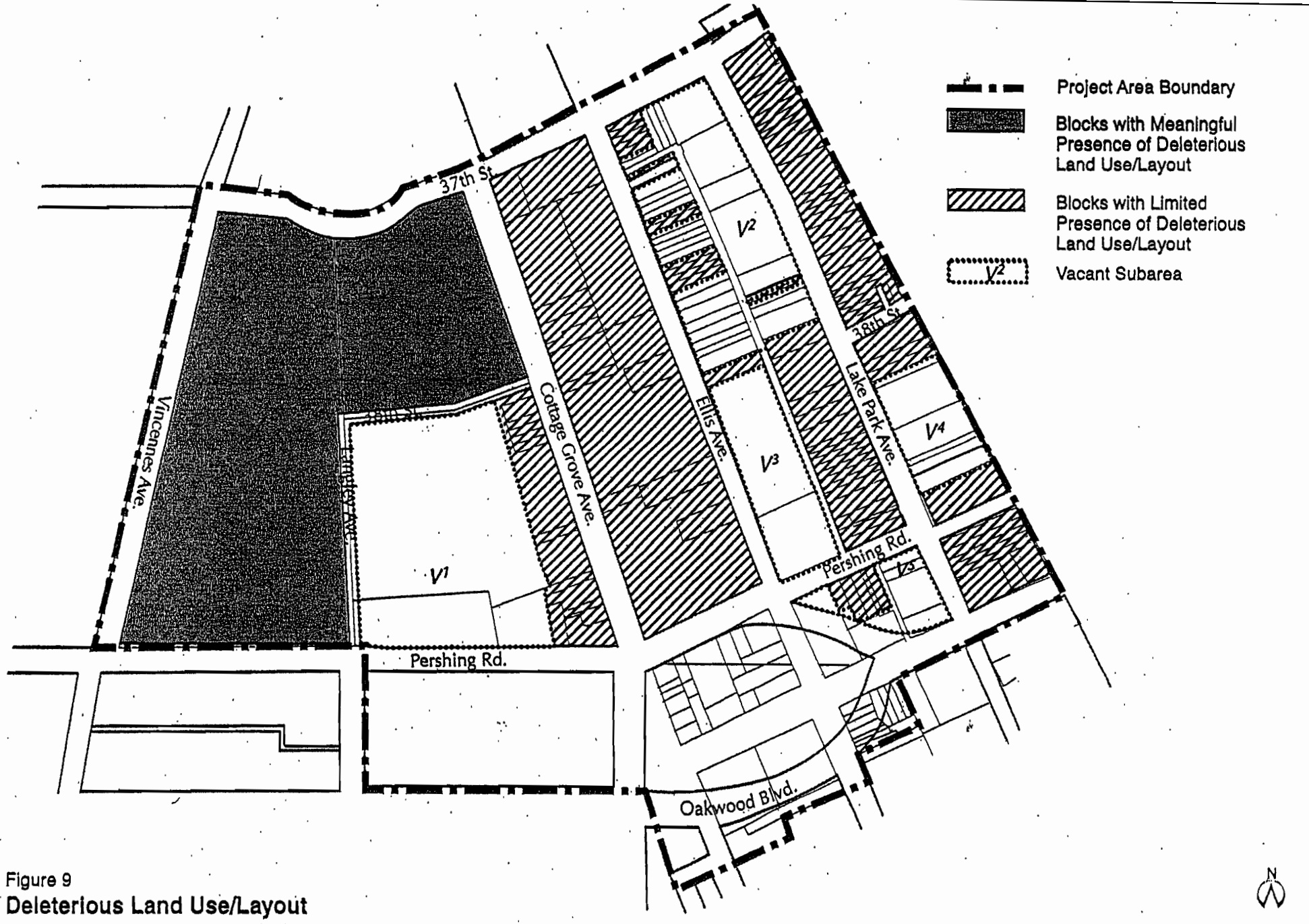


Figure 9  
Deleterious Land Use/Layout



The Project Area's block, parcel and street configuration, limited lot sizes in the blocks east of Ellis Avenue, placement of CHA buildings with a lack of open space, play areas, off-street parking, and incompatible commercial uses in conflict with adjacent residential areas in two blocks, all occurred prior to any guidelines for development of the Project Area.

*Conclusion: Lack of community planning as a factor is present to a meaningful extent and reasonably distributed throughout the Project Area.*

## **12. Environmental Remediation**

*As defined in the Act, "environmental remediation" means that 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.*

Phase I and Phase II Environmental studies have been conducted and indicate a need for clean-up action of hazardous substances. However, sites tested and identified indicate that the areas and properties investigated are almost entirely within the vacant portions of the Project Area. Insufficient data from tests within the improved portion of the Project Area does not substantiate the presence of this factor.

## **13. Declining or Lagging Equalized Assessed Valuation**

*As defined in the Act, a "declining or lagging equalized assessed valuation" means that the total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.*

The improved part of the Project Area declined in 3 of the last 5 years, lagging behind the growth rate of the City or the CPI-U for a minimum of 3 of the last 5 years. Table 2 shows the change in EAV by year for the improved part of the Project Area compared to the balance of the City and the CPI-U.

**Table 2. Change in EAV by Year - Improved Area**

	Percent Change in EAV						Lagging EAV
	95/96	96/97	97/98	98/99	99/00	00/01	Present?
Improved Part of the Project Area	-8.7%	34.7%	-7.1	0.1%	37.4%	-14%	Yes
Balance of the City	1.3%	8.4%	1.8%	4.2%	14.5%	*NA	
CPI-U							
Chicago-Kenosha-Gary	3.8%	1.9%	1.4%	2.5%	3.9%	1.2%	

\*Data not available at time of update.

**Conclusion:** *The factor of declining or lagging EAV is present in the improved part of the Project Area.*

**Summary Conclusions – Improved Area**

On the basis of the above review of current conditions, the improved part of the Project Area meets the criteria for qualification as a Blighted Area. The Project Area exhibits the presence of 9 of the 13 blighting area factors. These factors include: obsolescence, deterioration, structures below minimum code standards, excessive vacancies, excessive land coverage and overcrowding, inadequate utilities, deleterious land-use or layout, a lack of community planning and declining or lagging EAV. Only five factors are required to qualify as a Blighted Area under the Act. Each of these factors are present to a meaningful extent and reasonably distributed throughout the Project Area. The Improved Area factors are illustrated in Figure 10, *Distribution of Blighting Factors in Improved Areas*.

**C. VACANT AREA**

The Project Area is comprised of 5 vacant subareas, as illustrated in Figure 1, *Project Area Boundary*, including the previously occupied site of the Clarence Darrow Homes and four large areas in the blocks east of Ellis Avenue. Each of the vacant subareas within the Project Area meets the criteria required for designation as a "vacant blighted area" as set forth in the Act. All 5 vacant subareas qualify as a blighted area by containing the minimum two or more factors of the six factors under the first set of criterion listed in the Act. Vacant Subarea 1 also qualifies under the second set of criteria, one of which is required for qualification as a vacant blighted area.

**1. Combination of Two or More Factors**

Vacant areas within the Project Area may qualify for designation as part of a redevelopment project area, if the sound growth of the redevelopment project area is impaired by a combination of 2 of 6 factors listed in section 11-74.4-3(a)(2) of the Act, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains. These factors include:

**(I) Obsolete Platting**

Pursuant to the Act, obsolete platting means the "...platting of vacant land that results in parcels



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

Obsolete platting is present to a meaningful extent and impacts vacant subareas 2, 3, 4, and 5 of the Project Area. Factors contributing to this obsolescence include numerous small parcels and parcels of irregular and inconsistent configuration. The size and configuration of the current parcels were intended for single-purpose uses. Consequently, the platting and subdivision of these four vacant subareas within the Project Area are obsolete by present-day standards

*Conclusion: The factor of obsolete platting is present to a meaningful extent and is reasonably distributed throughout vacant subareas 2 through 5.*

**(2) Diversity of Ownership**

*Pursuant to the Act, diversity of ownership means: “Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.”*

Table 3 below identifies the number of separate taxpayers of record within each of the 5 vacant subareas.

**Table 3. Diversity of Ownership by Vacant Subarea**

Vacant Subarea	# of Separate Taxpayers	Diversity Factor Present?
V-1	1	No
V-2	10	Yes
V-3	1	No
V-4	5	Yes
V-5	6	Yes

*Conclusion: The factor of diversity of ownership is present to a meaningful extent and reasonably distributed in vacant subareas 2, 4, and 5.*

**(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 5 years**

Twenty-seven of the properties in the Project Area were tax delinquent in Assessment Year 2000. Nine of these tax delinquent properties were located in the vacant portion of the Project Area. Table 4 below identifies the presence of this factor within each vacant subarea.

**Table 4. Tax Delinquency, Vacant Subareas**

Vacant Subarea	No of Delinquent Parcels	Total No. of Parcels	% of Presence	Delinquency Factor Present?
V-1	0	7	0.0%	No
V-2	4	33	12%	No
V-3	0	2	0.0%	No
V-4	1	7	14.3%	No
V-5	4	8	50.0%	Yes

*Conclusion: Tax delinquencies are present to a minor extent in two vacant subareas and to a meaningful extent in one subarea. Consequently, this factor is present to a meaningful extent and is reasonably distributed in vacant subarea 5.*

**(4) *Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land***

Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land includes the improved areas as described in the previous sections. The criteria used for evaluating the deterioration of structures and site improvements in neighboring areas is presented in greater detail in Section II.B.1 of the Eligibility Report.

*Deterioration of Structures*

The improved part of the Project Area is adjacent to all five vacant subareas in the Project Area. Of the 125 buildings within the improved area of the Project Area:

- 23 buildings were classified as structurally sound;
- 16 buildings were classified as minor deficient (deteriorating);
- 85 buildings were classified as major deficient (deteriorating); and
- 1 structure was classified as structurally substandard (dilapidated).

*Deterioration of Streets*

As stated earlier in this report, interior streets within the Ida B. Wells housing development are deteriorated with broken and cracked pavement, pot holes, broken speed bumps, curbing and sunken sections due to collapse of sewer lines or other causes for settlement. Deterioration of site improvements is present to a meaningful extent in the area adjacent to the vacant land.

The factor of deterioration of structures or site improvements in neighboring areas adjacent to the vacant land is present to a meaningful extent and impacts all five vacant subareas.

*Conclusion: Deterioration of structures or site improvements in neighboring areas adjacent to the vacant area impacts each of the 5 vacant subareas and is therefore present to a meaningful extent and reasonably distributed throughout the vacant parts of the Project Area.*

**(5) *Declining or Lagging EAV***

*As defined in the Act, a "declining or lagging equalized assessed valuation" means that the total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.*

Each of the 5 vacant subareas experienced a growth rate in EAV that lagged behind the growth rate for the balance of the City. Table 5 illustrates the percent change in EAV by year for each of the vacant subareas as well as the change in EAV for the balance of the City and the Consumer Price Index.

**Table 5. Change in EAV by Year- Vacant Subareas**

Vacant Subarea	Percent Change in EAV						Lagging EAV
	95/96	96/97	97/98	98/99	99/00	00-01	Present?
V-1	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Yes
V-2	-37.6%	-22.2%	0.0%	26.3%	70.6%	-9.8%	Yes
V-3	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Yes
V-4	0.0%	0.0%	0.0%	0.0%	87.5%	3.9%	Yes
V-5	0.0%	-78.7%	0.0%	0.0%	87.5%	-25.3%	Yes
<b>Total Vacant Area</b>	<b>-11.5%</b>	<b>-53.6</b>	<b>0.0%</b>	<b>9.5%</b>	<b>80.4%</b>	<b>-9.4%</b>	<b>Yes</b>
<b>Balance of City</b>	<b>1.3%</b>	<b>8.4%</b>	<b>1.8%</b>	<b>4.2%</b>	<b>14.5%</b>	<b>*NA</b>	
<b>CPI-U</b>							
<i>Chicago-Kenosha-Gary</i>	3.8%	1.9%	1.4%	2.5%	3.9%	1.2%	

\*Data not available at time of update.

*Conclusion: The factor of Declining or Lagging EAV is present to a meaningful extent in each of the five subareas.*

**(6) Environmental Clean-Up**

*As defined in the Act, "environmental remediation" means that 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.*

Phase I and Phase II environmental studies have been conducted to determine whether the Madden/Wells/ Darrow Housing Areas contain hazardous substances and/or underground storage tanks. Based on the Phase II report by Montgomery Watson Harza, January 2002, it was found that the soil within the Project Area does contain hazardous substances, such as pesticides and lead. The costs to remediate the top three feet of this soil by means of wholesale removal and disposal have been estimated to be approximately \$16.8 million (as found in Montgomery Watson Harza's Phase II report).

*Conclusion: Based on the Phase II Environmental Report, it is concluded that the need for Environmental Clean-Up is present to a meaningful extent in the Madden/Wells Redevelopment Project Area.*

**2. One of Six Factors**

Vacant areas within the Project Area may also qualify for designation as part of a redevelopment project area, if the sound growth of the redevelopment project area is impaired by 1 of 6 other factors listed in section 11-74.4-3(a)(3) of the Act, 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. The only factor that is present is defined in the Act as follows:

*The area qualified as a blighted improved area immediately prior to becoming vacant and there has not been substantial private investment in the immediately surrounding area.*

Vacant Subarea 1 is the former site of the Clarence Darrow Homes, which included four CHA buildings containing 120 residential units each. Conditions present in the Clarence Darrow Homes were documented in the *Application for Total Demolition of Low-Income Public Housing – Clarence Darrow Homes* (the “CHA Demolition Application”), which was submitted to the U.S. Department of Housing and Urban Development, July 26, 1995, and the *Madden/Wells/Darrow HOPE VI Application* submitted in May 2000. Three of the four buildings were demolished in 1999 and the fourth was demolished in 2000. The problem conditions documented in the CHA Demolition Application and the HOPE VI Application are the basis by which it has been determined that the area qualified as a blighted improved area immediately prior to becoming vacant.

Using the definitions for an improved blighted area as stated in the Act and presented previously in *Section II.B*, a summary evaluation of the 9 improved area blight factors that were present in Vacant Subarea 1 prior to becoming vacant is presented below.

1. **Dilapidation** – The 4 CHA buildings were determined to be structurally substandard with defects so serious that the buildings must be removed. The buildings were demolished in 1999 and 2000.
2. **Obsolescence** - The CHA Demolition Application cited a number of obsolete systems by today’s standards including the central heating system, the electrical service, which required an upgrade in order to comply with City of Chicago Building Code; and dwelling units, common areas and elevators, which required upgrades to meet current ADA codes. In addition, a majority of all units in each building required comprehensive modernization.
3. **Deterioration** – Both building and site deterioration was present and documented in the CHA Demolition Application. The buildings exhibited concrete spalling and cracking of the exterior walls and open gallery areas, corrosion of re-bars, and corrosion and rust on vital elevator parts.
4. **Presence of structures below minimum code standards** – The CHA Demolition Application indicates that the four buildings had been cited for 64 “dangerous and hazardous” building code violations by the City of Chicago. Building code violations ranged from missing doors, interior repairs, and lighting repairs to rodent and insect infestation, plumbing and sewage problems, and exterior wall, floor and balcony repairs. In August of 1991, one of the four buildings was remanded to housing court for failure to correct code violations.
5. **Excessive vacancies** – At the time of the CHA Demolition Application, the Clarence Darrow Homes were 49.4% vacant. Despite a long waiting list of CHA applicants, the CHA had been hampered by a lack of funding to rehabilitate vacant units exacerbated by acts of vandalism.

6. **Inadequate utilities** – Based on reports provided by the City of Chicago's Water and Sewer Departments, a number of utilities within Vacant Subarea 1, in addition to the remaining Project Area, are aging or inadequate. This includes water mains, which were built between 1886 and 1905, serving the Darrow Homes, and sewer lines that need servicing on the north and west side of the subarea.
7. **Deleterious land-use or lay-out** - Site design and the high density of the Clarence Darrow Homes has been cited in the CHA Demolition Application as "...essential to ensure the long-term viability of the development of the CHA." The Darrow Homes, alone, were developed at a density of 62.3 units per acre as compared to the Ida B. Wells development which had a density of 33.5 units per acre. In addition to the high density, the development lacked through streets and was cut off from the adjacent community. As a result, the maze of dead-end streets isolated residents from the larger community and contributed to criminal activity.
8. **Environmental clean-up** – As part of the CHA Demolition Application, studies were conducted that documented the presence of lead paint and asbestos-containing materials in both individual units as well as common areas within each of the four Clarence Darrow Home buildings. Abatement of these conditions was required in conjunction with demolition activities and the cost was accounted for in the estimate of demolition.
9. **Declining or Lagging EAV** – The total EAV of the Improved portion of the Project Area has lagged that of the balance of the City for 3 of the last 5 years (over the period from 1996 to 2000).
10. **Lack of investment in surrounding area**- Publicly-owned properties surround Vacant Subarea 1 on all sides. Consequently, no private investment has occurred in the immediately surrounding area.

### III. DETERMINATION OF PROJECT AREA ELIGIBILITY

The Project Area meets the requirements of the Act for designation as a combination of improved and vacant "blighted areas." The summary of blighted area factors present within the improved and vacant areas in the Project Area are indicated in Tables 6 & 7 and illustrated in Figures 10 & 11.

#### *Improved Area*

The improved area exhibits the reasonable presence and distribution of 9 of the 13 factors required under the Act for blighted areas. These include:

1. Obsolescence
2. Deterioration
3. Structures below minimum code standards
4. Excessive vacancies
5. Excessive land coverage and overcrowding
6. Inadequate utilities
7. Deleterious land-use or layout
8. Lack of community planning
9. Declining or lagging EAV

#### *Vacant Area*

Each of the 5 vacant subareas qualifies under the first set of criteria for vacant blighted areas as presented in the Act. In addition, vacant subarea 1 qualifies under the second set of criteria for vacant blighted areas as listed in the Act. Vacant areas need only qualify under one of these criteria. Summarized below are the two sets of criteria under which the vacant subareas qualify as a blighted area.

1. The vacant part of the Project Area is impaired by a combination of 2 of 6 factors listed in section 11-74.4-3(a)(2) of the Act for qualification as a vacant blighted area. Specifically,
  - Each of the vacant subareas exhibits a combination of 2 or more factors. The various factors present include:
    - a. Obsolete platting of the vacant land (Vacant Subareas 2, 3, 4, 5);
    - b. Diversity of ownership (Vacant Subareas 2, 4, 5);
    - c. Tax and special assessment delinquencies (Vacant Subarea 5);
    - d. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land (Vacant Subareas 1, 2, 3, 4, 5); and
    - e. Declining or lagging EAV (Vacant Subareas 1, 2, 3, 4, 5).
    - f. Environmental clean up (Vacant Subareas 1,2,3, 4,5)

- Each of the factors that are present within their respective subareas is present to a meaningful degree and is reasonably distributed throughout that vacant part of the Project Area.
2. The vacant part of the Project Area is impaired by the presence of one of the six criteria listed in section 11-74.4-3(a)(3) of the Act for qualification as vacant blighted area. Specifically, *the area qualified as a blighted improved area immediately prior to becoming vacant unless there has been substantial private investment in the immediately surrounding area.*
- Nine improved blighted area factors were documented as present in the Vacant Subarea 1 prior to becoming vacant.
  - Publicly-owned properties surround Vacant Subarea 1 on all sides. Consequently, no private investment has occurred in the immediately surrounding area.

The eligibility findings presented in this report indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well-being of the City. The Project Area contains properties and buildings of various sizes and design that are advancing in obsolescence and deterioration and decline of physical condition. Existing vacancies, insufficient off street parking, loading and service areas in addition to other blighting factors as identified above, indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be restored to full active redevelopment without public action.

Table 6. Distribution of Factors - Improved Area

Block/Parcel	Age	Dilapidation	Obsolescence	Deterioration	Illegal use of individual structures	Structures below minimum code	Excessive vacancies	Overcrowding of structures / Excessive land coverage	Lack of ventilation, light & sanitary facilities	Inadequate utilities	Deleterious land-use layout	Environmental Remediation	Declining/Lagging EAV, NOT sep. by block	Lack of community planning	Total Factors Present
17-34-417	●		●	●		●	●			●			●	●	9
17-34-419						●							●	●	9
17-34-420										○				●	4
17-34-421	●												●	●	9
17-35-101	●									○			●	●	8
17-35-102	●									○			●	●	9
17-35-103	●					●	●			○			●	●	8
17-35-104	●	●	○			○				○			●	●	10
20-03-202	●		●										●	●	4

Table 7. Distribution of Factors - Vacant Subareas

Vacant Subarea	Criteria One Factors (combination of two or more required)	Qualifies under Criteria 1	Criteria Two Factors (one required)	Qualifies under Criteria 2
Subarea 1	Obsolete Platting Diversity of Ownership Tax & Special Assessment Delinquencies Deterioration in Neighboring Areas Environmental Clean-Up Declining or lagging EAV	Yes	Area consists of 1 or more quarries, mines, or strip mine ponds Area consists of unused railyards, rail tracks or railroad r-o-w Area consists of unused or illegal disposal site Area was designated a town/village center and has not been developed for that purpose Area qualified as a blighted improved area prior to becoming vacant	Yes
Subarea 2	●	Yes		No
Subarea 3	●	Yes		No
Subarea 4	●	Yes		No
Subarea 5	●	Yes	●	No

○ Present to a limited extent ● Present to a meaningful extent



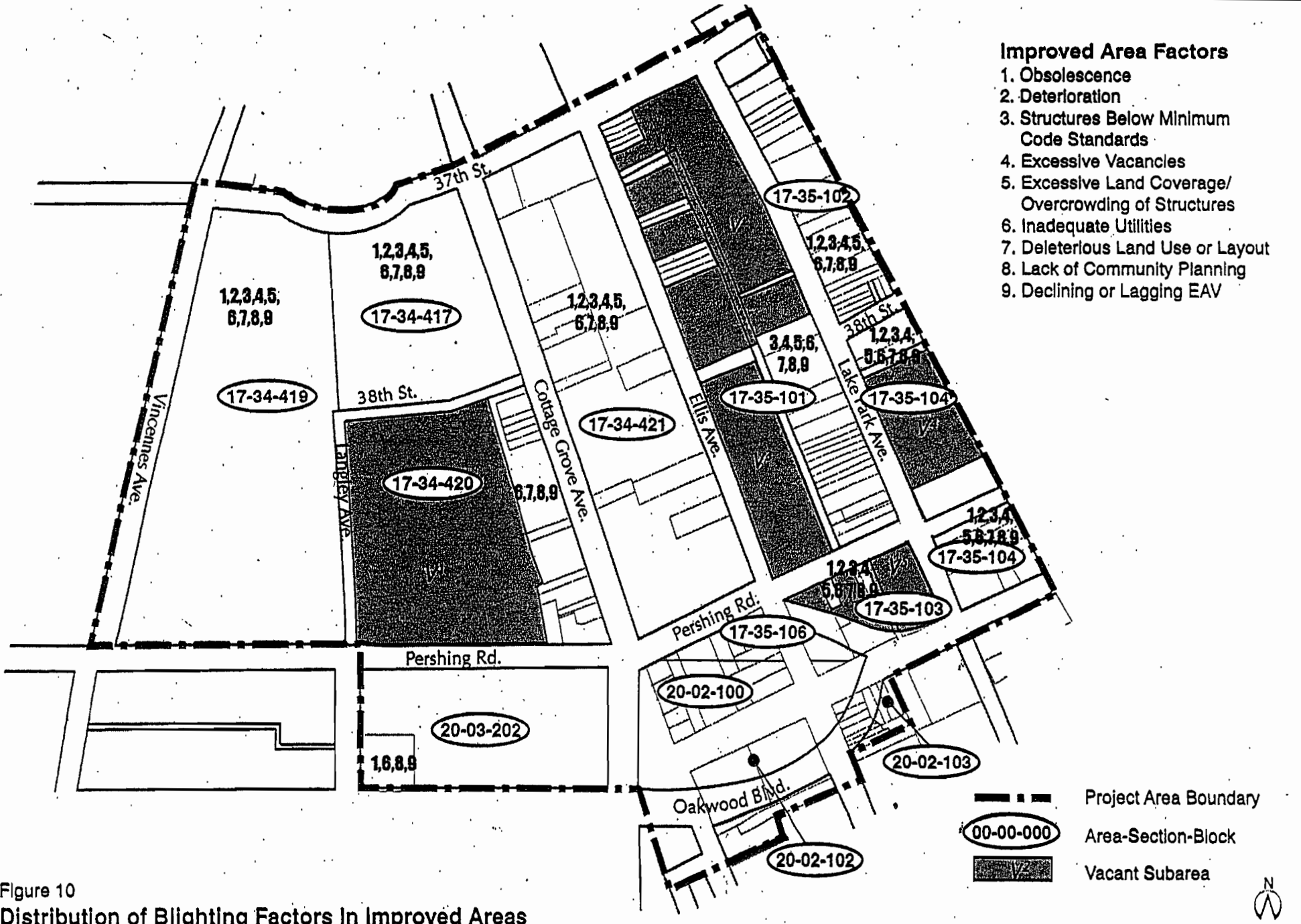


Figure 10  
Distribution of Blighting Factors In Improved Areas

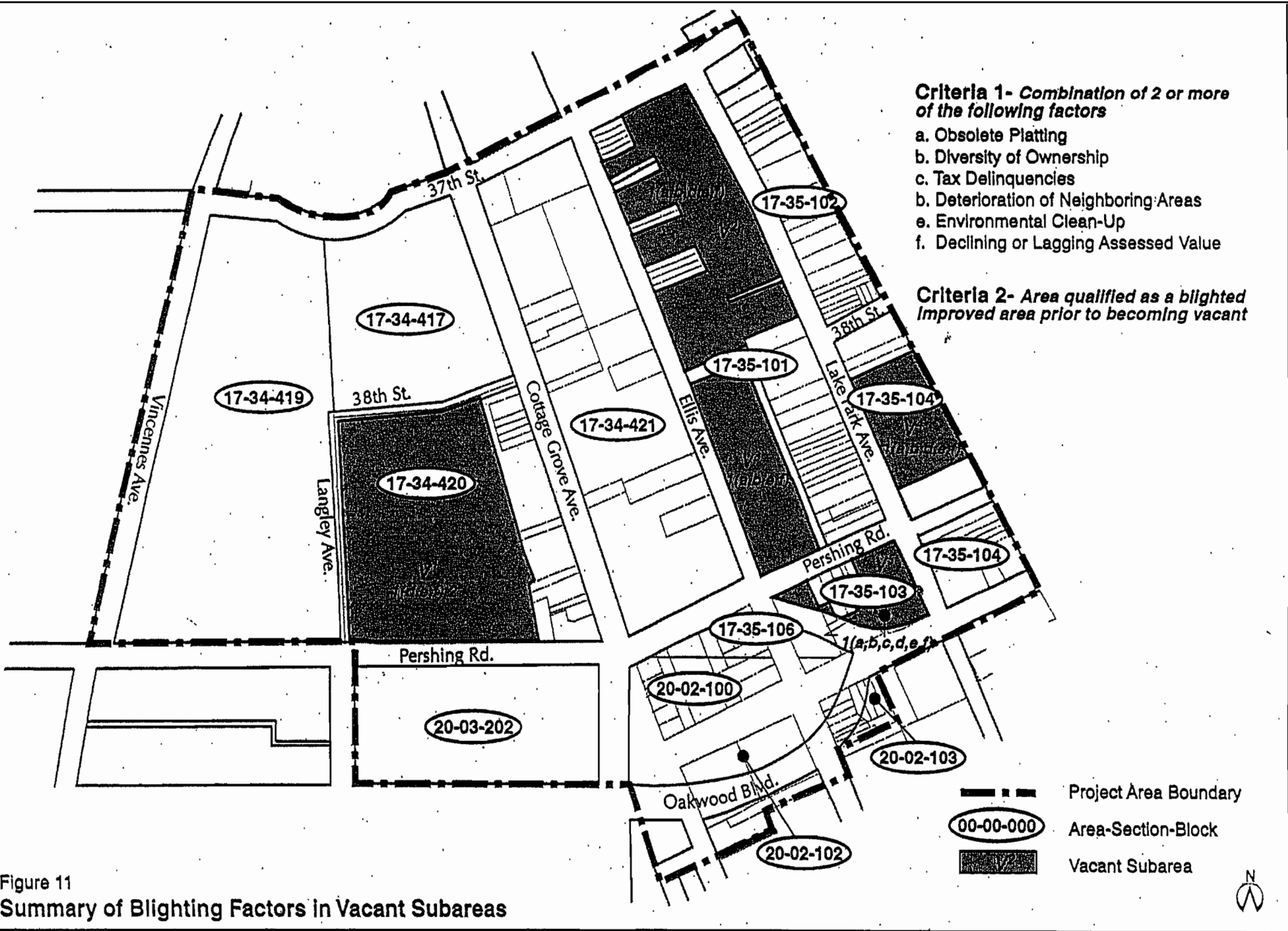


Figure 11  
 Summary of Blighting Factors in Vacant Subareas

# **EXHIBIT V:**

## **Madden/Wells Redevelopment Project Area Tax Increment Financing Housing Impact Study**

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**MADDEN/WELLS  
TAX INCREMENT FINANCING  
PROJECT AREA**

**HOUSING IMPACT STUDY**

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City of Chicago  
Richard M. Daley, Mayor

Department of Planning & Development  
Alicia Mazur Berg, Commissioner

Prepared by:  
Trkla, Pettigrew, Allen & Payne, Inc.  
June 27, 2002

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## INTRODUCTION

The purpose of this report is to conduct a housing impact study for the Madden/Wells Tax Increment Financing Project Area (the "Project Area") as set forth in the Tax Increment Allocation Act (the "Act"). The Act is found in Illinois Compiled Statutes, Chapter 65, Act 5, Section 11-74.4-1 *et. seq.*, as amended. The Project Area is generally bounded by East 37<sup>th</sup> Street on the north, the west line of the Illinois Central Rail Line on the east, East Pershing Road and East Oakwood Boulevard on the south and South Vincennes Avenue on the west.

As set forth in the Act, if the plan for a project area would result in the displacement of residents from 10 or more inhabited residential units, or if the project area contains 75 or more inhabited residential units and the City is unable to certify that no displacement of residents will occur, the municipality shall prepare a housing impact study and incorporate the study in a separate feasibility report incorporated in the redevelopment plan.

As of March 19, 2002, the Project Area contains 310 inhabited residential units located throughout the Project Area. The foregoing "Madden/Wells Tax Increment Financing Project and Plan," (the "Plan") which incorporates this document by reference, provides for new development. One of the goals of the Plan is to maintain sound existing housing where appropriate. However, new development is likely to result in the displacement of residents from 10 or more inhabited residential units. Therefore, a housing impact study is required. As set forth in the Act:

Part I of the housing impact study shall include:

- (i) data as to whether the residential units are single family or multi-family units;
- (ii) the number and type of rooms within the units, if that information is available;
- (iii) whether the units are inhabited or uninhabited, as determined not less than 45 days before the date that the ordinance or resolution required by subsection (a) of Section 11-74.4-5 of the Act is passed; and
- (iv) data as to the racial and ethnic composition of the residents in the inhabited residential units, which data requirement shall be deemed to be fully satisfied if based on data from the most recent federal Census.

Part II of the housing impact study identifies the inhabited residential units in the proposed project area that are to be or may be removed. If inhabited residential units are to be removed, then the housing impact study shall identify:

- (i) the number and location of those units that will or may be removed;
- (ii) the municipality's plans for relocation assistance for those residents in the proposed project area whose residences are to be removed;
- (iii) the availability of replacement housing for those residents whose residences are to be removed, and identify the type, location, and cost of the replacement housing; and
- (iv) the type and extent of relocation assistance to be provided.

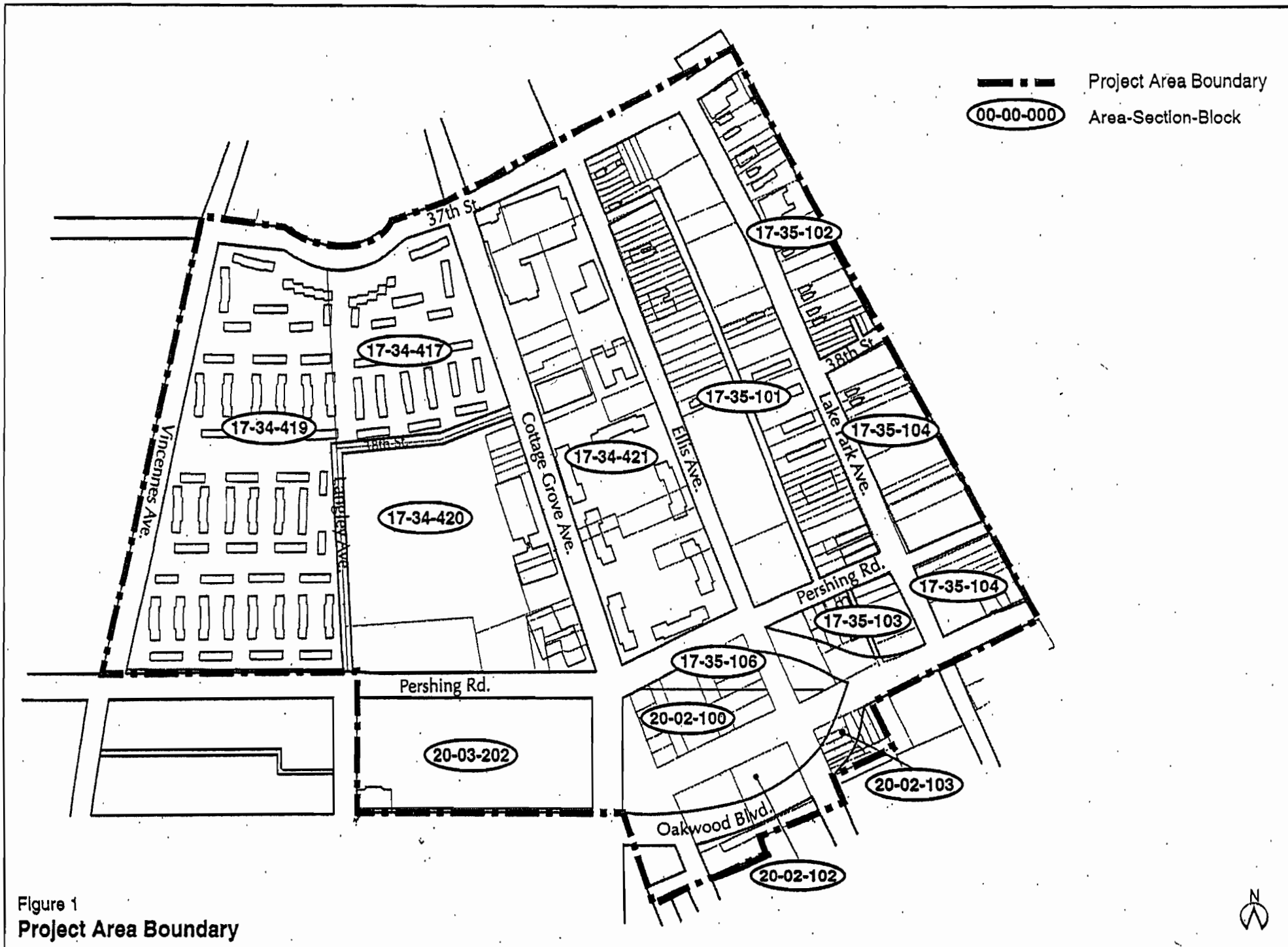


Figure 1  
Project Area Boundary

## PART I

As required by the Act, Part I of this Housing Impact Study includes data as to the 1) whether the residential units are single-family or multiple family units; 2) the number and type of rooms within residential units; 3) number of inhabited units; and 4) race and ethnicity composition for all residential units within the Project Area. For purposes of this study, 1990 and 2000 United States Census data and estimates for the year 2001 were utilized. The 2001 estimate was provided by Claritas Data Services, one of the nation's leading providers of demographic information. The 2000 Census is the most recent federal census for which housing data were available at the time of the study. However, not all the information needed for this report has been released by the U.S. Census Bureau yet. Household income data estimated for 2001 was derived from actual 1990 data. Number of bedrooms has also been estimated based on 1990 Census information and fieldwork completed by the Consultant.

### *A. Number and Type of Residential Units*

The Project Area contains a variety of residential structures including single-family, multi-family, and mixed-use buildings. A total of 887 residential units was identified including 10 single-family units, 24 two-family units, 18 three-family units, 829 multi-family units, and 6 mixed-use units. The distribution of the aforementioned units by building type is shown in Table 1, below.

**Table 1: Project Area Residential Units, by Building Type**

<i>Building Type</i>	<i>Total Units</i>	<i>% of Total</i>
Single-family	10	1%
Two-family	24	3%
Three-family	18	2%
Multi-family	829	93%
Mixed-Use	6	1%
<b>Total</b>	<b>887</b>	<b>100%</b>

*Source: Trkla, Pettigrew, Allen & Payne, Inc.*

### *B. Number and Type of Rooms within Units*

Actual data from the 2000 Census regarding the number of bedrooms is not available yet. Therefore, data from the 1990 Housing Census\* have been used to estimate the distribution of residential units, by number of bedrooms, within the Project Area. Specifically, the combined distribution for three Census blocks falling within the boundaries of the Project Area, either partially or entirely, was applied to the 887 residential units found in the Project Area. The resulting estimated distribution by number of bedrooms for the Project Area is shown in Table 2, *Project Area Residential Units, Number of Bedrooms*.

*\*The data was obtained using Census tracts 3602, block 1; and 3603, blocks 1 and 2.*



**Table 2: Project Area Residential Units, Number of Bedrooms**

Number of Bedrooms	Project Area % Census	Total
Studio	3%	27
1 Bedroom	23%	204
2 Bedrooms	30%	266
3 Bedrooms	36%	319
4 Bedrooms	6%	53
5+ Bedrooms	2%	18
Total	100%	887

Source: Trkla, Pettigrew, Allen & Payne, Inc.

**C. Number of Inhabited Units**

The Project Area contains 887 residential units, which, as of March 19, 2002, includes 310 inhabited units and 577 vacant units. This represents a vacancy rate of 65%. The distribution of inhabited residential units by unit type is shown in Table 3, below. March 19, 2002, is a date not less than 45 days prior to the date that the resolution required by subsection (a) of Section 11-74.4-5 of the Act was or will be passed (the resolution setting the public hearing and Joint Review Board meeting dates).

**Table 3: Project Area Inhabited Residential Units**

Building Type	Total Units	Inhabited	Vacant
Single-family	10	7	3
Two-three family	42	21	21
Multi-family	829	282	547
Mixed Use	6	0	6
Total	887	310	577

Source: Trkla, Pettigrew, Allen & Payne, Inc.

**D. Race and Ethnicity of Residents**

As required by the Act, an estimate has been made of the racial and ethnic composition of the Project Area population. Actual numbers from the 2000 Census were obtained for three Census block groups that partially or entirely fall within the Project Area. In 2000, the combined population of those block groups was approximately 2015 and the average household size was estimated at 3.6 persons.

The average household size (3.6 persons) for the three block groups was multiplied by the number of inhabited residential units (310) in the Project Area to provide an estimate of the total Project Area population, 1,116 persons. This calculation is shown in Table 4. The slight difference in numbers (4 residents) between Table 4 and Table 5 is due to rounding of percentages and estimation of data.

**Table 4: Estimate of Project Area Population, by Building Type**

Type	Number of Inhabited Units	Family Size Adjustment (Persons per unit)*	Estimated Number of Residents
Single-family	7	3.6	25
Two-three family	21	3.6	76
Multi-family	282	3.6	1015
Mixed use	0	3.6	0
<b>Total</b>	<b>310</b>		<b>1116</b>

Source: U.S. Census and Trkla, Pettigrew, Allen & Payne, Inc.

The 2000 distribution of population by race and ethnicity (Hispanic or Non-Hispanic origin) for the 3 block groups of which the Project Area is a part was obtained. This yielded the total number of residents included in that Census area by race and ethnicity shown in Table 5.

**Table 5: Project Area Race and Ethnic Composition**

Race	Census 2000	2000%	Project Area
White	20	1.0%	11
Black	1988	98.7%	1097
American Indian and Alaska Native	0	0.0%	0
Pacific Islander	0	0.0%	0
Asian	1	0.0%	1
Some other race	7	0.3%	4
<i>Total</i>	<i>2015</i>	<i>100.0%</i>	<i>1112</i>
<b>Ethnicity</b>			
Not of Hispanic Origin	1988	98.7%	1097
Hispanic Origin	27	1.3%	15

Note: Data derived from US Census 2000. Includes parts of Census tracts 3602 (blocks 1004-1008) and 3603 (blocks 1003,1004, 1007 and all of block group 2).

## Part II

### A. Number and Location of Units to be Removed

As of March 19, 2002, the Project Area contained 887 residential units including 10 units in single-family homes, 42 units in two to three family residences, 829 units in multi-family buildings, and 6 units in 1 mixed-use building. Of the 887 residential units, 310 are occupied. The Plan calls for new development of residential uses throughout the Project Area. Improvement projects supported by the Plan include new residential development and creation and enhancement of community facilities and amenities. Because the Project Area includes a number of inhabited residential units that may be impacted by

implementation of this Plan, information is provided regarding this Plan's potential impact on housing.

Potential displacement of inhabited residential units has been determined based on three criteria. These criteria include 1) any properties with buildings that are classified as dilapidated or seriously deteriorated, 2) any properties that may be subject to removal due to acquisition; and 3) any properties that may be subject to removal due to a change in land use or as a result of a proposed redevelopment project. Findings for each criteria is summarized below:

- 1) Dilapidation as defined in the Act refers to 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. Deterioration as defined in the Act refers to, with respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. Based on surveys conducted by Trkla, Pettigrew, Allen & Payne, Inc. for this Project Area, there were no buildings with occupied residential units in the Project Area that were classified as structurally substandard (dilapidated).
- 2) No acquisition plan has been prepared as part of the Madden/Wells Redevelopment Project and Plan. By adoption of the *North Kenwood Oakland Conservation Plan* in 1992, as amended (the "Underlying Conservation Area Plan"), the City has previously established authority to acquire and assemble property. Nothing in this Housing Impact Study shall be deemed to limit or adversely affect the authority of the City under the Underlying Conservation Plan to acquire and assemble property. Accordingly, incremental property taxes from the Project Area may be used to fund the acquisition and assembly of property by the City under the authority of the Underlying Conservation Area Plan. Included on the Underlying Conservation Area Plan's acquisition list and corresponding acquisition map are 85 tax parcels that are located with the Madden/Wells Project Area (76 parcels proposed to be acquired under the 1992 document and 9 additional parcels added in 2002). Of those tax parcels, there are approximately 4 inhabited units in 3 buildings. Implementation of the acquisition plan may result in the displacement of these inhabited residential units. The acquisition map for the Underlying Redevelopment Area Plan is included in the Redevelopment Plan as Exhibit VI.

A Master Plan for redevelopment of the Madden Park Homes, Ida B. Wells, Wells Extension, and Clarence Darrow Homes sites, which comprise a large portion of the Project Area, has been prepared as part of the HOPE VI Application which was granted in July 2000. All 267 inhabited CHA units within a total of inhabited 64 buildings identified therein and situated in the Project Area may be subject to removal or displacement as a result of the Madden/Wells/Darrow Master Plan. All 267 inhabited units are within multi-family buildings.

- 3) After reviewing the proposed land use (residential) as compared with the current land use (residential) for the Madden/Wells Redevelopment Project Area, we have

determined that no inhabited residential units will be impacted by changes to existing land use. Therefore, the number of inhabited residential units that may be removed due to future land use change is zero.

Based on the criteria above, it is estimated that a total of 271 units in 67 buildings may be displaced over the 23-year life of the TIF. The address for each of the properties with inhabited residential units that may be displaced is listed in Table 6.

### ***B. Relocation Plan***

The City's plans for relocation assistance for those qualified residents in the proposed Project Area whose residences are to be removed shall be consistent with the requirements set forth in Section 11-74.4-3(n)(7) of the Act. No specific relocation plan has been prepared by the City as of the date of this report because no project has been approved by the City. Until such a project is approved, there is no certainty that any removal of residences will actually occur.

However, the Chicago Housing Authority (CHA) has prepared a relocation plan entitled "Revised: 2000 Hope VI Relocation Plan, Madden Park/Darrow Homes/Ida B. Wells/Wells Extension", submitted on October 3, 2001 to the US Department of Housing and Urban Development (HUD), with respect to residents of public housing units located in the Project Area. This plan explains how the CHA will comply with HUD's Resident Protection Agreement. In this document, the estimated number of residents, the relocation destinations, resident preferences with respect to relocation, relocation resources, relocation services, overcoming potential impediments to relocation, standards for occupancy and re-occupancy, relocation timetable and costs, and the resident participation activities are addressed. It is the intention of the City of Chicago to confirm the CHA's compliance with this relocation plan. Any relocation plan prepared by the City will be consistent with the requirements of the Act and the CHA's relocation plan.

### ***C. Availability of 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 as a result of the implementation of the Plan, is located in or near the Project Area.

Based on the nature of development that could occur in the Project Area it may be possible to locate replacement units both inside and outside of the Project Area. Trkla, Pettigrew, Allen and Payne, Inc. (TPAP) conducted a survey of rental units in the Oakland, Grand Boulevard, Douglas, Kenwood, and Hyde Park community areas, in order to gauge the amount, type, and pricing of replacement housing that would potentially be available in, or near, the Project Area. All of the units included were located in the City of Chicago, within the Oakland or Hyde Park communities. All survey activities were conducted from March 18-22, 2002.

**Table 6. Locations of Inhabited Residential Units that May Subject to Displacement**

*Per North Kenwood-Oakland Conservation Area Plan*

Address	Units	Type
3846 S LAKE PARK	2	TF
3866 S LAKE PARK	1	SF
3868 S LAKE PARK	1	SF
<b>TOTAL</b>	<b>4</b>	

*Chicago Housing Authority, Per Hope VI Application Master Plan*

Address	Units	Type
605 E 37TH PLACE	10	MF
623 E 37TH PLACE	5	MF
643 E 37TH PLACE	3	MF
640 E 37TH PLACE	2	MF
620 E 37TH PLACE	3	MF
610 E 37TH PLACE	3	MF
3709 S VINCENNES	12	MF
601-611 E 37TH PLACE	2	MF
635-643 E 37TH PLACE	4	MF
667-677 E 37TH PLACE	2	MF
3741-3759 S VINCENNES	8	MF
615-623 E 37TH PLACE/618-626 E 38TH STREET	4	MF
625-633 E 37TH PLACE/628-634 E 38TH STREET	2	MF
679-687 E 37TH PLACE/688-696 E 38TH STREET	1	MF
606-618 E 38TH STREET	5	MF
638-674 E 38TH STREET	5	MF
601-607 E 38TH ST	4	MF
631-341 E 38TH ST	3	MF
663-673 E 38TH ST	2	MF
3802-3808 S LANGLEY AVE	2	MF
3809-3829 S VINCENNES	6	MF
609-619 E 38TH ST/618-626 E 38TH PLACE	5	MF
621-629 E 38TH ST/628-636 E 38TH PLACE	3	MF
643-651 E 38TH ST/650-658 E 38TH PLACE	3	MF
653-661 E 38TH ST/660-668 E 38TH PLACE	2	MF
3812-3826 S LANGLEY	4	MF
606-616 E 38TH PLACE	3	MF
638-648 E 38TH PLACE	4	MF
670-680 E 38TH PLACE	5	MF
3828-3834 S LANGLEY AVE	1	MF
601-607 E 38TH PLACE	3	MF
629-639 E 38TH PLACE	3	MF
659-669 E 38TH PLACE	3	MF
689-699 E 38TH PLACE	5	MF
3841-3859 S VINCENNES	2	MF
609-627 E 38TH PLACE	4	MF
619-625 E 38TH PLACE/622-628 E 38TH STREET	2	MF
641-647 E 38TH PLACE/642-648 E 38TH STREET	2	MF

649-657 E 38TH PLACE/650-658 E 38TH STREET	2	MF
671-677 E. 38TH PLACE/672-678 W 39TH STREET	1	MF
679-687 E 38TH PLACE/680-686 E 38TH STREET	2	MF
3840-3858 S LANGLEY AVE	8	MF
600-610 E 39TH ST	6	MF
630-640 E 39TH ST	6	MF
660-670 E 39TH ST	4	MF
688-698 E 39TH ST	5	MF
659-677 E 37TH ST	7	MF
679-693 E 37TH ST	8	MF
3710-3726 S COTTAGE GROVE	9	MF
750-756 E 37TH PLACE	3	MF
730-746 E 37TH PLACE	9	MF
720-744 E 37TH PLACE	4	MF
651-657 E 37TH PLACE	2	MF
713-723 E 37TH PLACE	5	MF
745-755 E 37TH PLACE	5	MF
779-785 E 37TH PLACE	3	MF
700-708 E 38TH ST/701-709 E 37TH PLACE	2	MF
728-736 E 38TH ST/725-733 E 37TH PLACE	4	MF
738-746 E 38TH ST/735-743 E 37TH PLACE	5	MF
760-768 E 38TH ST/757-765 E 37TH PLACE	1	MF
3808- 3812 S LAKE PARK AVE	6	MF
3822-3828 S LAKE PARK AVE	6	MF
3830-3834 S LAKE PARK AVE	6	MF
3814-3820 S LAKE PARK AVE	6	MF
<b>TOTAL</b>	<b>267</b>	

*SF=Single family; TF= Two family; 3F=Three Family; MF=Multiple Family/Apartments.*

The information presented on replacement housing, both for-sale and rental, is based on classified advertisements from the *Chicago Tribune*, the *Hyde Park Herald*, and the *Chicago Sun-Times*, as well as a corresponding telephone survey with area landlords and apartment management companies.

Through the survey, TPAP found a total of 55 available rental units in the area, at rents ranging from \$425 to \$2,000. This sample included eleven studios, which range from \$500 to \$700 per month. The twenty one-bedroom units in the sample rent for between \$550 and \$1400. Twelve two-bedroom units rent for between \$725 and \$1200. The ten three-bedroom units rent for \$975-\$2000. The apartments comprising the sample are shown in Table 7.

TPAP also conducted a survey of for-sale housing in the Oakland, Grand Boulevard, Douglas, and Kenwood areas, to gauge the amount, size and pricing of replacement for-sale housing. All the homes listed are located in the Douglas or Kenwood community areas.

The data were obtained from classified advertisements from the *Chicago Tribune/Multiple Listing Service of Illinois*. The average sale price was \$153,174, while the range of sale prices was \$55,000-\$218,000. With the exception of one studio, all had between one and

three bedrooms, with 39% being three-bedrooms and 30% being two bedrooms. Locations, sizes and prices of the for-sale housing sample are presented in Table 8.

**Table 7. Location, Type, Cost and Availability of Replacement Housing Units- Rental**

	APARTMENT ADDRESS	# OF BRS	SQ. FT.	UTILITIES INCL.	RENT	AVAIL.	COMMUNITY
1	3423 S. Cottage Grove	1	840	yes	\$840	current	Oakland
2	3423 S. Cottage Grove	2	1039	yes	\$1,025	current	Oakland
3	3423 S. Cottage Grove	3	1450	yes	\$1,400	current	Oakland
4	1606 E. Hyde Park Blvd--3 units avl.	1	-	Utilities incl./excl E	\$771	current	Hyde Park
5	1606 E. Hyde Park Blvd--6 units avl.	2	-	Utilities incl./excl E	\$940	current	Hyde Park
6	5042 Hyde Park Blvd	1	-	no	\$700	current	Hyde Park
7	1577 E. 54th Street	2	-	no	\$900	current	Hyde Park
8	5120 Hyde Park Blvd	3	-	no	\$1,000	current	Hyde Park
9	5460 Ellis Avenue	3	-	yes	\$1,000	current	Hyde Park
10	5336 Greenwood	3	-	no	\$1,200	current	Hyde Park
11	5307 Hyde Park Blvd--4 units avl.	1	-	no	\$675	current	Hyde Park
12	5307 Hyde Park Blvd--3 units avl.	Studio	-	no	\$500	current	Hyde Park
13	5242 S. Hyde Park Blvd--2 units avl.	1	-	Utilities incl./excl E	\$750	current	Hyde Park
14	5242 S. Hyde Park Blvd--2 units avl.	Studio	-	Utilities incl./excl E	\$500	current	Hyde Park
15	5541 S. Everett Avenue	Studio	-	yes	\$700	current	Hyde Park
16	1380 E. Hyde Park Blvd--3 units avl.	2	-	no	\$1,025	current	Hyde Park
17	1020 E. Hyde Park Blvd	2	-	no	\$725	current	Hyde Park
18	4800 Lake Shore Drive	1	-	yes	\$875	current	Hyde Park
19	1000 E. 53rd Street	1	-	Utilities incl./excl E,G	\$1,400	current	Hyde Park
20	4724 S. Vincennes Avenue	1	-	Utilities incl./excl E	\$650	current	Hyde Park
21	4724 S. Vincennes Avenue	Studio	-	Utilities incl./excl E	\$533	current	Hyde Park
22	4724 S. Vincennes Ave--3units avl.	3	-	Utilities incl./excl E	\$975	current	Hyde Park
23	5200 S. Harper	Studio	-	Utilities incl./excl E,G	\$425	current	Hyde Park
24	5326 S. Harper	2	-	Utilities incl./excl E	\$1,200	current	Hyde Park
25	5441 S. Harper	1	-	Utilities incl./excl E	\$925	current	Hyde Park
26	5704 S. Harper	1	-	yes	\$875	June	Hyde Park
27	836 E. 53rd Street	2	-	Utilities incl./excl E	\$750	current	Hyde Park
28	76th & Prairie Street	1	-	Utilities incl./excl E	\$550	current	Hyde Park
29	58th & Harper	1	-	Utilities incl./excl E	\$650	current	Hyde Park
30	55th & Dorchester	1	-	Utilities incl./excl E	\$850	current	Hyde Park
31	4729 S. Ellis Avenue--3units avl.	1	-	Utilities incl./excl E,G	\$700	current	Hyde Park
32	4729 S. Ellis Avenue	Studio	-	Utilities incl./excl E,G	\$590	current	Hyde Park
33	5501 Cornell Avenue	Studio	-	yes	\$570	current	Hyde Park
34	4938 S. Drexel	Condo	600	Utilities incl./excl E,G	\$775	current	Hyde Park
35	1209 E. Madison Park	3	2200	Utilities incl./excl E,G	\$2,000	current	Hyde Park
36	5120 S. Harper	Studio	-	Utilities incl./excl E	570	current	Hyde Park

Source: The Hyde Park Herald, The Chicago Tribune, and the Chicago Sun-Times classified advertisements.

Key notes: E - electric, G - gas

**Table 8. Location, Type, Cost and Availability of Replacement Housing Units – For Sale**

No.	Address	Bed	Bath	List Price	Bldg. Type	Community
1	3630 S. Calumet	3	1	\$189,000	row house	Douglas
2	2921 S. Michigan	2	2	\$179,000	condominium	Douglas
3	2901 S. Michigan	2	1	\$139,000	condominium	Douglas
4	3001 S. Michigan	2	1	\$119,900	condominium	Douglas
5	601 E. 32nd St.	1	1	\$119,900	condominium	Douglas
6	2921 S. Michigan	1	1	\$99,900	condominium	Douglas
7	3021 S. Michigan	studio	1	\$73,800	condominium	Douglas
8	1021 E. 46th St	3	2	\$218,900	condominium	Kenwood
9	1021 E. 46th St	3	2	\$214,900	condominium	Kenwood
10	The Newport	2	2	\$210,000	condominium	Kenwood
11	The Newport	2	2	\$210,000	condominium	Kenwood
12	4014 S. Drexel	3	2	\$199,999	condominium	Kenwood
13	The Newport	2	2	\$195,000	condominium	Kenwood
14	5000 S. Cornell	3	3	\$189,900	condominium	Kenwood
15	1021 E. 46th St	3	2	\$187,900	condominium	Kenwood
16	4800 S. Lake Shore	1	1	\$159,000	condominium	Kenwood
17	1023 E. 46th St.	2	1	\$155,900	condominium	Kenwood
18	5000 S. Cornell	2	2	\$135,000	condominium	Kenwood
19	The Newport	1	1	\$129,000	condominium	Kenwood
20	4800 S. Lake Shore	1	1	\$125,000	condominium	Kenwood
21	5000 East End	2	2	\$112,000	cooperative	Kenwood
22	5000 East End	3	2.5	\$105,000	cooperative	Kenwood
23	4848 S. Drexel	2	2	\$55,000	cooperative	Kenwood
<b>AVERAGE LIST PRICE:</b>				<b>\$153,174</b>		

*Chicago Tribune/Multiple Listing Service of Northern Illinois, March 17, 2002*

**D. Type and Extent of Relocation Assistance**

In the event that the implementation of the Plan results in the removal of residential housing units in the Project Area occupied by low-income households or very low-income households, or the permanent displacement of low-income households or very low-income households from such residential housing units, such households shall be provided affordable housing and relocation assistance not less than that which would be provided under the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations 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 replacement housing is located in or near the Project Area.

As stated in Section B (“Relocation Plan”) of this housing impact study, the Chicago Housing Authority (CHA) has prepared a relocation plan with respect to residents of public housing units located in the Project Area.

As used in the above paragraph, “low-income households,” “very low-income households,” “moderate income” 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 Plan, these statutory terms have the following meaning:



(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) "moderate income household" means a single person, family or unrelated persons living together whose adjusted income is more than 80 percent but less than 120 of the median income of the area of residence, adjusted for family size, as so determined by HUD; and

(iv) "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.

For the purposes of this study, the very low-income category has been divided into very, very low-income (those households with an income of 0% to 30% of area median income) and very low-income (those households with an income of 30% to 50% of area median income). One method of estimating moderate, low-, and very-low income households in the Project Area uses 2002 income limits for four-person households, as set by HUD for the purposes of Section 8 of the United States Housing Act of 1937<sup>1</sup>. The estimated number of low-income households in inhabited units of the Project Area is 24 (or 7.9%), the estimated number of very low-income households in inhabited units of the Project Area is 14 (or 4.5%), the estimated number of very, very low-income households in the Project Area is 260 (or 83.7%), and the estimated number of moderate-income households in inhabited units of the Project Area is 10 (or 3.3%). Using the method described herein, the estimate of total moderate-, low-, very low-, and very, very low-income households in the Project Area is 308 units, or 99.5 % of all inhabited units.

As described above, the estimates of total low-, very low-, or very, very low-income households within the Project Area represent 96.1% of the total inhabited units. Those households at or below the moderate-income level collectively represent 99.5% of the total inhabited units. The City will implement the "Madden/Wells Tax Increment Financing Area Project and Plan" (including the requirements applicable to composition of the joint review board under Section 11-74.4-5(b) of the Act) as if more than 50 percent of the residential units are occupied by very, very low-, very low-, low-, or moderate-income households.

<sup>1</sup> The 2002 income limits for a family of four in the Chicago metropolitan region, (which includes the City of Chicago), as determined by HUD, are \$22,600 for very, very low-income eligibility, \$37,700 for very low-income eligibility, \$54,400 for low-income eligibility, and \$90,480 for moderate-income eligibility.

**Table 9: Estimated Need for Affordable Housing Units in Project Area**

<i>Income Category</i>	<i>Claritas 2001 Estimated%</i>	<i>Estimated Project Area Households</i>	<i>Four-person HH Annual Income Range</i>	<i>Corresponding Claritas Income Category</i>
<b>Very, Very Low-Income (0% to 30% AMI)</b>	83.7%	260	\$0- \$22,599	\$0- \$22,499
<b>Very Low-Income (30% to 50% AMI)</b>	4.5%	14	\$22,600- \$37,699	\$22,500- \$37,499
<b>Low-Income (50% to 80% AMI)</b>	7.9%	24	\$37,700- \$54,399	\$37,500- \$54,499
<b>Moderate Income (80% to 120% AMI)</b>	3.3%	10	\$54,400- \$90,479	\$55,000- \$89,999
<b>Above-Moderate Income (120% AMI+)</b>	0.5%	2	\$90,480- _____	\$90,000- _____
<b>Total</b>	<b>100.0%</b>	<b>310</b>		

*Sources: HUD and Claritas Data Corporation, Inc.*

*Note: The Claritas income categories were adjusted to more closely reflect the 2002 income limits as set by HUD.*






# **Exhibit VI:**

**North Kenwood-Oakland Conservation Area Acquisition Map (as approved in 1992)**

# NORTH KENWOOD - OAKLAND CONSERVATION AREA

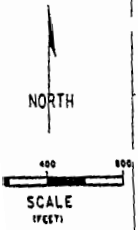
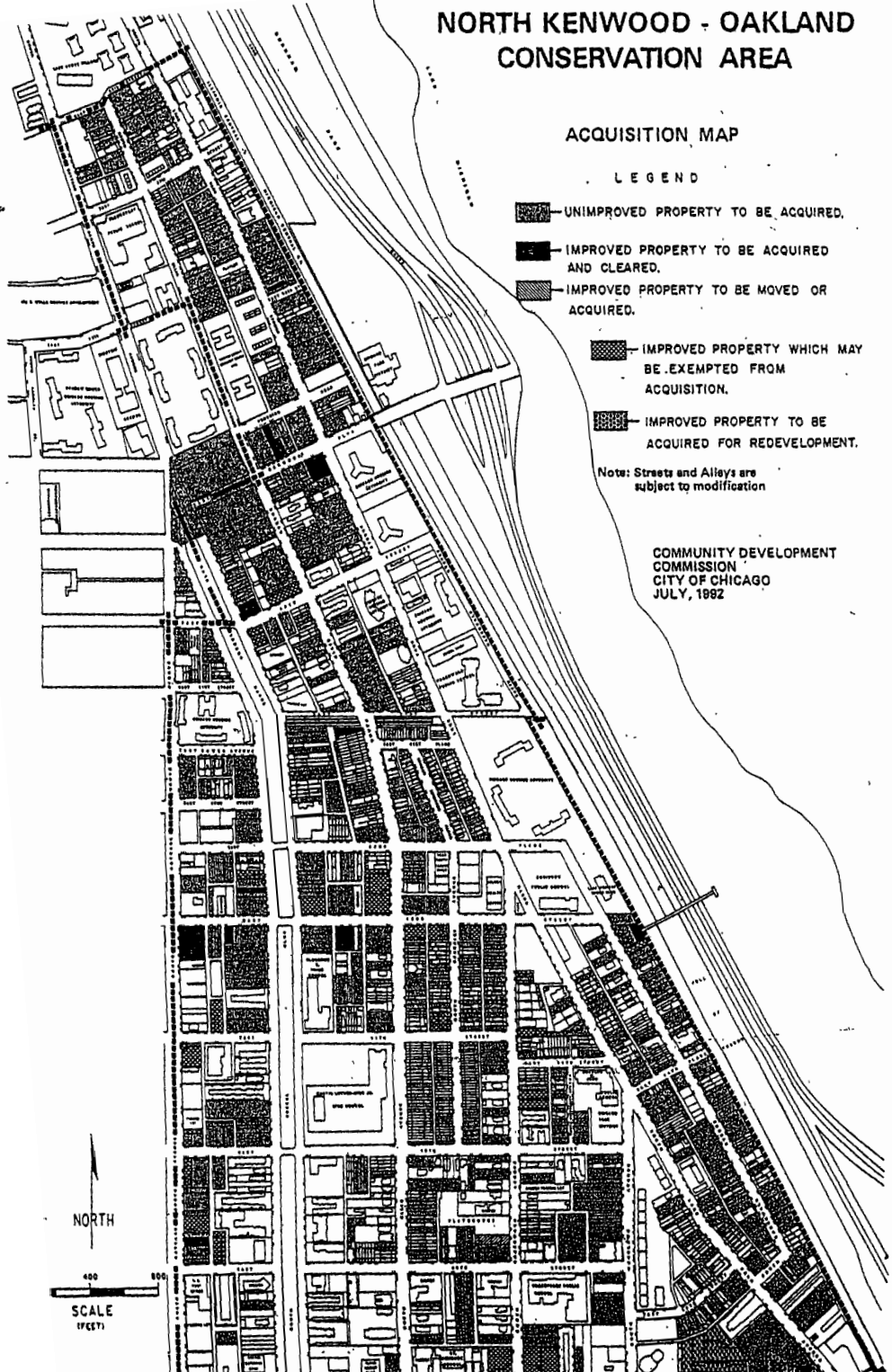
## ACQUISITION MAP

### LEGEND

-  UNIMPROVED PROPERTY TO BE ACQUIRED.
-  IMPROVED PROPERTY TO BE ACQUIRED AND CLEARED.
-  IMPROVED PROPERTY TO BE MOVED OR ACQUIRED.
-  IMPROVED PROPERTY WHICH MAY BE EXEMPTED FROM ACQUISITION.
-  IMPROVED PROPERTY TO BE ACQUIRED FOR REDEVELOPMENT.

Note: Streets and Alleys are subject to modification

COMMUNITY DEVELOPMENT  
COMMISSION  
CITY OF CHICAGO  
JULY, 1982



## EXHIBIT D

### FINANCING FOR THE PROJECT

#### A. LENDER FINANCING:

1. **Amount:** \$5,280,000\*  
**Source:** J.P. Morgan Chase Bank, N.A., or an entity acceptable to the Commissioner for financing during construction; Enterprise Mortgage Investments, Inc., or an entity acceptable to the Commissioner for permanent financing  
**Interest:** An interest rate (or interest rates) acceptable to the Commissioner  
**Term:** Not to exceed 32 years, or such other term (or terms) acceptable to the Commissioner  
**Security:** Non-recourse; first mortgage on the Project

\* The construction loan may be increased up to an amount not to exceed \$13,431,103 as necessary to fund the second and third equity contributions of Developer's limited partner (which amounts are currently included below in paragraph 5).

2. **Amount:** \$9,207,377  
**Source:** HOME Program/Corporate Funds/Program Income  
**Interest:** Applicable federal rate per annum, or such other interest rate acceptable to the Commissioner  
**Term:** Not to exceed 42 years, or such other term acceptable to the Commissioner  
**Security:** Non-recourse loan; second mortgage on the Project
3. **Amount:** Loan (or loans) not to exceed \$5,476,130, or such other amount acceptable to the Commissioner  
**Source:** Chicago Housing Authority, or a financial institution acceptable to the Commissioner  
**Interest:** An interest rate acceptable to the Commissioner  
**Term:** Not to exceed 42 years, or such other term acceptable to the Commissioner  
**Security:** Third mortgage on the Project.
4. **Amount:** Approximately \$700,000, or such other amount to which the Commissioner may consent  
**Source:** A Federal Home Loan Bank Board of Chicago, or a financial institution acceptable to the Commissioner  
**Interest:** An interest rate acceptable to the Commissioner

- Term: Not to exceed 42 years, or such other term acceptable to the Commissioner
- Security: Fourth Mortgage on the Project.
5. Amount: Approximately \$16,800,000, or such other amount to which the Commissioner may consent
- Source: To be derived from the syndication of approximately \$1,500,000 of low-income housing tax credits expected to be allocated to the Project by the Illinois Housing Development Authority and \$500,000 of low-income housing tax credits expected to be allocated by DOH
6. Amount: \$100
- Source: General Partner

**EXHIBIT E**

**AVAILABLE INCREMENTAL REVENUES**

(See attached page that follows.)





**EXHIBIT F**

**PROJECT BUDGET**

Construction Costs	30,208,260
General Development Costs	3,433,623
Reserves	1,561,959
Developer's Fee	<u>2,259,765</u>
<b>Total Development Costs</b>	<b>\$ 37,463,607</b>

**EXHIBIT G**

**LIST OF PLANS AND SPECIFICATIONS**

[NOT ATTACHED FOR ORDINANCE OR RECORDING PURPOSES]

[See Exhibit to the General Contract]

## EXHIBIT H-1

### ARCHITECT'S OPENING CERTIFICATE

Date: \_\_\_\_\_

The undersigned, [INSERT ARCHITECT'S NAME] ("Architect"), hereby certifies to the City of Chicago, Illinois ("City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated \_\_\_\_\_, 2005, by and between the City and Madden Wells Phase 1B Associates Limited Partnership ("Developer")):

1. Architect is an architect licensed and in good standing in the State of Illinois.
2. Architect has prepared the Plans and Specifications, to the best of the Architect's professional knowledge, the same are, and the Project will be when completed in accordance therewith, in full compliance with all applicable building, zoning and other laws, statutes, codes, regulations and ordinances (collectively, "Laws"), including, without limitation, all applicable pollution control and environmental protection regulations.
3. The Project, when completed in accordance with the Plans and Specifications, will not encroach upon any recorded or visible easement in effect with respect to the Property.
4. The Plans and Specifications are complete in all respects and were prepared in accordance with accepted architectural practices, containing all detail requisite for the Project which, when built and equipped in accordance therewith, shall be ready for occupancy.
5. In the aggregate, the construction contract and the existing subcontracts contain all detail necessary to provide for all labor, material and equipment required by the Plans and Specifications.
6. All permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate or, if not so obtained, the Architect has no reason to believe same will not be obtained as and when so required. Such permits and other necessary governmental approvals are described in Exhibit 1 attached to this Certificate.
7. To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid (in any manner adverse to the Project),

any Laws, permits or other necessary governmental approvals relating to the Property or the Project.

Adequate ingress and egress to the Project over public streets and rights of way will be available during the period of construction of the Project and thereafter.

8. All existing foundation and subsurface work conforms to the Plans and Specifications and all portions of the Project consisting of the subsurface work has been completed.

9. This Certificate is made with the intent that it may be relied upon by the City as a condition to payment under the Redevelopment Agreement.

10. The Architect has executed and delivered to the City the Statement of Compliance in the form attached hereto as Exhibit 2.

ARCHITECT:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT H-2**

**ARCHITECT'S COMPLETION CERTIFICATE**

Date: \_\_\_\_\_

The undersigned, [INSERT ARCHITECT'S NAME] ("Architect"), hereby certifies to the City of Chicago, Illinois ("City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated \_\_\_\_\_, 2005, by and between the City and Madden Wells Phase 1B Associates Limited Partnership ("Developer")):

1. Architect is an architect licensed and in good standing in the State of Illinois.
2. The construction of the Project has been "substantially completed" as of the date of this Certificate in accordance with the approved Plans and Specifications. For purposes hereof, the Project being "substantially completed" means that the Project is usable in its present condition for its intended purpose. The Architect's determination of the total cost to complete the construction of such portion of the Project as may be unfinished is \$ \_\_\_\_\_.
3. Neither the Property nor the construction of the Project violates or will violate any existing applicable zoning, building, environmental protection or other statutes, ordinances, laws or regulations (collectively, "Laws").
4. All permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate. Such permits and other necessary governmental approvals are described in Exhibit 1 attached to this Certificate.
5. To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid (in any manner adverse to the Project), any Laws, permits or other necessary governmental approvals relating to the Property or the Project.
6. This Certificate is made with the intent that it may be relied upon by the City as a condition to payment under the Redevelopment Agreement.

ARCHITECT:

By: \_\_\_\_\_  
Its: \_\_\_\_\_



<u>Maximum Amount</u>	<u>Current Annual Unpaid Amount</u> <u>Accrued</u>	<u>Accrued and Balance Amount</u> <u>Prior Requisitions</u> <sup>1</sup>	<u>Accrued and Unpaid</u> <sup>2</sup>	<u>Paid To Date</u> <sup>3</sup>
\$3,021,000 <sup>4</sup>	_____	_____	_____	_____

6. That attached as Exhibit 1 are true and correct copies of monthly invoices for the Senior Loan sent to the Developer by the Senior Lender;

IN WITNESS WHEREOF, I have hereunto affixed my signature this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
[Senior Lender]

By: \_\_\_\_\_  
Its: \_\_\_\_\_

cc: Madden Wells Phase 1B Associates Limited Partnership

<sup>1</sup> Represents the sum of the following unpaid amounts for the specified years: \$ \_\_\_\_\_ for 200\_\_ ; \$ \_\_\_\_\_ for 200\_\_ ; \$ \_\_\_\_\_ for 200\_\_ .

<sup>2</sup> Sum of columns 2 and 3.

<sup>3</sup> After giving effect to the payment covered by this Requisition Form.

<sup>4</sup> Subject to reduction if general real estate taxes are abated, as described in the Agreement.

**EXHIBIT J**

**SCHEDULE OF MAXIMUM AMOUNT OF TIF-FUNDED INTEREST COSTS**

[ATTACHED FOR ORDINANCE AND RECORDING PURPOSES]

(See attached page that follows.)



**Exhibit J**

	<b>JPMorgan Chase - Construction Interest</b>	<b>EMI* - NOI</b>	<b>EMI - TIF*</b>	<b>Total Annual Interest</b>	<b>75% of Annual Interest</b>
2005 1	\$176,850.00			\$ 176,850.00	\$ 132,637.50
2006 2	\$353,700.00			\$ 353,700.00	\$ 265,275.00
2007 3		\$ 295,109.48	\$ 84,814.54	\$ 379,924.02	\$ 284,943.02
2008 4		\$ 295,109.48	\$ 84,814.54	\$ 379,924.02	\$ 284,943.02
2009 5		\$ 292,491.77	\$ 83,962.09	\$ 376,453.86	\$ 282,340.40
2010 6		\$ 289,659.59	\$ 83,045.74	\$ 372,705.33	\$ 279,529.00
2011 7		\$ 286,595.40	\$ 82,060.71	\$ 368,656.11	\$ 276,492.08
2012 8		\$ 283,280.17	\$ 81,001.83	\$ 364,282.00	\$ 273,211.50
2013 9		\$ 279,693.34	\$ 79,863.59	\$ 359,556.93	\$ 269,667.70
2014 10		\$ 275,812.67	\$ 78,640.03	\$ 354,452.70	\$ 265,839.53
2015 11		\$ 271,614.07	\$ 77,324.75	\$ 348,938.82	\$ 261,704.12
2016 12		\$ 267,071.51	\$ 75,910.87	\$ 342,982.38	\$ 257,236.79
2017 13		\$ 262,156.81	\$ 74,391.02	\$ 336,547.83	\$ 252,410.87
2018 14		\$ 256,839.47	\$ 72,757.24	\$ 329,596.71	\$ 247,197.53
2019 15		\$ 251,086.51	\$ 71,001.00	\$ 322,087.51	\$ 241,565.63
2020 16		\$ 244,862.24	\$ 69,113.11	\$ 313,975.35	\$ 235,481.51
2021 17		\$ 238,128.06	\$ 67,083.71	\$ 305,211.77	\$ 228,908.83
2022 18		\$ 230,842.19	\$ 64,902.19	\$ 295,744.38	\$ 221,808.29
2023 19		\$ 222,959.42	\$ 62,557.14	\$ 285,516.56	\$ 214,137.42
2024 20		\$ 214,430.87	\$ 60,036.31	\$ 274,467.18	\$ 205,850.39
2025 21		\$ 205,203.63	\$ 57,326.53	\$ 262,530.16	\$ 196,897.62
2026 22		\$ 195,220.44	\$ 54,413.63	\$ 249,634.07	\$ 187,225.55
<b>Total**</b>	<b>\$530,550.00</b>	<b>\$ 5,158,167.12</b>	<b>\$ 1,465,020.57</b>	<b>\$ 7,153,737.69</b>	<b>\$ 5,365,303.27</b>

\* For 2007, may be construction lender as well.

\*\* As provided in the Redevelopment Agreement, the maximum amount of Available Incremental Revenues are \$3,021,000

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.

### **3. Provision of Public Works or Improvements**

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

#### **a) *Streets and Utilities***

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

#### **b) *Parks and Open Space***

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

### **4. Rehabilitation of Existing Buildings**

The City will encourage the rehabilitation of buildings that are basically sound and/or historically or architecturally significant.

### **5. Job Training and Related Educational Programs**

Programs designed to increase the skills of the labor force that would take advantage of the employment opportunities within the Project Area may be implemented.

### **6. Day Care Services**

Incremental Property Taxes may be used to cover the cost of day care services and centers within the Project Area for children of low-income employees of Project Area businesses or institutions.

### **7. Taxing Districts Capital Costs**

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

### **8. Interest Subsidies**

Funds may be provided to redevelopers for a portion of interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

- (a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
- (b) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year;
- (c) if there are not sufficient funds available in the special tax allocation fund to make an interest payment, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
- (d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total(i) cost paid or incurred by a redeveloper for a redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and
- (e) The cost limits set forth in this paragraph in subparagraphs (b) and (d) above shall be modified to permit payment of up to 75 percent of interest costs incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.

**9. Affordable Housing**

Funds may be provided to developers for 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.

**10. Analysis, Administration, Studies, Surveys, Legal, etc.**

Under contracts that will run for three years or less (excluding contracts for architectural and engineering services which are not subject to such time limits) the City and/or private developers may undertake or engage professional consultants, engineers, architects, attorneys, etc. to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Redevelopment Plan.

***E. 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 Redevelopment Plan (the "Redevelopment Project Costs").

**1. Eligible Redevelopment Project Costs**

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

- a) Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to, staff and professional service costs for architectural, engineering, legal, 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 cost of marketing sites within the 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 cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- e) Costs of the construction of public works or improvements 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 redevelopment project area and such proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the Oakland 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;
- 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 municipality 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 redevelopment plan and project;

- i) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act (see Section V.D.2 above);
- j) Payment in lieu of taxes, as defined in the Act;
- k) 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 municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available; itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 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;
- l) 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, plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality 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 units for low-income households and

very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.

- m) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;
- n) An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
- o) 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
- p) The cost 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 redevelopment 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.

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

## **2. Estimated Redevelopment Project Costs**

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan. All estimates are based on 2002 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan at the City's discretion

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

In the event the Act is amended after the date of the approval of this Redevelopment Plan by the City Council of Chicago to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/1-74.4-3(q)(11)), this Redevelopment Plan shall be deemed to

incorporate such additional, expanded or increased eligible costs Redevelopment Project Costs under the Redevelopment 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 Exhibit II or otherwise adjust the line items in Exhibit II without amendments to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total redevelopment project costs without a further amendment to this Redevelopment Plan.

#### ***F. Sources of Funds to Pay Redevelopment Project Costs***

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

The Project Area is contiguous to the 43<sup>rd</sup> and Cottage Grove redevelopment project area on the south and may, in the future, be contiguous to or separated by only a public right-of-way from other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or project areas separated only by a public right-of-way, and vice versa. The amount of revenue from the Project Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan.

The Project Area may become contiguous to, or be separated only by a public right-of-way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.6-1, et seq.). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right-of-way are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Project Area be made available to support any such redevelopment project areas. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area or other areas as

described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Exhibit II of this Redevelopment Plan.

### ***G. Issuance of Obligations***

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

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., assuming City Council approval of the Project Area and Redevelopment Plan in 2002), by December 31, 2026. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.

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

### ***H. Valuation of the Project Area***

#### **1. Most Recent EAV of Properties in the Project Area**

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The final 2001 EAV of all taxable parcels in the Project Area is approximately \$1,464,503. This total EAV amount by PIN is summarized in Exhibit III. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by Cook County.



## 2. Anticipated Equalized Assessed Valuation

By the tax year 2025 (collection year 2026) and following the substantial completion of the Redevelopment Project, the EAV of the Project Area is estimated to range between approximately \$36.8 million and \$40.0 million. The estimated range is based on several key assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2) approximately 1335 new residential units will be constructed in the Project Area and occupied by December 2007; 3) development will occur over multiple phases and be completed and occupied by December 2007; 4) an estimated annual inflation rate in EAV of 2.0 percent through 2025, realized in triennial reassessment years only (6.12 percent per triennial reassessment period); 5) the five-year average state equalization factor of 2.1909 (tax years 1996 through 2000) is used in all years to calculate estimated EAV; and 6) the land associated with for-sale units will be either completely taxable or completely tax-exempt. This final assumption explains range of the estimates (i.e., if the land associated with the for-sale units is assigned tax-exempt status, the final EAV is estimated at \$36.8 million, and if it is deemed taxable, then the final EAV is estimated at \$40.0 million). The land associated with rental units is assumed to be tax-exempt under both scenarios.

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

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

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

### *Improved Area*

- Nine blight factors are present to a meaningful extent and reasonably distributed throughout the improved part of the Project Area. These factors include: obsolescence; deterioration; structures below minimum code standards; excessive vacancies; excessive land coverage and overcrowding of structures and community facilities; inadequate utilities; deleterious land use or layout; declining/lagging EAV, and lack of community planning.
- Of the 125 buildings in the Project Area, 102 (81%) are classified as deteriorating.
- Over the three-year period from January 1999 to February 2002, 74 code violations were issued to 74 separate properties within the Project Area, which represents 59.2% of the 125 buildings in the Project Area.
- The Project Area contains 887 residential units. As of March 19, 2002 310 units (34.4%) were inhabited and 577 units (65.6%) were vacant.
- Eighteen properties (12%) within the improved part of the Project Area were tax delinquent in 2000.
- Between 2000 and 2001, the total EAV of the improved portion of the Project Area declined by 14.4%.

### *Vacant Areas*

- Between 1996 and 2000, the growth in EAV of each of the five vacant subareas, both individually and collectively, has not kept pace with the growth rate of the City. Between 1996 and 2000 the growth in EAV of the vacant subareas lagged behind the City in 3 of the last 5 years. In two of those years, the EAV declined.
- Between 2000 and 2001, the total EAV of the vacant portions of the Project Area declined by 9.4%.
- Nine properties (4%) of the properties within the vacant parts of the Project Area were tax delinquent in 2000.

In summary, the improved part of the Project Area qualifies under the Act as a blighted area exhibiting 9 of the 13 factors listed in the Act. Only 5 factors are required for qualification as a blighted area. The 5 vacant subareas individually qualify under the vacant blighted area criteria.

Therefore, the Project Area as a whole is eligible as a redevelopment project area, with the meaningful presence and reasonable distribution of blighting conditions that are detrimental to the public safety, health, and welfare.

Over the five-year period of 1997-2001, there were a total of 27 building permits issued in the Project Area, 10 of which were for new construction. Of those, 1 was for a minor project, while 2 were issued to the same address. All ten permits for new construction were issued for properties on the same 2 tax blocks (out of 13 tax blocks in the Project Area). Those two tax blocks represent only 7% of the total land in the Project Area. All new construction has been isolated on the eastern edge of the project area. The greatest percent of permits issued were for repair (44%).

Of the total Project area, approximately 24% of the land that is not dedicated to alley, street, and rights-of-way, is vacant. Based on field surveys undertaken by TPAP, approximately 114 of the 125 buildings in the Project Area (90%) were constructed before 1950, with only 10% of the buildings having been constructed within the last 5 decades. The Project Area on the whole has not been subject to growth and development through investment by private enterprise. The Project Area would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan for the Project Area.

## VII. FINANCIAL IMPACT

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

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

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

## VIII. DEMAND ON TAXING DISTRICT SERVICES

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

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

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

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

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

City of Chicago Library Fund. General responsibilities of the Library Fund include the provision, maintenance and operation of the City's library facilities. There are no libraries located in the Project Area.

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

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operation of educational facilities and the provision of educational services for kindergarten through twelfth grade. There are two public school facilities located in the Project Area including Donahue Elementary & Child Parent Center and the Einstein Parent Training Center.

Chicago Park District and Chicago Park District Aquarium & Museum Bonds. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. There are two public parks located within the Project Area, Mandrake Park and Oakland Park.

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

In 1994, the Act was amended to require an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Redevelopment Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the 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.

### ***A. Impact of the Redevelopment Project***

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

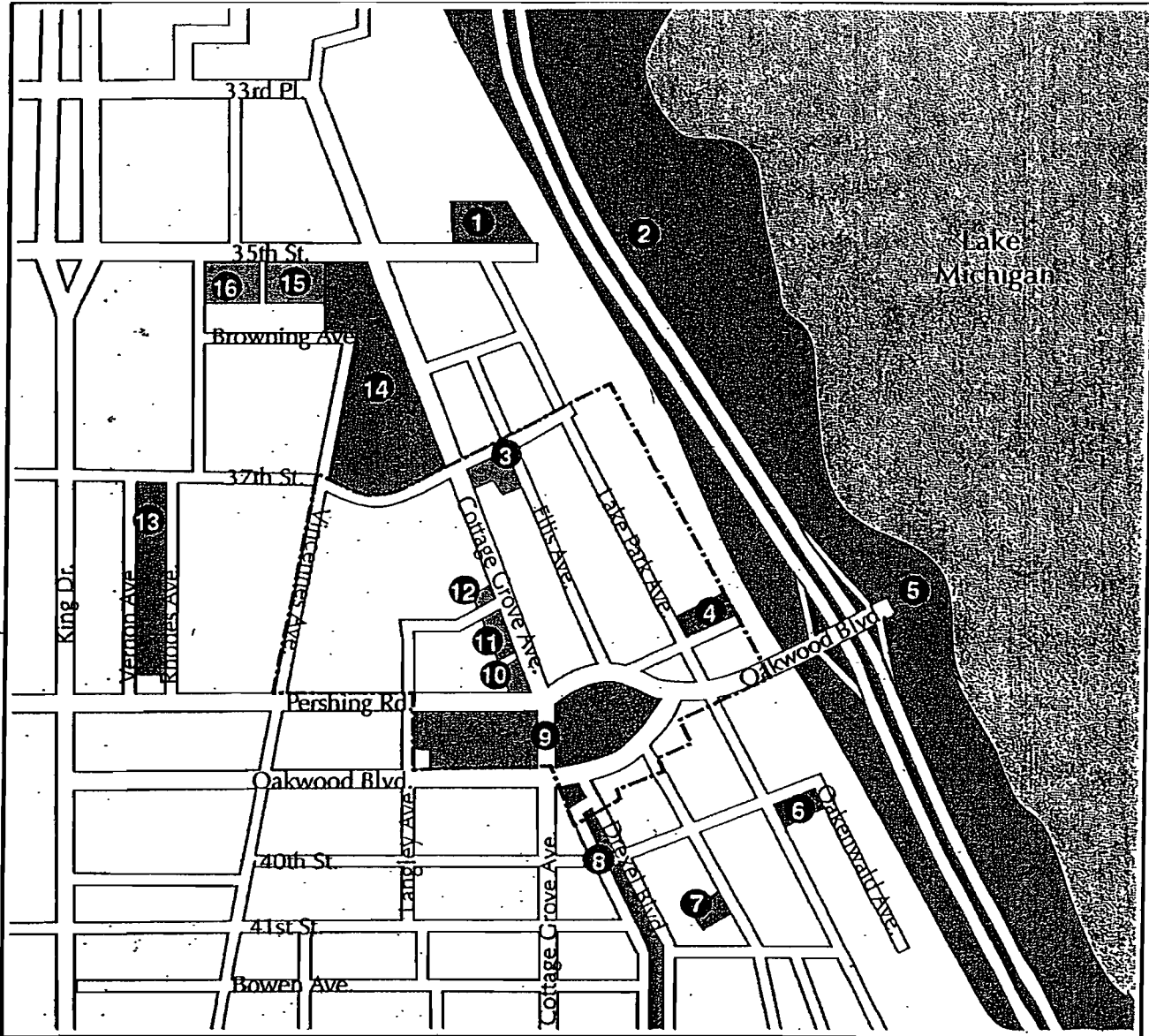
Metropolitan Water Reclamation District of Greater Chicago. The rehabilitation of or replacement of underutilized properties with new development may cause increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.




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

Board of Education. The replacement or rehabilitation of underutilized properties with new residential development is likely to increase the demand for services and programs provided by the City. Two Chicago Public School facilities, Donahue Elementary & Child Parent Center and the Einstein Parent Training Center are located within the boundaries of the Project Area. Each of these public school facilities, as well as other nearby public school facilities is identified in Figure 4, *Community Facilities*.

Chicago Park District. The replacement or rehabilitation of underutilized properties with residential, commercial, business and other development is likely to increase the demand for services, programs and capital improvements provided by the Chicago Park District within and adjacent to the Project Area. These public services or capital improvements may include, but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. There are currently two public parks located within the Project Area, Mandrake Park and Oakland Park. The nearest parks within approximately one-half mile are identified in Figure 4, *Community Facilities*.

City of Chicago Library Fund. The replacement or rehabilitation of underutilized properties with residential, commercial, business and other development is likely to increase the demand for services, programs and capital improvements provided by the City of Chicago Library Fund. The King Branch library at 3436 S. King Drive is the nearest library facility.



-  Project Area Boundary
-  Educational/Institutional
-  Parks and Open Space

- |                                    |                                     |
|------------------------------------|-------------------------------------|
| 1. Woodland Park                   | 9. Mandrake Park*                   |
| 2. 35th St Beach Pedestrian Access | 10. Abraham Lincoln Center*         |
| 3. Donahue Elementary/CPC* School  | 11. Einstein PTC*                   |
| 4. Oakland Park*                   | 12. Chicago Police Wells Extension* |
| 5. Oakwood Beach                   | 13. Madden Park                     |
| 6. Quayle Park                     | 14. Ellis Park                      |
| 7. Holly Park                      | 15. Doolittle Intermediate School   |
| 8. Drexel Boulevard                | 16. Doolittle Elementary School     |

\*Facilities in bold are within the Project Area  
 CPC= Child Parent Center  
 PTC= Parent Teacher Center



Figure 4  
 Community Facilities

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

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

- Metropolitan Water Reclamation District of Greater Chicago. It is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Therefore, no special program is proposed for the Metropolitan Water Reclamation District.
- City of Chicago. It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special programs are proposed for the City.
- Board of Education. It is expected that new residential development and the redevelopment of vacant, underutilized or non-residential property to residential use will result in an increase in demand for services provided by the Board of Education. To determine this potential increase, the Ehlers & Associates' (formerly Illinois School Consulting Services) methodology for estimating school age children was utilized. Based on the Project Area's potential for the development of 1235 new housing units (an additional 100 units will be developed for senior housing but are not used for estimation in this report), an increase of approximately 195 elementary school age children and approximately 60 high school age children could result.

Although two public school facilities have been identified as located within the Project Area, Einstein has been closed as an elementary school and currently operates as a parent and teacher training center. According to Chicago Public Schools, demolition of the Einstein facility is slated for 2002. The remaining school facility within the Project Area, Donahue Elementary, is currently not in use and is expected to remain unused until the neighborhood population increases enough to justify the use of this school. Additional public elementary schools located outside of the Project Area, but within approximately one-half mile, include Doolittle Elementary School and Doolittle Intermediate School. School representatives indicate that both schools are operating under capacity and could handle additional students

The nearest public high schools are Martin Luther King High School and Phillips High School. Martin Luther King High School is operating well under capacity but is in the process of transitioning to a magnet school, which, while it may serve a more city-wide population, will be an educational option for new and existing families with high school age



children. Phillips High School is operating well under capacity and could accommodate additional students beyond its current enrollment.

It is expected that any increase in demand for Board of Education services and programs associated with the Project Area can be adequately handled by existing facilities. The City and the Board of Education, will attempt to ensure that any increased demands for the services and capital improvements provided by the Board of Education are addressed in connection with any particular residential development in the Project Area.

Other Taxing Districts. It is expected that any increase in demand for Chicago Park District, Chicago Library Fund, Cook County, Cook County Forest Preserve District, and Chicago Community College District 508's services and programs associated with the Project Area can be adequately handled by existing services and programs maintained and operated by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts.

The City's program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Project occurring as anticipated in this Redevelopment Plan, (ii) the Redevelopment Project resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs; and (iii) the generation of sufficient Incremental Property Taxes to pay for the Redevelopment Project Costs in Exhibit II. In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise its program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

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

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

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

## **X. PHASING AND SCHEDULING**

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

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

The estimated date for completion of Redevelopment Projects is no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., assuming City Council approval of the Project Area and Redevelopment Plan in 2002), by December 31, 2026.

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

This Redevelopment Plan may be amended pursuant to the Act.

## **XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN**

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

- A) The assurance of equal opportunity in all personnel and employment actions, 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.
- B) Redevelopers must meet the City's standards for participation of 25 percent Minority Business Enterprises and 5 percent Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.
- C) 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.
- D) Redevelopers will meet City standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

### **XIII. HOUSING IMPACT**

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.

The Redevelopment Project Area contains 310 inhabited residential units. The Redevelopment Plan provides for the development or redevelopment of several portions of the 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.

The results of the housing impact study section are described in a separate report which presents certain factual information required by the Act. The report, prepared by TPAP, is entitled "*Madden/Wells Redevelopment Project Area Tax Increment Financing Housing Impact Study*," and is attached as Exhibit V to this Redevelopment Plan.

# **EXHIBIT I:**

## **Legal Description of Project Boundary**

### **MADDEN/WELLS TIF**

ALL THAT PART OF THE SOUTHEAST QUARTER OF SECTION 34, AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 35 IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 3 AND THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 2 IN TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST PERSHING ROAD WITH THE WESTERLY LINE OF SOUTH VINCENNES AVENUE;

THENCE NORTHEASTERLY ALONG SAID WESTERLY LINE OF SOUTH VINCENNES AVENUE TO THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 1 IN THE RESUBDIVISION OF LOT 16 (EXCEPT THE EAST 84 FEET THEREOF) AND EXCEPT THE ALLEY CONDEMNED THEREOF SAID LOT, IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO, ALSO THE SOUTH 3 FEET OF LOT 5 AND ALL OF LOT 6 IN THE SUBDIVISION OF LOT 15 (EXCEPT THE EAST 82 FEET OF THE EAST HALF THEREOF) IN SAID ELLIS' EAST OR SECOND ADDITION TO CHICAGO (EXCEPT A STRIP OF LAND ON THE EAST SIDE OF LOTS 5 AND 6 CONDEMNED FOR ALLEY PURPOSES), SAID SOUTH LINE OF LOT 1 BEING ALSO THE NORTH LINE OF EAST 37<sup>TH</sup> STREET AS SAID EAST 37<sup>TH</sup> STREET IS OPENED AND DEDICATED IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND ALONG THE NORTH LINE OF EAST 37<sup>TH</sup> STREET TO THE WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY IN THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTHEASTERLY ALONG SAID WESTERLY LINE OF THE ILLINOIS CENTRAL RAILROAD RIGHT OF WAY TO THE SOUTHERLY LINE OF EAST OAKWOOD BOULEVARD;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF EAST OAKWOOD BOULEVARD TO THE EASTERLY LINE OF LOT 1 IN BENSLEY'S SUBDIVISION OF LOTS 15 AND 16 OF THE ASSESSOR'S DIVISION OF BLOCK 7 IN CLEAVERVILLE, A SUBDIVISION OF THE NORTH PART OF FRACTIONAL SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE SOUTH

PART OF SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF LOT 1 IN BENSLEY'S SUBDIVISION AND ALONG THE SOUTHERLY EXTENSION THEREOF AND ALONG THE EASTERLY LINE OF LOT 12 IN SAID BENSLEY'S SUBDIVISION TO THE SOUTHERLY LINE OF SAID BENSLEY'S SUBDIVISION;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF BENSLEY'S SUBDIVISION TO THE EASTERLY LINE OF SOUTH ELLIS AVENUE;

THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF SOUTH ELLIS AVENUE TO THE EASTERLY EXTENSION OF THE SOUTHERLY LINE OF THE NORTHERLY 5 FEET OF LOT 3 IN THE SUBDIVISION BY L. C. P. FREER OF BLOCK 6 OF AFORESAID CLEAVERVILLE;

THENCE WESTERLY ALONG SAID EASTERLY EXTENSION AND THE SOUTHERLY LINE OF THE NORTHERLY 5 FEET OF LOT 3 IN THE SUBDIVISION BY L. C. P. FREER OF BLOCK 6 OF CLEAVERVILLE TO THE WESTERLY LINE OF SAID LOT 3;

THENCE SOUTHERLY ALONG SAID WESTERLY LINE OF LOT 3 TO THE SOUTHERLY LINE OF LOT "A" IN THE CONSOLIDATION OF THE NORTH 10 FEET OF LOT 8, ALL OF LOT 9 AND THE SOUTH 25 FEET OF LOTS 10 AND 11 IN THE SUBDIVISION OF BLOCK 6 IN AFORESAID CLEAVERVILLE;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF LOT "A" AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WESTERLY LINE OF SOUTH DREXEL BOULEVARD;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF SOUTH DREXEL BOULEVARD TO THE POINT OF INTERSECTION OF SAID WESTERLY LINE OF SOUTH DREXEL BOULEVARD WITH THE EASTERLY LINE OF SOUTH COTTAGE GROVE AVENUE;

THENCE NORTH ALONG THE NORTHERLY EXTENSION OF THE WEST LINE OF BLOCK 16 IN AFORESAID CLEAVERVILLE, SAID WEST LINE OF BLOCK 16 BEING ALSO THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOTS 10, 11, 14 AND 15 IN BLOCK 1 OF CLEAVERVILLE ADDITION, BEING A SUBDIVISION OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF VINCENNES AVENUE, SAID SOUTH LINE OF LOTS 10, 11, 14 AND 15 IN BLOCK 1 OF CLEAVERVILLE ADDITION BEING ALSO THE NORTH LINE OF EAST OAKWOOD BOULEVARD;



THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF EAST OAKWOOD BOULEVARD TO THE EAST LINE OF SOUTH LANGLEY AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH LANGLEY AVENUE AND ALONG THE NORTHERLY EXTENSION THEREOF TO THE NORTH LINE OF EAST PERSHING AVENUE;

THENCE WEST ALONG SAID NORTH LINE OF EAST PERSHING AVENUE TO THE POINT OF BEGINNING AT POINT OF INTERSECTION OF THE NORTH LINE OF EAST PERSHING ROAD WITH THE WESTERLY LINE OF SOUTH VINCENNES AVENUE;

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

# EXHIBIT II:

## Madden/Wells Redevelopment Project Area

### Estimated Redevelopment Project Costs

ELIGIBLE EXPENSE	ESTIMATED COST
Analysis, Administration, Studies, Surveys, Legal, Marketing etc.	\$ 1,000,000
Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	\$18,000, 000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation costs	\$ 5,000, 000
Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) <sup>[1]</sup>	\$ 5,000, 000.
Relocation Costs	\$ 1,500, 000
Job Training, Retraining, Welfare-to-Work	\$ 1,250, 000
Day Care Services	\$ 1,250, 000
Interest Subsidy	<u>\$ 2,000,000</u>
<b>TOTAL REDEVELOPMENT COSTS<sup>[2][3]</sup></b>	<b>\$ 35,000,000 <sup>[4]</sup></b>

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

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

<sup>[3]</sup> The amount of the Total Redevelopment 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.

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

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

**EXHIBIT III:**

**2001 Equalized Assessed Valuation by Tax Parcel**

**EXHIBIT III. 2001 EAV BY TAX PARCEL**

	<u>PIN</u>	<u>2001 EAV</u>			
1.	17-34-417-025-0000	Exempt	48.	17-35-101-022-0000	Exempt
2.	17-34-419-012-0000	Exempt	49.	17-35-101-023-0000	Exempt
3.	17-34-420-001-0000	Exempt	50.	17-35-101-024-0000	Exempt
4.	17-34-420-010-0000	Exempt	51.	17-35-101-025-0000	4,573
5.	17-34-420-018-0000	Exempt	52.	17-35-101-026-0000	30,210
6.	17-34-420-024-0000	Exempt	53.	17-35-101-027-0000	13,965
7.	17-34-420-027-0000	Exempt	54.	17-35-101-028-0000	11,567
8.	17-34-420-028-0000	Exempt	55.	17-35-101-029-0000	12,314
9.	17-34-420-029-0000	Exempt	56.	17-35-101-030-0000	Exempt
10.	17-34-420-030-0000	Exempt	57.	17-35-101-031-0000	Exempt
11.	17-34-420-031-0000	Exempt	58.	17-35-101-032-0000	Exempt
12.	17-34-420-032-0000	Exempt	59.	17-35-101-033-0000	Exempt
13.	17-34-420-033-0000	Exempt	60.	17-35-101-034-0000	Exempt
14.	17-34-420-034-0000	Exempt	61.	17-35-101-035-0000	5,243
15.	17-34-421-001-0000	Exempt	62.	17-35-101-036-0000	4,001
16.	17-34-421-057-0000	Exempt	63.	17-35-101-037-0000	Exempt
17.	17-34-421-072-0000	Exempt	64.	17-35-101-038-0000	26,353
18.	17-34-421-081-0000	Exempt	65.	17-35-101-072-0000	11,394
19.	17-34-421-082-0000	Exempt	66.	17-35-101-073-0000	Exempt
20.	17-34-421-083-0000	Exempt	67.	17-35-101-074-0000	6,310
21.	17-34-421-090-0000	Exempt	68.	17-35-101-075-0000	13,870
22.	17-34-421-091-0000	Exempt	69.	17-35-101-076-0000	Exempt
23.	17-34-421-092-0000	Exempt	70.	17-35-101-079-0000	Exempt
24.	17-34-421-093-0000	Exempt	71.	17-35-101-080-0000	Exempt
25.	17-34-421-094-0000	Exempt	72.	17-35-101-081-0000	Exempt
26.	17-34-421-096-0000	137,849	73.	17-35-101-082-0000	5,666
27.	17-34-421-097-0000	50,989	74.	17-35-101-083-0000	Exempt
28.	17-34-421-098-0000	58,801	75.	17-35-101-084-0000	12,099
29.	17-34-421-099-0000	44,475	76.	17-35-101-085-0000	15,600
30.	17-35-101-001-0000	3,340	77.	17-35-101-086-0000	14,554
31.	17-35-101-002-0000	9,186	78.	17-35-101-087-0000	Exempt
32.	17-35-101-003-0000	9,200	79.	17-35-101-088-0000	5,728
33.	17-35-101-004-0000	Exempt	80.	17-35-101-089-0000	7,913
34.	17-35-101-005-0000	Exempt	81.	17-35-101-090-0000	44,230
35.	17-35-101-006-0000	Exempt	82.	17-35-101-092-0000	13,598
36.	17-35-101-007-0000	10,073	83.	17-35-101-093-0000	Exempt
37.	17-35-101-008-0000	3,837	84.	17-35-101-099-0000	Exempt
38.	17-35-101-009-0000	Exempt	85.	17-35-101-101-0000	Exempt
39.	17-35-101-010-0000	Exempt	86.	17-35-101-102-0000	Exempt
40.	17-35-101-014-0000	Exempt	87.	17-35-101-103-0000	Exempt
41.	17-35-101-015-0000	Exempt	88.	17-35-101-104-0000	Exempt
42.	17-35-101-016-0000	Exempt	89.	17-35-101-105-0000	Exempt
43.	17-35-101-017-0000	Exempt	90.	17-35-101-106-0000	Exempt
44.	17-35-101-018-0000	Exempt	91.	17-35-101-107-0000	24,306
45.	17-35-101-019-0000	12,699	92.	17-35-101-108-0000	1,568
46.	17-35-101-020-0000	5,012	93.	17-35-101-109-0000	905
47.	17-35-101-021-0000	3,934	94.	17-35-101-110-0000	42,403
			95.	17-35-101-111-0000	41,419

**EXHIBIT III. 2001 EAV BY TAX PARCEL**

96.	17-35-102-001-0000	Exempt	144.	17-35-104-010-0000	11,662
97.	17-35-102-002-0000	Exempt	145.	17-35-104-011-0000	Exempt
98.	17-35-102-003-0000	33,885	146.	17-35-104-012-0000	2,922
99.	17-35-102-004-0000	9,359	147.	17-35-104-013-0000	Exempt
100.	17-35-102-005-0000	5,139	148.	17-35-104-014-0000	14,755
101.	17-35-102-006-0000	13,965	149.	17-35-104-015-0000	14,713
102.	17-35-102-007-0000	3,363	150.	17-35-104-016-0000	11,226
103.	17-35-102-008-0000	17,633	151.	17-35-104-022-0000	56,061
104.	17-35-102-009-0000	55,966	152.	17-35-104-023-0000	24,512
105.	17-35-102-010-0000	196,418	153.	17-35-104-024-0000	22,802
106.	17-35-102-011-0000	5,149	154.	17-35-106-001-0000	Exempt
107.	17-35-102-012-0000	4,135	155.	17-35-106-002-0000	Exempt
108.	17-35-102-013-0000	4,141	156.	17-35-106-003-0000	Exempt
109.	17-35-102-014-0000	6,133	157.	17-35-106-004-0000	Exempt
110.	17-35-102-015-0000	7,195	158.	20-02-100-001-0000	Exempt
111.	17-35-102-016-0000	11,112	159.	20-02-100-002-0000	Exempt
112.	17-35-102-017-0000	11,205	160.	20-02-100-003-0000	Exempt
113.	17-35-102-018-0000	9,595	161.	20-02-100-004-0000	Exempt
114.	17-35-102-019-0000	9,533	162.	20-02-100-005-0000	Exempt
115.	17-35-102-020-0000	36,275	163.	20-02-100-006-0000	Exempt
116.	17-35-102-021-0000	Exempt	164.	20-02-100-007-0000	Exempt
117.	17-35-102-022-0000	Exempt	165.	20-02-100-008-0000	Exempt
118.	17-35-102-023-0000	3,257	166.	20-02-100-009-0000	Exempt
119.	17-35-102-024-0000	4,192	167.	20-02-100-010-0000	Exempt
120.	17-35-102-025-0000	Exempt	168.	20-02-100-011-0000	Exempt
121.	17-35-102-026-0000	Exempt	169.	20-02-100-013-0000	Exempt
122.	17-35-103-001-0000	Exempt	170.	20-02-100-017-0000	Exempt
123.	17-35-103-002-0000	13,401	171.	20-02-100-018-0000	Exempt
124.	17-35-103-003-0000	Exempt	172.	20-02-102-001-0000	Exempt
125.	17-35-103-004-0000	Exempt	173.	20-02-102-002-0000	Exempt
126.	17-35-103-005-0000	Exempt	174.	20-02-102-024-0000	Exempt
127.	17-35-103-006-0000	11,907	175.	20-02-102-034-0000	Exempt
128.	17-35-103-007-0000	18,862	176.	20-02-103-001-0000	Exempt
129.	17-35-103-008-0000	5,303	177.	20-02-103-003-0000	Exempt
130.	17-35-103-009-0000	5,169	178.	20-02-103-004-0000	Exempt
131.	17-35-103-010-0000	4,629	179.	20-02-103-005-0000	Exempt
132.	17-35-103-011-0000	4,629	180.	20-02-103-006-0000	Exempt
133.	17-35-103-012-0000	Exempt	181.	20-02-103-018-0000	Exempt
134.	17-35-103-013-0000	9,399	182.	20-02-103-020-0000	Exempt
135.	17-35-104-001-0000	Exempt	183.	20-02-103-021-0000	2,023
136.	17-35-104-002-0000	14,956	184.	20-02-103-037-0000	Exempt
137.	17-35-104-003-0000	5,571	185.	20-02-103-038-0000	4,370
138.	17-35-104-004-0000	5,620	186.	20-02-103-039-0000	Exempt
139.	17-35-104-005-0000	Exempt	187.	20-02-103-040-0000	Exempt
140.	17-35-104-006-0000	21,583	188.	20-03-202-001-0000	Exempt
141.	17-35-104-007-0000	4,169	189.	20-03-202-002-0000	Exempt
142.	17-35-104-008-0000	6,724	190.	20-03-202-003-0000	Exempt
143.	17-35-104-009-0000	698	191.	20-03-202-004-0000	Exempt

**EXHIBIT III. 2001 EAV BY TAX PARCEL**

192.	20-03-202-005-0000	Exempt
193.	20-03-202-006-0000	Exempt
194.	20-03-202-007-0000	Exempt
195.	20-03-202-008-0000	Exempt
196.	20-03-202-009-0000	Exempt
197.	20-03-202-010-0000	Exempt
198.	20-03-202-011-0000	Exempt
199.	20-03-202-012-0000	Exempt
200.	20-03-202-013-0000	Exempt
201.	20-03-202-014-0000	Exempt
202.	20-03-202-015-0000	Exempt
203.	20-03-202-016-0000	Exempt
204.	20-03-202-017-0000	Exempt
205.	20-03-202-018-0000	Exempt
206.	20-03-202-019-0000	Exempt
207.	20-03-202-020-0000	Exempt
208.	20-03-202-021-0000	Exempt
209.	20-03-202-022-0000	Exempt
210.	20-03-202-023-0000	Exempt
211.	20-03-202-026-0000	Exempt
212.	20-03-202-027-0000	Exempt
213.	20-03-202-028-0000	Exempt
214.	20-03-202-029-0000	Exempt
215.	20-03-202-030-0000	Exempt
216.	20-03-202-031-0000	Exempt
217.	20-03-202-032-0000	Exempt
218.	20-03-202-033-0000	Exempt
219.	20-03-202-034-0000	Exempt
220.	20-03-202-035-0000	Exempt
<b>Total Project Area</b>		<b>\$ 1,464,503</b>

# **EXHIBIT IV:**

## **Madden/Wells Redevelopment Project Area Tax Increment Financing Eligibility Report**

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**MADDEN/WELLS  
REDEVELOPMENT PROJECT AREA  
ELIGIBILITY REPORT**

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Prepared for the  
Department of Planning and Development  
City of Chicago

City of Chicago  
Richard M. Daley, Mayor

Department of Planning and Development  
Alicia Mazur Berg, Commissioner

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

June 27, 2002  
Revised October 18, 2002



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## EXECUTIVE SUMMARY

The purposes of this report entitled *Madden/Wells Redevelopment Project Area Eligibility Report* (the "Eligibility Report") are to: (i) document the blighting and conservation factors that are present within the Madden/Wells Redevelopment Project Area (the "Project Area"), and (ii) conclude whether the Project Area qualifies for designation as a conservation area, blighted area, or combination of conservation and blighted areas within the definitions set forth in the Tax Increment Allocation Redevelopment Act (the "Act"). The Act is found in Illinois Compiled Statutes, Chapter 65; Act 5, Section 11-74.4-1 *et. seq.*, as amended.

The findings and conclusions contained in this Eligibility Report are based on surveys, documentation, and analyses of physical conditions within the Project Area. These surveys and analyses were conducted by Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") during February and March 2002. The City of Chicago (the "City") is entitled to rely on the findings and conclusions of this Eligibility Report in designating the Project Area as a redevelopment project area under the Act. TPAP has prepared this Eligibility Report and the related Redevelopment Plan with the understanding that the City would rely on (i) the findings and conclusions of this Eligibility Report and the related Redevelopment Plan in proceeding with the designation of the Project Area as a redevelopment project area under the Act, and (ii) the fact that TPAP has obtained the necessary information so that the Eligibility Report and the related Redevelopment Plan will comply with the Act. The determination of whether the Project Area qualifies for designation as a conservation area or a blighted area, or a combination of both, pursuant to the Act is made by the City of Chicago (the "City") after careful review and consideration of the conclusions contained in this Eligibility Report.

### The Project Area

The Project Area is approximately 97.6 acres in size, located approximately four miles south of the Chicago Loop in the Oakland community area. The Project Area is bordered by 37<sup>th</sup> Street on the north, the Illinois Central Rail Line (Metra) right-of-way on the east, portions of Pershing Road and Oakwood Boulevard on the south, and Vincennes Avenue on the west. The boundaries of the Project Area are illustrated in Figure 1, *Project Area Boundary*.

The Project Area is made up of 13 full and/or partial tax blocks, four of which have been laid out as super blocks as a result of street vacations for land assembly related to the large Chicago Housing Authority ("CHA") housing developments. One tax block (104) is split by the extension of Pershing Road. The CHA developments include the Ida B. Wells complex (between Cottage Grove Avenue and Vincennes Avenue) and the Madden Park Homes (between Cottage Grove Avenue and Ellis Avenue). The former Clarence Darrow Homes in the large block bordered by Pershing Road, Langley Avenue, 38<sup>th</sup> Street and Cottage Grove Avenue have been demolished.

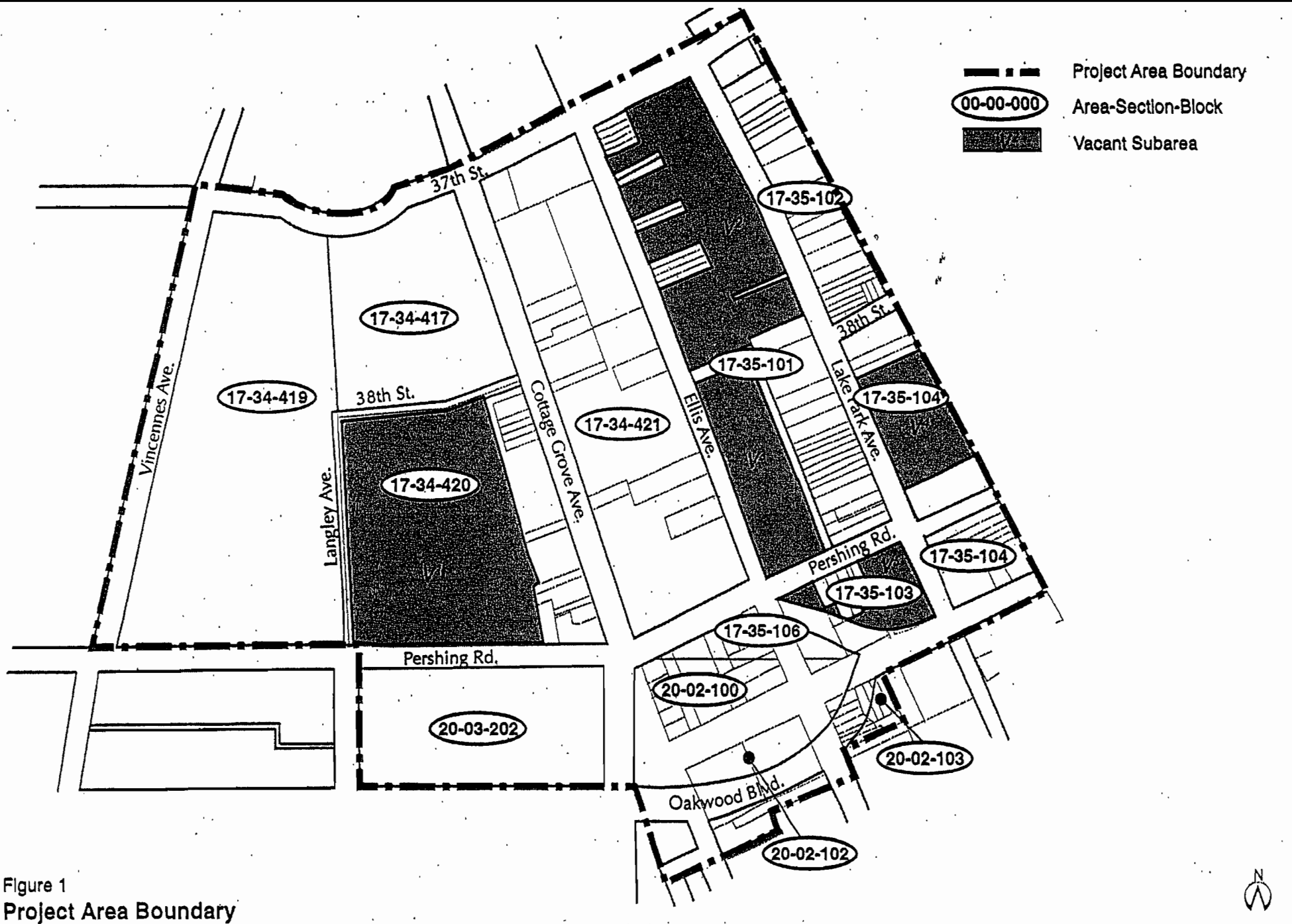


Figure 1  
Project Area Boundary

The Project Area consists of both vacant and improved areas. There are five vacant subareas including the former Clarence Darrow Homes site and four subareas, each consisting of numerous contiguous parcels). The improved area consists of the remaining properties, which include CHA Housing developments, scattered single-family and multi-family structures, public facilities and several social agencies and churches. The improved area is characterized by obsolescence, deterioration of buildings, streets and sites, excessive vacancies within the remaining CHA buildings as well as within many residential structures in the blocks east of Ellis Avenue; inadequate utilities, excessive land coverage and overcrowding of structures, structures below minimum code standards, deleterious land-use or layout of parcels, streets, and alleys, and a general lack of community planning. Existing land uses are illustrated in Figure 2, *Existing Land Use*.

The Project Area is found to be eligible as a blighted area including a combination of an improved blighted area and five vacant blighted subareas within the definitions set forth in the Act.

The basis for designating an area as a redevelopment project area and adopting the use of tax increment financing ("TIF") is described in Section II, *Eligibility Analysis and Conclusions*, and summarized briefly below. The summary that follows is limited to (i) a discussion of the approach taken to evaluate the presence of eligibility factors in the Project Area and (ii) the conclusions derived from the evaluation.

### **Eligibility Evaluation**

The approach taken to evaluate the presence of eligibility factors within the Project Area is listed below.

1. Survey the Project Area and document the physical conditions of buildings, site improvements and vacant areas.
2. Document and analyze existing land uses and their relationships with one another, and the size, configuration and layout of buildings and parcels.
3. Review supporting secondary and previously prepared plans and documents.
4. Delineate improved and vacant areas within the Project Area.
5. Tabulate and map the extent and distribution of blighted factors that exist within the improved and vacant areas.
6. Evaluate the extent and distribution of eligibility factors within each of the vacant and improved areas, and conclude whether the extent and distribution of the factors are sufficient to qualify the areas for designation as a redevelopment project area.
7. Review Chicago Housing Authority documentation of the CHA buildings and sites for the presence of blighted area factors as required by the Act.
8. Review of City Sewer Department and Water Department memoranda regarding the adequacy of utilities in the Project Area.
9. Review of Phase II Environmental Report as prepared by an independent consultant for the need for environmental clean-up in the Project Area.

## **Conclusions**

The Project Area is found to be eligible as a combination of an improved and vacant blighted area within the definitions set forth in the Act. This conclusion is made on the basis that blighted area factors are, with respect to both the vacant and improved areas, (i) present to a meaningful extent and (ii) reasonably distributed throughout the Project Area.

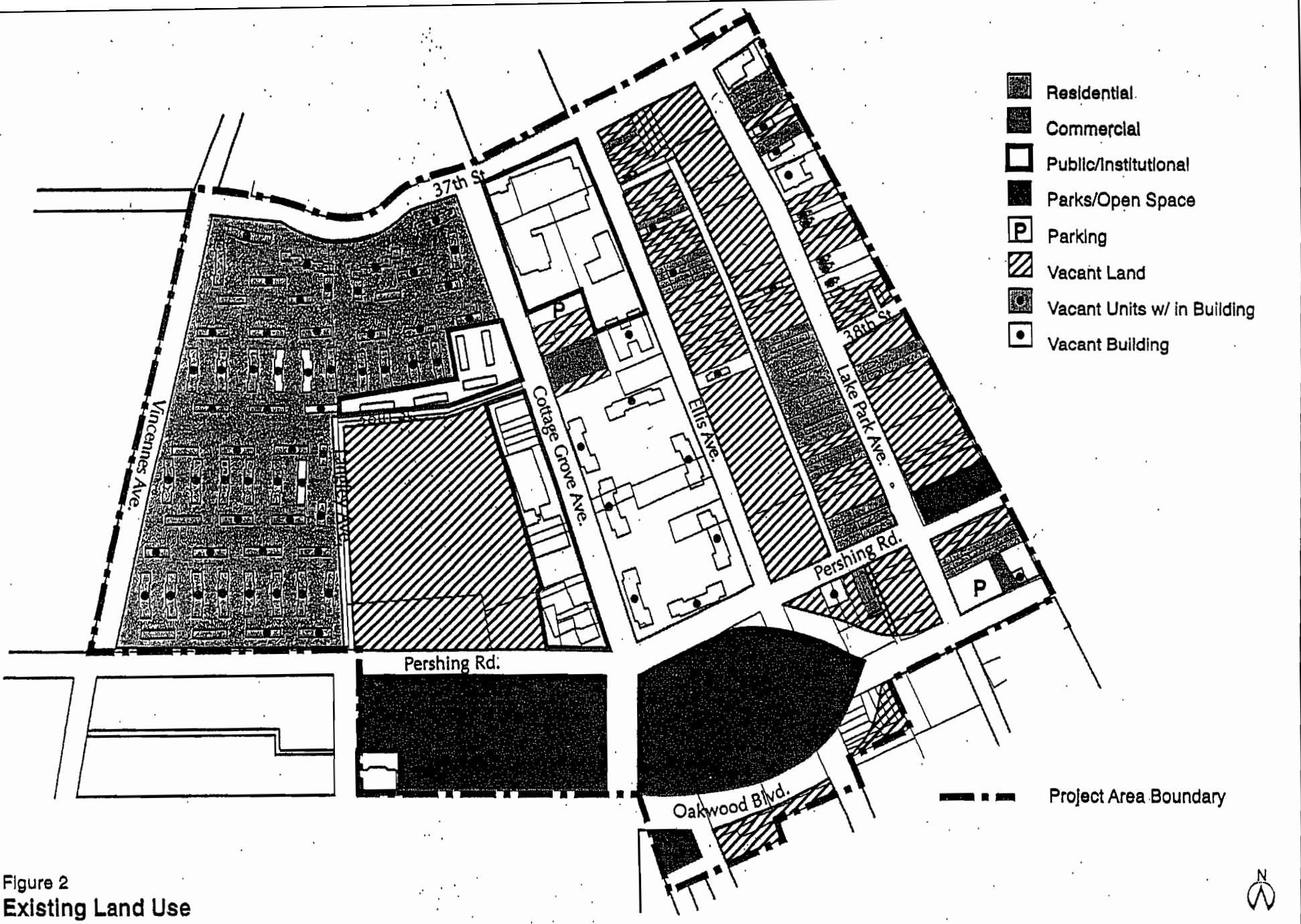


Figure 2  
Existing Land Use

## **I. BASIS FOR REDEVELOPMENT**

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

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

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

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

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

### **A. ELIGIBILITY OF A BLIGHTED AREA**

#### **IMPROVED AREA**

A blighted area may be either improved or vacant. If the area is improved, it may be found to be eligible as a blighted area based on the finding that industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following 13 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 improved part of the redevelopment project area:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies



7. Lack of ventilation, light, or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land-use or lay-out
11. Environmental clean-up
12. Lack of community planning
13. Declining or lagging equalized assessed valuation

## **VACANT AREAS**

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

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

- a. Obsolete platting of the vacant land;
- b. Diversity of ownership of such land;
- c. Tax and special assessment delinquencies on such land;
- d. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land;
- e. The area has incurred or is in need of significant environmental remediation costs; and
- f. The total equalized assessed valuation has declined or lagged behind the City.

2. The presence of one 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:

- g. The area consists of an unused quarry or unused quarries;
- h. The area consists of unused rail yards, rail tracks or railroad rights-of-way;
- i. The area, prior to the area's designation, is subject to chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency;
- j. The area consists of an unused or illegal disposal site, containing earth, stone, building debris or similar material, that were removed from construction, demolition, excavation or dredge sites;
- k. Prior to November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial

agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets certain other qualifying criteria and

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

## **II. ELIGIBILITY ANALYSIS AND CONCLUSIONS**

The determination of whether the Project Area qualifies as an Improved Blighted Area and/or Vacant Blighted Area pursuant to the Act is made by the City after careful review and consideration of the conclusions contained in the Redevelopment Plan and Eligibility Report. The conclusions contained in this Eligibility Report are based on an analysis of physical conditions found to be present within the Project Area. The analysis and conclusion of physical conditions are based on surveys and analyses of existing conditions and land uses as well as a review of third party documents conducted by TPAP during March 2002.

It is important to note that the test of eligibility is based on the conditions of the Project Area as a whole; it is not required that eligibility be established for every property in the Project Area. Although it may be concluded that the mere presence of a combination of the stated factors may be sufficient to make a finding that the area qualifies as a Blighted Area, the evaluation contained in this Eligibility Report was made on the basis that the required factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of factors throughout the improved part and vacant part of the Project Area must be reasonable so that basically good areas are not arbitrarily found to qualify simply because of their proximity to areas which do qualify.

### **A. SURVEYS AND ANALYSES CONDUCTED**

An analysis was made of each of the factors listed in the Act to determine whether each or any are present in improved and vacant parts of the Project Area, and if so, to what extent and in what locations. Surveys and analyses conducted by TPAP included:

1. Exterior survey of the condition and use of all buildings and sites in the Project Area including detailed site inspection with CHA management staff to survey each Ida B. Wells building for condition, occupancy, and analysis of neighboring areas adjacent to the Project Area;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
4. Analysis of current parcel configuration and building size and layout;
5. Comparison of current land use to current zoning ordinance and the current zoning map;

6. Analysis of original and current platting and building size and layout;
7. Analysis of vacant portions of the site and building;
8. Analysis of building floor area and site coverage;
9. Review of previously prepared plans, studies and data;
10. Review of Sewer Department and Water Department memoranda regarding the adequacy of utilities in the Project Area;
11. Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area for assessment years 1996 to 2001;
12. Analysis of Cook County Treasurer proof of payment records for the Year 2000; and
13. Review of Phase II Environmental Reports as prepared by an independent consultant.

## **B. IMPROVED AREA**

The improved area within the Project Area meets the criteria required for determination as a Blighted Area as set forth in the Act. The improved part of the Project Area, which is indicated in Figure 1, exhibits the presence of 9 of the 13 factors listed in the Act. Only five of the 13 factors are required to qualify as a Blighted Area.

A statement of findings is presented for each blighting factor listed in the Act. The conditions that exist and the relative extent to which each factor is present are described below.

### **1. Dilapidation**

*As defined in the Act, Dilapidation refers to 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 meaningful repair is required or the defects are so serious and so extensive that the buildings must be removed.*

This section summarizes the process used for assessing building conditions in the Project Area, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation or deterioration of structures. The process, standards and criteria were applied in accordance with the TPAP Building Condition Survey Manual.

The building condition analysis is based on a thorough exterior inspection of the buildings and sites conducted in March 2002. Structural deficiencies in building components and related environmental deficiencies in the Project Area were noted during the survey. See Figure 3, *Exterior Survey Form*, which was completed for, and contains survey findings for each building in the Project Area.

#### *Building Components Evaluated*

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

### Primary Structural Components

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

### Secondary Components

These are components generally added to the primary structural components and are necessary parts of the building, including exterior and interior stairs, windows and window units, doors and door units, interior walls, chimneys, and gutters and downspouts.

### Criteria for Classifying Defects for Building Components

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

### *Building Component Classifications*

The four categories used in classifying building components and systems and the criteria used in evaluating structural deficiencies are described below:

#### Sound

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

#### Deficient - Requiring Minor Repair

Building components containing 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 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 components. Minor defects are not considered in rating a building as structurally substandard.

#### Deficient - Requiring Major Repair

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

#### Critical

Building components that contain major defects (bowing, sagging, or settling to any or all exterior components causing the structure to be out-of-plumb, or broken, loose or missing material and deterioration over a widespread area) so extensive that the cost of repair would be excessive.

### *Final Building Rating*

After completion of the exterior-interior building condition survey, each structure was placed in one of four categories based on the combination of defects found in various primary and secondary building components. Each final rating is described below:

#### Sound

Sound buildings can be kept in a standard condition with normal maintenance. Buildings so classified have less than one minor defect.

#### Deficient

Deficient buildings contain defects that collectively are not easily correctable and cannot be accomplished in the course of normal maintenance. The classification of major or minor reflects the degree or extent of defects found during the survey of the building.

#### Minor

Buildings classified as "deficient - requiring minor repairs" - have more than one minor defect, but less than one major defect.

#### Major

Buildings classified as "deficient - requiring major repairs" - have at least one major defect in one of the primary components or in the combined secondary components, but less than one critical defect.

#### Substandard

Structurally substandard buildings contain defects that are so serious and so extensive that the building must be removed. Buildings classified as structurally substandard have two or more major defects.

"Minor deficient" and "major deficient" buildings are considered to be the same as "deteriorating" buildings as referenced in the Act; "substandard" buildings are the same as "dilapidated" buildings. The words "building" and "structure" are presumed to be interchangeable.

# EXTERIOR BUILDING SURVEY

PROJECT		BLOCK #										PERSONNEL	DATE																																																	
<div style="border: 1px solid black; padding: 5px;"> <p>222 South Michigan Avenue                      Suite 1500                      Chicago, Illinois 60604                      (312) 467-2700                      Fax (312) 281-1174</p> <p><b>TPAP</b>                      TRKLA, PETTIGREW, ALLEN &amp; PAYNE, INC.</p> </div>		NUMBER OF UNITS OCCUPIED		NUMBER OF UNITS OCCUPIED		NUMBER OF UNITS OCCUPIED		C. CONSTRUCTION B. HEIGHT		D. DECADE		E. CONSTRUCTION MATERIALS		F. LIGHTING FACTORS		<b>G. TIF Blight/Overrated Factors</b> 1. Duplication 2. Overintensity 3. Deterioration 4. Illegal Use of Individual Structures 5. Presence of Structures Below Minimum Code Standards 6. Excessive Vacancies 7. Excessive Land Coverage/Overcrowding of Structures and Community Facilities 8. Lack of Ventilation, Light, or Sanitary Facilities 9. Inadequate Utilities 10. Deteriorous Land-Use or Layout 11. Lack of Community Planning 12. Environmental Remediation 13. Declining or Leading Speculatively Assessed Valuations																																														
		PARCEL	BLDG	ACTIVITY											COMMENTS																																															
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Code</th> <th>Activity</th> <th>Land Use</th> <th>Height</th> <th>Construction</th> <th>Decade</th> <th>Decade</th> </tr> </thead> <tbody> <tr> <td>R</td> <td>Residential</td> <td>1 story</td> <td>Masonry</td> <td>Before 1900</td> <td>1950-1960</td> <td></td> </tr> <tr> <td>C</td> <td>Commercial</td> <td>1 1/2 stories</td> <td>Concrete</td> <td>1900-1910</td> <td>1960-1970</td> <td></td> </tr> <tr> <td>I</td> <td>Industrial</td> <td>2 stories</td> <td>Wood</td> <td>1910-1920</td> <td>1970-1980</td> <td></td> </tr> <tr> <td>P</td> <td>Public</td> <td>2 1/2 stories</td> <td>Metal</td> <td>1920-1930</td> <td>1980-1990</td> <td></td> </tr> <tr> <td>S</td> <td>Semi-Public</td> <td>3 stories</td> <td></td> <td>1930-1940</td> <td>1990-2000</td> <td></td> </tr> <tr> <td>T</td> <td>Transit</td> <td>4 stories</td> <td></td> <td>1940-1950</td> <td>2000-2010</td> <td></td> </tr> </tbody> </table>														Code	Activity	Land Use	Height	Construction	Decade	Decade	R	Residential	1 story	Masonry	Before 1900	1950-1960		C	Commercial	1 1/2 stories	Concrete	1900-1910	1960-1970		I	Industrial	2 stories	Wood	1910-1920	1970-1980		P	Public	2 1/2 stories	Metal	1920-1930	1980-1990		S	Semi-Public	3 stories		1930-1940	1990-2000		T	Transit	4 stories		1940-1950	2000-2010	
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Figure 3  
Exterior Survey Form

## *Exterior Survey*

The conditions of the buildings within the Project Area were determined based on observable components. TPAP conducted an exterior survey of each building within the Project Area to determine its condition. One commercial building was found to be in substandard (dilapidated) condition. This building is one of several buildings in one of the thirteen full and/or partial blocks within the Project Area.

A block in which 10% or more of the buildings are dilapidated (substandard) is indicated as characterized by the presence of dilapidation to a major extent. A block in which less than 10% of the buildings are dilapidated is indicated as characterized by the presence of dilapidation to a limited extent.

*Conclusion: Structurally substandard buildings (Dilapidation) as a factor is present to a meaningful extent in only one of thirteen full and/or partial blocks and impacts only one of 125 total buildings, resulting in an insufficient presence and therefore, dilapidation is not present to a meaningful extent and is not reasonably distributed to qualify as an eligibility factor.*

## **2. Obsolescence**

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

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

### Functional Obsolescence

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

### Economic Obsolescence

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

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

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

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 re-use. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse affect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

Obsolescence is present in several small commercial buildings in the Project Area, which are of limited size for the present retail use. Several vacant commercial buildings are also of limited design and dimension for conversion or alteration to accommodate any sizable commercial activity. The CHA buildings are obsolete with limited amenities, outdated plumbing, electrical and heating systems, lack of energy efficiency and provisions for American Disability Act (ADA)) and would require major renovation to update these structures. The Ida B. Wells development, which comprises the majority of the public housing in the Project Area, was constructed in 1941, and has not been substantially improved or rehabilitated

A block in which more than 20% of the buildings or sites are obsolete is indicated as characterized by the presence of obsolescence to a meaningful extent. A block in which less than 20% of the buildings or sites are obsolete is indicated as characterized by the presence of obsolescence to a limited extent. Figure 4, *Obsolescence*, illustrates meaningful and limited obsolescence in the Project Area.

*Conclusion: The analysis indicates that obsolescence is present to a meaningful extent in five blocks and to a limited extent in two blocks. Obsolescence is present to a meaningful extent and reasonably distributed throughout the Project Area.*

### **3. Deterioration**

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

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



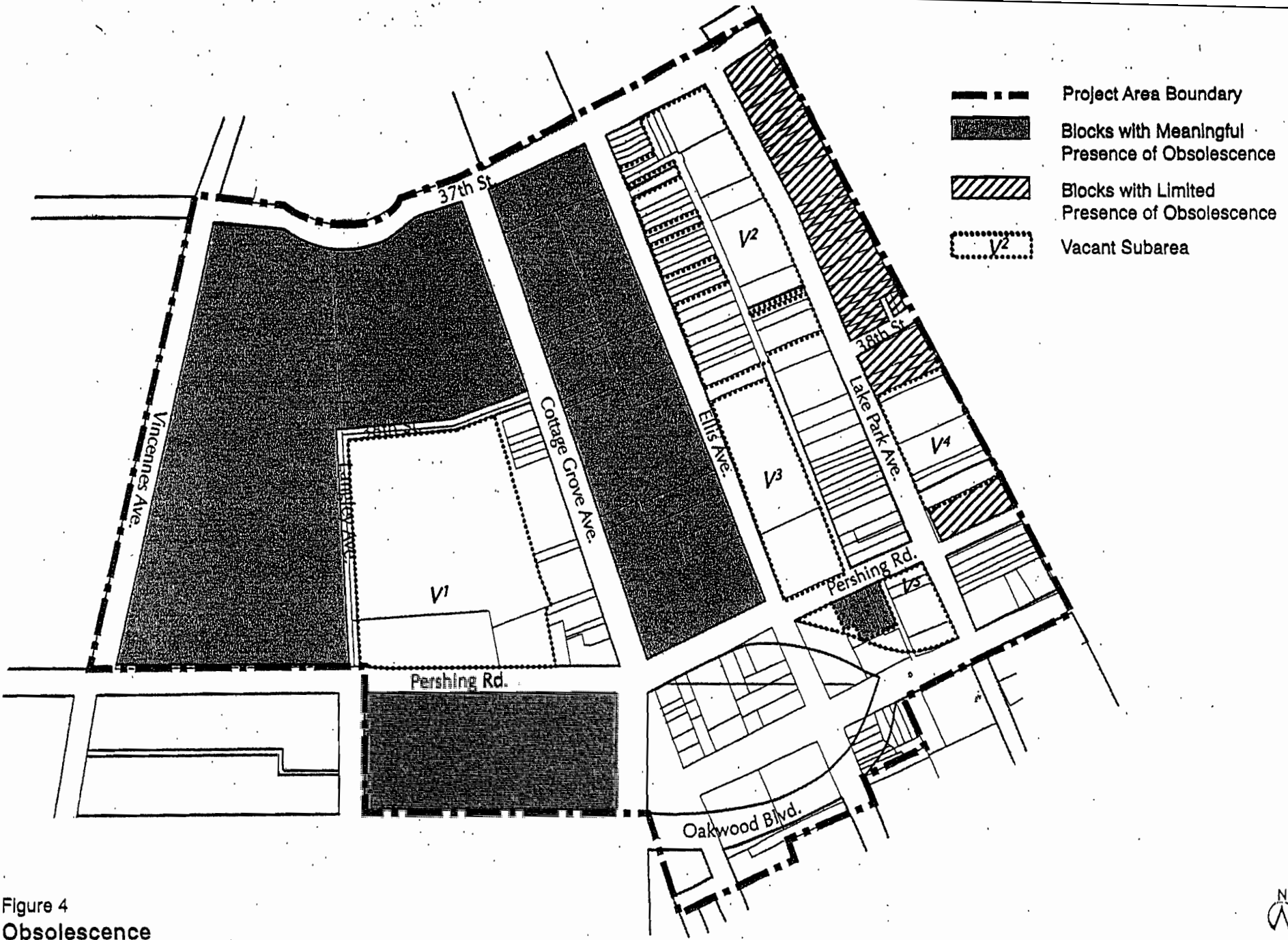
- Deterioration may be evident in basically sound buildings containing minor defects, such as lack of painting, loose or missing materials, or holes and cracks over limited areas. This deterioration can be corrected through normal maintenance.
- Deterioration that is not easily correctable and cannot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

#### *Deterioration of Streets*

Deterioration of streets is present only within the interior streets of the Ida B. Wells housing development, which represents over one-third of the overall Project Area, and includes deteriorated pavement, concrete curbing and concrete parking bumpers which are broken and dislodged from their locations. Streets impacted by deterioration include 38<sup>th</sup> Place, 38<sup>th</sup> Street, and 37<sup>th</sup> Place.

#### *Deterioration of Buildings*

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." Table 1, *Building Conditions*, indicates the condition of all buildings in the 9 blocks containing buildings within the improved area.



- Project Area Boundary
- Blocks with Meaningful Presence of Obsolescence
- ▨ Blocks with Limited Presence of Obsolescence
- ⋯ V<sup>2</sup> Vacant Subarea

Figure 4  
Obsolescence

**Table 1. Building Conditions**

Block No.	Total Buildings	Sound	Minor Deficient	Major Deficient	Substandard (Dilapidated)	Percent Deficient (Deter.)
17-35-101	21	5	7	9	0	76.2%
17-35-102	11	5	4	2	0	54.5%
17-35-103	3	2	0	1	0	33.3%
17-35-104	7	0	5	1	1	100%
20-03-202	1	1	0	0	0	0
17-34-417	19	5	0	14	0	73.7%
17-34-419	49	0	0	49	0	100%
17-34-420	2	2	0	0	0	0
17-34-421	12	3	0	9	0	75.0%
<b>Total</b>	<b>125</b>	<b>23</b>	<b>16</b>	<b>85</b>	<b>1</b>	<b>81%</b>

**Exterior Survey**

The conditions of the buildings within the Project Area were determined based on observable components and the degree and distribution of minor and major defects. Components of each building found in deteriorating conditions are noted on the field survey forms previously referenced in the report and will be made available to the City. Of the total 125 buildings:

- 23 buildings were classified as structurally sound;
- 16 buildings were classified as minor deficient (deteriorating);
- 85 buildings were classified as major deficient (deteriorating); and
- 1 building was classified as substandard (dilapidated).

A block in which 20% or more of the buildings or site improvements are characterized by deterioration, provided that at least 10% of all buildings are deteriorating to a major deficient level, indicate that deterioration is present to a meaningful extent. A block in which less than 20% of the buildings or sites show the presence of deterioration and less than 10% of all buildings are deteriorating to a major deficient level, indicate that deterioration is present to a limited extent. Figure 5, *Deterioration*, illustrates blocks within the Project Area with meaningful deterioration.

**Conclusion:** *Deterioration is present to a meaningful extent in 7 of the 9 blocks containing buildings and improvements. Therefore, the factor of deterioration is present to a meaningful extent and reasonably distributed throughout the Project Area.*

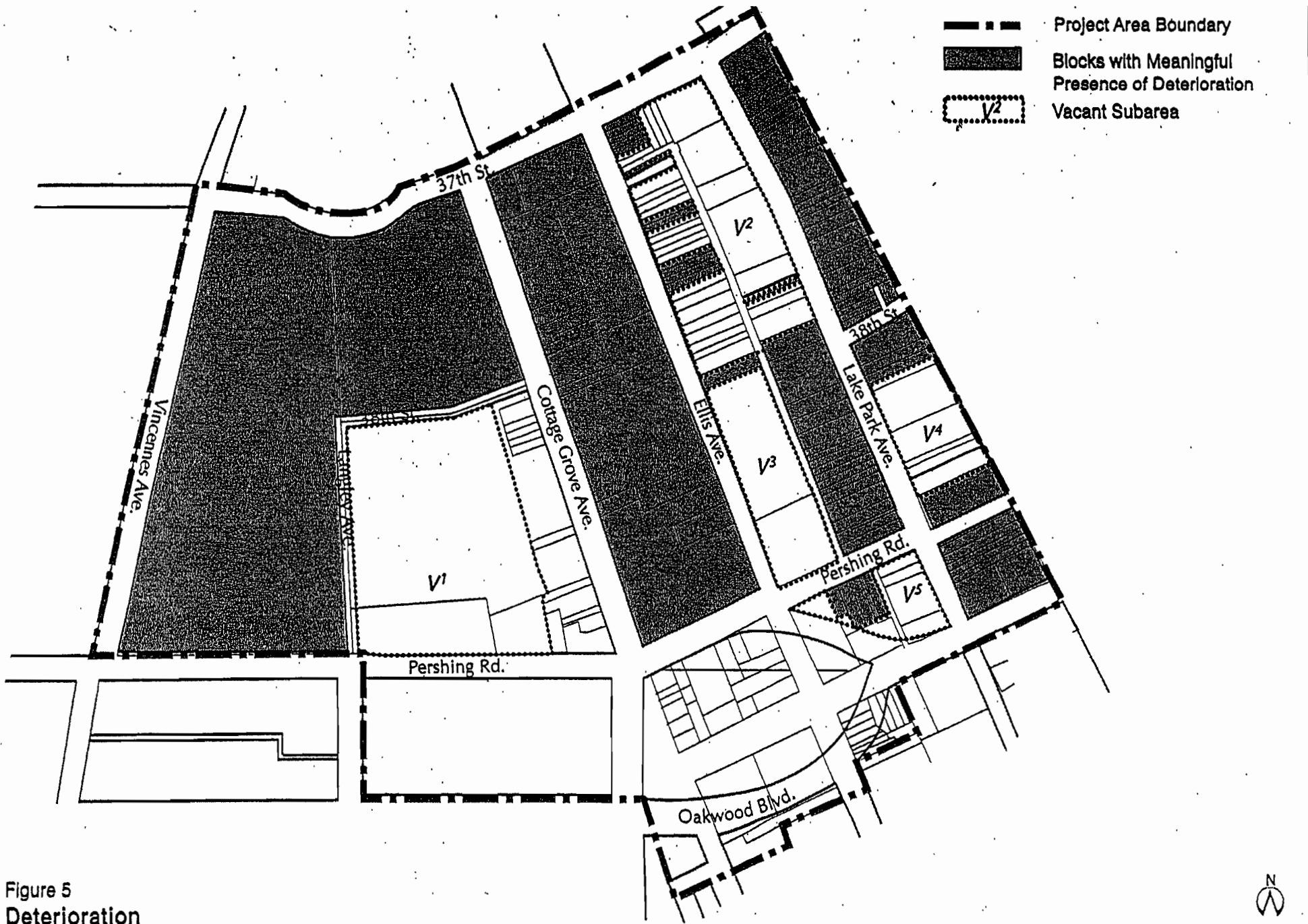


Figure 5  
Deterioration

#### 4. Illegal Use of Individual Structures

*As defined in the Act, "illegal use of individual structures" refers to 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.*

No illegal uses of individual buildings were noted to be present.

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

#### 5. Presence of Structures Below Minimum Code Standards

*As defined in the Act, the "presence of structures below minimum code standards" refers to all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.*

As referenced in the definition above, the principal purposes of governmental codes applicable to properties are to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy; to be safe for occupancy against fire and similar hazards; and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code standards are characterized by defects or deficiencies that threaten health and safety.

Determination of the presence of structures below minimum code standards was based upon visible defects and advanced deterioration of building components from the exterior surveys.

Advanced deterioration, broken and/or missing components in the CHA buildings included fascias, door canopies, windows, doors, gutters and downspouts. City of Chicago Building Department records between 1996 and 2002 indicate that 74 separate buildings within the Project Area were cited with code violations. These code violations represent 59.2% of the 125 buildings in the Project Area. Figure 6, *Structures Below Code*, illustrates the locations of structures below minimum code within the Project Area.

The factor is considered to be present to a meaningful extent in a block if 20% or more of the buildings on a block are below minimum code standards. The factor is considered to be present to a limited extent on a block if fewer than 20% of the buildings are below minimum code standards.

*Conclusion: The factor of structures below minimum code standards is present to a meaningful extent in 6 blocks and to a limited extent in 1 block of the 9 blocks containing buildings. Therefore, the factor of structures below minimum code standards is present to a meaningful extent and reasonably distributed throughout the Project Area.*