LaSalle Central Redevelopment Project Area

Tax Increment Finance District
Eligibility Study, Redevelopment Plan and Project

City of Chicago
Richard M. Daley, Mayor

June 29, 2006
Revised July 6, 2006
Revised November 6, 2006

S. B. Friedman & Company
Real Estate Advisors and Development Consultants

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1. Executive Summary

In October 2005, *S. B. Friedman & Company* was engaged to conduct a Tax Increment Financing Eligibility Study (the "Eligibility Study") for the proposed LaSalle Central Redevelopment Project Area. This report details the eligibility factors found within the proposed LaSalle Central Redevelopment Project Area in support of its designation as a "conservation area" within the definitions set forth in the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act"), and thus in support of its designation as the LaSalle Central Redevelopment Project Area (the "LaSalle Central RPA" or "RPA"). In addition, since the Eligibility Study has determined that the RPA qualifies as a conservation area, this report also contains the Redevelopment Plan and Project (the "Redevelopment Plan" or "Redevelopment Plan and Project") for the LaSalle Central RPA.

The LaSalle Central RPA is located within the Loop and Near West Side community areas ("Community Area") of the City of Chicago, and is generally bounded by Dearborn Street on the east, Van Buren Street on the south, the Chicago River and Canal Street on the west, and portions of the Chicago River, Lake, Randolph and Washington streets on the north.

Determination of Eligibility

This Eligibility Study concludes that the LaSalle Central RPA is eligible for Tax Increment Financing ("TIF") designation as a "conservation area" because 50 percent or more of the structures in the area are 35 years in age or older, and because the following six eligibility factors have been found to be present to a meaningful extent and reasonably distributed throughout the RPA:

1. Lack of Growth in Equalized Assessed Value (EAV);
2. Inadequate Utilities;
3. Excessive Vacancies;
4. Presence of Structures Below Minimum Code Standards;
5. Deterioration; and
6. Obsolescence.

Redevelopment Plan, Goal, Objectives, and Strategies

Goal. The overall goal of the Redevelopment Plan is to reduce or eliminate the conditions that qualify the LaSalle Central RPA as a conservation area, and to provide the mechanisms necessary to support public and private development and improvements in the RPA. This goal is to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate private investment in rehabilitation of existing structures and new development. Eliminating these conditions and facilitating development within the RPA will insure that the Loop remains a vital business and employment center.

Objectives. Thirteen broad objectives support the overall goal of area-wide revitalization of the LaSalle Central RPA. These include:

1. Provide resources for the rehabilitation and modernization of existing structures, particularly historically and architecturally significant buildings;

2. Encourage high-quality commercial and retail development which enhances the architectural character of the area, promotes a lively pedestrian environment, and attracts unique retailers to the area;

3. Promote the RPA as a center of employment and commercial activity, through the attraction and retention of major employers and corporate headquarters, and by providing assistance to small and/or growing businesses;

4. Improve the quality of existing open space and provide additional public open space through streetscaping and provision of new plazas, parks and public gathering spaces;

5. Provide resources for improvements to the Chicago River wall and riverwalk, and promote the recreational use of the River;

6. Promote a pedestrian-friendly environment, particularly along streets designated as Pedestrian and Mobility Streets in the Chicago Zoning Ordinance, and improve connections in the underground pedway system;

7. Improve vehicular circulation throughout the RPA, through improvements to streets, alleys and loading areas;

8. Improve transit and transit stations within the RPA, and advance the development of the Monroe Avenue Transitway;

9. Replace or repair public infrastructure where needed, including streets, sidewalks, curbs, gutters, underground water and sanitary systems, alleys, bridges and viaducts;

10. Encourage environmentally-sensitive development, including development that incorporates green roofs and that achieves LEED certifications;

11. Provide opportunities for women-owned, minority-owned, and locally-owned businesses to share in job opportunities associated with the redevelopment of the LaSalle Central RPA, particularly in the design and construction industries;

12. Support job training and welfare to work programs and increase employment opportunities for City residents; and

13. Provide daycare assistance to support employees of downtown businesses.

Strategies. These objectives will be implemented through five specific and integrated strategies. These include:

1. **Implement Public Improvements**. A series of public improvements throughout the LaSalle Central RPA may be designed and implemented to build upon and improve the character of the area, and to create a more conducive environment for private development. Public improvements that are implemented with TIF assistance are intended to complement and not replace existing funding sources for public improvements in the RPA.

   These improvements may include improvement of new streets, streetscaping, street and sidewalk lighting, alleyways, underground water and sewer infrastructure, parks or open space, and other public improvements consistent with the Redevelopment Plan and Project. These public improvements may be completed pursuant to redevelopment agreements with private entities or intergovernmental agreements with other public entities, and may include the construction, rehabilitation, renovation, or restoration of public improvements on one or more parcels.

2. **Encourage Private Sector Activities and Support Rehabilitation of Existing Buildings**. Through the creation and support of public-private partnerships, or through written agreements, the City may provide financial and other assistance to encourage the private sector, including local property owners, to undertake rehabilitation and redevelopment projects and other improvements, in addition to programming such as job training and retraining, that are consistent with the goals of this Redevelopment Plan and Project.

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

   The City requires that developers who receive TIF assistance for market-rate housing set aside twenty percent (20 percent) of the units to meet affordability criteria established by the City's Department of Housing or any successor agency. Generally, this means that affordable for-sale housing units should be priced at a level that is affordable to persons earning no more than one hundred percent (100 percent) of the area median income, and affordable rental units should be affordable to persons earning no more than sixty percent (60 percent) of the area median income. TIF funds can also be used to pay for up to fifty percent (50 percent) of the cost of construction or up to seventy five percent (75 percent) of interest costs for new housing units to be occupied by low-income and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act.

3. **Assist Employers Seeking to Relocate or Expand Facilities.** The City may provide assistance to businesses and institutions that are major employers and which seek to relocate to or expand within the LaSalle Central RPA. This assistance may be provided through support of redevelopment and rehabilitation projects in existing buildings, assistance with land acquisition and site preparation for new facilities, or assistance with financing costs.

4. Develop Vacant and Underutilized Sites. The redevelopment of vacant and underutilized properties within the LaSalle Central RPA is expected to stimulate private investment and increase the overall taxable value of properties within the RPA. Development of vacant and/or underutilized sites is anticipated to have a positive impact on other properties beyond the individual project sites.

5. Facilitate Property Assembly, Demolition, and Site Preparation. Financial assistance may be provided to private developers seeking to acquire land, and to assemble and prepare sites in order to undertake projects in support of this Redevelopment Plan and Project.

To meet the goals of this Redevelopment Plan and Project, the City may acquire and assemble property throughout the RPA. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain, through the Tax Reactivation Program or other programs and may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Site preparation may include such preparatory work as demolition of existing improvements and environmental remediation, where appropriate. 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.

Required Findings

The conditions required under the Act for the adoption of the Eligibility Study and Redevelopment Plan and Project are found to be present within the LaSalle Central RPA.

1. The RPA has not been subject to growth and development through investment by private enterprise or not-for-profit sources. The EAV of the LaSalle Central RPA has not kept pace with the City of Chicago as a whole. In addition, construction activity within the RPA has largely been limited to a small number of buildings, and the total value of these construction projects has been small relative to the market value of the area.

2. Without the support of public resources, the redevelopment objectives of the LaSalle Central RPA will most likely not be realized. TIF assistance may be used to fund rehabilitation, infrastructure improvements, and expansions to public facilities. Without the creation of the LaSalle Central RPA, these types of projects are not likely to occur.

3. The LaSalle Central RPA includes only the contiguous real property that is expected to substantially benefit from the proposed Redevelopment Plan and Project improvements.

4. The proposed land uses described in this Redevelopment Plan and Project will be approved by the Chicago Plan Commission prior to its adoption by the City Council.

2. Introduction

The Study Area

This document serves as the Eligibility Study and Redevelopment Plan and Project for the LaSalle Central Redevelopment Project Area. The LaSalle Central RPA is located within the Loop and Near West Side community areas of the City of Chicago (the "City"), in Cook County (the "County"). In October 2005, *S. B. Friedman & Company* was engaged to conduct a study of certain properties in these neighborhoods to determine whether the area containing these properties would qualify for status as a "blighted area" and/or "conservation area" under the Act.

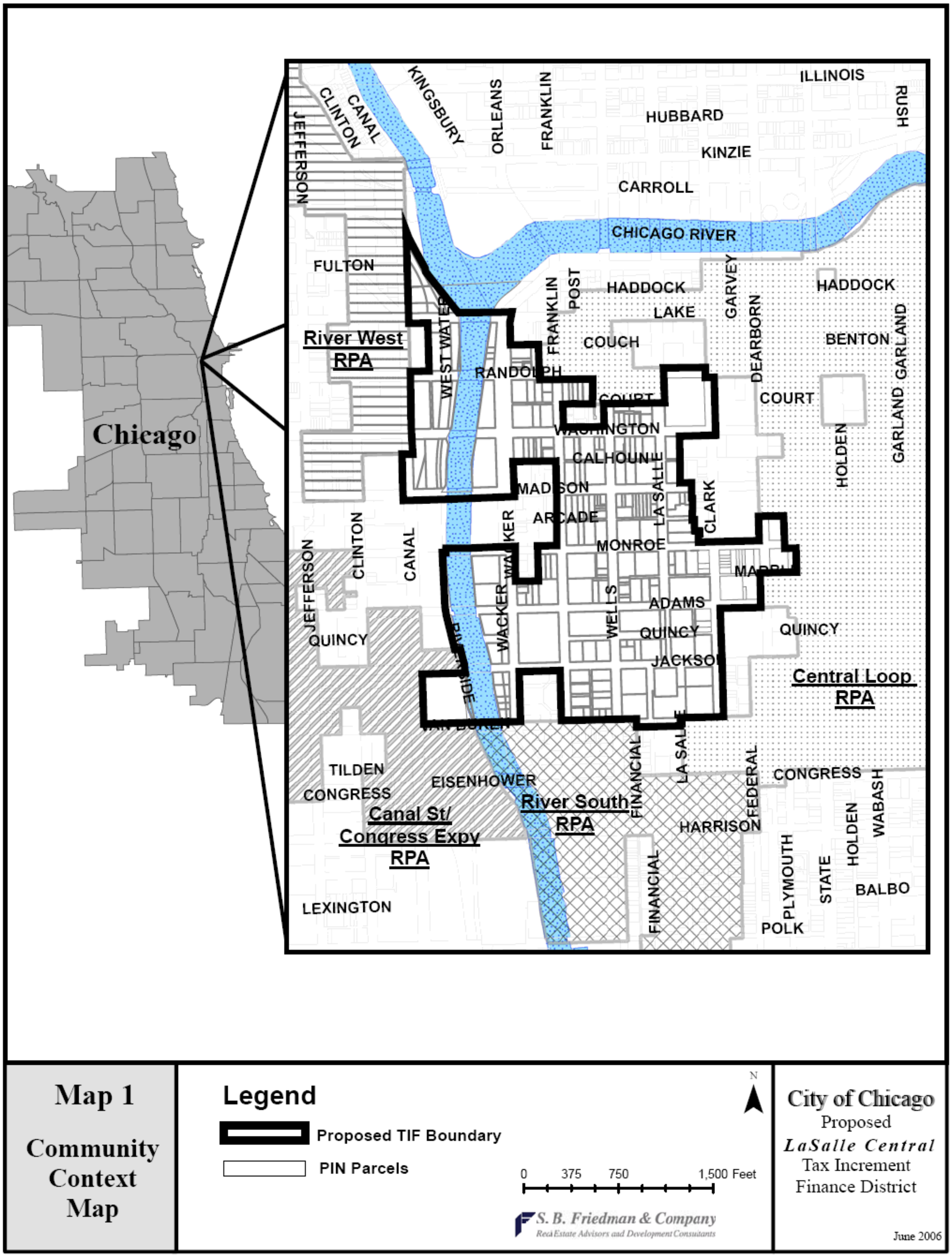
The Eligibility Study and Plan summarizes the analyses and findings of *S.B. Friedman & Company*'s work, which, unless otherwise noted, is the responsibility of *S.B. Friedman & Company*. The City is entitled to rely on the findings and conclusions of this Eligibility Study and Plan in designating the LaSalle Central Redevelopment Project Area as a redevelopment project area under the Act. *S. B. Friedman & Company* has prepared this Eligibility Study and Plan with the understanding that the City would rely: 1) on the findings and conclusions of the Eligibility Study and Plan in proceeding with the designation of the LaSalle Central Redevelopment Project Area and the adoption and implementation of the Plan, and 2) on the fact that *S.B. Friedman & Company* has obtained the necessary information to conclude that the LaSalle Central Redevelopment Project Area can be designated as a redevelopment project area under the Act and that the Eligibility Study and Plan will comply with the Act.

The community context of the LaSalle Central RPA is detailed on Map 1. The RPA encompasses portions of the Central Loop, West Loop and LaSalle Street submarkets of the Central Business District ("CBD"). It is generally bounded by Dearborn Street on the east, Van Buren Street on the south, the Chicago River and Canal Street on the west, and portions of the Chicago River, Lake, Randolph and Washington Streets on the north. The RPA consists of 273 tax parcels on 49 blocks, and is located wholly within the City of Chicago.

Map 2 details the boundary of the LaSalle Central RPA, which includes only the contiguous real property that is expected to substantially benefit from the Redevelopment Plan and Project improvements discussed herein.

Appendix 1 contains a legal description of the LaSalle Central RPA.

The Eligibility Study covers events and conditions that exist and that were determined to support the designation of the LaSalle Central RPA as a "conservation area" under the Act at the completion of our research on June 26, 2006 and not thereafter. Events or conditions, such as governmental actions and additional developments occurring after that date are excluded from the analysis. The improved parcels suffer from excessive vacancy, inadequate utilities, presence of structures below minimum code standards, and lack of growth and investment. In addition, many


Chicago
River West RPA
Central Loop RPA
River South RPA
Canal St/ Congress Expy RPA
CHICAGO RIVER
ILLINOIS
HUBBARD
KINZIE
CARROLL
FULTON
HADDOCK
LAKE
COUCH
RANDOLPH
WASHINGTON
CALHOUN
MADISON
ARCADE
MONROE
ADAMS
QUINCY
JACKSON
VAN BUREN
CONGRESS
EISENHOWER
TILDEN
HARRISON
LEXINGTON
POLK
BALBO
BENTON
COURT
KINGSBURY
ORLEANS
FRANKLIN
POST
GARVEY
DEARBORN
CLARK
LA SALLE
WELLS
WACKER
WEST WATER
RIVERSIDE
CLINTON
CANAL
JEFFERSON
HOLDEN
GARLAND
RUSH
FINANCIAL
FEDERAL
PLYMOUTH
STATE
WABASH
Map 1
Community Context Map
Legend
Proposed TIF Boundary
PIN Parcels
N
0 375 750 1,500 Feet
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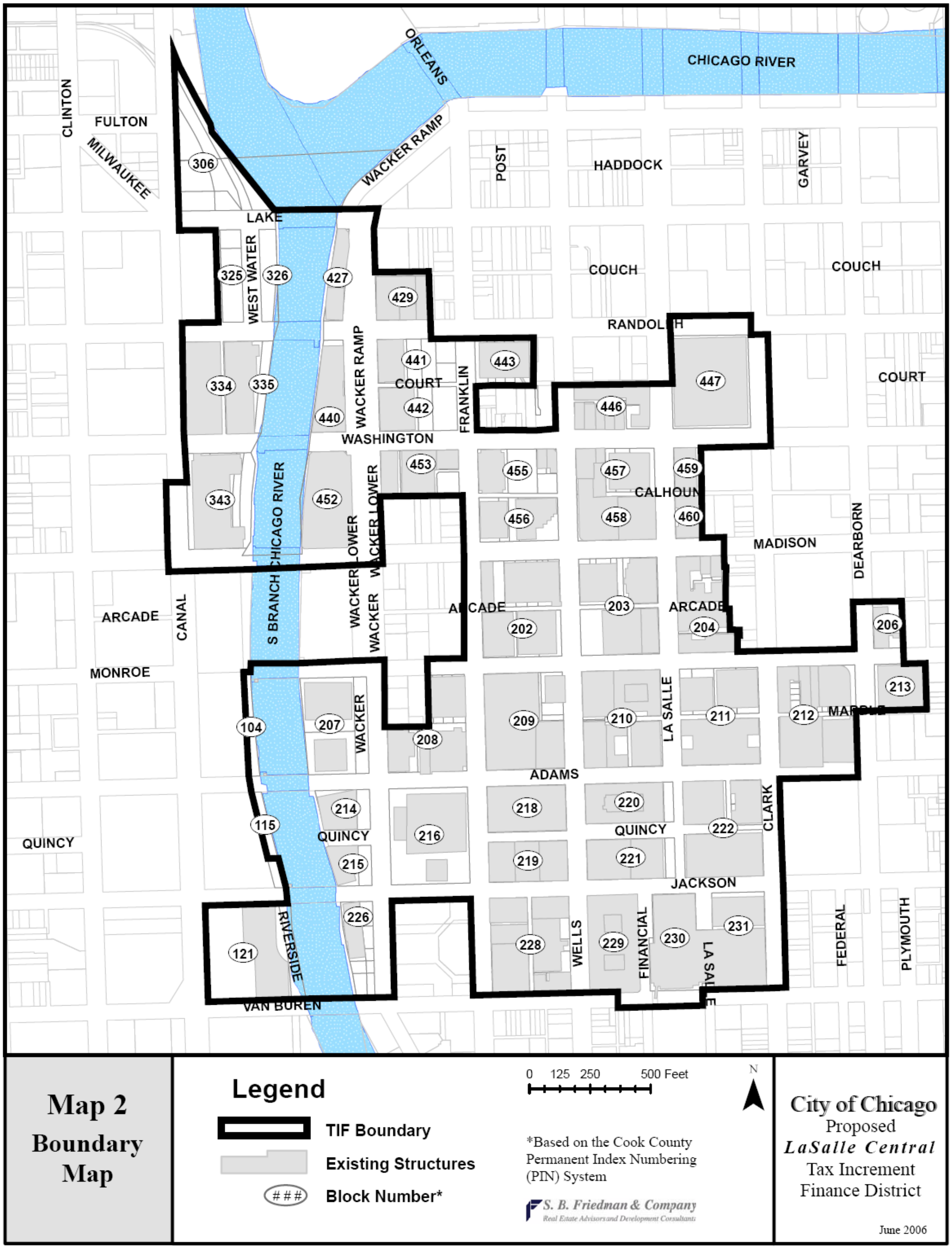
Proposed
LaSalle Central
Tax Increment
Finance District
June 2006


CHICAGO RIVER
ORLEANS
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FULTON
MILWAUKEE
POST
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GARVEY
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WEST WATER
COUCH
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RANDOLPH
COURT
COURT
WACKER RAMP
FRANKLIN
WASHINGTON
CALHOUN
MADISON
DEARBORN
S BRANCH CHICAGO RIVER
LOWER WACKER
LOWER WACKER
WACKER
WACKER
ARCADE
ARCADE
ARCADE
CANAL
MONROE
MARBLE
LA SALLE
ADAMS
QUINCY
QUINCY
QUINCY
CLARK
JACKSON
RIVERSIDE
WELLS
FINANCIAL
LA SALLE
FEDERAL
PLYMOUTH
VAN BUREN
306 325 326 427 429 441 443 447 446 334 335 440 442 343 452 453 455 457 459 456 458 460 202 203 204 206 213 104 207 208 209 210 211 212 214 216 218 220 222 115 215 219 221 121 226 228 229 230 231
Map 2
Boundary Map
Legend
TIF Boundary
Existing Structures
###
Block Number*
0 125 250 500 Feet
N
*Based on the Cook County Permanent Index Numbering (PIN) System
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Proposed
LaSalle Central
Tax Increment
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buildings are served by deteriorated infrastructure or demonstrate obsolescence. Without a comprehensive approach to address these issues, the RPA is not likely to see substantial private investment. The Redevelopment Plan and Project address these issues by providing the means to facilitate private development and rehabilitation, and the construction of public infrastructure. These improvements will benefit all of the property within the RPA by alleviating conditions qualifying the RPA as a conservation area.

History of Community Area[1]

The LaSalle Central RPA is located principally within Chicago's Loop Community Area, which is bounded roughly by the Chicago River on the north and west, Congress Parkway on the south, and Lake Michigan on the east. The northwest portion of the RPA, which lies just west of the Chicago River, is in the Near West Side Community Area. The development and history of this portion of the Near West Side has been closely tied to that of the Loop.

The Loop has historically served as the commercial center of the City of Chicago and of the wider Chicago metropolitan area. Development in the area dates back to the earliest days of the City. Jean Baptiste Point DuSable, the first non-Native American settler of the region, established a trading post on the north bank of the Chicago River in the late 18th century, and Fort Dearborn was established on the south bank of the river in 1803-04. By the late 1820s, a small community of traders had established a village at the confluence of the North and South Branches of the Chicago River, and the City was incorporated in 1837.

The population of the area grew rapidly during the mid-19th century, fueled by a series of infrastructure projects and the economic opportunities those projects created. In 1848, the Illinois and Michigan Canal was completed, linking the Great Lakes with the Mississippi River. The same year the Galena and Chicago Railroad was also completed. These transportation improvements opened up new markets to Chicago's businesses, provided access to raw materials, and established Chicago as a center of the transportation industry. In addition, the Chicago Board of Trade was established that same year, cementing the City's position as the financial center of the Midwest.

During the latter half of the 19th century the character of the various sub-districts of the Loop solidified. Potter Palmer engineered the shift of the City's retail district from Lake Street to State Street during the 1860s. The Chicago Board of Trade's move to LaSalle Street in 1865 established that street as the financial center of the City. The City's first major railroad station, Central Depot, was constructed by the Illinois Central Railroad in 1856, and in subsequent decades major railroad depots were constructed on the fringes of the Loop, along Canal Street and south of Congress Parkway.

The Fire of 1871 had a profound impact of the character of the Loop, destroying most of the business district, as well as much of its residential housing. Before 1871, 28,000 people lived in the Loop; after the Fire, few homes were rebuilt in the area, further solidifying its commercial

[1] Information on the history of the Loop and Near West Side community areas was derived from the *Local Community Fact Book of Chicago Metropolitan Area 1990*, edited by the Chicago Fact Book Consortium (copyright 1995, Board of Trustees of the University of Illinois), and the *Encyclopedia of Chicago*.

character. In subsequent years, technological advances such as the passenger elevator, spread footings, steel frame construction and fireproofing allowed construction of the world's first commercial skyscrapers, beginning with William LeBaron Jenney's Home Insurance Building at the corner of LaSalle and Adams Streets in 1885. By 1904, 21 high-rise buildings had been constructed in the Loop. A newly created mass transportation system, which linked the Loop to outlying areas, also helped to maintain the primacy of the Loop as the City's employment center. Cable cars appeared in the Loop in 1882, and the first segment of the City's elevated train system was completed in 1902. In 1907 the various elevated train lines were united by a stretch of tracks above Wells, Lake, Wabash and Van Buren Streets, giving the area its eponymous feature.

The 1920s saw a second boom in skyscraper construction in the Loop, centered primarily along LaSalle Street and the newly completed, two-level Wacker Drive. The construction of this thoroughfare, as well as the need for parking lots to accommodate the newly available automobile, drove the wholesale industry from the Loop during this time period. The Great Depression and World War II brought an end to construction activity in the Loop for more than twenty years, from 1933 to 1955. After 1955, development in the Loop exploded once again, catalyzed by such government projects as the Federal Center and the Daley Center. Over 30 million square feet of office space was constructed in the Loop between 1957 and 1977.

Despite this construction boom, competition from suburban office markets and the declining fortune of heavy manufacturing sectors took its toll on the Loop during the 1970s. Rail yards on the fringes of the CBD had become disused, and State Street, facing competition from suburban shopping malls, had steadily declined to become a district of discount clothing stores and transient hotels. The North Loop, a popular entertainment district in the 1950s and 1960s, had become run-down as well, with many once popular movie houses shutting their doors. Efforts to rehabilitate these areas during the 1980s and 1990s proved successful. Residential developments such as Printers Row, Dearborn Park and Central Station replaced former industrial uses on the fringes of the Loop. South State Street became home to several colleges and education users, while the North Loop became an important theater and entertainment destination. The completion of Millennium Park in 2004 catalyzed residential development in the East Loop, and State Street has seen a resurgence of retail activity.

Nevertheless, the La Salle Central RPA faces several challenges today. Consolidation within the banking industry has diminished the importance of LaSalle Street as a center of the financial services sector. Office buildings near the commuter rail stations of the West Loop have drawn tenants away from the area's traditional commercial core, and vacancy rates in many of the Loop's older office buildings have climbed to economically unsustainable levels. Wacker Drive, the principal arterial roadway for the RPA, has become seriously deteriorated. Finally, increased competition among communities for corporate headquarters and the use of special tax incentives by nearby municipalities and other cities threatens to diminish the La Salle Central RPA's position as the area's employment center. Designation of the area as a tax increment financing district will provide resources to help address these issues.

Existing Land Use

The existing land use of the proposed LaSalle Central RPA is characteristic of its role as the Central Business District for the Chicago metropolitan area. The majority of properties are developed as commercial office buildings with retail uses on the ground floors and service uses scattered throughout. In addition, there are several small surface parking lots, as well as eight multi-story commercial parking structures, which are concentrated along Wells Street. Vacant land is limited to the northwestern portions of the RPA, particularly along Franklin Street and along the west bank of the South Branch of the Chicago River. A small number of parcels are occupied by railroad tracks, also along the Chicago River. The RPA does not include any residential uses, and there is one hotel along Adams Street. Existing land use is shown on Map 3, which shows the predominant land use by block.

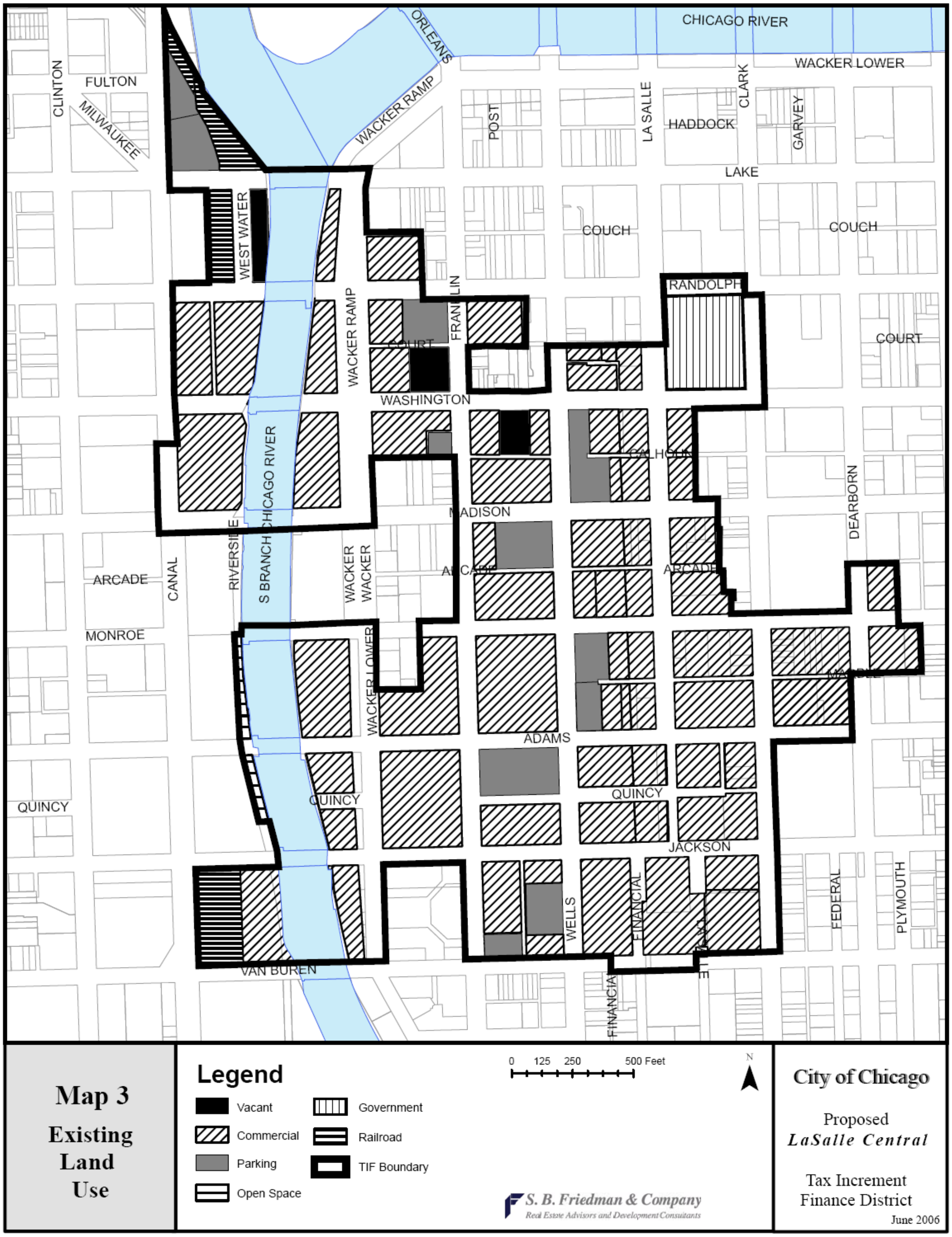
Historically Significant Structures

The portion of the Loop and the Near West Side covered by the proposed LaSalle Central RPA contains many buildings listed on the National Register of Historic Places, a federal landmark designation program. As a group, the historic buildings located within the proposed TIF district are an important concentration of buildings significant to the City's architectural, financial, business, cultural, and governmental history.

To identify architecturally and/or historically significant buildings located within the LaSalle Central RPA, *S. B. Friedman & Company* obtained data from the Chicago Historic Resources Survey (the "CHRS"). The CHRS identifies over 17,000 Chicago properties and contains information on buildings that may possess architectural and/or historical significance. Structures are classified according to a color-based coding system. Designation as "red" indicates that a structure is architecturally or historically significant in the context of the City of Chicago, State of Illinois, or the United States of America; designation as "orange" indicates that a structure is potentially significant in the context of the community in which it is located. Approximately 300 structures were designated as red by CHRS, and 9,600 were designated as orange.

S. B. Friedman & Company found eight buildings within the RPA which were designated as red by CHRS. These buildings, described using their addresses and historic names, are:

- Field Building, 135 S LaSalle Street
- Rookery Building, 209 S LaSalle Street
- Chicago Board of Trade, 141 W Jackson Boulevard
- Brooks Building, 223 W Jackson Boulevard
- City/County Building, 119 W Randolph Street
- Washington Block, 40 N Wells Street
- Civic Opera Building, 20 N Wacker Drive
- Marquette Building, 140 S Dearborn



CHICAGO RIVER
WACKER LOWER
ORLEANS
CLINTON
FULTON
MILWAUKEE
WACKER RAMP
POST
LA SALLE
HADDOCK
CLARK
GARVEY
LAKE
WEST WATER
COUCH
COUCH
RANDOLPH
WACKER RAMP
FRANKLIN
COURT
COURT
WASHINGTON
CALHOUN
CHICAGO RIVER
DEARBORN
MADISON
RIVERSIDE
S BRANCH CHICAGO RIVER
WACKER
WACKER
ARCADE
CANAL
ARCADE
ARCADE
MONROE
WACKER LOWER
ADAMS
QUINCY
QUINCY
QUINCY
JACKSON
WELLS
FINANCIAL
FEDERAL
PLYMOUTH
VAN BUREN
FINANCIAL
Map 3
Existing Land Use
Legend
Vacant
Commercial
Parking
Open Space
Government
Railroad
TIF Boundary
0 125 250 500 Feet
N
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In addition, *S. B. Friedman & Company* found 32 buildings and structures in the RPA which were designated orange by CHRS. These include:

- Midland Club, 170 W Adams Street
- One North LaSalle, 1 N LaSalle Street
- Foreman National Bank, 30 N LaSalle Street
- Lumber Exchange, 11 S LaSalle Street
- Central YMCA Headquarters, 19 S LaSalle Street
- New York Life Building, 39 S LaSalle Street
- Northern Trust, 50 S LaSalle Street
- State Bank Building, 120 S LaSalle Street
- City National Bank and Trust, 208 S LaSalle Street
- Continental Bank and Trust of Illinois, 231 S LaSalle Street
- Federal Reserve Bank of Chicago, 230 S LaSalle Street
- Insurance Exchange Building, 175 W Jackson Boulevard
- McKintock Building, 201 W Jackson Boulevard
- Clark-Adams Building, 111 W Adams
- Commonwealth Edison Building, 125 S Clark
- Chicago & Northwestern Railroad Building, 226 W Jackson Boulevard
- Madison Square, 123 W Madison Street
- Williams Building, 201 W Monroe Street
- 300 W Adams Street
- Equitable Building, 180 W Washington Street
- Chicago Federation of Musicians, 175 W Washington Street
- Elks Club, 176 W Washington Street
- Telephone Exchange, 301 W Washington Street
- Franklin Exchange Building, 311 W Washington Street
- Butler Building, 101 N Canal Street
- Chicago Daily News Building, 2 N Riverside Plaza
- Quincy/Wells El Station, 220 S Wells Street
- Lasalle/Van Buren El Station, 130 W Van Buren Street
- Lyric Opera Bridge, 10 S Wacker Drive
- Adams Street Bridge, 337 W Adams Street
- Monroe Street Bridge, 380 W Monroe Street
- Jackson Boulevard Bridge, 375 W Jackson Boulevard

S. B. Friedman & Company also identified buildings within the LaSalle Central RPA which have been designated Chicago Landmarks by the Commission on Chicago Landmarks. A total of 217 buildings in the City of Chicago have been individually designated as Chicago Landmarks. The following 10 buildings within the LaSalle Central RPA have been individually designated as Chicago Landmarks:

- Field Building, 135 S. LaSalle St.
- Rookery Building, 209 S. LaSalle St.
- Chicago Board of Trade, 141 W. Jackson Blvd.
- Brooks Building, 223 W. Jackson Blvd.
- City Hall/County Building, 119 W. Randolph St.
- Washington Block, 40 N. Wells St.
- Civic Opera Building, 20 N. Wacker Dr.
- One North LaSalle, 1 N. LaSalle St.
- Inland Steel Building, 30 W Monroe St.
- Marquette Building, 140 S Dearborn St.

3. Eligibility Analysis

Provisions of the Illinois Tax Increment Allocation Redevelopment Act

Based upon the conditions found within the LaSalle Central RPA at the completion of *S. B. Friedman & Company's* research, it has been determined that the LaSalle Central RPA meets the eligibility requirements of the Act as a conservation area. The following text outlines the provisions of the Act to establish eligibility.

Under the Act, two primary avenues exist to establish eligibility for an area to permit the use of tax increment financing for area redevelopment: declaring an area as a "blighted area" and/or a "conservation area."

"Blighted areas" are those improved or vacant areas with blighting influences that are impacting the public safety, health, morals, or welfare of the community, and are substantially impairing the growth of the tax base in the area. "Conservation areas" are those improved areas which are deteriorating and declining and may become blighted if the deterioration is not abated.

The statutory provisions of the Act specify how a district can be designated as a "conservation" and/or "blighted area" district based upon an evidentiary finding of certain eligibility factors listed in the Act. The eligibility factors for each designation are identical for improved property. A separate set of factors exists for the designation of vacant land as a "blighted area." There is no provision for designating vacant land as a conservation area.

Factors for Improved Property

For improved property to constitute a "blighted area," a combination of five or more of the following thirteen eligibility factors listed at 65 ILCS 5/11-74.4-3 (a) and (b) must meaningfully exist and be reasonably distributed throughout the RPA. "Conservation areas" must have a minimum of fifty percent (50%) of the total structures within the area aged 35 years or older, plus a combination of three or more of the 13 eligibility factors which are detrimental to the public safety, health, morals, or welfare and which could result in such an area becoming a blighted area.

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

Obsolescence. The condition or process of falling into disuse. Structures have become ill-suited for the original use.

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

Presence of Structures Below Minimum Code Standards. All structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

Illegal Use of Individual Structures. The use of structures in violation of the applicable Federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

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

Lack of Ventilation, Light or Sanitary Facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence 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.

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

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

Deleterious Land Use or Layout. The existence of incompatible land use relationships, buildings occupied by inappropriate mixed uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.

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

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

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

Factors for Vacant Land

Under the provisions of the "blighted area" section of the Act, for vacant land to constitute a "blighted area," a combination of two or more of the following six factors must be identified as being present to a meaningful extent and reasonably distributed which act in combination to impact the sound growth in tax base for the proposed district.

Obsolete Platting of Vacant Land. 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.

Diversity of Ownership. Diversity of ownership is when adjacent properties are owned by multiple parties. When diversity of ownership of parcels of vacant land is sufficient in number to retard or impede the ability to assemble the land for development, this factor applies.

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

Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land. Evidence of structural deterioration and area disinvestment in blocks adjacent to the vacant land may substantiate why new development had not previously occurred on the vacant parcels.

Environmental Contamination. 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.

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

Additionally, under the “blighted area” section of the Act, eligibility may be established for those vacant areas that would have qualified as a blighted area immediately prior to becoming vacant. Under this test for establishing eligibility, building records may be reviewed to determine that a combination of five or more of the 13 “blighted area” eligibility factors for improved property listed above were present immediately prior to demolition of the area’s structures.

The vacant “blighted area” section includes six other tests for establishing eligibility but none of these are relevant to the conditions within the LaSalle Central RPA.

Methodology Overview and Determination of Eligibility

Analysis of eligibility factors was done through research involving an extensive field survey of all property within the LaSalle Central RPA, and a review of building and property records and real estate industry data. Building and property records include building code violation citations, building permit data, assessor information, and information on the age and condition of sewer and water lines within the study area. Our survey of the area established that there are 101 primary structures and 273 tax parcels within the LaSalle Central RPA. Ancillary structures are excluded from this total. Ancillary structures include cashier’s buildings for surface parking lots, as well as a maintenance facility for the Chicago and Northwestern Railroad, located in the northwest portion of the RPA.

The LaSalle Central RPA was examined for qualification factors consistent with either the “blighted area” or “conservation area” requirements of the Act. Based upon these criteria, the property within the LaSalle Central RPA qualifies for designation as a “conservation area” as defined by the Act.

To arrive at this designation, *S. B. Friedman & Company* calculated the number of eligibility factors present, and analyzed the distribution of the eligibility factors on a building-by-building and/or parcel-by-parcel basis and analyzed the distribution of the eligibility factors on a block-by-block basis. When appropriate, we calculated the presence of eligibility factors on infrastructure and ancillary properties associated with the structures. The eligibility factors were correlated to buildings and/or parcels using structure-base maps, property files created from field observations, record searches, and field surveys. This information was then graphically plotted on a parcel map of the LaSalle Central RPA by block to establish the distribution of eligibility factors, and to determine which factors were present to a major extent.

Major factors are used to establish eligibility. These factors are present to a meaningful extent and reasonably distributed throughout the RPA. Minor factors are supporting factors present to a meaningful extent on some of the parcels or on a scattered basis. Their presence suggests that the area is at risk of experiencing more extensive deterioration and disinvestment.

To reasonably arrive at this designation, *S. B. Friedman & Company* documented the existence of qualifying eligibility factors and confirmed that a sufficient number of factors were present within the LaSalle Central RPA and reasonably distributed.

Although it may be concluded under the Act that the mere presence of the minimum number of the stated factors may be sufficient to make a finding of the RPA as a conservation area, this evaluation was made on the basis that the conservation area factors must be present to an extent that indicates that public intervention is appropriate or necessary.

Conservation Area Findings

As required by the Act, within a conservation area, at least fifty percent (50%) of the buildings must be 35 years of age or older, and at least three of the 13 eligibility factors must be found present to a major extent within the LaSalle Central RPA.

Establishing that at least 50 percent of the LaSalle Central RPA buildings are 35 years of age or older is a condition precedent to establishing the area as a conservation area under the Act. Based on information provided by the Cook County Assessor’s office, we have established that of the 101 buildings located within the LaSalle Central RPA, 64 (63 percent) are 35 years of age or older.

In addition to establishing that LaSalle Central RPA meets the age requirement, our research has revealed that the following six factors are present to a major extent:

1. Lack of Growth in Equalized Assessed Value (EAV);
2. Inadequate Utilities;
3. Excessive Vacancies;
4. Presence of Structures Below Minimum Code Standards;
5. Deterioration; and
6. Obsolescence.

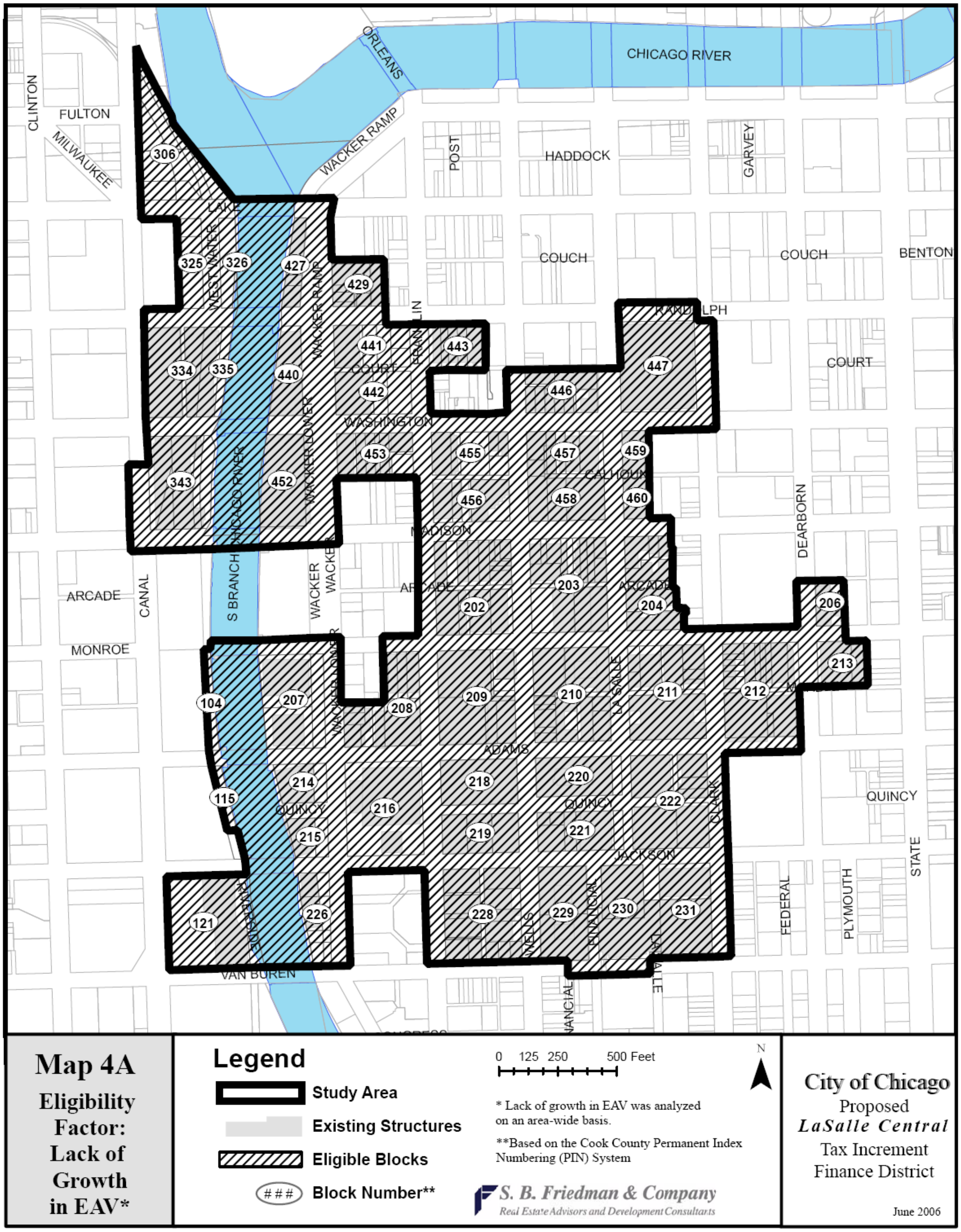
Based on the presence of these factors, the RPA exceeds the minimum requirements of a "conservation area" under the Act.

Overall, the growth in equalized assessed value of the RPA has fallen behind that of the balance of the City for four out of the last five years. More than half of the parcels within the RPA are serviced by inadequate utilities, particularly sewer lines which are overdue for repair/replacement. Half of the parcels within the RPA either contain deteriorated buildings, or are served by deteriorated infrastructure, including cracked or crumbling sidewalks, deteriorated alleys and deteriorated roadways; in addition, the entire RPA is at risk due to the deterioration of Wacker Drive, the area's primary arterial road. Furthermore, 33 buildings suffer from excessive vacancies; this constitutes 38 percent of all buildings containing for-lease space. Forty-eight buildings are considered obsolescent, and 45 buildings are below minimum code standards; this constitutes 52 percent and 48 percent, respectively, of all buildings excluding parking garages. The high cost of upgrading these obsolete and non-compliant structures, coupled with the excessive vacancy rate of buildings within the area, increases the likelihood that buildings within the RPA will fall into disrepair or disuse.

Maps 4A through 4F illustrate the presence and distribution of these eligibility factors on a block-by-block basis within the RPA. The following sections summarize our field research as it pertains to each of the identified eligibility factors found within the LaSalle Central RPA.

1. Lack of Growth in Equalized Assessed Value

Total Equalized Assessed Value (EAV) is a measure of the value of property within the LaSalle Central RPA. During four of the previous five years, the total growth in EAV of the LaSalle Central RPA has not kept pace with that of the balance of the City of Chicago. This lack of growth in EAV is an indication that the RPA suffers from a lack of private investment as compared to the balance of the City of Chicago.



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Map 4A
Eligibility Factor: Lack of Growth in EAV*
Legend
Study Area
Existing Structures
Eligible Blocks
Block Number**
0 125 250 500 Feet
N
* Lack of growth in EAV was analyzed on an area-wide basis.
**Based on the Cook County Permanent Index Numbering (PIN) System
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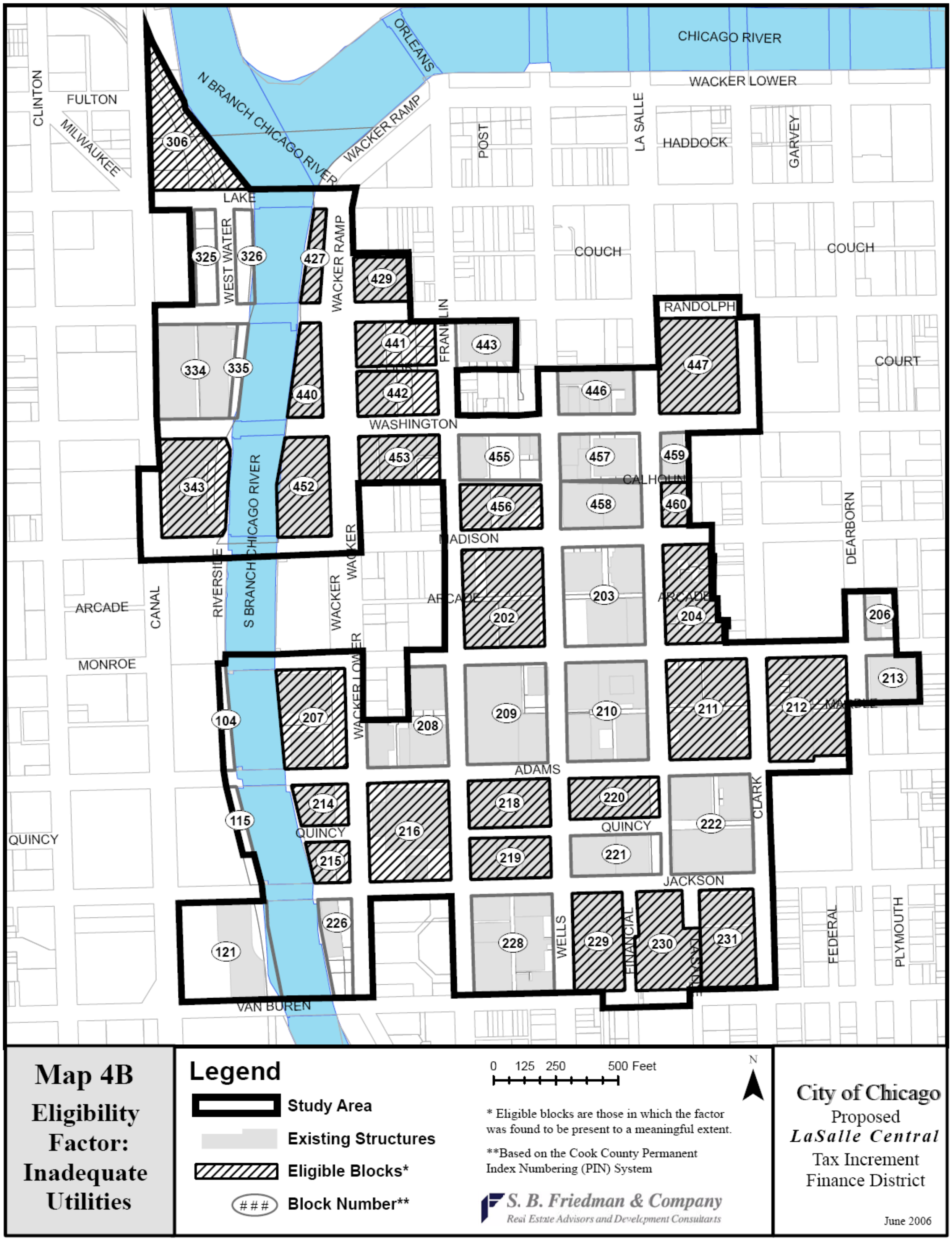
June 2006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Map 4B
Eligibility Factor: Inadequate Utilities
Legend
Study Area
Existing Structures
Eligible Blocks*
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Block Number**
0 125 250 500 Feet
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* Eligible blocks are those in which the factor was found to be present to a meaningful extent.
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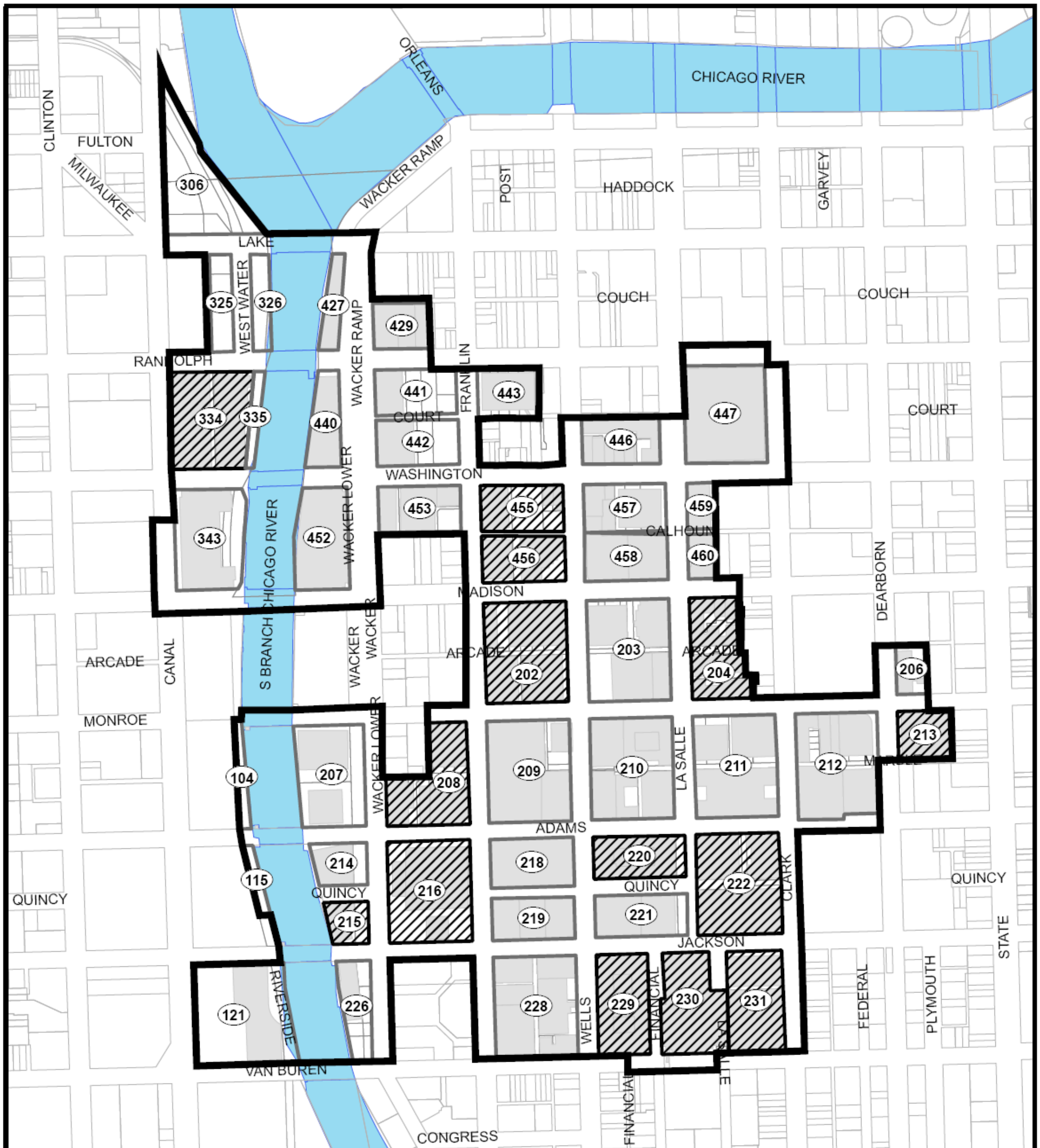

Map 4C Eligibility Factor: Excessive Vacancies

Legend

- Study Area
- Existing Structures
- Eligible Blocks*
- (###) Block Number**

0 125 250 500 Feet

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* Eligible blocks are those in which the factor was found to be present to a meaningful extent.

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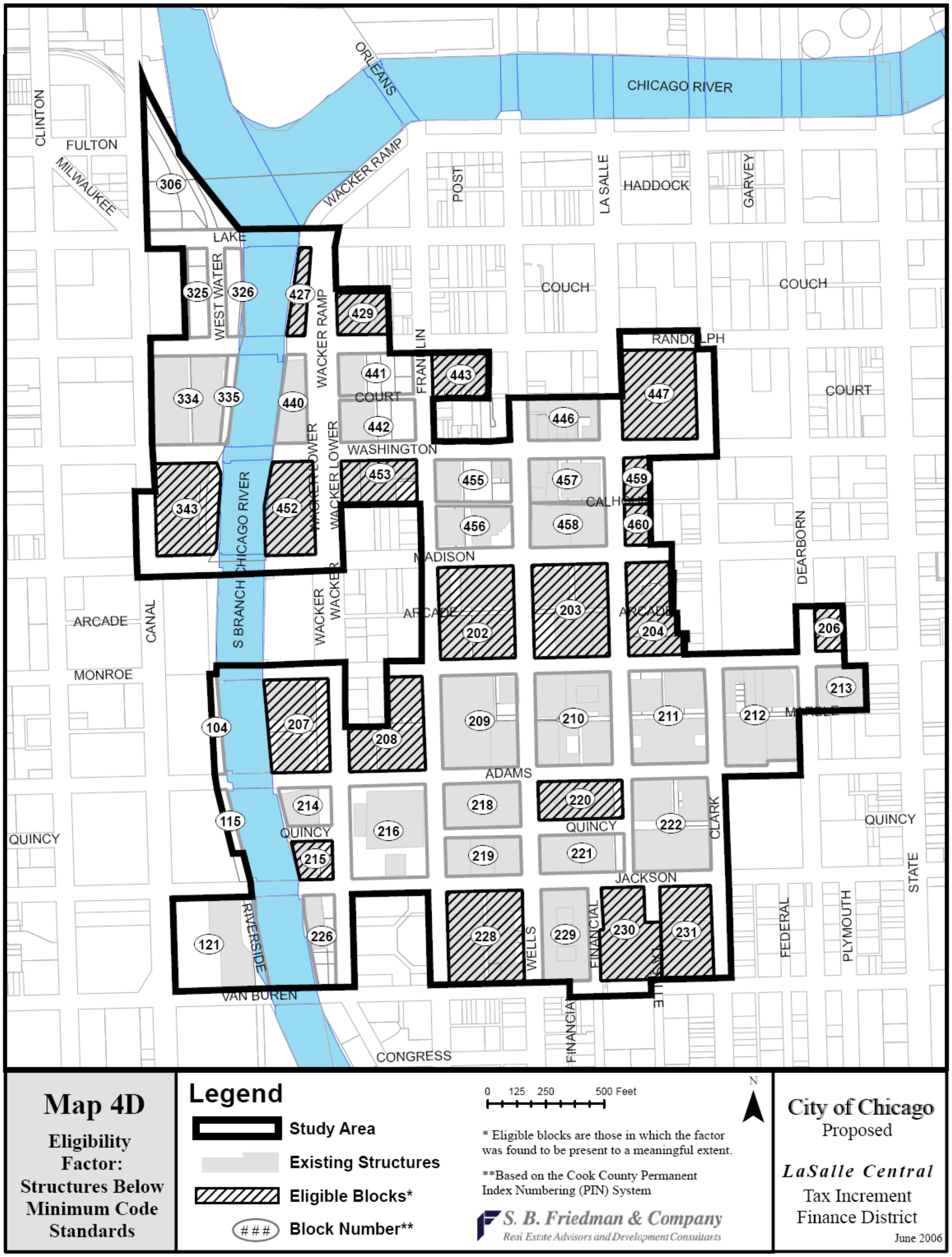
Map 4D
Eligibility Factor: Structures Below Minimum Code Standards
Legend
Study Area
Existing Structures
Eligible Blocks*
Block Number**
0 125 250 500 Feet
N
* Eligible blocks are those in which the factor was found to be present to a meaningful extent.
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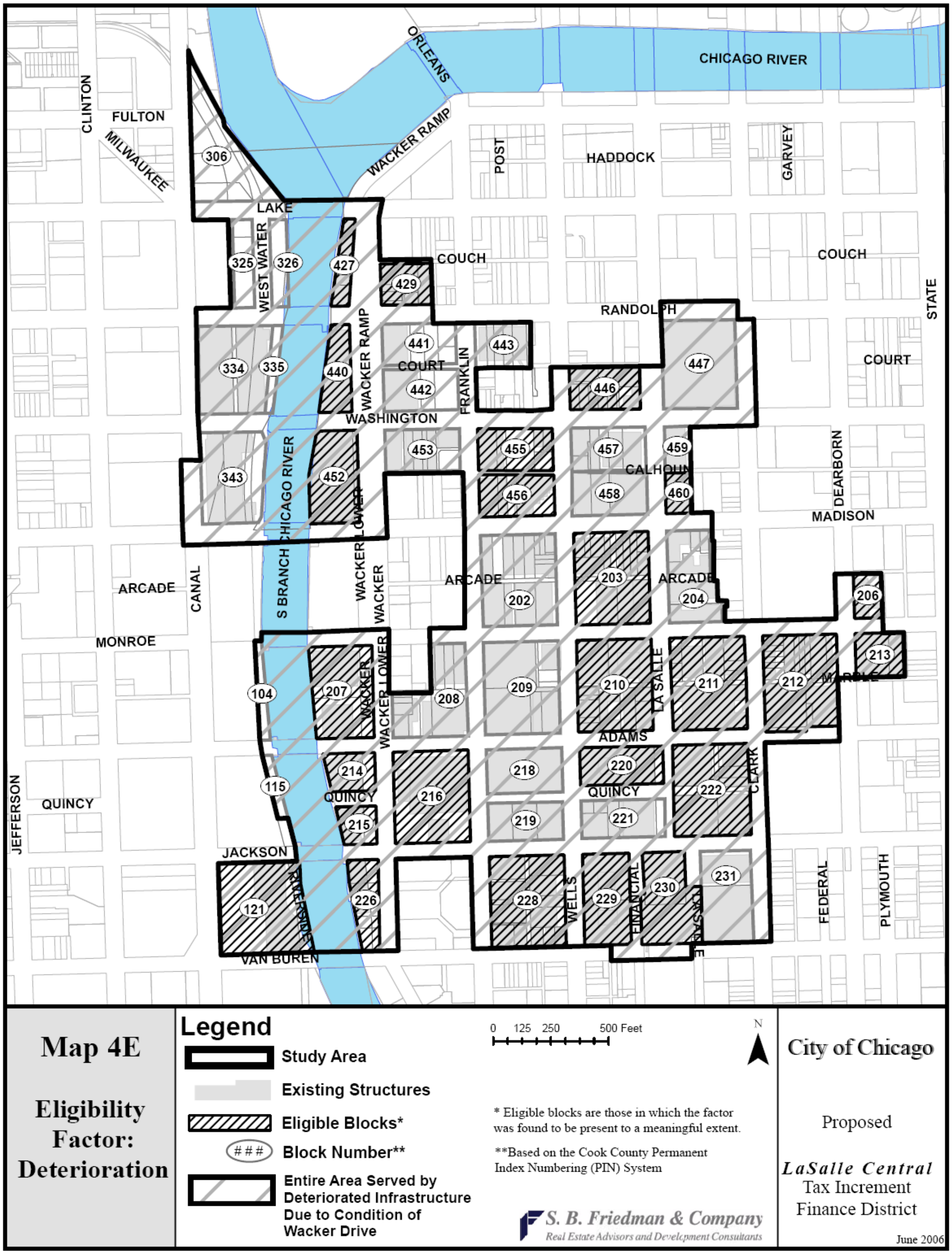

Map 4E
Eligibility Factor: Deterioration
Legend
Study Area
Existing Structures
Eligible Blocks*
Block Number**
Entire Area Served by Deteriorated Infrastructure Due to Condition of Wacker Drive
0 125 250 500 Feet
N
* Eligible blocks are those in which the factor was found to be present to a meaningful extent.
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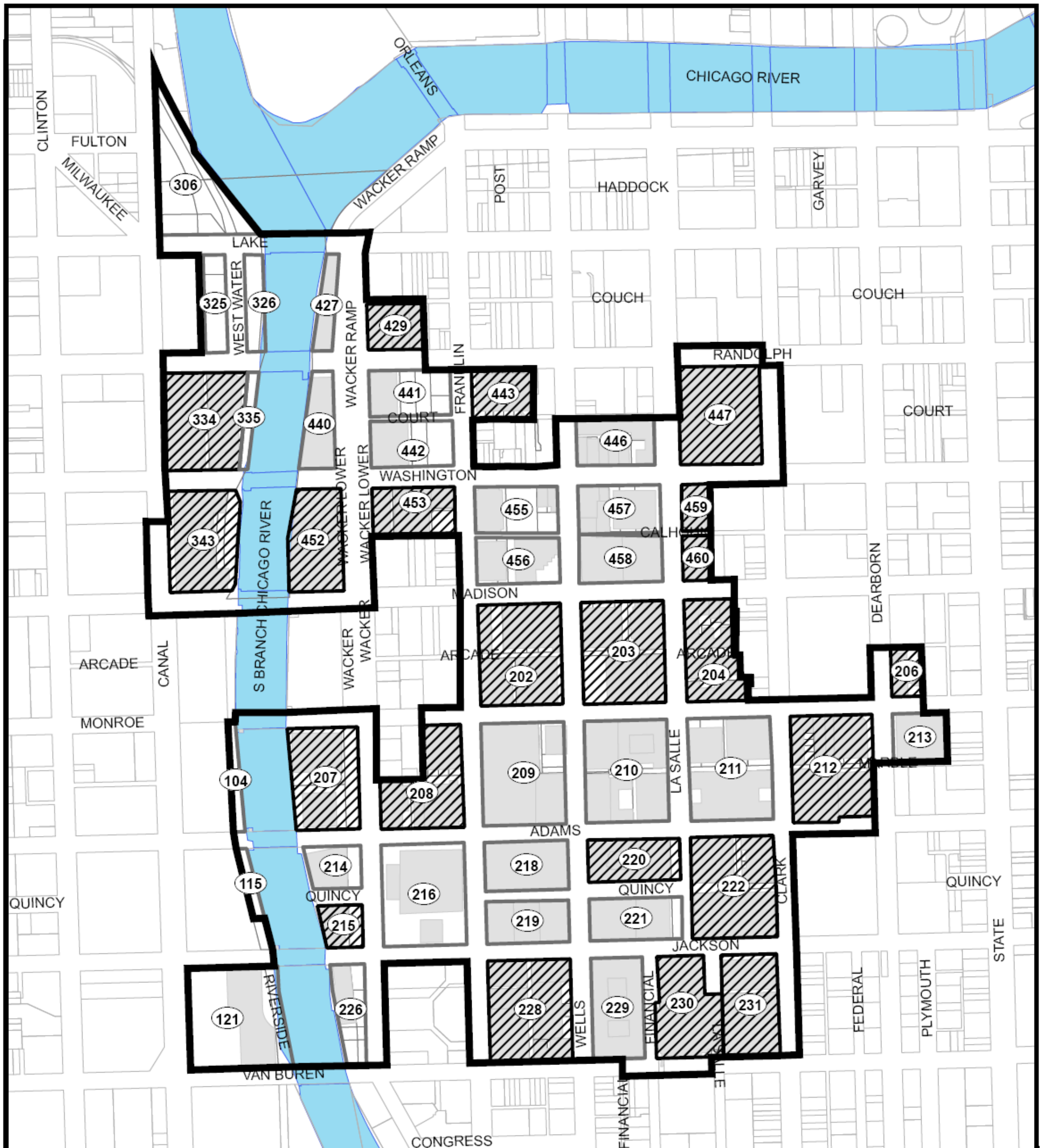

Map 4F

Eligibility Factor: Obsolescence

Legend

- Study Area
- Existing Structures
- Eligible Blocks*
- ### Block Number**

0 125 250 500 Feet

N

* Eligible blocks are those in which the factor was found to be present to a meaningful extent.

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S. B. Friedman & Company
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TABLE 1: Percent Change in Annual Equalized Assessed Value (EAV)

	Percent Change in EAV 2000/2001	Percent Change in EAV 2001/2002	Percent Change in EAV 2002/2003	Percent Change in EAV 2003/2004	Percent Change in EAV 2004/2005
LaSalle Central RPA	3.24%	5.76%	12.19%	4.61%	2.75%
City of Chicago (Balance of)	3.75%	8.16%	17.71%	3.91%	7.65%

2. Inadequate Utilities

A review of the City's water and sewer atlases found that inadequate underground utilities affect 140 (or 51 percent) of the 273 tax parcels in the LaSalle Central RPA. This is due primarily to the number of antiquated sewer lines in the RPA, many of which were installed before the Chicago Fire of 1871. These lines have surpassed their 100-year service lives and are in need of replacement.[2]

Due to the age and condition of the sewer and water lines, inadequate utilities was found to be present to a meaningful extent on 26 blocks (53 percent) of the 49 blocks within the LaSalle Central RPA.

3. Excessive Vacancies

To evaluate vacancy levels within the LaSalle Central RPA, *S. B. Friedman & Company* utilized several sources of data. Data on vacancy rates was obtained primarily through CoStar, a real estate industry database which tracks rents and vacancy rates for individual buildings in the Chicago CBD. CoStar obtains its data through monthly interviews with the owners, managers and leasing agents of office buildings, and is a widely respected source of information among real estate professionals. In addition, data on historic vacancy rates in the CBD was culled from reports published by Frain Camins & Swartchild, as well as *Black's Guide*, a quarterly publication which tracks available space in various office markets. Finally, data from these publications was supplemented with field observations, which captured small office and retail buildings not covered by CoStar.

During the first quarter of 2006, the Chicago CBD exhibited an overall office vacancy rate of 16.85 percent.[3] This is slightly above the average vacancy rate of 15.73 percent for the Chicago CBD office market during the twenty-year period from 1985 to 2005. The LaSalle Central RPA, however, exhibited a vacancy rate of 19.65 percent during the first quarter of 2006. This is nearly three percentage points above the average for the CBD. During the past twenty years, the CBD has

[2] The City of Chicago Department of Water Management defines the projected service life as 100 years.
[3] CoStar, March 2006.

exhibited an overall office market vacancy rate in excess of 19 percent during only three years: 1991, 1992 and 1993.

For the purposes of this study, any building which exhibits a vacancy rate of 19 percent or more is considered to be excessively vacant. Of the 101 buildings in the LaSalle Central RPA, eight are commercial parking structures, and six are occupied by institutional single users, such as the City of Chicago, Cook County and the City Colleges of Chicago. Of the remaining 87 buildings containing for-lease space, 33 buildings (or 38 percent) exhibit excessive vacancies. Moreover, the LaSalle Central RPA contains numerous buildings which are either extremely vacant or have experienced persistent vacancies. The LaSalle Central RPA contains less than one third of the total office space in the CBD, but contains 68 percent of the CBD’s extremely vacant large office buildings.[4] In addition, 14 buildings in the RPA have experienced persistently excessive vacancies (i.e. vacancy rates in excess of 20 percent for five of the previous ten years).

These excessive vacancy rates appear to be linked to the migration of many firms to new office buildings on the periphery of the CBD. Nine of the 33 excessively vacant buildings in the RPA are located along a four-block stretch of South LaSalle Street, producing a concentrated and deleterious impact on the traditional financial district of the City of Chicago. Nine are historically or architecturally significant buildings. Such vacancy levels put these buildings at risk for falling into disrepair. Finally, three of the excessively vacant buildings in the RPA have recently lost major tenants to newer office buildings in the West Loop. This trend is likely to continue, as tenants seek out buildings with more modern amenities and easier access to commuter rail stations.

Overall, of the 42 blocks in the LaSalle Central RPA that contain buildings (excluding blocks with no buildings and blocks containing only parking structures), 14 blocks (or 33 percent) were determined to exhibit excessive vacancies to a meaningful extent.

4. Presence of Structures Below Minimum Code Standards

Structures below minimum code standards are those that do not meet applicable standards of zoning, subdivision, building, fire, and other governmental codes. The principal purpose of such codes is to protect the health and safety of the public. As such, structures below minimum code standards may jeopardize the health and safety of building occupants, pedestrians, or occupants of neighboring structures. These buildings may not be in violation of a particular code; nevertheless those below current development standards may present a health or safety hazard.

With the assistance of the Bureau of Fire Prevention and the Department of Buildings, *S. B. Friedman & Company* reviewed Life Safety Data Sheets and Life Safety Evaluations submitted by owners and managers of properties within the LaSalle Central RPA to determine whether these buildings meet contemporary standards for fire safety, including the provision of sprinklers, smoke detectors, fire-rated partitions, and proper means of egress. Of the 93 buildings within the LaSalle Central RPA (excluding parking garages), it was determined that 41 buildings (or 44 percent) did not meet contemporary standards for fire safety.

[4] Extremely vacant large office buildings are those containing at least 100,000 rentable square feet and which are more than 30 percent vacant.

In addition, *S. B. Friedman & Company* analyzed data provided by the City's Department of Buildings, and determined that building code violation citations have been issued for fourteen buildings within the LaSalle Central RPA during the previous five years. This constitutes 15 percent of buildings within the RPA. Thirteen of these buildings are more than 35 years of age, and ten are more than 70 years old. This underscores the potential for many older buildings within the RPA to fall into disrepair and disuse.

Overall, 45 buildings within the RPA (48 percent) were found to be below minimum code standards. Structures below minimum code standards were found to be present to a meaningful extent on 20 of the 42 blocks in the RPA which contain occupied buildings (i.e., excluding blocks without buildings and blocks with only parking structures). This constitutes 48 percent of all blocks which contain occupied buildings.

5. Deterioration

Deterioration of public improvements is evident throughout the LaSalle Central RPA. Of particular concern is the deterioration of Wacker Drive. Wacker Drive is a two-level, two-way road which runs along the South and Main branches of the Chicago River. It is the principal thoroughfare within the LaSalle Central RPA, carrying 29,500 vehicles per day on its upper level and 29,000 vehicles per day on its lower level in 1996. It is classified as an Urban Arterial TS-1 by Federal Highway Administration standards. This is defined as a road having "the principal purpose of expediting the movement of traffic by providing mobility for long distances at relatively high speeds." All other streets in the RPA are classified as Collector Streets or Local Streets by FHA standards. As such, Wacker Drive is the principal arterial serving the RPA and its condition impacts the entire area. The thoroughfare serves as the primary connection between the CBD and points south and west, as it provides direct access to Interstates 90, 94, and 290. Moreover, the majority of buildings along Wacker Drive use the lower level of the street for loading and docking, further increasing the importance of the thoroughfare for the commercial viability of the Central Business District.

In 1999, CDOT completed an assessment of conditions on Wacker Drive that found the presence of severe deterioration, including:

- Large areas of map cracking;
- Open cracks with efflorescence;
- Significant delamination of previous shotcrete repairs;
- Spalled and delaminated concrete;
- Exposed and corroded reinforcing steel;
- Extensive chloride infiltration; and
- Loss of structural capacity.

Since 1999, the east-west portion of Wacker Drive has been completely reconstructed to remedy these conditions. However, the north-south section, which serves the LaSalle Central RPA, has not been upgraded to ameliorate the deterioration of the roadway, and this deterioration is visible throughout its upper and lower levels. Such conditions threaten the continued viability of Wacker Drive and could lead to the eventual closing of portions of the roadway.

In addition, many of the sidewalks and alleys along Wells Street exhibit deterioration due to vibrations caused by the Chicago Transit Authority's elevated trains, as well as the frequent ingress and egress of automobiles from the street's many public parking facilities. The sidewalks surrounding Union Station also exhibit deterioration, including surface cracking, crumbling and depressions, as do elements of the structure built over the train tracks south of Jackson Boulevard. Finally, this factor was given to those buildings where interior and/or exterior deterioration could be documented through surveys or interview.

Overall, 138 parcels within the RPA (51 percent) are either directly served by deteriorated infrastructure (such as alleys, streets, and sidewalks), or contain buildings which exhibit deterioration. The factor is present to meaningful extent on 25 blocks (51 percent) within the study area. In addition, because Wacker Drive is a principal arterial serving the Chicago CBD, the entire district is considered to suffer the impacts of deteriorated infrastructure.

6. Obsolescence

Obsolescence is defined as the condition or process of falling into disuse. Buildings become obsolescent when some feature, such as the building's location, causes the property to be rejected by the market. This market rejection results in increased vacancies, reduced rents and/or diminished building values. Such a weakened market position can inhibit the ability of property owners and managers to invest in their properties, exacerbating the disadvantages of the property, and resulting in further disuse. As such, persistently excessive vacancy levels and/or extremely low rents are an indication that a building is obsolescent. For the purposes of this study, any building which exhibits a vacancy rate of 20 percent or more and which has exhibited vacancy levels of this severity for five of the last ten years is considered to exhibit obsolescence. In addition, any building which commands net rents of less than $5 per square foot is considered obsolescent; such low rent levels indicate that the building can no longer attract tenants at rents sufficient to finance maintenance and improvements.

Vacancy and rent levels reflect the ability of a property to compete in the marketplace. Often this is linked to the design and configuration of the property. Functional obsolescence exists when the design and/or configuration of a building limits its competitiveness in the marketplace. In the context of the Chicago CBD, functional obsolescence is generally attributable to the changing demands of office users. Many office buildings in the LaSalle Central RPA, for example, were designed before the widespread availability of fluorescent lighting and HVAC systems; as such, they were designed with small floorplates in order to maximize natural light and ventilation. Similarly, many office buildings contain interior load-bearing walls and columns which limit the possible configurations of space by tenants. Mechanical systems in many older buildings, such as elevators or loading facilities, may be insufficient for modern users. In addition, many older buildings in the RPA do not contain modern fire protection systems, which creates a potential hazard and may be a concern for tenants looking to sign or renew leases. Accordingly, any building which does not contain modern fire protection systems, including sprinklers, is considered obsolescent for the purposes of this study. Obsolescence was also given to buildings where evidence of obsolete building systems could be documented through surveys or interviews.

Of the 93 buildings in the LaSalle Central RPA (excluding parking garages), 48 buildings (52 percent) display obsolescence. Overall, of the 42 blocks in the LaSalle Central RPA that contain buildings (excluding blocks with no buildings and blocks containing only parking structures), 22 blocks (52 percent) were determined to exhibit obsolescence to a meaningful extent.

4. Redevelopment Plan & Project

Redevelopment Needs of the LaSalle Central RPA

The existing land use pattern and conditions in the LaSalle Central RPA suggest three redevelopment needs for the area:

1. Maintaining the competitiveness and viability of older office buildings, and preserving architecturally and historically significant buildings;
2. Expanding open space and improving the public realm; and
3. Attracting and retaining businesses and major employers, particularly corporate headquarters.

The Redevelopment Plan and Project identifies tools the City will use to guide redevelopment in the LaSalle Central RPA to create, promote, and sustain a vibrant mixed use community.

The goals, objectives, and strategies discussed below have been developed to address these needs and to facilitate the sustainable redevelopment of the LaSalle Central RPA. The proposed public improvements outlined in the Redevelopment Plan and Project will help to create an environment conducive to private investment and redevelopment within the LaSalle Central RPA. To support specific projects and encourage future investment in the RPA, public resources, including tax increment financing, may be used to rehabilitate older buildings, improve or repair RPA public facilities and/or infrastructure, and provide streetscape improvements. In addition, tax increment financing may be used to subsidize developer interest costs related to redevelopment projects.

Goals, Objectives, and Strategies

Goals, objectives, and strategies are designed to address the need for redevelopment within the overall framework of the Redevelopment Plan and Project for the use of anticipated tax increment funds generated within the LaSalle Central RPA.

Goal. The overall goal of the Redevelopment Plan is to reduce or eliminate the conditions that qualify the LaSalle Central RPA as a conservation area, and thus to secure the Loop's future as the business and employment center of the Chicago metropolitan region. This goal is to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate private investment in rehabilitation of existing structures and new development.

Objectives. Thirteen broad objectives support the overall goal of area-wide revitalization of the LaSalle Central RPA. These include:

1. Provide resources for the rehabilitation and modernization of existing structures, particularly historically and architecturally significant buildings;

2. Encourage high-quality commercial and retail development which enhances the architectural character of the area, promotes a lively pedestrian environment, and attracts unique retailers to the area;

3. Promote the RPA as a center of employment and commercial activity, through the attraction and retention of major employers and corporate headquarters, and by providing assistance to small and/or growing businesses;

4. Improve the quality of existing open space and provide additional public open space through streetscaping and provision of new plazas, parks and public gathering spaces;

5. Provide resources for improvements to the Chicago River wall and riverwalk, and promote the recreational use of the River;

6. Promote a pedestrian-friendly environment, particularly along streets designated as Pedestrian and Mobility Streets in the Chicago Zoning Ordinance, and improve connections in the underground pedway system;

7. Improve vehicular circulation throughout the RPA, through improvements to streets, alleys and loading areas;

8. Improve transit and transit stations within the RPA, and advance the development of the Monroe Avenue Transitway;

9. Replace or repair public infrastructure where needed, including streets, sidewalks, curbs, gutters, underground water and sanitary systems, alleys, bridges and viaducts;

10. Encourage environmentally-sensitive development, including development that incorporates green roofs and that achieves LEED certifications;

11. Provide opportunities for women-owned, minority-owned, and locally-owned businesses to share in job opportunities associated with the redevelopment of the LaSalle Central RPA, particularly in the design and construction industries;

12. Support job training and welfare to work programs and increase employment opportunities for City residents; and

13. Provide daycare assistance to support employees of downtown businesses.

Strategies. These objectives will be implemented through five specific and integrated strategies. These include:

1. **Implement Public Improvements**. A series of public improvements throughout the LaSalle Central RPA may be designed and implemented to build upon and improve the character of the area, and to create a more conducive environment for private development.

Public improvements that are implemented with TIF assistance are intended to complement and not replace existing funding sources for public improvements in the RPA.

These improvements may include improvement of new streets, streetscaping, street and sidewalk lighting, alleyways, underground water and sewer infrastructure, parks or open space, and other public improvements consistent with the Redevelopment Plan and Project. These public improvements may be completed pursuant to redevelopment agreements with private entities or intergovernmental agreements with other public entities, and may include the construction, rehabilitation, renovation, or restoration of public improvements on one or more parcels.

2. **Encourage Private Sector Activities and Support Rehabilitation of Existing Buildings**. Through the creation and support of public-private partnerships, or through written agreements, the City may provide financial and other assistance to encourage the private sector, including local property owners, to undertake rehabilitation and redevelopment projects and other improvements, in addition to programming such as job training and retraining, that are consistent with the goals of this Redevelopment Plan and Project.

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

   The City requires that developers who receive TIF assistance for market-rate housing set aside twenty percent (20 percent) of the units to meet affordability criteria established by the City’s Department of Housing or any successor agency. Generally, this means that affordable for-sale housing units should be priced at a level that is affordable to persons earning no more than one hundred percent (100 percent) of the area median income, and affordable rental units should be affordable to persons earning no more than sixty percent (60 percent) of the area median income. TIF funds can also be used to pay for up to fifty percent (50 percent) of the cost of construction, or up to seventy five percent (75 percent) of interest costs for new housing units to be occupied by low-income and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act.

3. **Assist Employers Seeking to Relocate or Expand Facilities.** The City may provide assistance to businesses and institutions that are major employers and which seek to relocate to or expand within the LaSalle Central RPA. This assistance may be provided through support of redevelopment and rehabilitation projects in existing buildings, assistance with land acquisition and site preparation for new facilities, or assistance with financing costs.

4. **Develop Vacant and Underutilized Sites.** The redevelopment of vacant and underutilized properties within the LaSalle Central RPA is expected to stimulate private investment and increase the overall taxable value of properties within the RPA. Development of vacant and/or underutilized sites is anticipated to have a positive impact on other properties beyond the individual project sites.

5. **Facilitate Property Assembly, Demolition, and Site Preparation.** Financial assistance may be provided to private developers seeking to acquire land, and to assemble and prepare sites in order to undertake projects in support of this Redevelopment Plan and Project.

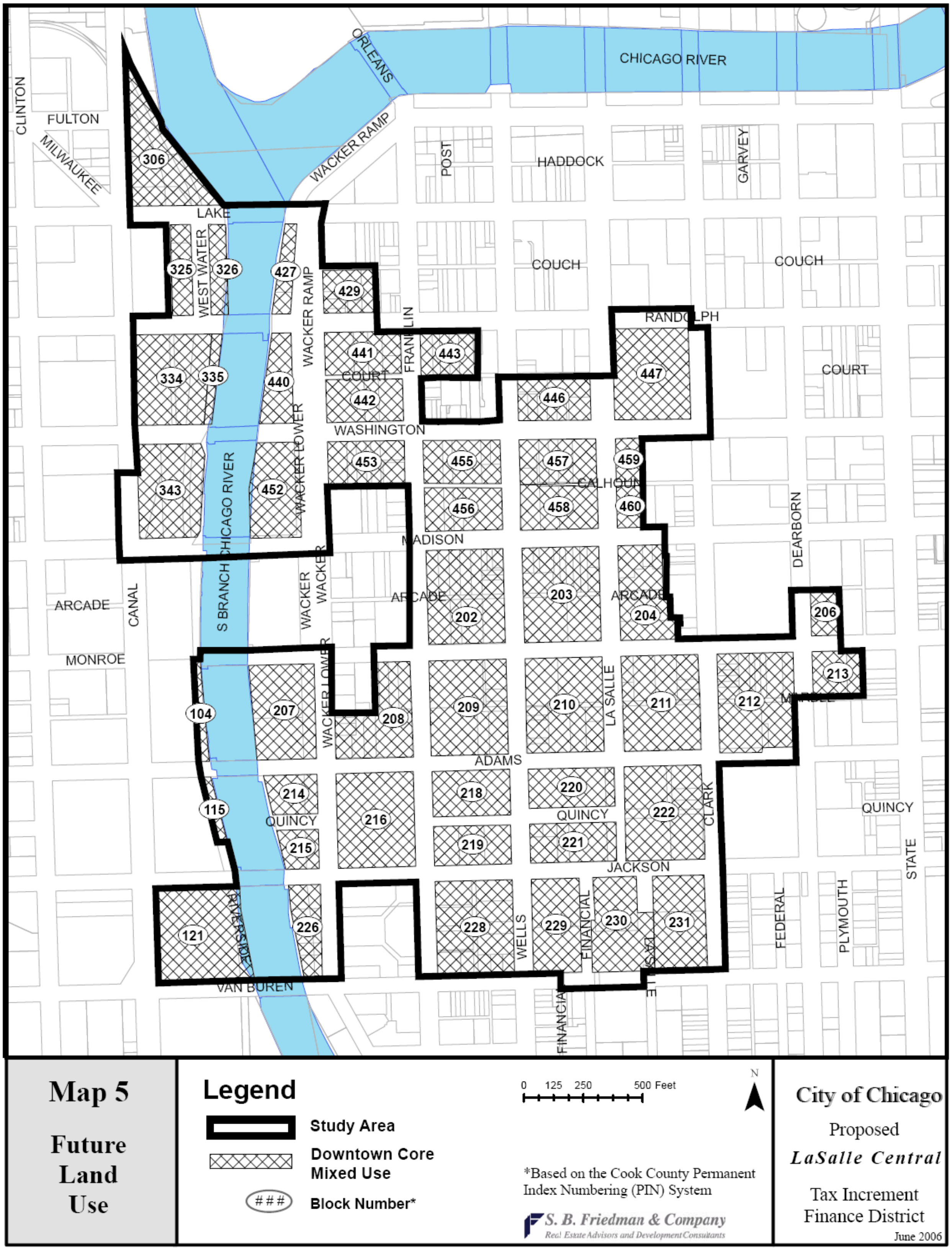
To meet the goals of this Redevelopment Plan and Project, the City may acquire and assemble property throughout the RPA. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain, through the Tax Reactivation Program or other programs, and may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance,or dedication for the construction of public improvements or facilities. Site preparation may include such preparatory work as demolition of existing improvements and environmental remediation, where appropriate. 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.

These activities are representative of the types of projects contemplated to be undertaken during the life of the LaSalle Central RPA. Market forces are critical to the completion of these projects. Phasing of projects will depend on the interests and resources of both public and private sector parties. Not all projects will necessarily be undertaken. Furthermore, additional projects may be identified throughout the life of the LaSalle Central RPA. To the extent that these projects meet the goals, objectives, and strategies of this Redevelopment Plan and Project and the requirements of the Act and budget outlined in the next section, these projects may be considered for tax increment funding.

Proposed Future Land Use

The proposed future land use of the LaSalle Central RPA reflects the objectives of the Redevelopment Plan and Project, which are to maintain the competitiveness of older office buildings, preserve architecturally and historically significant buildings, expand open space, improve the public realm, attract and retain businesses and major employers, and maintain and improve traffic circulation, public transit, and pedestrian connectivity.

The proposed future land use for the study area is as a Downtown Core mixed-use district, as shown on Map 5. This proposed future land use is consistent with the current zoning of the RPA, which is as a Downtown Core ("DC") district. The proposed future land use within the RPA includes all of the uses that are allowed under DC zoning, including office, commercial, public/institutional, recreational, entertainment and residential, as well as open space. The proposed future land uses shown on Map 5 are the predominant uses by block and are not exclusive of any other uses.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CLINTON
FULTON
MILWAUKEE
HADDOCK
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WEST WATER
WACKER RAMP
FRANKLIN
RANDOLPH
COURT
WACKER LOWER
WASHINGTON
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DEARBORN
ARCADE
CANAL
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MONROE
LA SALLE
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Map 5
Future Land Use
Legend
Study Area
Downtown Core Mixed Use
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Block Number*
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N
*Based on the Cook County Permanent Index Numbering (PIN) System
S. B. Friedman & Company
Real Estate Advisors and Development Consultants
City of Chicago
Proposed
LaSalle Central
Tax Increment Finance District
June 2006

Assessment of Housing Impact

As set forth in the Act, if the redevelopment plan for the 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 plan.

As of June 28, 2006, the RPA contains no occupied residential units. Therefore, a housing impact study is not required, and has not been prepared.

5. Financial Plan

Eligible 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 and Project (the "Redevelopment Project Costs.")

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

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

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

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

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

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

6. Costs of job training and retraining projects including the costs of "welfare to work" programs implemented by businesses located within the RPA and such proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the Loop and Near West Community Areas with particular attention to the needs of those residents who have previously experienced inadequate employment opportunities and development of job-related skills including residents of public and other subsidized housing and people with disabilities;

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

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

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

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

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

12. Interest costs incurred by a 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 thirty percent (30%) of the annual interest costs incurred by the redeveloper with regard to the development project during that year;

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

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

e. For the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, the percentage of seventy-five percent (75%) shall be substituted for thirty percent (30%) in subparagraphs 12b and 12d above;

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

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

15. Instead of the eligible costs provided for in 12b, 12d, and 12e above, the City may pay up to 50 percent of the cost of construction, renovation and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act; and

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

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

Estimated Redevelopment Project Costs

The estimated eligible costs that are deemed to be necessary to implement this Redevelopment Plan and Project are shown in Table 2. The total eligible cost provides an upper limit on expenditures that are to be funded using tax increment revenues, exclusive of capitalized interest, issuance costs, interest, and other financing costs. Within this limit, adjustments may be made in line items without amendment to this Plan, to the extent permitted by the Act. Additional funding in the form of State, Federal, County, or local grants, private developer contributions and other outside sources may be pursued by the City as a means of financing improvements and facilities which are of benefit to the general community.

TABLE 2: Estimated Redevelopment Project Costs

Eligible Expenses	Estimated Project Costs
Professional Services (including analysis, administration, studies, surveys, legal, marketing, etc.)	$10,000,000
Property Assembly (including acquisition, site preparation, demolition, and environmental remediation)	$50,000,000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements	$200,000,000
Eligible Construction Costs (Affordable Housing Construction Costs)	$25,000,000
Relocation Costs	$30,000,000
Public Works or Improvements (including streets and utilities, parks and open space, public facilities (schools & other public facilities) (1)	$200,000,000
Job Training, Retraining, Welfare-to-Work	$10,000,000
Interest Subsidy	$20,000,000
Day Care Services	$5,000,000
TOTAL REDEVELOPMENT COSTS (2), (3), (4)	**$550,000,000**

(1) This category also may 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 RPA. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all, or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.

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

(3) The amount of the Total Redevelopment Project Costs that can be incurred in the RPA will be reduced by the amount of redevelopment project costs incurred in contiguous RPAs, or those separated from the RPA 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 RPA, but will not be reduced by the amount of redevelopment project costs incurred in the RPA which are paid from incremental property taxes generated in contiguous RPAs or those separated from the RPA only by a public right-of-way.

(4) All costs are in 2006 dollars and may be increased by five percent (5%) after adjusting for annual inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U. S. Department of Labor. In addition to the above stated costs, each issue of obligations issued to finance a phase of the Redevelopment Plan and Project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations, including interest costs.

Adjustments to the estimated line item costs in Table 2 are anticipated, and may be made by the City without amendment to the Redevelopment Plan and Project to the extent permitted by the Act. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs as a result of changed redevelopment costs and needs.

In the event the Act is amended after the date of the approval of this Redevelopment Plan and Project by the City Council of Chicago to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/11-74.4-3(q)(11)), this Redevelopment Plan and Project shall be deemed to incorporate such additional, expanded or increased eligible costs as eligible costs under the Redevelopment Plan and Project, to the extent permitted by the Act. In the event of such amendment(s), the City may add any new eligible redevelopment project costs as a line item in Table 2, or otherwise adjust the line items in Table 2 without amendment to this Redevelopment Plan and Project, 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 and Project.

Phasing and Scheduling of the Redevelopment

Each private project within the LaSalle Central RPA shall be governed by the terms of a written redevelopment agreement entered into by a designated developer and the City and approved by the City Council. Where tax increment funds are used to pay eligible redevelopment project costs, to the extent funds are available for such purposes, expenditures by the City shall be coordinated to coincide on a reasonable basis with the actual redevelopment expenditures of the developer(s). The Redevelopment Plan and Project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31st of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third year calendar year following the year in which the ordinance approving this Redevelopment Plan and Project is adopted (by December 31, 2030, if the ordinances establishing the RPA are adopted during 2006).

Sources of Funds to Pay Costs

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the City may deem appropriate. The City may incur redevelopment project costs which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed for such costs from incremental taxes. Also, the City may permit the 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 LaSalle Central RPA is contiguous to or separated by only a public right-of-way from the Central Loop RPA, the River West RPA, the River South RPA, and the Canal/Congress RPA, and may in the future, be contiguous to, or be separated only by a public right-of-way from other redevelopment areas created under the Act. The City may utilize net incremental property taxes received from the LaSalle Central RPA 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 RPA, 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 RPA, shall not at any time exceed the total Redevelopment Project Costs described in this Plan.

The LaSalle Central RPA 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 RPA, the City may determine that it is in the best interests of the City and the furtherance of the purposes of the Plan that net revenues from the RPA be made available to support any such redevelopment project areas, and vice versa. The City therefore proposes to utilize net incremental revenues received from the RPA 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 RPA and such areas. The amount of revenue from the RPA so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the RPA or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Table 2 of this Plan.

If necessary, the redevelopment plans for other contiguous redevelopment project areas that may be or already have been created under the Act may be drafted or amended as applicable to add appropriate and parallel language to allow for sharing of revenues between such districts.

Issuance of Obligations

To finance project costs, the City may issue bonds or obligations secured by Incremental Property Taxes generated within the LaSalle Central RPA pursuant to Section 11-74.4-7 of the Act. To enhance the security of a municipal obligation, the City may pledge its full faith and credit through the issuance of general obligations bonds. In addition, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the City pursuant to this Eligibility Study and Redevelopment Plan and the Act shall be retired within the time frame described under "Phasing and Scheduling of the Redevelopment" above. 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 of a series of obligations may be sold at one or more times in order to implement this Eligibility Study and 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 RPA in the manner provided by the Act.

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the LaSalle Central RPA 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 LaSalle Central RPA. The 273 tax parcels comprising the RPA have a total estimated EAV of $4,173,759,000 in the 2005 tax year. The 2005 total EAV amount by PIN is summarized in Appendix 2. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Redevelopment Project Area will be calculated by Cook County.

Anticipated Equalized Assessed Valuation

By 2029, the EAV for the LaSalle Central RPA will be approximately $7.5 billion. This estimate is based on several key assumptions, including: 1) an inflation factor of two-and-one-half percent (2.5 percent) per year on the EAV of all properties within the LaSalle Central RPA, with its cumulative impact occurring in each triennial reassessment year; and 2) an equalization factor of 2.7320 throughout the life of the RPA.

6. Required Findings and Tests

Lack of Growth and Private Investment

In order to assess the rate of private investment in the LaSalle Central RPA, *S. B. Friedman & Company* obtained and analyzed data for all building permits issued within the RPA between 2000 and 2005. This data was provided by the Department of Buildings. In addition, tax assessment data provided by the Cook County Assessor was analyzed for both the RPA and the City of Chicago.

As discussed in the Eligibility Study above, the Equalized Assessed Value (EAV) of the LaSalle Central RPA has not kept pace with that of the balance of the City of Chicago for four of the previous five years. During this time period, the EAV of the RPA grew at a compound annual growth rate of 6.95 percent; this rate of growth is 24 percent lower than the compound annual growth rate for the balance of the City, which was 9.17 percent. This indicates that private investment in the RPA has been low relative to the rest of the City of Chicago.

Private investment within the RPA has also lagged behind the rest of the Chicago CBD. The LaSalle Central RPA has not seen construction of any new office buildings since 1992, and a review of building permit data indicates that no new buildings are currently planned for the area. The remainder of the CBD, on the other hand, has seen substantial private investment in office buildings since 2000. Fourteen major office buildings have been completed in downtown Chicago since 2000, and more than 16 million square feet of office space has been added to the Chicago CBD during this time period. In addition, four major office buildings are currently under construction in the CBD; none of these developments are located within the LaSalle Central RPA.

The total value of building permits issued for the LaSalle Central RPA during this time period was \$366 million.[5] These permits were primarily for buildout of tenant spaces. This figure constitutes approximately 1.82 percent of the total assessor's market value for the RPA per year.[6] This rate of investment is very low when compared to the overall value of properties within the RPA. To put this level of investment in perspective, the annual depreciation rate for office properties established by the Internal Revenue Service is approximately 2.56 percent. This suggests that investment in the LaSalle Central RPA is insufficient to keep pace with normal depreciation of property values. Moreover, approximately 38 percent of the value of building activity in the RPA was concentrated in 13 buildings. Private investment in the remaining 88 buildings in the RPA is therefore even further below levels required to maintain property value.

Given the extensive infrastructure needs of the LaSalle Central RPA, as well as the high cost of rehabilitating structures that have become obsolescent or have fallen below current standards for new development, it is it is unlikely that the LaSalle Central RPA will see substantial private

[5] This figure excludes permits issued for demolition and for repairs performed by order of the Department of Buildings.
[6] The assessor's market value for 2005 was approximately \$4.0 billion. This is based on a total assessed value for the RPA of \$1.53 billion. In addition, an assessment-to-value ratio for commercial properties of 38 percent is assumed.

investment without public intervention like that envisioned in this Redevelopment Plan and Project.

Finding: The Redevelopment Project Area (LaSalle Central RPA) on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Redevelopment Plan and Project.

Conformance to the Plans of the City

The LaSalle Central Redevelopment Plan and Project must conform to the comprehensive plan for the City, conform to the strategic economic development plans, or include land uses that have been approved by the Chicago Plan Commission.

The proposed land uses described in this Redevelopment Plan and Project will be approved by the Chicago Plan Commission prior to its adoption by the City Council.

Dates of Completion

The dates of completion of the project and retirement of obligations are described under "Phasing and Scheduling of the Redevelopment" in Section 5, above.

Financial Impact of the Redevelopment Project

As explained above, without the adoption of this Redevelopment Plan and Project and tax increment financing, the LaSalle Central RPA is not expected to see substantial investment from private enterprise. As a result, there is a genuine threat that property values in the area will stagnate or decline. This would lead to a reduction of real estate tax revenue to all taxing districts.

This document describes the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can reasonably occur. If a redevelopment project is successful, various new projects may be undertaken that will assist in alleviating blighting conditions, creating new jobs, and promoting both public and private development in the LaSalle Central RPA.

This Redevelopment Plan and Project is expected to have short- and long-term financial impacts on the affected taxing districts. During the period when tax increment financing is utilized, real estate tax increment revenues from the increases in EAV over and above the certified initial EAV (established at the time of adoption of this document by the City) may be used to pay eligible redevelopment project costs for the LaSalle Central RPA. At the time when the LaSalle Central RPA is no longer in place under the Act, the real estate tax revenues resulting from the redevelopment of the LaSalle Central RPA will be distributed to all taxing districts levying taxes against property located in the LaSalle Central RPA. These revenues will then be available for use by the affected taxing districts.

Demand on Taxing District Services and Program to Address Financial and Service Impact

In 1994, the Act was amended to require an assessment of any financial impact of a redevelopment project area on, or any increased demand for service 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 LaSalle Central RPA and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development. The following major taxing districts presently levy taxes on properties located within the LaSalle Central RPA and maintain the listed facilities within the boundaries of the RPA, or within close proximity (three to five blocks) to the RPA boundaries:

1. City of Chicago

- City Hall (121 N LaSalle)

2. Chicago Board of Education

- Jones College Preparatory (606 S State Street)
- Whitney Young High School (211 S Laflin Street)
- Phillips High School (244 E Pershing Road)
- Crane High School (2245 W Jackson Boulevard)
- South Loop Elementary (1212 S Plymouth Court)
- William B Ogden Elementary (24 W Walton Street)
- Brown Elementary (54 N Hermitage Ave)
- Carpenter Elementary (1250 W Erie)
- Skinner Elementary School (111 S Throop Street)

3. Chicago School Finance Authority

4. Chicago Park District

- Millennium Park
- Grant Park
- Park No. 537
- Dearborn Park
- Pritzker Park

5. City of Chicago Library Fund

- Harold Washington Library Center (400 S State Street)

6. Chicago Community College District 508

- City Colleges of Chicago Administrative Building (226 W Jackson Boulevard)
- Harold Washington College (30 E Lake Street)

7. Metropolitan Water Reclamation District of Greater Chicago

8. County of Cook

- County Building (120 N Clark Street)

9. Cook County Forest Preserve District

Map 6 illustrates the locations of community facilities operated by the above listed taxing districts within or in close proximity to the LaSalle Central RPA. Redevelopment activity may cause increased demand for services from one or more of the above listed taxing districts. The anticipated nature of the increased demand for services on these taxing districts, and the proposed activities to address increased demand, are described below.

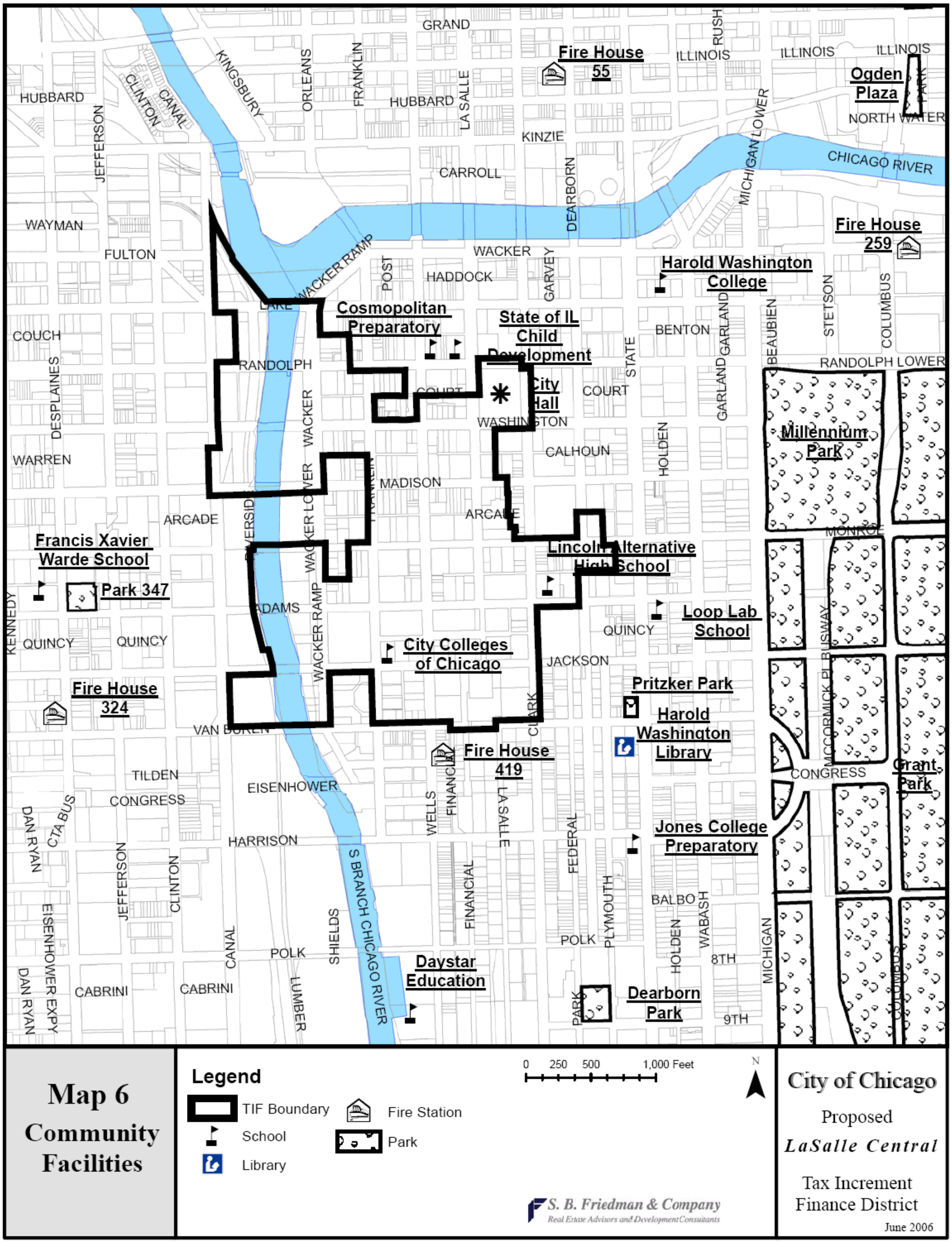
City of Chicago. The City is responsible for a wide range of municipal services including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; and building, housing, and zoning codes. Replacement of vacant and under-utilized sites with active and more intensive uses may result in additional demands on services and facilities provided by the districts. While there are no public service facilities operated by the City within the LaSalle Central RPA, there are several within close proximity to the area. Additional costs to the City for police, fire, and recycling and sanitation services arising from residential development may occur. However, it is expected that any increase in demand for the City services and programs associated with the LaSalle Central RPA can be handled adequately by City police, fire protection, sanitary collection and recycling services, and programs currently maintained and operated by the City. The redevelopment of the LaSalle Central RPA will not require expansion of services in this area.

City of Chicago Library Fund. The Library Fund, supported primarily by property taxes, provides for the operation and maintenance of City of Chicago public libraries. Additional costs to the City for library services arising from residential development may occur. However, it is expected that any increase in demand for City library services and programs associated with the LaSalle Central RPA can be handled adequately by existing City library services. The redevelopment of the LaSalle Central RPA will not require expansion of services in this area.

Chicago Board of Education and Associated Agencies. General responsibilities of the Board of Education include the provision, maintenance and operation of educational facilities and the provision of education services for kindergarten through twelfth grade.

Currently there are no residential housing units in the LaSalle Central RPA. While unlikely, it is possible that, in the future, residential development may occur within the RPA, and new families may choose to enroll their children in public schools. Any increased costs to the local schools resulting from children residing in TIF-assisted housing units will trigger those provisions within the Act that provide for reimbursement to the affected school district(s) where eligible. The City intends to monitor development in the LaSalle Central RPA and, with the cooperation of the Board of Education, will attempt to ensure that any increased demands for services and capital improvements provided by the Board of Education are addressed in connection with each new residential project.

Chicago Park District. The Chicago 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.


Map 6
Community Facilities
Legend
TIF Boundary
School
Library
Fire Station
Park
0 250 500 1,000 Feet
N
S. B. Friedman & Company
Real Estate Advisors and Development Consultants
City of Chicago
Proposed
LaSalle Central
Tax Increment Finance District
June 2006
Fire House 55
Ogden Plaza
Fire House 259
Harold Washington College
Cosmopolitan Preparatory
State of IL Child Development
City Hall
Millennium Park
Francis Xavier Warde School
Park 347
Lincoln Alternative High School
Loop Lab School
City Colleges of Chicago
Pritzker Park
Harold Washington Library
Fire House 324
Fire House 419
Grant Park
Jones College Preparatory
Daystar Education
Dearborn Park
CHICAGO RIVER
S BRANCH CHICAGO RIVER

It is expected that the households that may be added to the LaSalle Central RPA may generate additional demand for recreational services and programs and may create the need for additional open spaces and recreational facilities operated by the Chicago Park District. The City intends to monitor development in the LaSalle Central RPA and, with the cooperation of the Chicago Park District, will attempt to ensure that any increased demands for the services and capital improvements that may be provided by the Chicago Park District are addressed in connection with any particular residential development.

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.

It is expected that any increase in demand for services from Community College District 508 indirectly or directly caused by development within the LaSalle Central RPA can be handled adequately by the district's existing service capacity, programs, and facilities. Therefore, at this time no special programs are proposed for this taxing district. Should demand increase, the City will work with the affected district to determine what, if any, program is necessary to provide adequate services.

Metropolitan Water Reclamation District. This district provides the main trunk lines for the collection of wastewater from Cities, Villages and Towns, and for the treatment and disposal thereof.

It is expected that any increase in demand for treatment of sanitary and storm sewage associated with the LaSalle Central RPA can be handled adequately by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District of Greater Chicago. Therefore, no special program is proposed for the Metropolitan Water Reclamation District of Greater Chicago.

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

It is expected that any increase in demand for Cook County services can be handled adequately by existing services and programs maintained and operated by the County. Therefore, at this time, no special programs are proposed for these taxing districts. Should demand increase, the City will work with the affected taxing districts to determine what, if any, program is necessary to provide adequate services.

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. It is expected that any increase in demand for Forest Preserve services can be handled adequately by existing facilities and programs maintained and operated by the District. No special programs are proposed for the Forest Preserve.

Given the nature of the Redevelopment Plan and Project, specific fiscal impacts on the taxing districts and increases in demand for services provided by those districts cannot be wholly predicted within the scope of this plan.

7. Provisions for Amending Redevelopment Plan and Project

This Redevelopment Plan and Project and Project document may be amended pursuant to the provisions of the Act.

8. Commitment to Fair Employment Practices and Affirmative Action Plan

The City is committed to and will require developers to follow and affirmatively implement the following principles with respect to this Redevelopment Plan and Project. However, the City may implement programs aimed at assisting small businesses, residential property owners, and developers which may not be subject to these requirements.

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

B. Meeting the City's standards for participation of twenty four percent (24%) Minority Business Enterprises and four percent (4%) Women Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.

C. The commitment to affirmative action and non-discrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

D. Meeting City standards for the hiring of City residents to work on redevelopment project construction projects.

E. Meeting City standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

Appendix 1: Boundary and Legal Description

LASALLE CENTRAL TAX INCREMENT FINANCING (TIF) DISTRICT

THAT PART OF THE SOUTH HALF OF SECTION 9, TOGETHER WITH THAT PART OF THE NORTH HALF OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN ALL TAKEN AS A TRACT OF LAND BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE EAST LINE OF CANAL STREET WITH THE SOUTH LINE OF LAKE STREET IN THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, AND RUNNING;

THENCE EAST ALONG SAID SOUTH LINE OF LAKE STREET TO THE NORTHERLY EXTENSION OF THE EAST LINE OF THE 18 FOOT WIDE ALLEY EAST OF CANAL STREET;

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION OF THE EAST LINE OF THE 18 FOOT WIDE ALLEY EAST OF CANAL STREET AND THE EAST LINE THEREOF TO THE NORTH LINE OF RANDOLPH STREET;

THENCE WEST ALONG SAID NORTH LINE OF RANDOLPH STREET TO THE EAST LINE OF CANAL STREET;

THENCE SOUTH ALONG SAID EAST LINE OF CANAL STREET TO THE EASTERLY EXTENSION OF THE NORTH LINE OF THE SOUTH 275.06 FEET OF BLOCK 50 IN THE ORIGINAL TOWN OF CHICAGO IN SECTION 9;

THENCE WEST ALONG SAID EASTERLY EXTENSION OF THE NORTH LINE OF THE SOUTH 275.06 FEET OF BLOCK 50 IN THE ORIGINAL TOWN OF CHICAGO TO THE WEST LINE OF CANAL STREET;

THENCE SOUTH ALONG SAID WEST LINE OF CANAL STREET TO THE SOUTH LINE OF MADISON STREET;

THENCE EAST ALONG SAID SOUTH LINE OF MADISON STREET TO THE EAST LINE OF WACKER DRIVE;

THENCE NORTH ALONG SAID EAST LINE OF WACKER DRIVE TO THE SOUTH LINE OF CALHOUN PLACE;

THENCE EAST ALONG SAID SOUTH LINE OF CALHOUN PLACE TO THE WEST LINE OF FRANKLIN STREET;

THENCE SOUTH ALONG SAID WEST LINE OF FRANKLIN STREET

TO THE NORTH LINE OF MONROE STREET;

THENCE WEST ALONG SAID NORTH LINE OF MONROE STREET TO THE NORTHERLY EXTENSION OF THE WEST LINE OF THE EASTERLY 18 FEET OF LOT 2 IN BLOCK 82 OF SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16;

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION OF THE WEST LINE OF THE EASTERLY 18 FEET OF LOT 2 IN BLOCK 82 AND THE WEST LINE THEREOF TO THE SOUTH LINE OF SAID LOT 2;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 2 IN BLOCK 82 AND THE WESTERLY EXTENSION THEREOF TO THE EAST LINE OF WACKER DRIVE;

THENCE NORTH ALONG SAID EAST LINE OF WACKER DRIVE TO THE NORTH LINE OF MONROE STREET;

THENCE WEST ALONG SAID NORTH LINE OF MONROE STREET TO THE WEST LINE OF THE SOUTH BRANCH OF THE CHICAGO RIVER;

THENCE SOUTH ALONG SAID WEST LINE OF THE SOUTH BRANCH OF THE CHICAGO RIVER TO THE NORTH LINE OF LOT 4 IN RAILROAD COMPANIES' RESUBDIVISION OF BLOCKS 62 TO 76 INCLUSIVE, 78, PARTS OF 61 AND 71, AND CERTAIN VACATED STREETS AND ALLEYS IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16;

THENCE WEST ALONG SAID NORTH LINE OF LOT 4 TO THE WESTERLY LINE THEREOF;

THENCE SOUTHEASTERLY ALONG SAID WESTERLY LINE OF LOT 4 TO THE SOUTHWESTERLY CORNER THEREOF;

THENCE SOUTHEASTERLY ALONG A STRAIGHT LINE TO THE NORTHWESTERLY CORNER OF LOT 5 IN SAID RAILROAD COMPANIES' RESUBDIVISION IN SECTION 16;

THENCE SOUTHEASTERLY ALONG THE WESTERLY LINE OF SAID LOT 5 TO AN ANGLE POINT ON SAID WESTERLY LINE;

THENCE SOUTHEASTERLY ALONG SAID WESTERLY LINE OF LOT 5 TO A POINT ON SAID WESTERLY LINE, SAID POINT LYING 121.21 FEET NORTHWESTERLY OF THE SOUTHWESTERLY CORNER OF LOT 5;

THENCE EAST ALONG A STRAIGHT LINE PARALLEL WITH AND 121.21 NORTH OF THE SOUTH LINE OF SAID LOT 5 TO THE WESTERLY LINE OF THE SOUTH BRANCH OF THE CHICAGO RIVER;

THENCE SOUTHEASTERLY ALONG SAID WESTERLY LINE OF THE SOUTH BRANCH OF THE CHICAGO RIVER TO THE NORTH LINE OF JACKSON BOULEVARD;

THENCE SOUTH ALONG A STRAIGHT LINE TO THE SOUTH LINE OF JACKSON BOULEVARD;

THENCE WEST ALONG SAID SOUTH LINE OF JACKSON BOULEVARD TO THE EAST LINE OF CANAL STREET;

THENCE SOUTH ALONG SAID EAST LINE OF CANAL STREET TO THE NORTH LINE OF VAN BUREN STREET;

THENCE EAST ALONG SAID NORTH LINE OF VAN BUREN STREET TO THE EAST LINE OF WACKER DRIVE;

THENCE NORTH ALONG SAID EAST LINE OF WACKER DRIVE TO THE SOUTH LINE OF JACKSON BOULEVARD;

THENCE EAST ALONG SAID SOUTH LINE OF JACKSON BOULEVARD TO THE WEST LINE OF FRANKLIN STREET;

THENCE SOUTH ALONG SAID WEST LINE OF FRANKLIN STREET TO THE NORTH LINE OF VAN BUREN STREET;

THENCE EAST ALONG SAID NORTH LINE OF VAN BUREN STREET TO THE NORTHERLY EXTENSION OF THE EAST LINE OF THE 12 FOOT WIDE ALLEY EAST OF WELLS STREET;

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION OF THE EAST LINE OF THE 12 FOOT WIDE ALLEY EAST OF WELLS STREET TO THE SOUTH LINE OF VAN BUREN STREET;

THENCE EAST ALONG SAID SOUTH LINE OF VAN BUREN STREET TO THE WEST LINE OF LASALLE STREET;

THENCE NORTH ALONG THE NORTHERLY EXTENSION OF THE WEST LINE OF LASALLE STREET TO THE NORTH LINE OF VAN BUREN STREET;

THENCE EAST ALONG SAID NORTH LINE OF VAN BUREN STREET TO THE EAST LINE OF CLARK STREET;

THENCE NORTH ALONG SAID EAST LINE OF CLARK STREET TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 7 IN THE SUBDIVISION OF BLOCK 116 OF SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16;

THENCE WEST ALONG SAID EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 7 AND THE SOUTH LINE THEREOF TO THE EAST LINE OF THE 20 FOOT WIDE ALLEY WEST OF CLARK STREET;

THENCE NORTH ALONG SAID EAST LINE OF THE 20 FOOT WIDE ALLEY WEST OF CLARK STREET TO THE SOUTH LINE OF ADAMS STREET;

THENCE EAST ALONG SAID SOUTH LINE OF ADAMS STREET TO THE EAST LINE OF CLARK STREET;

THENCE NORTH ALONG SAID EAST LINE OF CLARK STREET TO THE NORTH LINE OF MARBLE PLACE;

THENCE WEST ALONG SAID NORTH LINE OF MARBLE PLACE TO

THE EAST LINE OF LOT 2 IN BLOCK 117 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16;

THENCE NORTH ALONG SAID EAST LINE OF LOT 2 IN BLOCK 117 TO THE SOUTH LINE OF MONROE STREET;

THENCE EAST ALONG SAID SOUTH LINE OF MONROE STREET TO THE SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 21 IN ASSESSOR'S DIVISION OF BLOCK 118 OF SCHOOL SECTION ADDITION IN SECTION 16;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 21 TO THE NORTH LINE OF MONROE STREET;

THENCE NORTH ALONG THE EAST LINE OF SAID LOT 21 AND THE NORTHERLY EXTENSION THEREOF TO THE SOUTH LINE OF LOT 33 IN SAID ASSESSOR'S DIVISION OF BLOCK 118 OF SCHOOL SECTION ADDITION IN SECTION 16;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 33 TO THE WEST LINE THEREOF;

THENCE NORTH ALONG SAID WEST LINE OF LOT 33 TO THE SOUTH LINE OF LOT 14 IN ASSESSOR'S DIVISION OF BLOCK 118 OF SCHOOL SECTION ADDITION IN SECTION 16;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 14 TO THE EAST LINE OF THE 10 FOOT WIDE ALLEY WEST OF CLARK STREET;

THENCE NORTH ALONG SAID EAST LINE OF THE 10 FOOT WIDE ALLEY WEST OF CLARK STREET AND THE NORTHERLY EXTENSION THEREOF TO THE NORTH LINE OF MADISON STREET;

THENCE WEST ALONG SAID NORTH LINE OF MADISON STREET TO THE EAST LINE OF THE 9 FOOT WIDE ALLEY WEST OF CLARK STREET;

THENCE NORTH ALONG SAID EAST LINE OF THE 9 FOOT WIDE ALLEY WEST OF CLARK STREET TO THE SOUTH LINE OF THE 18 FOOT WIDE ALLEY SOUTH OF WASHINGTON STREET;

THENCE NORTH ALONG A STRAIGHT LINE TO THE SOUTHEAST CORNER OF THE PARCEL OF LAND BEARING PIN 17-9-459-001;

THENCE NORTH ALONG THE EAST LINE OF THE PARCEL OF LAND BEARING PIN 17-9-459-001 TO THE SOUTH LINE OF WASHINGTON STREET;

THENCE EAST ALONG SAID SOUTH LINE OF WASHINGTON STREET TO THE EAST LINE OF CLARK STREET;

THENCE NORTH ALONG SAID EAST LINE OF CLARK STREET TO THE SOUTH LINE OF RANDOLPH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF RANDOLPH STREET TO THE WEST LINE OF CLARK STREET;

THENCE NORTH ALONG SAID WEST LINE OF CLARK STREET TO THE NORTH LINE OF RANDOLPH STREET;

THENCE WEST ALONG SAID NORTH LINE OF RANDOLPH STREET TO THE EAST LINE OF LASALLE STREET;

THENCE SOUTH ALONG SAID EAST LINE OF LASALLE STREET TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF COURT PLACE;

THENCE WEST ALONG SAID EASTERLY EXTENSION OF THE SOUTH LINE OF COURT PLACE AND THE SOUTH LINE THEREOF TO THE WEST LINE OF WELLS STREET;

THENCE SOUTH ALONG SAID WEST LINE OF WELLS STREET TO THE NORTH LINE OF WASHINGTON STREET;

THENCE WEST ALONG SAID NORTH LINE OF WASHINGTON STREET TO THE EAST LINE OF FRANKLIN STREET;

THENCE NORTH ALONG SAID EAST LINE OF FRANKLIN STREET TO THE CENTERLINE OF VACATED COURT PLACE;

THENCE EAST ALONG SAID CENTERLINE OF VACATED COURT PLACE TO THE SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 2 IN BLOCK 41 IN THE ORIGINAL TOWN OF CHICAGO IN THE SOUTHEAST QUARTER OF SECTION 9;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 2 IN BLOCK 41 AND THE EAST LINE THEREOF TO THE SOUTH LINE OF RANDOLPH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF RANDOLPH STREET TO THE SOUTHERLY EXTENSION OF THE WEST LINE OF THE EASTERLY 20 FEET OF LOT 7 IN BLOCK 31 IN THE ORIGINAL TOWN OF CHICAGO IN SECTION 9;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION OF THE WEST LINE OF THE EASTERLY 20 FEET OF LOT 7 AND THE WEST LINE THEREOF TO THE SOUTH LINE OF COUCH PLACE;

THENCE NORTH ALONG THE NORTHERLY EXTENSION OF THE WEST LINE OF THE EASTERLY 20 FEET OF LOT 7 TO THE NORTH LINE OF COUCH PLACE;

THENCE WEST ALONG SAID NORTH LINE OF COUCH PLACE TO THE EAST LINE OF WACKER DRIVE;

THENCE NORTH ALONG SAID EAST LINE OF WACKER DRIVE TO THE SOUTH LINE OF LAKE STREET;

THENCE NORTHEASTERLY ALONG A STRAIGHT LINE TO THE INTERSECTION OF THE NORTH LINE OF LAKE STREET WITH THE EASTERLY LINE OF WACKER DRIVE;

THENCE WEST ALONG SAID NORTH LINE OF LAKE STREET TO

THE WESTERLY LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER;

THENCE NORTHWESTERLY ALONG SAID WESTERLY LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER TO AN ANGLE POINT ON SAID WESTERLY LINE, SAID POINT BEING ALSO THE NORTHEAST CORNER OF LOT 1 IN BLOCK 22 IN THE ORIGINAL TOWN OF CHICAGO IN SECTION 9;

THENCE WEST ALONG THE NORTH LINE OF SAID LOT 1 IN BLOCK 22 TO A POINT, SAID POINT BEING ALSO A POINT ON THE WESTERLY LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER;

THENCE NORTHWESTERLY ALONG SAID WESTERLY LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER TO THE NORTH LINE OF THAT TRACT OF LAND VACATED IN DOCUMENT NUMBER 5507199, RECORDED OCTOBER 6, 1914;

THENCE WEST ALONG SAID NORTH LINE OF THAT TRACT OF LAND VACATED IN DOCUMENT NUMBER 5507199, A DISTANCE OF 21. 26 FEET TO A POINT ON SAID NORTH LINE;

THENCE NORTHWESTERLY ALONG THE EASTERLY LINE OF THE PARCEL OF LAND BEARING PIN 17-9-306-014 TO A POINT OF CURVATURE ON SAID EASTERLY LINE;

THENCE NORTHWESTERLY ALONG THE ARC OF CURVE, SAID CURVE BEING CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 600 FEET, TO THE EAST LINE OF CANAL STREET;

THENCE SOUTH ALONG SAID EAST LINE OF CANAL STREET TO THE SOUTH LINE OF LAKE STREET, BEING ALSO THE POINT OF BEGINNING OF THE HERETOFORE DESCRIBED TRACT OF LAND, ALL IN COOK COUNTY, ILLINOIS.

Appendix 2: Summary of Estimated 2005 EAV (by PIN)

Summary of 2005 Equalized Assessed Value by Permanent Index Number (PIN)

No.	PIN	2005 Assessed Value	2005 Equalized Assessed Value
1	17-09-306-012-0000	$95,471	$260,827
2	17-09-306-014-0000	EX	EX
3	17-09-306-015-0000	$25,888	$70,726
4	17-09-306-016-0000	EX	EX
5	17-09-306-017-0000	$181,441	$495,697
6	17-09-306-018-0000	$1	$3
7	17-09-306-020-0000	$495,001	$1,352,343
8	17-09-325-002-0000	EX	EX
9	17-09-325-003-0000	EX	EX
10	17-09-326-001-0000	$698,284	$1,907,712
11	17-09-326-002-0000	EX	EX
12	17-09-334-001-0000	$14,231,127	$38,879,439
13	17-09-334-004-6001	EX	EX
14	17-09-334-004-6002	$21,951,195	$59,970,665
15	17-09-334-005-0000	$24,263,721	$66,288,486
16	17-09-335-002-0000	EX	EX
17	17-09-343-002-0000	EX	EX
18	17-09-343-003-0000	EX	EX
19	17-09-343-005-0000	EX	EX
20	17-09-343-007-0000	$9,799,998	$26,773,595
21	17-09-427-001-0000	$2,164,063	$5,912,220
22	17-09-427-002-0000	EX	EX
23	17-09-427-003-0000	$3,334,648	$9,110,258
24	17-09-427-004-0000	$4,979,264	$13,603,349
25	17-09-429-001-0000	$2,301,725	$6,288,313
26	17-09-429-002-0000	$670,303	$1,831,268
27	17-09-429-003-0000	$669,709	$1,829,645
28	17-09-429-004-0000	$315,219	$861,178
29	17-09-429-006-0000	$1,402,070	$3,830,455
30	17-09-429-015-0000	$288,222	$787,423
31	17-09-429-016-0000	$79,821	$218,071

No.	PIN	2005 Assessed Value	2005 Equalized Assessed Value
32	17-09-440-001-0000	$5,358,000	$14,638,056
33	17-09-441-001-0000	$25,249,999	$68,982,997
34	17-09-441-002-0000	$829,111	$2,265,131
35	17-09-441-003-0000	$829,259	$2,265,536
36	17-09-441-005-0000	$611,998	$1,671,979
37	17-09-441-006-0000	$488,189	$1,333,732
38	17-09-442-001-0000	$24,491,199	$66,909,956
39	17-09-442-007-0000	$480,926	$1,313,890
40	17-09-442-008-0000	$795,960	$2,174,563
41	17-09-443-001-0000	$5,716,852	$15,618,440
42	17-09-443-002-0000	$3,680,044	$10,053,880
43	17-09-443-003-0000	$4,823,414	$13,177,567
44	17-09-443-004-0000	$4,823,414	$13,177,567
45	17-09-443-005-0000	$9,106,273	$24,878,338
46	17-09-446-001-0000	$914,001	$2,497,051
47	17-09-446-006-0000	$445,835	$1,218,021
48	17-09-446-007-0000	$939,478	$2,566,654
49	17-09-446-008-0000	EX	EX
50	17-09-446-009-0000	$493,776	$1,348,996
51	17-09-446-011-0000	$2,480,000	$6,775,360
52	17-09-446-015-1001	$25,207	$68,866
53	17-09-446-015-1002	$40,326	$110,171
54	17-09-446-015-1003	$39,974	$109,209
55	17-09-446-015-1004	$74,339	$203,094
56	17-09-446-015-1005	$92,729	$253,336
57	17-09-446-015-1006	$92,979	$254,019
58	17-09-446-015-1007	$93,231	$254,707
59	17-09-446-015-1008	$93,481	$255,390
60	17-09-446-015-1009	$93,733	$256,079
61	17-09-446-016-0000	$16,992,975	$46,424,808
62	17-09-447-003-8001	EX	EX
63	17-09-447-003-8002	$1,368	$3,737
64	17-09-447-003-8003	$1,986	$5,426
65	17-09-447-003-8005	$3,287	$8,980
66	17-09-447-003-8007	$8,754	$23,916
67	17-09-447-003-8008	$3,351	$9,155
68	17-09-447-003-8011	$1,368	$3,737

No.	PIN	2005 Assessed Value	2005 Equalized Assessed Value
69	17-09-447-003-8012	$1,368	$3,737
70	17-09-447-003-8013	$3,351	$9,155
71	17-09-447-003-8015	$4,104	$11,212
72	17-09-447-003-8018	$1,368	$3,737
73	17-09-447-003-8019	$1,368	$3,737
74	17-09-447-003-8021	$1,368	$3,737
75	17-09-447-003-8022	$1,368	$3,737
76	17-09-447-003-8023	$3,351	$9,155
77	17-09-447-003-8024	$1,368	$3,737
78	17-09-447-003-8025	$1,368	$3,737
79	17-09-447-003-8026	$1,986	$5,426
80	17-09-447-003-8028	$1,368	$3,737
81	17-09-447-003-8029	$1,368	$3,737
82	17-09-447-003-8030	$1,368	$3,737
83	17-09-447-003-8039	$9,690	$26,473
84	17-09-452-002-0000	EX	EX
85	17-09-452-003-0000	$19,000,000	$51,908,000
86	17-09-453-007-0000	$1,261,213	$3,445,634
87	17-09-453-008-0000	$1,222,732	$3,340,504
88	17-09-453-009-0000	$611,366	$1,670,252
89	17-09-453-010-0000	$1,222,732	$3,340,504
90	17-09-453-011-0000	$1,328,358	$3,629,074
91	17-09-453-012-0000	$615,330	$1,681,082
92	17-09-453-013-0000	$4,132,104	$11,288,908
93	17-09-455-009-0000	$7,616,901	$20,809,374
94	17-09-455-013-0000	$385,775	$1,053,937
95	17-09-455-014-0000	$535,800	$1,463,806
96	17-09-455-015-0000	$399,917	$1,092,573
97	17-09-455-016-0000	$1,125,972	$3,076,156
98	17-09-455-017-0000	$15,470,619	$42,265,731
99	17-09-456-001-0000	$18,275,844	$49,929,606
100	17-09-456-002-0000	$8,626,809	$23,568,442
101	17-09-456-003-0000	$6,485,665	$17,718,837
102	17-09-456-019-0000	$25,914,333	$70,797,958
103	17-09-457-005-0000	$1,309,555	$3,577,704
104	17-09-457-006-0000	$529,206	$1,445,791
105	17-09-457-007-0000	$3,808,758	$10,405,527

No.	PIN	2005 Assessed Value	2005 Equalized Assessed Value
106	17-09-457-008-0000	$10,195,074	$27,852,942
107	17-09-457-009-0000	$21,347,751	$58,322,056
108	17-09-457-010-0000	$2,842,366	$7,765,344
109	17-09-457-011-0000	$6,660	$18,195
110	17-09-458-015-0000	$24,700,000	$67,480,400
111	17-09-458-016-0000	$3,614,350	$9,874,404
112	17-09-458-017-0000	$4,393,730	$12,003,670
113	17-09-459-001-0000	$12,601,256	$34,426,631
114	17-09-460-001-0000	$6,251,147	$17,078,134
115	17-16-104-008-6001	EX	EX
116	17-16-104-008-6002	$881,222	$2,407,499
117	17-16-115-004-6004	$44,766	$122,301
118	17-16-121-002-0000	EX	EX
119	17-16-121-003-6001	EX	EX
120	17-16-121-003-6002	$38,910,171	$106,302,587
121	17-16-202-001-0000	EX	EX
122	17-16-202-002-0000	EX	EX
123	17-16-202-003-0000	$1,952,822	$5,335,110
124	17-16-202-004-0000	$1,952,822	$5,335,110
125	17-16-202-005-0000	$1,952,822	$5,335,110
126	17-16-202-006-0000	$476,872	$1,302,814
127	17-16-202-007-0000	$476,870	$1,302,809
128	17-16-202-008-0000	$806,240	$2,202,648
129	17-16-202-009-0000	$97,824	$267,255
130	17-16-202-010-0000	$446,564	$1,220,013
131	17-16-202-011-0000	$446,564	$1,220,013
132	17-16-202-012-0000	$1,180,595	$3,225,386
133	17-16-202-013-0000	$6,989,914	$19,096,445
134	17-16-202-014-0000	$5,909,764	$16,145,475
135	17-16-202-020-0000	$6,589,430	$18,002,323
136	17-16-202-021-0000	$6,651,332	$18,171,439
137	17-16-203-001-0000	$8,349,280	$22,810,233
138	17-16-203-002-0000	$4,748,427	$12,972,703
139	17-16-203-003-0000	$10,735,936	$29,330,577
140	17-16-203-004-0000	$18,465,017	$50,446,426
141	17-16-203-005-0000	$8,954,563	$24,463,866
142	17-16-203-006-0000	$8,333,320	$22,766,630

No.	PIN	2005 Assessed Value	2005 Equalized Assessed Value
143	17-16-203-007-0000	$4,268,927	$11,662,709
144	17-16-203-008-0000	$7,671,455	$20,958,415
145	17-16-203-009-0000	$11,108,828	$30,349,318
146	17-16-203-010-0000	$7,473,855	$20,418,572
147	17-16-203-011-0000	$7,580,255	$20,709,257
148	17-16-203-024-0000	$11,118,169	$30,374,838
149	17-16-203-025-0000	$5,984,413	$16,349,416
150	17-16-204-001-0000	$5,482,193	$14,977,351
151	17-16-204-003-0000	$2,163,786	$5,911,463
152	17-16-204-005-0000	$3,509,999	$9,589,317
153	17-16-204-024-0000	$3,950,000	$10,791,400
154	17-16-204-030-0000	$2,560,772	$6,996,029
155	17-16-204-031-0000	$883,500	$2,413,722
156	17-16-206-017-0000	$9,256,000	$25,287,392
157	17-16-207-003-0000	EX	EX
158	17-16-207-004-0000	$17,954,235	$49,050,970
159	17-16-207-005-0000	$16,545,765	$45,203,030
160	17-16-208-006-0000	$2,944,193	$8,043,535
161	17-16-208-007-0000	$2,944,193	$8,043,535
162	17-16-208-008-0000	$3,169,913	$8,660,202
163	17-16-208-009-0000	$1,223,661	$3,343,042
164	17-16-208-010-0000	$943,395	$2,577,355
165	17-16-208-011-0000	$2,115,756	$5,780,245
166	17-16-208-012-0000	$5,684,843	$15,530,991
167	17-16-208-013-0000	$4,228,918	$11,553,404
168	17-16-208-014-0000	$2,888,000	$7,890,016
169	17-16-208-015-0000	$3,861,431	$10,549,429
170	17-16-208-017-0000	$1,312,453	$3,585,622
171	17-16-209-005-0000	$616,310	$1,683,759
172	17-16-209-006-0000	$259,190	$708,107
173	17-16-209-007-0000	$234,694	$641,184
174	17-16-209-008-0000	$56,160,002	$153,429,125
175	17-16-209-009-0000	$8,336,357	$22,774,927
176	17-16-209-010-0000	$2,233,069	$6,100,745
177	17-16-209-011-0000	$13,972,880	$38,173,908
178	17-16-209-012-0000	$98,286,449	$268,518,579
179	17-16-209-013-0000	$228,553	$624,407

No.	PIN	2005 Assessed Value	2005 Equalized Assessed Value
180	17-16-210-007-0000	$19,586,584	$53,510,547
181	17-16-210-008-0000	$320,408	$875,355
182	17-16-210-009-0000	$184,668	$504,513
183	17-16-210-012-0000	$223,075	$609,441
184	17-16-210-013-0000	$503,424	$1,375,354
185	17-16-210-014-0000	$9,598,420	$26,222,883
186	17-16-210-015-0000	$12,685,384	$34,656,469
187	17-16-210-016-0000	$5,496,419	$15,016,217
188	17-16-210-017-0000	$9,880,934	$26,994,712
189	17-16-210-019-0000	EX	EX
190	17-16-210-020-0000	$696,848	$1,903,789
191	17-16-210-021-0000	$3,179,129	$8,685,380
192	17-16-211-001-0000	$4,324,041	$11,813,280
193	17-16-211-002-0000	$4,092,094	$11,179,601
194	17-16-211-003-0000	$13,033,013	$35,606,192
195	17-16-211-004-0000	$7,227,474	$19,745,459
196	17-16-211-007-0000	$2,217,168	$6,057,303
197	17-16-211-008-0000	$2,217,168	$6,057,303
198	17-16-211-009-0000	$37,507,202	$102,469,676
199	17-16-211-010-0000	$5,739,034	$15,679,041
200	17-16-212-001-0000	$916,605	$2,504,165
201	17-16-212-002-0000	$527,126	$1,440,108
202	17-16-212-003-0000	$527,126	$1,440,108
203	17-16-212-004-0000	$527,126	$1,440,108
204	17-16-212-005-0000	$527,126	$1,440,108
205	17-16-212-006-0000	$1,074,887	$2,936,591
206	17-16-212-007-0000	$1,141,651	$3,118,991
207	17-16-212-008-0000	$505,832	$1,381,933
208	17-16-212-009-0000	$3,692,862	$10,088,899
209	17-16-212-010-0000	$3,715,320	$10,150,254
210	17-16-212-011-0000	$13,198,380	$36,057,974
211	17-16-212-012-0000	$4,193,436	$11,456,467
212	17-16-212-014-0000	$499,647	$1,365,036
213	17-16-212-015-0000	$4,560,156	$12,458,346
214	17-16-212-016-0000	EX	EX
215	17-16-212-017-0000	EX	EX
216	17-16-212-018-0000	$1,220,000	$3,333,040

No.	PIN	2005 Assessed Value	2005 Equalized Assessed Value
217	17-16-213-017-8001	EX	EX
218	17-16-213-017-8002	$7,130,403	$19,480,261
219	17-16-213-021-0000	$6,215,652	$16,981,161
220	17-16-214-002-0000	$33,105,164	$90,443,308
221	17-16-214-003-0000	EX	EX
222	17-16-215-002-0000	$5,038,321	$13,764,693
223	17-16-215-003-0000	EX	EX
224	17-16-216-009-0000	$189,999,995	$519,079,986
225	17-16-218-001-0000	$9,674,999	$26,432,097
226	17-16-219-001-0000	EX	EX
227	17-16-219-007-0000	$15,655,488	$42,770,793
228	17-16-219-008-0000	$3,101,271	$8,472,672
229	17-16-220-001-0000	$16,720,000	$45,679,040
230	17-16-220-002-0000	EX	EX
231	17-16-221-001-0000	$778,080	$2,125,715
232	17-16-221-002-0000	$808,410	$2,208,576
233	17-16-221-003-0000	$3,586,104	$9,797,236
234	17-16-221-004-0000	$2,375,556	$6,490,019
235	17-16-221-005-0000	$8,271,300	$22,597,192
236	17-16-221-006-0000	EX	EX
237	17-16-222-003-0000	$3,785,875	$10,343,011
238	17-16-222-004-0000	$1,914,400	$5,230,141
239	17-16-222-005-0000	$1,299,725	$3,550,849
240	17-16-222-006-0000	$10,571,243	$28,880,636
241	17-16-222-009-0000	$7,017,836	$19,172,728
242	17-16-222-010-0000	$16,184,395	$44,215,767
243	17-16-226-005-0000	$5,715,091	$15,613,629
244	17-16-226-006-0000	EX	EX
245	17-16-226-008-0000	EX	EX
246	17-16-226-009-0000	EX	EX
247	17-16-226-011-0000	EX	EX
248	17-16-226-012-0000	$7,686,218	$20,998,748
249	17-16-226-013-0000	$662,811	$1,810,800
250	17-16-228-001-0000	$3,253,269	$8,887,931
251	17-16-228-002-0000	EX	EX
252	17-16-228-003-0000	$907,924	$2,480,448
253	17-16-228-004-0000	$2,845,214	$7,773,125

No.	PIN	2005 Assessed Value	2005 Equalized Assessed Value
254	17-16-228-005-0000	$159,413	$435,516
255	17-16-228-010-0000	$3,000,000	$8,196,000
256	17-16-228-011-0000	$1,087,120	$2,970,012
257	17-16-228-012-0000	$1,790,067	$4,890,463
258	17-16-228-013-0000	$791,039	$2,161,119
259	17-16-228-014-0000	$601,998	$1,644,659
260	17-16-228-015-0000	$588,002	$1,606,421
261	17-16-228-016-0000	$1,849,774	$5,053,583
262	17-16-228-017-0000	$1,692,922	$4,625,063
263	17-16-229-001-0000	$29,549,461	$80,729,127
264	17-16-229-002-0000	$27,927,165	$76,297,015
265	17-16-230-003-0000	$9,838,961	$26,880,041
266	17-16-230-004-0000	$14,134,740	$38,616,110
267	17-16-231-010-0000	$11,197,889	$30,592,633
268	17-16-231-011-0000	$11,257,500	$30,755,490
269	17-16-500-017-0000	$1,412,898	$3,860,037
270	17-16-500-022-0000	$2,465,877	$6,736,776
271	17-16-500-023-0000	EX	EX
272	17-16-500-025-0000	EX	EX
273	17-16-500-031-0000	EX	EX
	TOTAL:	**$1,527,730,358**	**$4,173,759,338**