Montrose Clarendon Tax Increment Financing Redevelopment Plan and Project

City of Chicago, Illinois

February 26, 2010

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SILL COMMON DIVISION STAN

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I. EXECUTIVE SUMMARY

Introduction

The City of Chicago (the "City") is dedicated to the continued growth and economic development of the City. Chicago's ability to stimulate growth and development relies on the creation and implementation of government programs that will allow the City to work with the private sector to eliminate blighted areas and ensure sound growth and development of property. Based upon the City's establishment of a redevelopment project area as described herein, it is understood that the City recognizes the necessity of the relationship between continued community growth and public participation. The blighting of communities impairs the value of private investment and threatens the growth of the community's tax base. Additionally, the City understands the dangers associated with blighting factors and problems arising from blighted conditions.

The Illinois General Assembly passed the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et. seq.) (the "Act") to address the growing number of blighted areas in many Illinois municipalities. The blighting of communities impairs the value of private investment and threatens the growth of the community's tax base. The Act declares that in order to promote the public health, safety, morals, and welfare, blighting conditions must be eliminated.

The Plan (as defined below) summarizes the analyses and findings of the consultants' work, which, unless otherwise noted, is the responsibility of Laube Consulting Group LLC ("Laube") The City is entitled to rely on the findings and conclusions of this Plan in designating the Area (as defined below) as a redevelopment project area under the Act. Laube has prepared this Plan and the related eligibility study with the understanding that the City would rely: 1) on the findings and conclusions of the Plan and the related eligibility study in proceeding with the designation of the Area and the adoption and implementation of the Plan, and 2) on the fact that Laube has obtained the necessary information so that the implementation of the Plan and the related eligibility study will comply with the Act.

Summary of the Plan

The City's Redevelopment Project Area Tax Increment Allocation Redevelopment Plan and Project (referred to herein as the "Plan" or "Redevelopment Plan and Project") was developed to provide a description of the necessary actions to address existing blighting conditions in the Redevelopment Project Area (the "Area"). The Area encompasses approximately 30.9 acres of land in the City. The Area is generally bounded by Montrose Ave. to the south, Sunnyside Ave. and Wilson Ave. to the North, Lake Shore Dr. to the east, and the City alleys immediately west of Clarendon to the west. From an economic perspective, the implementation of the Plan through the use of tax increment financing revenues should stimulate private investment in the Area. The expected combined public and private investment that will result from the Plan are anticipated to eliminate the blighting conditions that currently exist in the Area.

II. REDEVELOPMENT PROJECT AREA DESCRIPTION

The Area encompasses approximately 30.9 acres of land in the City. The Area is generally bounded by Montrose Ave. to the south, Sunnyside Ave. and Wilson Ave. to the North, Lake Shore Dr. to the east, and the City alleys immediately west of Clarendon to the west. (See legal description and specific boundary map in the Appendix.)

Based upon the former use of the Area and the current site conditions, it is reasonable to conclude that, without the establishment of a redevelopment project area and the use of tax increment financing, the Area is not reasonably anticipated to develop.

Background of the Area

The Area is located in the Uptown community area in the City. Uptown is a very diverse area of the City consisting of many neighborhoods: Buena Park, Sheridan Park, Margate Park, Clarendon Park, and Andersonville Terrace. The Area is located in the Clarendon Park neighborhood. The Area specifically consists of the former Columbus-Maryville Emergency Shelter site as well as Clarendon Park itself. The Columbus-Maryville Emergency Shelter provided services such as care for drug addicted babies for many years. In 2009, the entire facility was closed and is now completely vacant.

Overview of the Area

Many of the buildings in the Area are completely vacant. The buildings were completely vacated within the past year. The windows on the first floor are completely boarded up and the grounds and adjacent sidewalk lack general maintenance. The Area also encompasses Clarendon Park, in which the buildings are in a state of deterioration and disrepair. Additionally, the park itself is in need of improvement. These conditions have a negative impact on the City's ability to create and maintain a high-quality residential and commercial environment in the Area and the surrounding neighborhood.

III. REDEVELOPMENT PROJECT AREA GOALS AND ZONING

The Act encourages public and private sector cooperation to address and resolve issues with deteriorating and declining areas. The continued investment in and development of the Area will strengthen not only the Area, but also the entire City through sound economic growth, an increased tax base, and additional employment opportunities.

The Plan is based on the following redevelopment goals:

General Goals of the City

- Eliminate blighting conditions which prevent further development of the Area;
- Restore and expand the tax base in order to maintain a high level of services, programs, and facilities;
- Encourage use of environmentally sustainable design standards;
- Stimulate private investment;

- Encourage new development and expansion in an orderly manner;
- Encourage productive use of underutilized and vacant property;
- Restore and enhance the property-tax base within the Area;
- Encourage sales tax producing enterprises in the Area;
- Enhance the City's image as a desirable place to live;
- Improve efforts to facilitate and attract new housing and commercial development by serving as a catalyst to the private sector;
- Create opportunities for Minority Owned and Women Owned business enterprises;
- Create market rate and affordable housing options for residents;
- Utilize the parcels in the Area and surrounding area for a development that is in conformance with the City's overall planning efforts; and

IV. SUMMARY OF BLIGHTING CONDITIONS EXISTING IN THE AREA

As set forth in the Act, the Illinois General Assembly has determined that, in order to promote and protect the health, safety, morals, and welfare of the public, blighted conditions need to be eradicated. The Act also states that the eradication of these blighted conditions is essential to the public interest and that the use of tax increment financing revenues to fund certain redevelopment projects is of benefit to the community.

Prior to the passage of an ordinance adopting tax increment financing, there are certain statutory requirements that must be met. One of the requirements for eligibility of the area is that the municipality must demonstrate that the Area qualifies as a "blighted area". Based on site inspections, surveys and area analysis, the Area qualifies for designation as a improved blighted area as defined in the Act.

Improved Blighted Area

The qualification is based on an analysis performed regarding each of the vacant blighting factors listed in the Act to determine whether each or any are present in the Area and, if so, to what extent and in what locations. The corresponding Eligibility Report for the Area prepared by Laube (the "Eligibility Report") describes in detail the methodology and analysis performed resulting in the conclusion that the Area qualifies as a blighted area under the Act. The Act requires that 5 of 13 possible blighting factors be present and reasonably distributed throughout the Area in order to qualify as such.

Laube has found that on an overall basis 7 of the possible 13 blighting factors are present throughout the Area, 5 to a major extent and 2 to a limited extent. The most frequent blighted factors found throughout the Area are as follows:

- Deterioration
- Obsolescence
- Excessive Vacancies
- Deleterious Land Use and Layout
- Inadequate Utilities
- Lack of Community Planning

Please see the accompanying Eligibility Report for detailed qualification criteria and findings.

V. TAX INCREMENT FINANCING REDEVELOPMENT PROJECT

This section presents the Plan to be implemented by the City in the Area. The section is divided into the following subsections:

- Redevelopment Objectives
- Redevelopment Plan and Project Costs and Activities
- General Land Use Plan
- Estimated Redevelopment Project Costs
- Sources of Funds to Pay Redevelopment Project Costs
- Issuance of Obligations
- Surplus Incremental Property Tax Revenue
- Most Recent EAV
- Anticipated EAV
- Potential Future Site Acquisition
- Affordable Housing
- Redevelopment and Intergovernmental Agreements
- Potential Future Relocation Needs

Redevelopment Objectives

The following represent major redevelopment objectives for the Area:

- Enhance the City's image as a desirable place to live;
- Encourage productive use of underutilized and/or vacant properties;
- Eliminate blighting conditions which prevent further development of the Area;
- Stimulate private investment;
- Increase revenue (e.g., property and sales tax revenue) generation property within the Area;
- Assemble or encourage the assembly of land for redevelopment in accordance with this Plan:
- Encourage functional and visually attractive buildings, rights-of-way, and open spaces and encourage high standards of design;
- Provide needed incentives to encourage a broad range of improvements and new development;
- Provide opportunities for minority-owned and women-owned businesses to share in the redevelopment of the Area;
- Improve existing park land and facilities;
- Provide market rate and affordable housing options for the City's residents;
- Encourage use of environmentally sustainable design standards; and
- Encourage the use of public transit.

Redevelopment Plan and Project Costs and Activities

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

In the event the Act is amended after the date of the approval of this Plan by the City Council of Chicago to: (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/11-74.4-3(q)(11)), this Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as Redevelopment Project Costs under the Plan, to the extent permitted by the Act. In the event of such amendment(s) to the Act, the City may add any new eligible redevelopment project costs as a line item in Plan Table 1 or otherwise adjust the line items in Plan Table 1 below without amendment to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total Redevelopment Project Costs without complying with the Act which currently necessitates an amendment to the Plan.

1. Eligible Redevelopment Costs

To achieve the goals outlined above, the City proposes to assist with the redevelopment of designated parcels located in the Area through the use of tax increment financing. 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 (including any costs incurred as necessary or desirable in formulating or that are incidental to this Plan, such as but not limited to costs for architects, engineers, planners, lawyers and other consultants related to such planning work). Such costs may include, without limitation, the following:

- a) Costs of studies, surveys, development of plans and specifications, implementation and administration of the Plan including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
- b) The costs of marketing sites within the Area to prospective businesses, developers and investors;
- c) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, environmental remediation, 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, engineering, and the clearing and grading of land;
- d) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- e) Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
- f) Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the Project Area and such proposals feature a community-based training program which ensures maximum reasonable opportunities for

residents of the Uptown Community Area with particular attention to the needs of those residents who have previously experienced inadequate employment opportunities and development of jobrelated skills including residents of public and other subsidized housing and people with disabilities;

- g) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
- h) To the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.
- i) 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;
- j) Payment in lieu of taxes, as defined in the Act;
- k) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs: (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Project Area; and (ii) when incurred by a taxing district or taxing districts other than the 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;
- l) Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - 1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - 2. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - if there are not sufficient funds available in the special tax allocation fund to make the
 payment pursuant to this provision, then the amounts so due shall accrue and be payable
 when sufficient funds are available in the special tax allocation fund;

- 4. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total: (i) cost paid or incurred by the redeveloper for such redevelopment project; (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act;
- 5. 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 75 percent shall be substituted for 30 percent in subparagraphs 2 and 4 above.
- m) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;
- n) An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided by the Act.
- o) Instead of the eligible costs provided for in l) 1, 2, 4 and 5 above, the City may pay up to 50 percent of the cost of construction, renovation and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act; and
- p) The costs of daycare services for children of employees from low-income families working for businesses located within the Area and all or a portion of the cost of operation of day care centers established by Area businesses to serve employees from low-income families working in businesses located in the Area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80 percent of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

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

General Land Use Plan

The proposed land use plan for the Area includes the following uses:

Residential

Residential is generally defined as single-family detached and attached dwelling units, multiple family units, senior multiple family dwelling units and any accessory uses for purposes of this Plan.

Commercial

Commercial is generally defined as retail, office, hospitality/hotel, health clubs, entertainment, restaurant facilities, educational, and institutional for purposes of this Plan.

Parks

Parks are generally defined as open space and recreational areas for purposes of this Plan.

These general types of uses are consistent with the overall goals of the Area for the following reasons:

- Through private investment in redevelopment, the tax base of the Area will increase.
- The increased tax base will generate additional incremental property tax revenues which may be used to fund eligible project costs in accordance with the Plan.
- Through private investment and implementation of the Plan, it is reasonably anticipated that the improved land blighting factors will be eliminated.
- Through private investment, productive use of underutilized and vacant land will be achieved.

Estimated Redevelopment Project Costs

To eliminate the blighting factors present in the Area and to meet the redevelopment objectives, the City plans to make and/or induce a number of improvements in the Area. Plan Table 1 below identifies the eligible Redevelopment Project Costs under the Act that the City may fund to implement the Plan over the Area's twenty-three (23) year life.

Adjustments to the estimated line item costs in Plan Table 1 below are anticipated and may be made by the City without amendment to the Plan to the extent permitted by the Act. Each individual project cost will be reevaluated 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 below 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 approval of the Plan by the City Council to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/11-74.4-3(q)(11), the Plan shall be deemed to incorporate such additional, expanded, or increased eligible costs as eligible costs under the amendment(s), the City may add any new eligible redevelopment project cost as a line item in Plan Table 1, or otherwise adjust the line items in Plan Table 1 without amendment to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in total redevelopment project costs without a further amendment to this Plan as required by the Act, as amended from time to time.

Redevelopment projects in the Area would not reasonably be anticipated to be developed without the adoption of the Plan.

Plan Table 1

Estimated Redevelopment Project Costs Redevelopment Project Area

Eligible Activities

1. Analysis, Administration, Studies, Surveys, Legal, Marketing, etc.	\$1,000,000
2. Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	\$31,000,000
3. Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation Costs	\$20,000,000
4. Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) (Note 1 below)	\$10,000,000
5. Job Training, Retraining, Welfare-to-Work	\$1,000,000
6. Relocation costs	\$1,000,000
7. Interest subsidy	\$5,000,000
Total Eligible Redevelopment Project Costs (Notes 2-5 below)	\$69,000,000

Notes for Plan Table 1 - Redevelopment Project Costs

- (1) This category may also include paying for or reimbursing: (i) an elementary, secondary or unit school district's increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts impacted by the redevelopment of the Area. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all, or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.
- (2) Total Redevelopment Project Costs represent an upper limit on expenditures that are to be funded using tax increment revenues and exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These additional financing costs are subject to prevailing market conditions and are in addition to Total Redevelopment Project Costs. Adjustments to the estimated line item costs in Plan Table 1 are anticipated, and may be made by the City without amendment to this Plan to the extent permitted by the Act. Each individual project cost will be re-evaluated in light of the projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of the 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.
- (3) The amount of the Total Redevelopment Costs that can be incurred in the Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Area only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Area, but will not be reduced by the amount of redevelopment project costs incurred in the Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Area only by a public right-of-way.
- (4) All costs are shown in 2009 dollars and may be increased by five percent (5%) after adjusting for inflation reflected in the Consumer Price Index ("CPI") for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U.S. Department of Labor.
- (5) Additional funding from other sources such as federal, state, county, or local grant funds may be utilized to supplement the City's ability to finance Redevelopment Project Costs identified above.

Sources of Funds

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

The Area may be contiguous to or separated by only a public right-of-way from other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Area to pay eligible redevelopment project costs, or obligations issued to

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

If necessary, the redevelopment plans for other contiguous redevelopment project areas that have been or will be created under the Act may be drafted or amended as applicable to add appropriate parallel language to allow sharing of funds between such Redevelopment Project Areas.

Issuance Of Obligations

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

The redevelopment project in the Area shall be completed, and all obligations issued to finance Redevelopment Project Costs shall be retired no later than December 31 of the year in which the payment to the City Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., assuming City Council designation of the Area and approval of the Project Area and Plan in 2010 by December 31, 2033). Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Plan. Obligations may be issued on a parity or subordinated basis.

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

Surplus Incremental Tax Revenue

Monies in the special allocation fund established for the Area and not required for payment and security of the obligations and Redevelopment Project Costs shall be calculated annually and declared surplus. Surplus funds must be distributed to the taxing districts having jurisdiction over the Area in accordance with the Act.

Most Recent Equalized Assessed Valuation

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The estimated 2008 EAV of all taxable parcels existing within the proposed boundaries of the Area is \$0. 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 Area will be calculated by Cook County.

Anticipated Equalized Assessed Valuation

Based upon the implementation of the Plan, numerous blighting factors will be eliminated and growth and development of the Area will occur in accordance with the Redevelopment Agreement(s) between the City and businesses in the Area and other interested parties. It is estimated that the total EAV of the real property following completion of the redevelopment project in the Area will be approximately \$149,000,000 based on a reasonably assumed schedule of development for the Area.

Potential Future Site Acquisition

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

In connection with the City exercising its power to acquire real property, including the exercise of the power of eminent domain, under the Act in implementing the Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. There is currently no acquisition of land contemplated by the City. However, acquisition of such real property as may be authorized by the City Council in the future does not constitute a change in the nature of this Plan.

Affordable Housing

The City requires that developers who receive Tax Increment Financing assistance for market rate housing set aside 20 percent of the units to meet affordability criteria established by the City's

Department of Community Development or any successor agency. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 100 percent of the area median income, and affordable rental units should be affordable to persons earning no more than 60 percent of the area median income. Specific requirements of each development shall be set forth in each respective Redevelopment Agreement.

Redevelopment and Intergovernmental Agreements

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

Potential Future Relocation Needs

Relocation assistance may be provided in order to facilitate redevelopment of portions of the Project Area, and to meet the other City objectives. Businesses or households legally occupying properties to be acquired by the City may be provided with relocation advisory and financial assistance as determined by the City.

VI. CONFORMITY TO THE COMPREHENSIVE PLAN

This Redevelopment Plan and Project includes land uses which will be approved by the Chicago Plan Commission prior to the adoption of the Redevelopment Plan and Project.

Therefore, the overall proposed land use is consistent with the intent and direction set forth by comprehensive and strategic planning efforts.

VII. PROVISIONS FOR AMENDING THE PLAN

The Plan may be amended by the City in accordance with the provisions in the Act.

VIII. SCHEDULING OF PLAN

Over the life of the Area, the timing of business investment cannot be predicted with precision. However, it is reasonable to expect the following public and private investments over the life of the Area. As the Plan is implemented, the numerous blighting factors present in the Area will be eliminated and the following activities are likely to occur:

- Clearing and grading of the land within the Area
- Provision for adequate water, sewers and electrical power to support development
- Construction of new market rate and affordable living units in the area
- Construction of commercial buildings that will support retail, office, and other commercial uses
- Reconstruction, renovation, and extension of public roadways as required to service existing and new businesses
- Private investment in new facilities

The estimated date for completion of the Area shall be no later than 23 years from the adoption of the ordinance of the City Council approving the Area.

IX. AFFIRMATIVE ACTION PLAN

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

- A) The assurance of equal opportunity in all personnel and employment actions, with respect to the Redevelopment Plan and Project, including, but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, or housing status.
- B) Redevelopers must meet the City's standards for participation of 24 percent Minority Business Enterprises and four percent Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.
- C) This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
- D) Redevelopers will meet City standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all construction employees.

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

In order to implement these principles, the City shall require and promote equal employment practices and affirmative action on the part of itself and its contractors, redevelopers, and vendors. In particular, parties engaged by the City shall be required to agree to the principles set forth in this section.

X. LACK OF GROWTH THROUGH PRIVATE INVESTMENT

Based on Laube's observations and research of the Area, there has been no new construction or significant redevelopment in the Area for a period of time. The lack of private investment is evidenced by the following findings and conditions:

- The Columbus-Maryville buildings are completely vacant.
- The vacant Columbus-Maryville structures remain in place which causes the extraordinary cost of demolition to be incurred.
- The presence of the blighting conditions, as detailed in the Eligibility Report, creates an impediment to the further development of the site.

The Area is an excellent example of the type of area which lacks the requisite private investment to prevent or eliminate blighting factors in the general area and promote business growth and the health, safety, and morals of the community. Therefore, without the adoption of the Plan and the use of tax increment allocation financing, the Area 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 Plan 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 the blighting conditions, creating new jobs, and promoting both public and private development in the Area.

The implementation of the Plan is expected to have short and long term financial impacts on the affected taxing districts. During the period when tax increment is utilized, real estate tax revenues from the increases in EAV over and above the certified base EAV may be used to pay eligible redevelopment project costs in the Area. At the time when the Area is no longer in place under the Act, the real estate tax revenues resulting from the redevelopment of the Area will be distributed to all taxing districts levying taxes against property located in the Area. These revenues will then be available for use by all taxing districts.

In summary, the Area on the whole has not been subject to growth and development through investment by private enterprise, and the Area is not reasonably anticipated to further develop without the direct participation of the City through the implementation of the Plan and the use of tax increment financing.

XI. FINANCIAL AND SERVICE IMPACTS ON TAXING DISTRICTS

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

The following major taxing districts levy property tax on land located within the Area:

- Cook County Cook County has the principal responsibility for the protection of persons and property, the provision of public health services, and the maintenance of County highways.
- Cook County Forest Preserve District This District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public.
- Metropolitan Water Reclamation District of Greater Chicago This District provides the main sewerage lines for the collection, treatment, and disposal of waste water from municipalities.
- Chicago Community College District 508 This district is a unit of the State of Illinois' public community college system. Their objective is to meet the educational needs of the

residents of the City and other Illinois residents seeking higher educational programs and vocational services.

- Board of Education of the City of Chicago The Board of Education is responsible for the provision of educational services and the provision, operation, and maintenance of education facilities for students ranging from Kindergarten through Senior Year in High School (e.g., 12th Grade).
- Chicago Park District This District is responsible for the provision, maintenance, and operation of park and recreational facilities throughout the City.
- Chicago School Finance Authority The School Finance Authority exercises oversight and control over the affairs of the Board of Education.
- City of Chicago The City is responsible for the provision of a wide range of municipal services, including, but not limited to: sanitation, water distribution and supply, police protection, fire protection, planning and development, building, housing and zoning codes, and many others.

In addition to the major taxing districts delineated above, the City of Chicago Library Fund and Chicago Urban Transportation District have taxing jurisdiction over the Area. Although these districts no longer extend taxing levies, they continue to exist for purposes of receiving delinquent property taxes.

Impact of the Redevelopment Plan and Project

The implementation of this Redevelopment Plan and Project is anticipated to have a direct impact on the following taxing districts:

- Metropolitan Water Reclamation District of Chicago The development of currently vacant and underutilized land in the Area may cause increased demand for services and capital improvements provided by the Water Reclamation District.
- Board of Education of the City of Chicago Because the Area is expected to be developed with residential dwelling units, it is anticipated that there will be additional use of the local elementary and high schools.
- Chicago Park District The future development of the proposed lakefront park and open space is anticipated to cause an increase in the demand for Park District services and capital improvements.
- City of Chicago The replacement of currently vacant property with residential units and commercial space is anticipated to increase the demand for police protection, fire protection, sanitary collection, sewer service, recycling, etc.

Program to Address Increased Demand for Services or Capital Improvements

These taxing districts will continue to receive property tax revenues net of any incremental property tax revenues attributable to new development within the Area during the 23-year life of the Area. It is also reasonable to assume that the economic and financial benefits resulting from

redevelopment efforts in the Area will extend into other sections of the adjacent community and generate additional revenues for the affected taxing districts. In addition, after the 23-year life of the Area, the taxing districts will receive the benefits of an increased property tax base. It is also reasonable to assume that the benefits of the increased property tax base would not occur without the implementation of the Plan and the use of tax increment financing. Specific programs for each affected taxing district are as follows:

- Metropolitan Water Reclamation District of Chicago Any increase in demand for treatment of sanitary and storm sewage associated with the Area can be addressed by the existing treatment facilities currently in place. Therefore, no assistance is proposed for this district.
- Board of Education of the City of Chicago It is expected that the potential additional students in the Area will be adequately served by the existing schools in the general area. Therefore no special assistance is proposed for this taxing district.
- Chicago Park District Given the expected increase for demand for Park District services
 associated with the Area, the City can seek to support the Chicago Park District in
 securing funding commitments toward the improvement needed in Clarendon Park.
- City of Chicago It is expected that the increase in demand for City services and
 programs associated with the Area can be adequately addressed by existing City staff,
 police, fire protection, sanitary collection, and recycling services currently operated and
 maintained by the City. Therefore, no special assistance is proposed for this taxing
 district.

However, during the life of this Area, the City does recognize that the implementation of the Plan may have greater impact on the City and other taxing districts than currently anticipated. Given the anticipated scope, timing, and future changes in the market conditions, it is difficult to estimate with any degree of certainty what these impacts may be, if any. However, the City will work with the taxing districts to provide the increase in necessary programs and services including, but not limited to, reasonable measures in any redevelopment agreements entered into with any developers or other entities to mitigate such fiscal impacts. Actions by the City may include, but are not limited to, the following:

- Entering into redevelopment agreements or intergovernmental agreements with private
 entities or public entities to construct, rehabilitate, renovate or restore private or public
 improvements on one or several parcels (collectively referred to as "Redevelopment
 Projects").
- Establishing a Special Service Area to provide additional funds, solely from new development, to mitigate increased burden on the taxing districts.
- Establishing special assessments to support City obligations.

The City may do all or none of these actions as determined solely by the appropriate City officials and City Council.

XII. CONCLUSIONS

The following statements summarize the Plan:

- The Area on the whole has not been subject to growth and development.
- Without the establishment of a redevelopment project area and the use of tax increment financing, the Area is not likely to experience significant growth or private development.
- Implementation of the Plan will meet the City's long-term development objectives, eliminate the blighting conditions which exist in the Area, and enhance the morals, safety, and welfare of the City.

Montrose Clarendon Tax Increment Financing Eligibility Report

City of Chicago, Illinois

February 26, 2010

City of Chicago Richard M. Daley, Mayor

Department of Community Development Christine Raguso, Acting Commissioner

Prepared by: Laube Consulting Group 200 S. Wacker Dr., Suite 3100 Chicago, Illinois 60606 (312) 674-4537

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I. Executive Summary

Purpose of Report

Laube Consulting Group LLC ("Laube") has been engaged to prepare this Eligibility Report of a Proposed Redevelopment Project Area for Tax Increment Allocation Financing for the proposed Montrose-Clarendon Redevelopment Phase 1 Project Area (the "Report") in order to assist the City of Chicago (the "City") in determining whether or not this area of the City qualifies for designation as a redevelopment project area under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et. seq.) (the "Act"). This report summarizes the analyses and findings of Laube's work, which is the responsibility of Laube. Laube has prepared this report with the understanding that the City would rely: 1) on the findings and conclusions of this report in proceeding with the designation of the Area (as defined below) as a redevelopment project area under the Act, and 2) on the fact that Laube has obtained the necessary information to conclude that the Area can be designated as a redevelopment project area in compliance with the Act.

Scope of Report

The Report identifies proposed boundaries of the proposed Redevelopment Project Area (the "Area"). These proposed boundaries were developed based on the existence of certain blighting factors present in the Area. The Report establishes the blighting factors which are present in the Area on a parcel by parcel basis. To establish the fact that the blighting factors are geographically distributed across the proposed Area, Appendix Table 1, which is included in the Appendix, illustrates the presence of blighting factors on a per parcel basis for the vacant parcels that are located within the Area.

Methodology

Laube conducted various surveys during January and February 2010, within the Area, of existing conditions and land uses. In conducting these surveys, the Area conditions were documented and tabulated by the types of blighting factors delineated in the Act. An analysis was made of each of the blighting factors to determine the locations and extent to which each of the factors is present in the Area. Listed below are the types of surveys and analyses conducted by Laube.

- I. Exterior survey of the condition of the area:
- II. Analysis of current parcel configurations, sizes and layouts;
- III. Site survey of streets, driveways, sidewalks, curbs, gutters, lighting, parking, landscaping, fences and walls, and general property maintenance; and
- IV. Analysis of real estate property values for all tax parcels within the Area for years 2003 - 2008.

Based on the above surveys and analyses and through the application of the language of the Act, we were able to determine which blighting factors were applicable to the various parcels within the Area.

Findings Under the Act

As delineated in the Act, the Area must exhibit at least 5 of 13 possible blighting factors in order to qualify as a "blighted area" for designation as a redevelopment project area. The parcels in the Area exhibited 7 of 13 blighting factors. Specifically, the parcels exhibited 5 factors to a major extent and 2to a limited extent. Based on our findings, we believe that the subject parcels (as hereinafter defined) qualify for designation as a blighted area under the Act.

Appendix Table 1 shows a summary of the number and degree of the blighting factors. Based on our findings, those factors that are listed on each parcel are evenly distributed throughout each parcel and the Area.

In summary, Laube believes the Area, based upon the criteria delineated in the Act, qualifies for eligibility as a "blighted area" under the Act. However, the ultimate responsibility for designation lies with the City. The purpose of this report is to assist the City in the decision process of establishing a Redevelopment Project Area as defined by the Act.

II. Basis for Redevelopment

As set forth in the Act, the Illinois General Assembly has determined that in order to promote and protect the health, safety, morals, and welfare of the public, blighted conditions within Illinois need to be eradicated. The Act also states that the eradication of these blighted conditions is essential to the public interest and that the use of tax incremental revenues to fund certain projects designed to do so benefits the community.

Prior to adopting an ordinance authorizing the use of tax increment financing under the Act for a proposed redevelopment area, certain statutory requirements must be met. One of the requirements is that the municipality must demonstrate that the proposed redevelopment area qualifies as a "blighted area". In this case, Laube has documented the statutory blighting factors under the Act. To designate the Area as a blighted area, the City must determine the following:

- Five or more blighting criteria are present in the Area for an improved parcel of land. (65 ILCS 5/11-74.4-3).
- The Area on the whole has not been subject to growth and development through private investment by private enterprise and would not reasonably be anticipated to be redeveloped without the adoption of the Redevelopment Plan. (65 ILCS 5/11-74.4-3)
- The Area would not reasonably be anticipated to be developed without the use of incremental property tax revenues through tax increment financing.

The following statements provide the legislative basis for tax increment financing in Illinois:

- The existence of blighted areas or areas close to being blighted threatens the sound growth of the tax base and negatively impacts the welfare of the public. In addition, the welfare of the public would be enhanced through the development of blighted areas.
- The blighting conditions in the Area need to be eradicated, conservation measures
 instituted, and redevelopment of blighted areas undertaken to alleviate these blighting
 conditions. The alleviation of blight through development is essential to the public
 interest.
- The Area should be developed or redeveloped through the use of incremental property
 tax revenues derived from tax rates of other taxing districts located in the Area. Taxing
 districts in the Area would not derive the benefits of an increased assessment base
 without the benefits of tax increment financing. All taxing districts benefit from the
 removal of blighting conditions.
- It is necessary to eliminate these blighting conditions for private development to take place.

III. Redevelopment Project Area

The Area encompasses approximately 30.9 acres of land in the City including the public rights-of-way. The Area is generally bounded by Montrose Ave. to the south, Sunnyside and Wilson to the North, Lakeshore Dr. to the east, and the City alleys immediately west of Clarendon to the west. (Please see legal description and boundary map in the Appendix.)

Blighting Conditions

Representatives from Laube visited the Area during January and February of 2010 to ascertain the physical condition of properties and infrastructure located within the Area. Laube also gathered and reviewed various data from the City and County associated with the parcels located within the Area.

Based on Laube's review of the Area, Laube believes that a sufficient basis exists for the identification of a blighted area and establishment of a redevelopment project area at this location under the Act.

Specifically, under the Act, the improved parcels within the Area exhibited 7 of 13 blighting factors necessary to identify a blighted area. Each of the privately owned parcels (i.e. the 227 Parcels, 229 Parcels, and the 103 Parcel) contained between 5 and 6 and 13 blighting factors. The Park Parcel contained 2 of the 13 necessary blighting factors and the East Park Parcel contained 5 of 13 blighting factors. Not every parcel needs to contain 5 of 13 factors, but it must be concluded that 5 of 13 factors is reasonably distributed throughout the entire Area. It is our conclusion that the blight is evenly distributed to a reasonable and sufficient extent throughout the Area.

IV. Eligibility of a Blighted Area Under the Act

A blighted area can either be improved or vacant. If the area is improved (e.g., with industrial, commercial, or residential buildings or improvements), a finding may be made that the area is blighted because of the presence of a combination of five or more of the following thirteen factors: (65 ILCS 5/11-74.4-3).

- 1. Dilapidation
- Obsolescence
- 3. Deterioration
- 4. Presence of structures below minimum code standards
- 5. Illegal use of individual structures
- 6. Excessive vacancies
- 7. Lack of ventilation, light, or sanitary facilities
- 8. Inadequate utilities
- 9. Excessive land coverage and overcrowding of structures and community facilities
- 10. Deleterious land-use or layout
- 11. Environmental clean-up
- 12. Lack of community planning
- 13. The total equalized assessed value of the proposed redevelopment project area has declined 3 of the last 5 years.

Since there is no vacant land within the Area, we have evaluated all parcels by the improved parcel criteria under that Act.

V. Findings From the Eligibility Survey and Analysis Under the Act

An analysis was made of each of the blighting factors listed in the Act to determine whether each or any are present in the Area and, if so, to what extent and in what locations. Surveys and analyses within the Area included:

- Survey of the condition of the parcels;
- Field survey of conditions of sidewalks, curbs and gutters, lighting, parking facilities, landscaping, fences and walls, and general property maintenance;

- Analysis of existing uses and their relationships to neighboring properties; and
- Site coverage.

The blighting factors within the Area were evaluated on a tax parcel basis as required by the Act. The parcels are delineated as follows:

- 14-17-227-017
- 14-17-227-018
- 14-17-227-019
- 14-17-227-020
- 14-17-227-021

Hereinafter defined as the ("227 Parcels"). The 227 Parcels are the private improved parcels north of Agatite and south of Sunnyside on the west side of Clarendon that contains a parking lot.

- 14-17-229-008
- 14-17-229-014
- 14-17-229-015
- 14-17-229-016
- 14-17-229-017
- 14-17-229-018
- 14-17-229-019

Hereinafter defined as the ("229 parcels"). The 229 parcels are the private parcels south of Agatite and north of Montrose on the west side of Clarendon.

• 14-16-103-006

Hereinafter defined as the ("103 parcel"). The 103 parcel is the privately owned improved parcel on the northeast corner of Montrose and Clarendon Avenues.

- 14-16-103-001
- 14-16-103-002
- 14-16-103-003
- 14-16-103-007

Herein after defined as the ("Park Parcels"). The Park Parcels are the parcels that comprise Clarendon Park which are on the east side of Clarendon ranging generally from Wilson Ave. to the north and Montrose Ave. to the south.

Parcels of land east of Marine Dr., west of Lake Shore Drive, south of Wilson Ave., and north of Montrose Ave. These parcels of land are part of Lincoln Park and are not assigned a Property Index Number ("PIN") by the Cook County Assessor. Therefore, they are herein after defined as the "East Park Parcels". The East Park Parcels contain a road salt storage facility that has its access off of Marine Dr.

All parcels were evaluated using the "Blighted Area" criteria.

Each blighting factor is rated on one of the three following categories:

Not Present	Indicates that no information was available or that no evidence could be documented as part of the various surveys and analyses.
Present to a Limited Extent	Indicates that conditions exist which document that the factor is present, but the distribution of impact of the blighting condition is limited.
Present to a Major Extent	Indicates that conditions exist which document that the factor is present throughout a major portion of the proposed Area and the presence of such conditions have an influence on adjacent and nearby development.

The following is a summary evaluation of the respective factors, presented in the order of their listing in the Act. A definition of each category is presented followed by the conditions that exist and the relative extend to which each factor is present.

IMPROVED BLIGHTED AREA

1. Dilapidation

Dilapidation refers to an advanced state of disrepair of buildings or improvements or the neglect of necessary repair, suffering the building or improvements to fall into a state of decay. Dilapidation as a factor, then, should be based upon the documented presence and reasonable distribution of buildings and improvements that are in an advanced state of disrepair. Reasonable and defensible criteria should be developed to be used in determining the comparative quality of all buildings and improvements in the proposed project area, including a specific showing of those found in an advanced state of disrepair.

Building components examined were of two types:

Basic Structural – Includes the basic elements of a building: foundation walls, load bearing walls and columns, floor structure, roof and roof structure.

Structural Components – Includes normal additions to structures such as porches and steps, window and window units, doors and door units, chimneys, and gutters and downspouts.

Overall Conclusion - Present to a Limited Extent

Park Parcels – The Park Parcels exhibits a moderate amount of dilapidation. The park building exhibits the following conditions:

The load bearing walls along the exterior of the building are missing bricks in places to the extent that you can see inside the structure, there are structural cracks in the exterior walls and foundations, the soffit going around the entire building exhibits severe cracking, there is water damage in areas of the building that require a complete renovation or replacement, and various exterior stairways and sidewalks are damaged to the point of needing complete repair or replacement.

East Park Parcels – These parcels contain a moderate amount of dilapidation. The East Park Parcels exhibit the following conditions:

The exterior load bearing walls are cracked to the extent that they are not straight and if not repaired are in danger of collapsing in places. Bricks are missing on the columnar posts at the corners of the structure and there are foundational cracks along the east and north side of the structure.

227 Parcels, 229 Parcels and 103 Parcel - Dilapidation not present.

2. Obsolescence

Obsolete buildings are characterized by conditions indicating that they are not readily adaptable for modern uses. In this case, the buildings are evaluated based on modern industry standards.

Obsolescence can be broken into the following two categories.

Functional Obsolescence

Functional obsolescence occurs when buildings can no longer perform their intended function in an efficient manner. For example, buildings are obsolete when they contain characteristics or deficiencies which limit the use and marketability of such buildings. In manufacturing for example, buildings may become obsolete over time due to changes in manufacturing methods or changes in industry standards.

Economic Obsolescence

Economic obsolescence occurs when the values of buildings decline due to market conditions, vacancies, neighborhood decline, property location within a community, or other factors which affect the economic value of buildings. These factors are generally beyond the owners' control.

Site improvements, including sewer and water lines, public utility lines (i.e., gas, electric and telephone), parking areas, sidewalks, curbs and gutters, and lighting may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements.

Conclusion - Present to a Major Extent

The buildings in the area demonstrate economic obsolescence. The results of our analysis indicate that the majority of the parcels demonstrate obsolescence to a major extent.

229 Parcels and 103 Parcel – These parcels demonstrate both functional and economic obsolescence to a major extent.

Economic Obsolescence - These buildings are completely vacant and unused. The former use as a children's shelter make them specialty use buildings and to bring them to today's standards and into productive use would take a complete renovation of the buildings and configuration of the grounds.

Functional Obsolescence - The ingress/egress to vehicular traffic to the site is along Montrose Ave and is very narrow. The loading docks are very narrow and not easily accessed by modern trucks and delivery vehicles. Additionally, the layout of these buildings and the raised walking connection between the two buildings that crosses Clarendon doesn't lend itself towards an adaptive reuse that has market viability.

As a result, the economic value of these current buildings has significantly declined as they exist in their current state over their original use. Therefore, these parcels demonstrate both functional and economic obsolescence to a major extent.

227 Parcels - These parcels demonstrates functional and economic obsolescence.

Functional Obsolescence - The 227 Parcels are currently being used as an open parking lot for the community. It was once associated and used for the Columbus-Maryville Academy parking needs. The site is detached and across Agatite from the existing buildings. It has no utility value to the site in its current state.

Economic Obsolescence – The 227 Parcels are currently being used as a community free parking lot. This does not lend itself to a fully productive use for the site nor create any economic value. There would be very little economic value if kept as an overflow community parking lot. As a result, a complete reuse of this site would need to be contemplated to create value in any form (utility and economic).

Therefore, the 227 Parcels exhibit functional and economic obsolescence to a major extent.

East Park Parcels - These parcels demonstrate functional obsolescence.

Functional Obsolescence – The East Park Parcels contain a road salt storage and delivery facility. This facility has its ingress/egress onto Marine Dr. which is a 2 lane road way. The driveway apron and facility is very close to Marine Dr. which necessitates truck stacking on Marine Dr. There is not sufficient room to have more than one truck enter or exit the facility at once. This is not up to modern standards and produces pretty severe traffic congestion along Marine Dr.

Therefore, these parcels exhibit functional obsolescence to a major extent.

Park Parcels - Not present.

Therefore, for all the factors listed above, the majority of the parcels demonstrate both functional and economic obsolescence to a major extent.

3. Deterioration

Deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. This would include buildings with major defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.), and major defects in primary building components (e.g., foundations, frames, roofs, etc.).

The condition of roadways, alleys, curbs gutters, sidewalks, off-street parking and surface areas may also evidence deterioration, as well as surface cracking, crumbling, potholes, depressions, loose paving materials, weeds/grasses protruding through the concrete and asphalt surfaces, and conditions of general property maintenance.

Conclusion - Present to a Major Extent

229 Parcels – These parcels exhibit a great deal of deterioration. The buildings and parking lots/asphalt areas on this parcel are in need of major rehabilitation. The specific factors are as follows:

The buildings on the 229 parcel exhibits such conditions as chipping paint on the windows, minor cracking of the walls and foundational slab on the outside of the building, metal structures in the rear of the building exhibit severe oxidation (rust), bending and denting, water damage on the exterior overhangs and columns of the building, , signs are broken and have exposed wires, and the windows are boarded up. The parking lot, sidewalks and driveways exhibit cracking and unevenness, weeds overgrown in places, curbs are broken and worn, and generally lacks property maintenance via garbage strewn on the property and lack of snow removal.

Therefore, our conclusion is that the buildings and asphalt/concrete areas within this parcel exhibit deterioration to a major extent.

103 Parcel – This parcel exhibits a great deal of deterioration. The buildings and the asphalt areas on this parcel are in need of major rehabilitation. The specific factors are as follows:

The buildings on the 103 parcels exhibit water damage under the overhangs and on the columnar supports, cracks on all sides of the building, oxidized (rusted) metal structures and doors throughout the building, dented doors, exposed exterior wires, and chipped and missing paint throughout the exterior of the building. The property also lacks general maintenance via significant strewn garbage (particularly in window wells), cracked and uneven driveways and drive aprons, and cracked and chipped retaining wall.

Therefore, our conclusion is that the buildings and asphalt/concrete areas within this parcel exhibit deterioration to a major extent.

Park Parcels – These parcels exhibit a great deal of deterioration. The buildings and parking lots/asphalt areas on these parcels are in need of major rehabilitation. The specific factors are as follows:

The building on the Park Parcels exhibit numerous structural cracks, are missing tuck pointing in many places, have holes (missing bricks) in the exterior load bearing walls, show major cracking of the exterior masonry soffit, show water damage under the overhangs and columns, has chipped and missing paint, and various metal utilities are rusted and damaged. The access drive and driveway apron exhibits severe cracking and holes. The sidewalks and associated rails exhibit cracking and chipping and rust and bending respectively.

Therefore, our conclusion is that the buildings and asphalt/concrete areas within these parcels exhibit deterioration to a major extent.

East Park Parcels – These parcels exhibit a great deal of deterioration. The buildings and parking lots/asphalt areas on this parcel are in need of major rehabilitation. The specific factors are summarized as follows:

The exterior load bearing walls are cracked to the extent that they are not straight and if not repaired are in danger of collapsing in places. Bricks are missing on the columnar posts at the corners of the structure and there are foundational cracks along the east and north side of the structure. There are broken windows, metal guard rails and mesh is severely rusted and dented, the masonry joints between the bricks are missing masonry in many places, and the metal soffits show rust. The asphalt surface within the facility is severely cracked and has many potholes as does the drive and apron access to the facility. Additionally, the fence along the west side is severely bent and broken in places.

Therefore, our conclusion is that the buildings and asphalt/concrete areas within these parcels exhibit deterioration to a major extent.

227 Parcels – These parcels exhibit a great deal of deterioration. The parking lots/asphalt areas on this parcel are in need of upgrades. The specific factors are as follows:

The parking lot exhibits cracking and unevenness throughout, there are overgrown weeds protruding through the asphalt surface, the interior curbs are cracked and worn, the signs are broken and show exposed wiring, the light poles are rusty and show chipping of paint, and garbage is strewn throughout the parcels showing lack of property maintenance.

Therefore, our conclusion is that the asphalt/concrete areas within these parcels exhibit deterioration to a major extent.

4. Presence of structures below minimum code standards

This includes all structures which do not meet the standards of zoning, subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are to require building to be constructed in such a way as to sustain the safety of certain loads expected from these types of occupancy, to be safe for occupancy against fire and similar hazards, and to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code standards are characterized by defects or deficiencies, which threaten the health and safety of its inhabitants.

Conclusion - Not Present

5. Illegal Use of Individual Structures

This factor applies to the use of structures in violation of applicable national, state, or local laws, and not to legal, nonconforming uses. Some examples of such illegal use include the conduct of any illegal vice activities such as drug manufacture or dealing and prostitution sale, or uses in violation of national, state, or local environmental and occupational safety and health regulations.

Conclusion - Not Present

6. Excessive Vacancies

This refers to the presence of buildings or sites which are unoccupied or underutilized and which represent an adverse influence on the area because of the frequency, extent, or duration of such vacancies. It includes properties which evidence no apparent effort directed toward their occupancy, utilization and vacancies within buildings.

Conclusion - Present to a Major Extent

229 and 103 Parcels – These buildings are completely vacant. These buildings were completed vacated within the past year by Maryville Academy. Maryville consolidated their operations into more modern facilities to better serve their patients. The windows completely surrounding the buildings on the first floor is boarded up. These parcels make up a majority of the site.

227, Park Parcels, and East Park Parcels - Not Present

7. Lack of ventilation, light, or sanitary facilities

This refers to substandard conditions which adversely affect the health and welfare of building occupants, (e.g., residents, employees, or visitors.)

Conclusion - Not Present

8. Inadequate utilities

This refers to deficiencies in the capacity or condition of all overhead and underground utilities including, but not limited to, storm drainage, water supply, electrical power, telephone, sanitary sewers, gas, and electricity. Inadequate utilities include those which are:

- 1. of sufficient capacity to serve the uses in the redevelopment project and surrounding areas,
- 2. deteriorated, antiquated, obsolete, or in disrepair, or
- 3. lacking.

Conclusion - Present to a Limited Extent

227 and 229 Parcels - According to data provided by the City, the underground utilities, particularly the water mains and sewer lines, have reached the end of their 100-year useful service lives. Additionally, other additions and replacements are needed to the water mains and sewer lines due to insufficient size to comply with modern capacity requirements.

Due to the age and condition of the water and sewer lines, inadequate utilities were found to be present to a major extent on these parcels.

103, Park and East Park Parcels - Not present

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

This refers to the over-intensive use of property and the crowding of buildings and accessory facilities to the site. Problem conditions include buildings either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety, and multiple buildings on a single parcel.

Conclusion - Not Present

10. Deleterious Land-Use or Layout

This includes evidence of incompatible land-use relating to the mix of building types, improper platting, inadequate street system, parcels of irregular size or shape, or improper layout of the buildings.

Conclusion - Present to a Major Extent

229 Parcels and 103 Parcel—The buildings on these parcels are completely vacant and lack any utilities and are therefore unsuitable for human occupancy. Additionally, the loading dock area is a sheltered area that is open to foot traffic. These parcels are surrounded by Clarendon Park to the east and residential to the north, west, and south. The residences in combination with Clarendon Park draw members of the community as well as children from the general area. The combination of vacant buildings, open access loading dock and window wells, residences and park uses are not appropriate in the community from a planning or any other perspective. These buildings in their current state pose a threat and danger to children and residents of the community and needs to be addressed. Therefore, our conclusion for these parcels is that this blighting factor is present to a major extent.

227 Parcels – These parcels were originally intended to be used as overflow or ancillary parking for the original institutional use directly to the south of it. These parcels are currently not designated for any use but are being used as open access parking for the community. It is also being used as a dumping ground for garbage and generally lacks property oversight and maintenance (reference to Deterioration Section above). These parcels are directly adjacent to Clarendon Park to the east and residential uses to the north and west. A poorly maintained paved lot is not the best compatible use for planning purposes for the neighborhood. It can create conditions of danger for children and residents of the area and users of Clarendon Park. Therefore, our conclusion for this parcel is that this factor is present to a limited extent.

East Park Parcels – These parcels are technically part of Lincoln Park and are directly adjacent to the east of Clarendon Park. The structure on these parcels is used to house road salt storage and is also used for a loading facility for City trucks and road salt equipment. Additionally, the one ingress/egress point in along Marine Dr. which is directly adjacent to the Clarendon Park soccer and baseball fields. This leads to significant truck traffic along a road that is adjacent to a public park being used by children and also is very near residential uses to the south and north of the parcels. This material transfer use, along with the large truck traffic that goes along with this is not compatible with park/recreational/open space and residential uses. Therefore, our conclusion for these parcels is that this factor is present to a major extent.

Park Parcels - Not Present

11. Environmental clean-up

This refers to the remediation costs incurred for, or studies 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.

Conclusion - Not Present

12. Lack of community planning

This indicates the area as a whole was developed without the benefit or guidance of overall community planning. Most of the properties within the study area were originally platted and developed on a parcel-by-parcel and building-by-building basis with little evidence of coordination and planning among building and activities. The lack of community planning at the time of the original development is one of several factors which have contributed to the problem conditions previously cited.

Conclusion - Present to a Major Extent

229, 227 Parcels, 103 Parcel, and East Park Parcels - Although the development of an institutional facility and related parking along park boundaries may have coincided with the community planning in a previous era, the total Area lacks coordination with the residential community to the north, south and west of the Area. Additionally, it lacks coordination with the public park to the east of the Area. The buildings on the 229 Parcels and 103 Parcel and related parking on the 227 Parcels are now completely vacant, deteriorated, and generally unmaintained to a standard of a residential neighborhood. Therefore, they are not coordinated in any way with past or current planning efforts. Additionally, a City road salt storage and transfer/loading station located on the East Park Parcels is not compatible with park and residential uses. Therefore, the lack of community planning is a blighting factor throughout the Area present to a major extent.

Park Parcels - Not Present

13. The total equalized assessed value of the proposed redevelopment area has declined 3 of the last 5 years

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 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.

Conclusion - Not Present

Summary of Findings

The conditions in the Area as a whole demonstrate that the Area has not been subject to growth and development through private investment. Under the Act, three of the seven blighting factors, or three of the first six and two of the second six blighting factors, were found to be present in the vacant parcel in the boundary of the Area. The most frequent conditions were:

- Deterioration
- Obsolescence
- Excessive Vacancies
- Inadequate Utilities
- Deleterious Land Use
- Lack of Community Planning

Unless corrected, these conditions will persist and continue to delay future economic development in the Area.

Through the establishment of a Redevelopment Project Area and the use of tax increment financing, the City will be able to address the blighting factors that are present throughout the Area and promote development in the Area.

APPENDIX

Appendix Table 1 Summary of Vacant Blighting Factors for the Area

	227 Parcels	103 Parcel	229 Parcels
Dilapidation	Not Present	Not Present	Not Present
Obsolescence	Major	Major	Major
Deterioration	Major	Major	Major
Minimum Code Standards	Not Present	Not Present	Not Present
Illegal Use of Individual Structures	Not Present	Not Present	Not Present
Vacancies	Major	Major	Not Present
Lack of Sanitary Conditions	Not Present	Not Present	Not Present
Inadequate Utilities	Major	Not Present	Major
Lack of Community Planning	Major	Major	Major
Deleterious Land Use	Major	Major	Limited
Environmental Clean Up	Not Present	Not Present	Not Present
Excessive Crowding	Not Present	Not Present	Not Present
Decline in EAV	Not Present	Not Present	Not Present
Factor 1			
Total Present to a Major Extent	6	5	4
Total Present to a Limited Extent	0	0	1
Total Factors	6	5	5

KEY:

Major = Present to a Major Extent Limited = Present to a Limited Extent Not Present = Not Present

Appendix Table 1 cont'd Summary of Vacant Blighting Factors for the Area

	Park Parcels	East Park Parcels	Overall Conclusion
Dilapidation	Major	Major	Limited
Obsolescence	Not Present	Major	Major
Deterioration	Major	Major	Major
Minimum Code Standards	Not Present	Not Present	Not Present
Illegal Use of Individual Structures	Not Present	Not Present	Not Present
Vacancies	Not Present	Not Present	Major
Lack of Sanitary Conditions	Not Present	Not Present	Not Present
Inadequate Utilities	Not Present	Not Present	Limited
Lack of Community Planning	Not Present	Major	Major
Deleterious Land Use	Not Present	Major	Major
Environmental Clean Up	Not Present	Not Present	Not Present
Excessive Crowding	Not Present	Not Present	Not Present
Decline in EAV	Not Present	Not Present	Not Present
Factor 1			
Total Present to a Major Extent	2	5	5
Total Present to a Limited Extent	0	0	2
Total Factors	2	5	7

KEY:

Major = Present to a Major Extent Limited = Present to a Limited Extent Not Present = Not Present

Appendix Table 2

Redevelopment Area Parcel Numbers and Estimated 2008 EAV

Parcel	2008 EAV
Number	
14-17-227-017	\$0
14-17-227-018	\$0
14-17-227-019	\$0
14-17-227-020	\$0
14-17-227-021	\$0
14-17-229-008	\$0
14-17-229-014	\$0
14-17-229-015	\$0
14-17-229-016	\$0 \$0
14-17-229-017	\$0
14-17-229-018	
14-17-229-019	\$0
14-16-103-006	\$0
14-16-103-001	\$0
14-16-103-002	\$0
14-16-103-003	\$0
14-16-103-007	\$0

LEGAL DESCRIPTION OF THE AREA.

Montrose & Clarendon Redevelopment Project Area.

All that part of Sections 16 and 17 in Township 40 North, Range 14 East of the Third Principal Meridian, bounded and described as follows:

beginning at the northeast corner of Lot 1 in A. T. Galt's Sheridan Road Subdivision in the east half of the northeast quarter of Section 17, Township 40 North, Range 14 East of the Third Principal Meridian; thence east along the easterly extension of the north line of said Lot 1 in A. T. Galt's Sheridan Road Subdivision to the point of intersection of the east line of North Clarendon Avenue; thence south along the east line of North Clarendon Avenue to the point of intersection with the easterly extension of the south line of West Sunnyside Avenue being also the easterly extension of the north line of Lot 42 in said A. T. Galt's Sheridan Road Subdivision; thence west along said easterly extension and along the south line of West Sunnyside Avenue and its westerly extension to the east line of Lot 41 in said A. T. Galt's Sheridan Road Subdivision; thence south along the east line of said Lot 41 and its southerly extension and the east line of Lot 47 in said A. T. Galt's Sheridan Road Subdivision to the north line of West Agatite Avenue being also the south line of Lots 47 to 50, inclusive, in said A. T. Galt's Sheridan Road Subdivision; thence west along said north line of West Agatite Avenue to the northerly extension of the east line of Lot 8 in Block 1 of John N. Young's Subdivision of Lot 1 and the vacated half of the street north of and adjacent to said Lot 1 in Superior Court Partition of the South 10 acres of the east half of the northeast quarter of Section 17, Township 40 North, Range 14 East of the Third Principal Meridian; thence south along the northerly and southerly extensions of the east line of said Lot 8 and the east lines of Lots 8 and Lot 17 in Block 1 of said John N. Young's Subdivision and along the southerly extensions thereof to the south line of West Montrose Avenue; thence east along said south line of West Montrose Avenue and its easterly extension to the westerly line of the westerly concrete curb of the south bound lanes of North Lake Shore Drive; thence northwesterly along said westerly line of the westerly concrete curb of the south bound lanes of North Lake Shore Drive and its northwesterly extension to the northerly edge of the northerly concrete walk of West Wilson Drive; thence southwesterly along said northerly edge of the northerly concrete walk of West Wilson Drive and its southwesterly extension to the southeast corner of Lot 25 in Eddy's Subdivision of the south 10 rods of the north 80 rods of the east half of the northeast quarter of Section 17 (except the north 8 feet thereof) together with that part of Section 16 lying east of and adjoining said 10 rods, all in Township 40 North, Range 14 East of the Third Principal Meridian; thence west along the south line of said Lot 25 in Eddy's Subdivision being also the north line of West Wilson Avenue and its westerly extension to the southeast corner of Lot 23 in said Eddy's Subdivision; thence south along the west line of North Clarendon Avenue and its northerly extension to the point of beginning at the northeast corner of said Lot 1 in A. T. Galt's Sheridan Road Subdivision all in the City of Chicago, Cook County, Illinois.

Prepared by: National Survey Service

INSERT ALL MAPS HERE























