
2004 Annual Report

Devon/Sheridan Redevelopment Project Area



Pursuant to 65 ILCS 5/11-74.4-5(d)

JUNE 30, 2005

June 30, 2005

Ms. Denise Casalino
Commissioner
Department of Planning and Development
121 North LaSalle Street
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the Devon/Sheridan Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to Section 5(d) of the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended. The contents are based on information provided to us by Chicago Departments of Planning and Development, Finance, and Law. We have not audited, verified, or applied agreed upon accounting and testing procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City Departments.

Very truly yours,



Ernst & Young LLP

Devon/Sheridan Redevelopment Project Area 2004 Annual Report

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City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Denise M. Casalino, P.E.
Commissioner

City Hall, Room 1000
121 North LaSalle Street
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June 30, 2005

The Honorable Daniel Hynes
Comptroller
State of Illinois
Office of the Comptroller
201 Capitol
Springfield, IL 62706

Dear Comptroller Hynes:

We have compiled the attached information for the
Devon/Sheridan Redevelopment Project Area (Report) pursuant to
65 ILCS 5/11-74.4-5(d).

Sincerely,

Denise Casalino
Commissioner



Devon/Sheridan Redevelopment Project Area 2004 Annual Report

(1) DATE OF DESIGNATION AND TERMINATION - 65 ILCS 5/11-74.4-5(d)(1.5)

The Project Area was designated on March 31, 2004. The Project Area may be terminated no later than March 31, 2027.

Note: Incremental tax revenues levied in the 23rd tax year are collected in the 24th tax year. Although the Project Area will expire in Year 23 in accordance with 65 ILCS 5/11-74.4-3(n)(J)(3), the incremental taxes received in the 24th tax year will be deposited into the Special Tax Allocation Fund.

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(2) AUDITED FINANCIALS - 65 ILCS 5/11-74.4-5(d)(2)

During 2004, no financial activity or cumulative deposits over \$100,000 occurred in the Project Area. Therefore, no audited statements were prepared pertaining to the Special Tax Allocation Fund for the Project Area.

**Devon/Sheridan Redevelopment Project Area
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(3) MAYOR'S CERTIFICATION - 65 ILCS 5/11-74.4-5(d)(3)

Please see attached.

STATE OF ILLINOIS)
)
COUNTY OF COOK)

CERTIFICATION

TO:

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: June Tallamantez, Director of Local
Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

Gwendolyn Clemons, Director
Cook County Department of Planning &
Development
69 West Washington Street, Room 2900
Chicago, Illinois 60602
Attn: Jackie Harder

Dan Donovan, Comptroller
Forest Preserve District of Cook County
69 W. Washington Ave. Suite 2060
Chicago, IL 60602

Martin J. Koldyke, Chairman
Chicago School Finance Authority
135 South LaSalle Street, Suite 3800
Chicago, Illinois 60603

Tim Mitchell, General Superintendent & CEO
Chicago Park District
541 North Fairbanks Court, 7th Floor
Chicago, Illinois 60611

Arne Duncan, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603
Attn: Linda Wrightsell

Jacqueline Torres, Director of Finance
Metropolitan Water Reclamation District of
Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611
Attn: Joe Rose

Wallace Young
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. Khian K. Liem

I, RICHARD M. DALEY, in connection with the annual report (the “Report”) of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq., (the “Act”) with regard to the Devon/Sheridan Redevelopment Project Area (the “Redevelopment Project Area”), do hereby certify as follows:

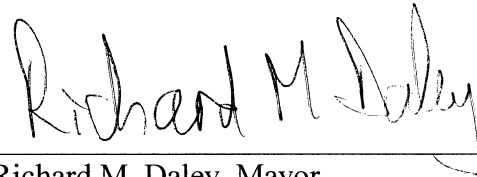
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2004, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

3. In giving this Certification, I have relied on the opinion of the Corporation Counsel of the City furnished in connection with the Report.

4. This Certification may be relied upon only by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 30th day of June, 2005.

A handwritten signature in black ink that reads "Richard M. Daley". The signature is written in a cursive style and is positioned above a horizontal line.

Richard M. Daley, Mayor
City of Chicago, Illinois

**Devon/Sheridan Redevelopment Project Area
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(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)

Please see attached.

**Devon/Sheridan Redevelopment Project Area
2004 Annual Report**

(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

During 2004, there was no financial activity in the Special Tax Allocation Fund.



June 30, 2005

City of Chicago
Richard M. Daley, Mayor

Department of Law

Mara S. Georges
Corporation Counsel

City Hall, Room 600
121 North LaSalle Street
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Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
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Chicago, Illinois 60601
Attention: June Tallamantez, Director of
Local Government

Dolores Javier, Treasurer
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226 West Jackson Boulevard, Room 1125
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Gwendolyn Clemons, Director
Cook County Department of Planning &
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Martin J. Koldyke, Chairman
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CEO
Chicago Park District
541 North Fairbanks Court, 7th Floor
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Arne Duncan, Chief Executive Officer
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125 South Clark Street, 5th Floor
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100 East Erie Street, Room 2429
Chicago, Illinois 60611
Attn: Joe Rose

Wallace Young
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. Khian K. Liem

Re: Devon/Sheridan
Redevelopment Project Area (the "Redevelopment Project
Area")

Dear Addressees:

I am Corporation Counsel of the City of Chicago, Illinois (the "City"). In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.



Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Planning and Development, Department of Housing, Department of Finance and Office of Budget and Management, have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,



Mara S. Georges
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

**Devon/Sheridan Redevelopment Project Area
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(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)

During 2004, the City did not purchase any property in the Project Area.

Devon/Sheridan Redevelopment Project Area 2004 Annual Report

(7) STATEMENT OF ACTIVITIES - 65 ILCS 5/11-74.4-5(d)(7)

- (A)** Projects implemented in the preceding fiscal year.
- (B)** A description of the redevelopment activities undertaken.
- (C)** Agreements entered into by the City with regard to disposition or redevelopment of any property within the Project Area.
- (D)** Additional information on the use of all Funds received by the Project Area and steps taken by the City to achieve the objectives of the Redevelopment Plan.
- (E)** Information on contracts that the City's consultants have entered into with parties that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.
- (F)** Joint Review Board reports submitted to the City.
- (G)** Project-by-project review of public and private investment undertaken from 11/1/99 to 12/31/04, and of such investments expected to be undertaken in year 2005; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/04, and an estimated ratio of such investments as of the completion of each project and as estimated to the completion of the redevelopment project.

SEE TABLES AND/OR DISCUSSIONS ON FOLLOWING PAGES.

Devon/Sheridan Redevelopment Project Area 2004 Annual Report

(7)(A) - 65 ILCS 5/11-74.4-5(d)(7)(A)

During 2004, no projects were implemented.

(7)(B) - 65 ILCS 5/11-74.4-5(d)(7)(B)

Redevelopment activities undertaken within this Project Area during the year 2004, if any, have been made pursuant to i) the Redevelopment Plan for the Project Area, and ii) any Redevelopment Agreements affecting the Project Area, and are set forth on Table 5 herein by TIF-eligible expenditure category.

(7)(C) - 65 ILCS 5/11-74.4-5(d)(7)(C)

During 2004, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.

Devon/Sheridan Redevelopment Project Area 2004 Annual Report

(7)(D) - 65 ILCS 5/11-74.4-5(d)(7)(D)

The Project Area has not yet received any increment.

(7)(E) - 65 ILCS 5/11-74.4-5(d)(7)(E)

During 2004, no contracts were entered into by the City's tax increment advisors or consultants with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.

**Devon/Sheridan Redevelopment Project Area
2004 Annual Report**

(7)(F) - 65 ILCS 5/11-74.4-5(d)(7)(F)

Joint Review Board Reports were submitted to the City. See attached.

(7)(G) - 65 ILCS 5/11-74.4-5(d)(7)(G)

Since November 1, 1999, no public investment was undertaken in the Project Area. As of December 31, 2004, no public investment is estimated to be undertaken for 2005.

CITY OF CHICAGO
JOINT REVIEW BOARD

Report of proceedings of a hearing before
the City of Chicago, Joint Review Board held on
January 9, 2004, at 10:10 a.m. City Hall, Room
1003, Conference Room, Chicago, Illinois, and
presided over by Mr. Dennis Kelleher-Hernandez.

PRESENT:

MR. DENNIS KELLEHER-HERNANDEZ, CHAIRMAN
MR. JOHN McCORMICK
MS. KAY KOSMAL
MR. SUSAN MAREK
MR. LUIS A. MARTINEZ
MR. KIFET CERIC

REPORTED BY: Accurate Reporting Service
200 N. LaSalle Street
Chicago, Illinois
By: Jack Artstein, C.S.R.

1 MR. KELLEHER-HERNANDEZ: My name is
2 Dennis Kelleher-Hernandez. I'm the Chicago
3 Park District representative. I'll start by
4 introducing ourselves at the table.

5 MS. KOSMAL: Kay Kosmal, representing
6 Cook County.

7 MS. MAREK: Susan Marek, Chicago
8 Board of Education.

9 MR. MARTINEZ: Luis Martinez, City
10 Colleges.

11 MR. MCCORMICK: John McCormick, City
12 of Chicago.

13 MR. KELLEHER-HERNANDEZ: We have one
14 more person.

15 MS. PIRIC: My name is Senada Piric.
16 I'm from the Bosnian & Herzegovinian
17 American Community Center. I'm the
18 interpreter for Kifet Ceric, C-e-r-i-c,
19 that's the last name.

20 MR. KELLEHER-HERNANDEZ: Mr. Ceric is
21 the Public Member for the hearing. For the
22 record, my name is Dennis Kelleher-
23 Hernandez. I am the representative of the
24 Chicago Park District as I previously stated

1 which, under Section 11-74.4-5 of the Tax
2 Increment Allocation Redevelopment Act, is
3 one of the statutorily designated members of
4 the Joint Review Board.

5 Until election of a Chairperson,
6 I will moderate the Joint Review Board
7 meeting. For the record, this meeting is a
8 reconvened meeting of the Joint Review Board
9 meeting begun on December 5, 2003. On such
10 date after convening this Joint Review Board
11 to review the proposed Devon Sheridan tax
12 increment financing district, it was
13 determined that individuals selected to act
14 as a Public Member did not meet the income
15 requirements mandated by the statute.

16 At such time it was decided to
17 adjourn the meeting to permit the
18 identification of a qualified Public Member
19 to reconvene the meeting today. The date of
20 the reconvening of the Devon Sheridan
21 meeting was announced at and set by the
22 Community Development Commission of the City
23 of Chicago at its meeting on December 9,
24 2003.

1 Notice of the Devon Sheridan
2 meeting of the Joint Review Board was also
3 provided by certified mail to each of the
4 taxing districts represented on the Board
5 which includes the Chicago Board of
6 Education, Chicago Community Colleges
7 District 508, Chicago Park District, Cook
8 County and the City of Chicago.

9 Public notice of this meeting was
10 also posted as of Wednesday, January 7, 2004
11 in various locations throughout City Hall.
12 The proposed redevelopment plan would result
13 in displacement of residents from ten or more
14 inhabited residential units or would include
15 seventy-five or more inhabited residential
16 units. The TIF Act requires that the Public
17 Member of a Joint Review Board must reside in
18 the proposed redevelopment project area.

19 In addition, if a municipality's
20 housing impact study determines that the
21 majority of residential units in the
22 proposed redevelopment project area are
23 occupied by very low, low or moderate income
24 households, as defined in Section 3 of the

1 Illinois Affordable Housing Act, the Public
2 Member must be a person who resides in very
3 low, low or moderate income housing with the
4 proposed redevelopment project area.

5 With us today is Mr. Ceric. Are
6 you familiar with the boundaries of the
7 proposed Devon Sheridan Tax Increment
8 Financing Redevelopment Project area?

9 MS. PIRIC: He just heard about it.

10 MR. KELLEHER-HERNANDEZ: What is the
11 address of your primary residence?

12 MS. PIRIC: 6400 N. Sheridan.

13 MR. KELLEHER-HERNANDEZ: Is such
14 address within the boundaries of the
15 proposed Devon Sheridan Tax Increment
16 Financing Redevelopment Project area?

17 MR. MCCORMICK: It is. I can tell
18 from the map.

19 MR. KELLEHER-HERNANDEZ: It is? It's
20 been verified that the address is actually in
21 the redevelopment project area. Have you
22 provided representatives of the City of
23 Chicago's Department of Planning and
24 Development with accurate information

1 concerning your income and the income of any
2 other members of the household residing at
3 such address?

4 Based on the information
5 provided to you by the Department of Planning
6 and Development regarding applicable income
7 level for very low, low and moderate income
8 level household, do you qualify as a member
9 of a very low, low or moderate income
10 household?

11 MS. PIRIC: Yes.

12 MR. KELLEHER-HERNANDEZ: Today are
13 you willing to serve as the Public Member for
14 the Joint Review Board for Devon Sheridan Tax
15 Increment Financing Redevelopment Project
16 area?

17 Okay. I will entertain a motion
18 that Mr. Ceric be selected as the Public
19 Member. Is there a motion?

20 MR. MCCORMICK: So moved.

21 MS. MAREK: Second.

22 MR. KELLEHER-HERNANDEZ: Second? All
23 in favor of this motion, please vote by
24 saying aye?

1 (Chorus of ayes.)

2 MR. KELLEHER-HERNANDEZ: All opposed,
3 please vote by saying no? Let the record
4 reflect that Mr. Ceric has been selected as
5 the Public Member for the Devon Sheridan Tax
6 Increment Financing Redevelopment Project
7 area.

8 Our next order of business is to
9 select a Chairperson for the Joint Review
10 Board. Are there any nominations?

11 MR. MCCORMICK: I nominate Dennis
12 Kelleher-Hernandez as the Chairperson.

13 MR. MARTINEZ: I second.

14 MR. KELLEHER-HERNANDEZ: Are there
15 any other nominations? All in favor of the
16 nomination, please vote by saying aye?

17 (Chorus of ayes.)

18 MR. KELLEHER-HERNANDEZ: All opposed,
19 please vote by saying no? Let the reflect
20 that Dennis Kelleher-Hernandez has been
21 elected as Chairperson and will now serve as
22 Chairperson for the remainder of the
23 meeting.

24 As I mentioned, at this meeting

1 we will be reviewing a plan for the Devon
2 Sheridan TIF District proposed by the City of
3 Chicago. The staff of the city's Department
4 of Planning and Development and Law and other
5 departments have reviewed this plan which
6 has introduced to the city's Community
7 Development Commission on November 4,
8 2003. We will listen to a presentation
9 by the consultant on the plan. Following the
10 presentation, we can address any questions
11 that members might have for the consultant or
12 city staff.

13 The recent amendment to the TIF
14 Act requires us to base our recommendation to
15 approve or disapprove the Devon Sheridan
16 plan and the designation of the Devon
17 Sheridan TIF area on the basis of the area
18 and the plan satisfying the plan
19 requirements, the eligibility criteria
20 defined in the TIF Act and objectives of the
21 TIF Act.

22 If the Board approves the plan
23 and the designation of the area, the Board
24 will then issue an advisory non-binding

1 recommendation by vote of the majority of
2 those members present and voting. Such
3 recommendation shall be submitted to the
4 city within thirty days after the Board
5 meeting. Failure to submit such
6 recommendation shall be deemed to constitute
7 approval by the Board.

8 If the Board disapproves the plan
9 and the designation of the area, the Board
10 must issue a written report describing why
11 the plan area failed to meet one or more of
12 the objectives of the TIF Act and both the
13 plan requirements and the eligibility
14 criteria of the TIF Act.

15 The city will then have thirty
16 days to resubmit the revised plan. The Board
17 and the city must also confer during this
18 time to try and resolve the issues that led
19 to the Board's disapproval. If such issues
20 cannot be resolved, or if the revised plan is
21 disapproved, the city may proceed with the
22 plan but the plan can be approved only by
23 three-fifths vote of the City Council
24 excluding positions of members that are

1 vacant and those members that are ineligible
2 to vote because of conflicts of interest.

3 So this morning I'd like to
4 introduce the consultant for the Devon
5 Sheridan redevelopment project, S.B.
6 Friedman & Company.

7 MR. FRIEDMAN: Thank you. My name is
8 Steve Friedman. I'm the President of S.B.
9 Friedman & Company and with me today is Rob
10 Lindquist who is a Project Manager in S.B.
11 Friedman & Company and our firm prepared the
12 eligibility study and plan and Rob was the
13 Project Manager for that.

14 What we would like to do, what we
15 will do this morning is to present to you
16 both the eligibility findings from the
17 results of our study and the plan for
18 redevelopment and the key strategies
19 involved. What I'm going to ask first is
20 that Rob talk about the eligibility factors
21 that were found to be present in the area and
22 then I will talk about the redevelopment plan
23 for the project.

24 MR. LINDQUIST: The study area for the

1 proposed district ranges from Clark Street
2 on the west along Devon Avenue, the north and
3 south sides, as far east as Lake Michigan,
4 although not including the residential uses
5 on the south side of Devon or Sheridan here
6 east of the intersection.

7 We also included the area north
8 of the Devon Sheridan intersection along
9 Sheridan as far as approximately Pratt or
10 Pratt and Farwell. In general, the area is
11 composed of mixed uses. There are
12 residential, commercial, institutional and
13 mixed uses within particular buildings.

14 The general input as to what the
15 boundaries should be, what kind of area we
16 should include, came from the community,
17 from both the 40th Ward and the 49th Ward
18 which are both represented. And together
19 with our field study of what area would
20 qualify under the law for inclusion, we
21 arrived at final boundaries.

22 Based on our field study of the
23 area, which included an actual parcel by
24 parcel physical observation of each parcel

1 and all the structures there, together with
2 data obtained from other sources, such as the
3 Cook County Assessor and some of the city
4 departments for water and sewers, to
5 determine the condition of infrastructure
6 and the aging buildings, we arrived at the
7 conclusion that the area would be eligible
8 for designation as a conservation area.

9 The requirement under the
10 statute for a conservation area is that half
11 of the buildings be thirty-five years of age
12 or older and that three or more of the steps
13 defined eligibility factors are present,
14 both to a people extent and reasonably
15 distributed throughout the area.

16 We found that indeed, eighty-
17 four percent of the buildings, very much the
18 majority of the buildings, were thirty-five
19 years of age or older. That's the pre-
20 requisite for a conservation area and that
21 three other factors which were present in a
22 sufficient degree to qualify the area, were
23 deterioration of buildings and
24 infrastructure, inadequate utilities and a

1 lack of growth to equalize assessed value
2 which is the county's measure of property
3 value.

4 Fully almost half of the
5 buildings showed some signs of
6 deterioration, either within the building
7 itself or the infrastructure associated with
8 the building including the parking lots and
9 fences and things like this. Approximately
10 three quarters of all the tax parcels or all
11 of the blocks that were included in the area,
12 were determined to exhibit inadequate
13 utilities. Most of the water mains and
14 sewers are over a hundred years old in this
15 area and they are due for replacement.

16 And finally, that in four out of
17 the last five years, the rate of growth and
18 property value has been less than that of the
19 balance of the municipality of the City of
20 Chicago. The statute requires that at least
21 three out of the five years, that it be less
22 than the balance of the municipality. In
23 this case it was four out of the five last
24 five years, and two of the last five years,

1 the property value was actually negative.
2 There were several other factors that we
3 found significant in the area but perhaps not
4 to a degree sufficient to qualify the area
5 based on these factors.

6 Those are the presence of code
7 violations of buildings, obsolescence of
8 buildings, deleterious land use and finally,
9 excess vacancies. And I think it's
10 significant to add here that the excessive
11 vacancies were mostly in the retail that's
12 along the Devon portion.

13 That's why we didn't use that as
14 a factor to qualify the area overall. It's
15 not present to the same degree but it's worth
16 mentioning because a 1997 study found that
17 for development opportunities on Devon and
18 Clark, found commercial vacancies not to be
19 terribly significant. That is about eight
20 percent of the retail square footage in the
21 Clark Devon area.

22 Whereas, based on our field study
23 we found approximately a third of all the
24 blocks on the Devon sub-area to be impacted

1 excessive vacancies.

2 MS. MAREK: On the vacancy, is it
3 vacant land or are there structures there
4 that are currently not vacant.

5 MR. LINDQUIST: Right. Structures
6 that are, have a problem with vacancies. Not
7 just that there's some turnover going on in
8 the extended instances of buildings vacant
9 or portions of the building.

10 MR. FRIEDMAN: When we get the field
11 survey, thirty-six percent of the
12 storefronts in the Devon section were
13 vacant. There were eighty storefronts and
14 twenty-nine were vacant.

15 MS. MAREK: But in terms of vacant,
16 it's kind of hard to tell from here. Is it
17 just that area that looks like it's along the
18 train tracks or are there vacant properties
19 along Devon?

20 MR. FRIEDMAN: There's a little bit of
21 vacant along Devon. There's really not very
22 many instances of vacant land in our study
23 area. There's a couple pockets. The vacancy
24 references principally to, that goes to the

1 vacant buildings. The change in that
2 character from 1997 to now is particularly
3 alarming.

4 MR. LINDQUIST: In fact, we found
5 looking at building permit data over the last
6 five years, there have been fifty-three
7 permits for private sector investment.
8 That's only resulted in 0.2 percent per annum
9 of the total market value. So we use that as
10 a measure of to what extent is money coming
11 back in to keep the area at least in the same
12 condition if not improving, this was a pretty
13 minimal level of private investment that's
14 happened here.

15 Where there is, it's isolated in
16 scope. It's a particular building here and
17 there but throughout the area of private
18 investment has been lower the last five
19 years. As part of analyzing this lack of
20 growth to private investment, we also looked
21 at the compound annual growth rate of
22 property values and compared them over the
23 last five years to the city as a whole and to
24 townships which are included here.

1 In fact, Devon is the border
2 between two townships. There's the Lakeview
3 Township to the south and Rogers Park
4 Township to the north of Devon. The growth
5 rate and property value for our study area
6 was forty-seven percent less compounded
7 annually than Lakeview Township. Lakeview
8 Township is perhaps one of the bigger growth
9 rates in the city.

10 But still those twenty-seven
11 percent less than Rogers Park Township --

12 MR. FRIEDMAN: Twenty-three.

13 MR. LINDQUIST: Oh yes, twenty-three
14 percent, sorry. Twenty-seven percent less
15 than the city. I think that I'm now going to
16 turn it over. Steve is now going to discuss
17 the redevelopment plan for the area and the
18 budget of TIF eligible costs.

19 MR. FRIEDMAN: Thank you. As Rob
20 indicated, there was a lot of involvement
21 with the community process and community
22 groups in developing the redevelopment plan
23 and the goals for the area. And the goals
24 that have been incorporated into the

1 redevelopment plan are to reduce and
2 eliminate the conditions that qualify the
3 Devon Sheridan study area as a conservation
4 area in the first place which is one of the
5 more fundamental goals of any TIF district.

6 More specifically, to try to
7 reestablish the vibrancy of the area to
8 improve retail, commercial and residential
9 conditions in the area. Improve the
10 relationships between the area's diverse
11 land uses and this gets back to the finding
12 of some of the deleterious things in layout
13 and the observation about the scattered
14 vacant parcels and how they relate to some of
15 the parking lots that were present.

16 And to attract private
17 development to the area which, as you can
18 see, has been minimal to almost non-existent
19 over the last five years. The strategies
20 that are incorporated in the plan are to
21 implement a series of public improvements
22 but in doing so, to maintain the human scale
23 of the district, to improve pedestrian
24 safety, to link the communities and sub-

1 communities through gateways and to support
2 a theme which is actually the model of the
3 city and so on.

4 This area is very interested in
5 doing that kind of imaging. Second strategy
6 is to encourage private sector activities
7 and support redevelopment. A particular
8 focus on retail growth, attracting new
9 leisure entertainment cultural
10 opportunities, to encourage use of green
11 technology and to create a series of urban
12 design guidelines that would be used to shape
13 this development in a manner that is
14 consistent with the desires and values of the
15 community.

16 Third strategy is to pursue
17 development of vacant and underutilized
18 sites through facilitation of property
19 assembly, demolition site preparation, so
20 there could be targeted activity in cases
21 where there was a need to assemble site to
22 bring it to market, to make it available or
23 to assist a developer in assembling this.

24 The fourth strategy is to assist

1 existing businesses, institutions and
2 residents and this includes a concern with
3 making available resources for
4 rehabilitation of historically significant
5 buildings, for supporting and spreading
6 commercial growth through the small business
7 investment fund type program which is
8 planned to be implemented, to support the
9 smaller merchant as well as to preserve
10 housing through potentially the
11 implementation of the neighborhood
12 investment fund program as well so that the
13 resources are available to the small
14 property owners.

15 The proposed land use is one of
16 basically mixed use extensively in order to
17 facilitate the maintenance of an urban
18 character in which we often have retail use
19 on the first floor, residential use or
20 sometimes office use on an upper floor. And
21 so if you look at the map, most of the area
22 is designated to be mixed use, that's the
23 cross hatch pattern.

24 There are some blocks which are

1 predominantly, and would remain
2 predominantly, residential. Those are in
3 the grey pattern. And there are also a few
4 blocks which we do not expect to become mixed
5 use, particularly toward the western end of
6 the study area which would be designated
7 purely commercial. And then there is an
8 institutional edge along west Sheridan, the
9 extension of Devon that's included in the
10 TIF.

11 We did a housing impact study
12 which is detailed in the report. And it's a
13 complex housing market. There is a lot of
14 housing, a broad range of crisis in this
15 market but we do not have a large vacancy
16 rate. In fact, the vacancy in the area is,
17 there is a reasonable vacancy rate but it is
18 lower than the city as a whole.

19 The rental vacancy is a little
20 bit higher than the city as a whole but the
21 owner occupied for sale or unknown vacancies
22 are a little bit lower. Overall, it's a
23 little bit lower. However, at this time
24 there are no specific projects planned that

1 would displace anyone.

2 So this is, the housing impact
3 study was done because the nature of the area
4 is such that it's possible that displacement
5 would occur but it is not currently planned
6 as a publicly pro-active process at all. So
7 there are no projects proposed, there is no
8 acquisition map. There are no plans at this
9 time to replace inhabited residential units.

10 Our budget that is proposed
11 totals approximately 69 million dollars.
12 The largest items are public works or
13 improvements, which is a major emphasis of
14 the plan. Rehabilitation costs which
15 involves assisting in the rehabilitation's
16 existing structures and redevelopers
17 interest cost which can be used for both
18 housing projects at the rate of up to
19 seventy-five percent of redevelopers
20 interest and also for other projects up to
21 thirty percent of redevelopers interest.

22 And that can support new
23 construction as well as could actually be
24 used in relation to a rehabilitation

1 project. To some extent, they overlap but
2 that is available for housing development as
3 well. The city has standards on affordable
4 housing in TIF supported projects in areas
5 which apply to this area.

6 And the city has also reviewed
7 the potential for impact on other tax
8 involvement. The Chicago Public Schools
9 data showed they are currently operating at a
10 low capacity and both Field and Swift have
11 recently completed major capital renovation
12 projects. Those costs can also be funded if
13 there are costs for other taxing bodies for
14 capital costs out in public works and
15 improvement area.

16 I also neglected to mention that
17 in addition there is this specific line item
18 for the direct eligible construction costs
19 for affordable housing, seven million
20 dollars. And this is the provision that
21 allows up to fifty percent of the cost of
22 affordable housing to be directly
23 subsidized, new housing will be directly
24 paid for by TIF.

1 So a substantial portion of the
2 budget is in areas where it can be used in
3 support of housing projects as well as
4 commercial projects, reflecting the balance
5 goals that I spoke about, we're trying to
6 improve both residential and commercial
7 dimensions of the neighborhood. Now I think
8 I'll entertain questions.

9 MS. MAREK: Are any of the public
10 housing being considered for redevelopment
11 there?

12 MR. FRIEDMAN: To my knowledge, none
13 of the public housing is part of any CHA
14 replacement program. The CHA systemically
15 is also working on rehabilitation of most of
16 the senior projects. I don't know whether
17 this, the senior project here has been done
18 or just slated to be done.

19 MS. MAREK: So the project here is a
20 senior housing project?

21 MR. FRIEDMAN: It's a senior housing
22 project. The Public Member lives at 6400
23 Sheridan. I do not know where that is on the
24 CHA's priority list for improvement.

1 MS. MAREK: It's not one of the ones
2 that's been targeted for --

3 MR. FRIEDMAN: No, no. The senior
4 projects the CHA has been approving, if
5 you've been around the city you see that one
6 by one they're tuck pointing them very
7 thoroughly, grinding out the old stuff,
8 putting in new, replacing all the windows.
9 We know nothing to suggest that they're going
10 to do anything other than that with this
11 project.

12 MR. KELLEHER-HERNANDEZ: What is the
13 estimated EAV of the project area?

14 MR. LINDQUIST: I think about 64
15 million dollars.

16 MR. FRIEDMAN: I'm sorry, I should
17 have had that one numbered for you. Right at
18 the top.

19 MS. MAREK: I think it's in 202 on
20 page 53 to an EAV of 46-497.

21 MR. FRIEDMAN: Right. And we
22 anticipated to be approximately 80 million
23 dollars by the end of the TIF using a two
24 percent inflation factor which would be low

1 by historical standards in the city. We try
2 to face all of our estimates with projections
3 with something of this reasonable concern.

4 MR. KELLEHER-HERNANDEZ: Any other
5 questions?

6 MS. KOSMAL: The institutional use
7 along Sheridan, is that Loyola?

8 MR. FRIEDMAN: This is Loyola.

9 MS. KOSMAL: And why was that included
10 in the district?

11 MR. FRIEDMAN: In part to support some
12 rehabilitation costs in a historically
13 significant building perhaps but there is no
14 specific plan at this time. But there are
15 historically significant structures in that
16 area and the city would like to make sure
17 that if necessary, there may be some ability
18 that help preserve this.

19 MR. LINDQUIST: When looking at
20 what's included or not, it's important to the
21 extent possible to include as much so that
22 things can happen that perhaps were not
23 contemplated right now but we want to allow
24 for the ability for this area to be cohesive,

1 an integral part of this whole intersection.
2 Though we may have been remiss to just leave
3 all this out.

4 MS. KOSMAL: Does the CTA have any
5 current plans for rehabbing the L station or
6 is it instituted for possible future?

7 MR. FRIEDMAN: It would be one of the
8 public works or improvements that we can
9 support. The CTA does not have a specific
10 plan at this time for major rehabilitation of
11 the L station that we're aware of. But it is
12 something that is under discussion in the
13 community as well as one of the things we
14 would like to see happen for pedestrian
15 comfort and safety reasons.

16 MS. KOSMAL: Thank you.

17 MR. KELLEHER-HERNANDEZ: Any other
18 questions? While the purpose of the Joint
19 Review Board is to determine the eligibility
20 of a redevelopment project, TIF eligibility
21 of a redevelopment project, I believe we are
22 not required to take public comment. But in
23 the interest of hearing from the public,
24 someone has requested a desire to be heard

1 and I will allow that person a very brief
2 comment.

3 In the audience with us today is
4 Mr. Fran Tobin of the Rogers Park Community
5 Action Network which is a not for profit
6 organization active in the proposed Devon
7 Sheridan redevelopment project area. Mr.
8 Tobin has asked for the opportunity to give
9 testimony regarding the proposed TIF area.

10 Although the TIF Act does not
11 require as I mentioned, or contemplate
12 testimony from the general public at the
13 Joint Review Board meeting, and an
14 opportunity for such public testimony will
15 be provided at the public meeting before the
16 Community Development Commission in a few
17 weeks.

18 We would like to give Mr. Tobin a
19 chance to share his remarks with the Board.
20 Mr. Tobin, can you please identify yourself
21 for the record and give your organization's
22 office address for the record?

23 MR. TOBIN: Yes, my name is Fran Tobin
24 and I'm a Board member of Rogers Park

1 Community Action Network. Our office is
2 located at 1545 W. Morris. We're a
3 membership based organization that
4 represents thousands of residents in the
5 Rogers Park and Edgewater area including
6 businesses, religious institutions and
7 individuals including a great many people
8 that live within and immediately adjacent to
9 the TIF area.

10 MR. KELLEHER-HERNANDEZ: Can you
11 briefly describe the activity, your
12 organization's activities in the proposed
13 TIF area and then feel free to share your
14 remarks with the Board.

15 MR. TOBIN: Okay, thank you. I
16 appreciate a chance to speak very briefly. I
17 know that I only have a couple of minutes
18 here so first I want to say that in the few
19 minutes that we have right here, there's no
20 way to really go through in detail the main
21 question on the table which is, is this area
22 really eligible under the spirit and the
23 letter of the statute as a TIF area?

24 Our position, based on doing an

1 analysis, is that the answer's no. So what I
2 would recommend is that the Joint Review
3 Board delay voting until we have an
4 opportunity to go through in detail the
5 claims and the assertions that are being made
6 that say that it is eligible so we can really
7 have a fuller exploration.

8 Our organization has gone
9 through from the time that we first heard
10 about the TIF, we've done everything we can.
11 I just have a few of these that I'm going to
12 pass out to the folks. Everything we can to
13 raise the issue and awareness within the, to
14 residents and businesses in the TIF area
15 about the TIF proposal to maximize the number
16 of people who are at least aware of what's
17 going on and try to have input in the
18 process.

19 And without getting into how that
20 has worked, one of the other things we have
21 done, is once we had access to the
22 eligibility study and housing impact study,
23 we went and spent some time looking through
24 that and did our own analysis.

1 You've heard a lot about what the
2 claims are that argue that this area is
3 eligible under the statute. First, on a very
4 general level, part of what's missing from
5 the discussion, and I understand as to S.B.
6 Friedman, their job is to find it eligible.
7 That's what Loyola paid them to do.

8 MR. MCCORMICK: Wait a minute. Go
9 ahead.

10 MR. TOBIN: What's not part of the
11 picture here is the spirit of the community.
12 I mean our area is being talked about as
13 being blighted or at risk of being blighted
14 when, in fact, we have a vibrant area,
15 residential and commercial and mixed uses.
16 Exactly the kinds of things that are claimed
17 to be what we need to do, what we need the
18 TIF to do.

19 There is private investment. The
20 state statute says that but for the TIF, if
21 there's any private investment, it's not
22 eligible. In fact, there are a handful of
23 brand new nice restaurants that have opened
24 up. There are several new businesses that

1 have opened up, all private sector, private
2 market businesses that have opened up within
3 or adjacent to the TIF area, the proposed TIF
4 area, that have done it on their own without
5 taking the risks that businesses are
6 supposed to take. And, you know, we see that
7 as a positive sign:

8 There's a sense of diversity in
9 this area that isn't really reflected in this
10 area. When I look down Devon Avenue, I don't
11 see blight. I see several African
12 restaurants. I see an African food store. I
13 see several small businesses. I see a lot of
14 stuff that for our kind of community is the
15 kind of thing that we value.

16 We don't look at this and say
17 there's a problem. I realize that's not the
18 main focus of this because that's more of a
19 community development kind of question but
20 on the issue of eligibility, the claim has
21 been made that the tax, that the assessed
22 value increased in four of the last five
23 years has lagged substantially behind the
24 city.

1 Enough substantially, not just
2 lagged behind but so much lagged behind that
3 we need to create a TIF in order to
4 compensate for that otherwise this area's
5 going to go down the tubes. Well, if you
6 take the most recent year, which figures were
7 available at the time this study was done,
8 which is 2002 to 2003, the assessed value,
9 even if they weren't available when you did
10 it, they're available now.

11 MR. LINDQUIST: They weren't
12 available yet.

13 MR. MCCORMICK: Not final.

14 MR. TOBIN: Well, we've got them.

15 MR. MCCORMICK: What have you got
16 for --

17 MR. TOBIN: We've got the 2003
18 assessments. People got their tax bills
19 already for 2003. Our members got their tax
20 bills and if you look at the change in
21 assessment and compare it from 2002 to
22 2003 --

23 MR. MCCORMICK: Is this prior to
24 appealing the tax bills?

1 MR. TOBIN: That would be.

2 MR. MCCORMICK: Well then that's not
3 their final tax bill.

4 MR. TOBIN: I'd be happy to sort of
5 go through --

6 MR. MCCORMICK: I know what the
7 Assessor's office does and the final tax
8 bills, these are prior to appeal and have no
9 bearing until the appeal process is totally
10 completed. Do you disagree? That's prior to
11 appeal and that has no bearing on the actual
12 final number.

13 MR. KELLEHER-HERNANDEZ: Mr.
14 McCormick, let's let Mr. Tobin wrap up.

15 MR. TOBIN: I think that claim is
16 questionable when you look at forty-three
17 percent increase in assessed value from 2002
18 to 2003. That's not an area that's blighted
19 or at risk of being blighted. It's an area
20 that's in fact escalating greatly.

21 And even if it's not found
22 somewhat after appeals, it's not going to be
23 knocked down to the point where this is an
24 area that's going down the tubes and needs a

1 TIF. The claim about vacancies, we went
2 through door to door, we live in this area,
3 we went through door to door. They are
4 claiming that there's thirty-four percent
5 vacancies of storefronts along Devon Avenue.
6 Our numbers show seven percent.

7 I don't know what you found but
8 I'd be happy to go with you and work this out
9 because these are the kind of factual
10 questions --

11 MR. KELLEHER-HERNANDEZ: Mr. Tobin,
12 can you wrap up please?

13 MR. TOBIN: These are the kind of
14 factual questions that are on the table
15 because the taxing bodies representing here
16 are going to lose a hundred to two hundred
17 million dollars in revenue during the course
18 of this TIF if it's proposed which is
19 appropriate if it's really necessary for the
20 area.

21 And we're arguing that we don't
22 see that that's met that test. There's a lot
23 of other details that we'd love to go through
24 including the claims that there are thirty-

1 seven hundred project based Section 8 units
2 in the area which as a housing person, I
3 would love to know where they are because
4 Loyola University did a study that found only
5 sixteen hundred subsidized units in Rogers
6 Park of any kind of subsidy.

7 So again, I don't have time to go
8 through the whole thing and I don't want to
9 abuse the privilege of having an opportunity
10 to speak. I would ask that the Commission
11 put off voting on this until we can really
12 explore some of these questions about what's
13 eligible, what's not eligible.

14 And it seems to us that the case
15 that's being made is based on a lot of
16 inaccuracies, whether it's claims of
17 vacancies or underutilized land or lack of
18 growth in property values that don't really
19 bear up with the reality.

20 So we suggest that we do a fuller
21 analysis to figure out is it really eligible?
22 Is it really appropriate use of the statute.
23 Thank you.

24 MR. KELLEHER-HERNANDEZ: Thank you

1 Mr. Tobin for your comments. The Board
2 definitely appreciates it.

3 MS. KOSMAL: I assume we're going to
4 call for a motion soon. I guess I just feel
5 since we just were presented with some
6 alternative numbers here about this that I
7 would feel that it would be prudent of us to
8 delay a vote until we actually can have a
9 chance to look at this and see whether or
10 not, you know, we think it makes sense.
11 That's just my thought.

12 MR. MCCORMICK: Okay. My thought is
13 that we should vote on this. We have Mr.
14 Friedman's numbers. We've had his report. I
15 can say from personal experience, I took a
16 walk up Devon Avenue, both sides of the
17 street. And there's more than seven percent
18 vacancies. And I'm just saying here that in
19 looking at this, I mean we've seen the
20 report. I think the numbers, you know, that
21 Mr. Friedman's come out with, thoroughly
22 meet the requirements.

23 Even if there's some diminution
24 in those numbers, it's still well above the

1 standards set by the State of Illinois. I
2 move that we vote on this matter now.

3 MR. KELLEHER-HERNANDEZ: Let me just
4 say something. In light of the fact that we
5 gave Mr. Tobin an opportunity to provide some
6 remarks, I'd like to also note for the record
7 the presence of certain other individuals
8 and community groups present today who have
9 expressed support for the proposed
10 redevelopment area.

11 Those organizations, and they're
12 here today, the Edgewater Chamber of
13 Commerce, the Prep and Columbia Block Clubs
14 and Loyola University. So just for the
15 record I wanted to state those.

16 MR. MCCORMICK: Yes, that's good. I
17 also wanted to add that the Community
18 Development Commission, I'm not saying that
19 Mr. Tobin is totally wrong here, but that's
20 the public body where this type of testimony
21 I think should be held.

22 MR. KELLEHER-HERNANDEZ: Kay, are you
23 suggesting a motion to delay the vote? Would
24 you be willing to make that motion? Are you

1 going to make that motion?

2 MS. KOSMAL: Yes. We obviously have a
3 motion that hasn't been seconded yet, but
4 yes, I would make that motion to delay.

5 MR. KELLEHER-HERNANDEZ: Okay. Let's
6 hear that motion. Is there a second to Kay's
7 motion to delay the vote on the Devon
8 Sheridan TIF? I do not hear a second. So if
9 there's no second, then let's move to John's,
10 Mr. McCormick's motion, for a vote to approve
11 the eligibility of the redevelopment plan or
12 that the redevelopment plan meets the
13 requirements of the TIF Act. Do I hear a
14 second to Mr. McCormick's motion?

15 MS. MAREK: Second.

16 MR. KELLEHER-HERNANDEZ: Okay.
17 Having heard a second, is there any further
18 discussion?

19 MS. MAREK: Can I just make a point?

20 MR. KELLEHER-HERNANDEZ: Sure.

21 MS. MAREK: What we're voting on is
22 the information that we've been --

23 MR. KELLEHER-HERNANDEZ: Correct,
24 correct. All in favor of the motion, please

1 vote by saying aye?

2 (Chorus of ayes.)

3 MR. KELLEHER-HERNANDEZ: Aye. All
4 opposed? We have one abstention. And for
5 the record, I did vote yes in favor of the
6 motion. Let the record reflect that the
7 Joint Review Board's approval of the
8 proposed Devon Sheridan redevelopment plan
9 designation of the, I'm sorry, can the Public
10 Member state their vote? Yes or no?

11 MS. PIRIC: Yes.

12 MR. KELLEHER-HERNANDEZ: Let the
13 record reflect that the Joint Review Board's
14 approval of the proposed Devon Sheridan
15 redevelopment plan and designation of the
16 Devon Sheridan Tax Increment Financing
17 Redevelopment Project area as a
18 redevelopment project area under the TIF
19 Act.

20 Can I get a motion to adjourn?

21 MS. MAREK: So moved.

22 MR. MCCORMICK: Second.

23 MR. KELLEHER-HERNANDEZ: All in
24 favor, please vote by saying aye?

1 (Chorus of ayes.)

2 MR. KELLEHER-HERNANDEZ: All opposed?

3 (Whereupon the meeting adjourned

4 at 11:00 a.m.)

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STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

I, JACK ARTSTEIN depose and say that I am a verbatim reporter doing business in the County of Cook and City of Chicago; that I caused to be transcribed the proceedings heretofore identified and that the foregoing is a true and correct transcript of the aforesaid hearing.

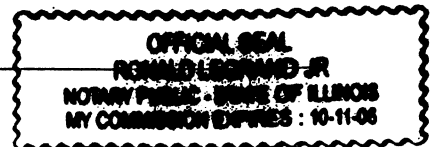
Jack Artstein

JACK ARTSTEIN

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 31st DAY OF
January, A.D. 2004.

[Signature]

NOTARY PUBLIC



**Devon/Sheridan Redevelopment Project Area
2004 Annual Report**

**(8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE
MUNICIPALITY - 65 ILCS 5/11-74.4-5(d)(8)(A)**

During 2004, there were no obligations issued for the Project Area.

**Devon/Sheridan Redevelopment Project Area
2004 Annual Report**

(9) ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)

During 2004, there were no obligations issued for the Project Area.

**Devon/Sheridan Redevelopment Project Area
2004 Annual Report**

(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)

During 2004, there were no tax increment expenditures or cumulative deposits over \$100,000 within the Project Area. Therefore, no compliance statement was prepared.

Devon/Sheridan Redevelopment Project Area 2004 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The Devon/Sheridan Redevelopment Project Area is generally the frontage along the east and west sides of Sheridan Road roughly from Devon Avenue on the south to Pratt Boulevard on the north, including the frontage along the west side of Broadway from Devon Avenue to Rosemont Avenue; and the frontage along the north and south sides of Devon Avenue from Clark Street on the west to Lake Michigan on the east. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan.

