
Proposed Amendments to the
ENGLEWOOD MALL TAX INCREMENT FINANCING
REDEVELOPMENT PLAN & PROJECT

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City of Chicago, Illinois

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Amended Englewood Mall TIF Redevelopment Plan and Project

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Proposed Changes to the Englewood Mall Tax Increment Financing Redevelopment Plan & Project

This section presents several minor changes to the original Englewood Mall Tax Increment Financing Redevelopment Plan & Project (the "Original Plan"). The Original Plan was adopted by the Chicago City Council on November 29, 1989. The amended version of the plan will be known as the Amended Englewood Mall Tax Increment Financing Redevelopment Plan & Project (the "Amended Plan").

The Englewood Mall TIF Redevelopment Project Area ("RPA") has not experienced significant development and the City believes that expanding the acceptable land uses in select locations may help stimulate development in the RPA's final years of existence. For example, there is currently a proposal for development of a permanent supportive housing facility that would provide permanent shelter and care for some of Chicago's most vulnerable citizens. The proposed development would consist of 99 studio apartment units, with an exercise room, a community center on the ground floor, and 24/7 security and management staff. The facility would provide permanent and stable housing to Chicago's homeless population.

Accordingly, the changes shown below shall be made to the Original Plan in an effort to help stimulate investment and development in the RPA.

Each specific change is described below, referencing the location of the change to be made to the Original Plan, followed by the full text of the Original Plan, and then the full text of the Amended Plan (reflecting all changes described below). Note that these changes do not change the Original Plan's total redevelopment project costs (except for adjusting for inflation), nor do they add or remove any parcel of land or portion of the RPA.

The reader should be aware that i) the Original Plan has been retyped since no high-quality copies were available, ii) *Exhibit 2: Boundary Map and Exhibit 3: Existing Land Use Map*, are not legible so cannot be reproduced (copies are included in their present form), and iii) *Exhibit 4: Proposed Land Use Map* could not be found, so is not included (the text portions of the Plan will suffice).

Changes to the Original Plan are as follows:

1. Section V. A, add the following text after item (7):

(8) Encourage the construction of affordable housing units in select locations.
2. Section V. B, after the end of the first paragraph, add the following sentence:

On the south side of 63rd Street the full block within the RPA that is between Peoria and Sangamon Streets shall have a land use designation as residential/institutional.

3. Section V. C, insert the following text before the section on "Relocation:"

Affordable Housing Construction

The City or a developer may undertake the construction of new housing units affordable to low-income and very low-income households (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act.

4. Section V. D, after item 10 d., insert the following text:
 - e. Up to 75% of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
 11. Instead of the eligible costs provided for in (10)(e) above, the City may pay up to 50% of the cost of construction, renovation and/or rehabilitation of all low-income 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-income and very low-income households, only the low- and very low-income households shall be eligible for benefits under the Tax Increment Allocation Redevelopment Act (the "TIF Act").
5. Section V. D, replace Tables 1A, 1B, and 1C with Table 1. Table 1 adds a new line item for "Affordable Housing Construction Costs," and updates the total Project Budget of the Original Plan by adjusting for inflation from 1989 dollars to 2007 dollars (2007 being the most recent complete year for which Consumer Price Index ("CPI") information is available). The adjustment to 2007 dollars is calculated as follows: The CPI for all urban consumers, as published by the Bureau of Labor Statistics of the U.S. Department of Labor, was 124.0 for calendar year 1989 and 207.342 for 2007. Therefore the inflationary adjustment is a multiplier of 1.6721 ($207.342/124.0 = 1.6721$). Note that this does not change the total budgeted redevelopment project costs, but updates the budget to current dollars, as is allowed by the TIF Act.

Additionally, in Table 1, the costs previously budgeted for Acquisition and Assembly in Tables 1A, 1B, and 1C in the Original Plan are now divided between "Acquisition and Assembly" and "Affordable Housing Construction Costs."

6. Section V. F, delete the entire first sentence of the second paragraph and replace it with the following sentence:

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area was adopted (i.e. no later than December 31, 2013).

7. Section VI. A, immediately after the last line of text on Costs of Job Training, add the following text:

Affordable Housing Construction: The City may provide for the construction of affordable housing units to enhance area revitalization efforts.

8. Section VII. A, delete the entire first sentence of the first (and only) paragraph and replace it with the following sentence:

The Plan will be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31st of the year in which the payment to the City Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Plan is adopted (i.e. by December 31, 2013).

9. Since the existing copies of the Original Plan are old and have been reproduced multiple times, the maps in Exhibits 2, 3 and 4 are somewhat illegible. Therefore Exhibit 2 has been re-created, although not changed in any way. Although it is illegible, a copy of the original version of “Exhibit 3: Existing Land Use Map” is still included in the Amended Plan. Exhibit 3 has not been re-created in order to avoid potential inconsistencies with the original map.

In addition, “Exhibit 4: Proposed Land Use Map”, has been re-created and changed to show the new land use category (as referenced in item 2 above) of “residential/institutional” in the location described in item 2 above.

The full and un-edited text of the Original Plan is shown in the next section (Section 2), followed by the fully revised version—the Amended Englewood Mall TIF Redevelopment Plan and Project, in Section 3.

CITY OF CHICAGO,

ILLINOIS

TAX INCREMENT REDEVELOPMENT AREA (TIF)

ENGLEWOOD MALL TIF REDEVELOPMENT PLAN & PROJECT

AUGUST, 1989

PREPARED FOR:

City of Chicago Department of Economic Development

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I. INTRODUCTION AND BACKGROUND

Background

The designation of the Englewood Mall Area Redevelopment Project Area ("RPA") will assist the City of Chicago in addressing the economic problems within the Englewood Community Area. The redevelopment of this area is one of the primary goals of the City of Chicago.

The RPA is generally described as follows:

Beginning at the corner of 63rd Street Parkway and South Morgan Street, the RPA generally follows northeasterly along the 63rd Street Parkway to South Halsted Street; it then heads southeasterly along the Halsted Street Parkway to West Englewood Avenue; then easterly along West Englewood Avenue to South Wallace Street; then southerly to West 63rd Street; then westerly along West 63rd Street to an imaginary line extending northerly from the western edge of City Bank and Trust; then southerly to the right-of-way of the Chicago Transit Authority elevated train line; then westerly to South Morgan Street; then northerly to the point of beginning.

At one time, the retail/commercial area located at 63rd and Halsted was one of the largest retail sales centers located in the Chicago metropolitan area. The area originally capitalized on inherent strengths- location near the commuter railroad lines, public transportation access at 63rd Street and Halsted Street, and nearby residential densities. Historically, the area served not only the Englewood community but a wider trade area as well.

During the 1940's and 1950's, there was a major population shift in Englewood, with the minority population increasing from 2% of the population in 1940 to 69% in 1960. The shift also resulted in a population increase in the area, with over 97,000 persons resided in Englewood in 1960.

As stated previously, the 63rd and Halsted area was the primary shopping area for much of the south side and some of the City's southern suburbs throughout the 1940's and early 1950's. However, by 1960, new suburban shopping centers were beginning to provide significant competition for traditional retail centers. During the early 1950's, the development of shopping malls such as Evergreen Plaza began attracting many of Englewood's customers. The later development of Ford City as an enclosed mall increased the rate of erosion of the local customer base.

In the early 1960's, attraction of suburban shopping malls had greatly affected the operation of the 63rd and Halsted area in ways that were similar to what other in-City and near-City shopping areas experienced. Available, convenient parking, expansive enclosed mall areas, and coordinated promotional activities were successful in attracting consumers away from local, once popular, shopping areas.

At the same time, many merchants and national/regional retailers concentrated on mall locations, thus improving selection and mix at mall locations. Centralized management of malls also enabled the malls to coordinate and control the tenant mix more effectively.

An increasing need for economic redevelopment in the Englewood business district in the early 1960's coincided with a national interest in expansive suburban shopping malls. An urban pedestrian mall was then created in Englewood. Major capital improvements included closing the streets in the heart of the area (63rd Street and South Halsted Street) to automobile traffic, and the construction of a perimeter roadway. Large parking lots along the perimeter of the area, expanded sidewalk areas with overhead canopies and other sidewalk furniture, and landscaping were also provided. The City razed housing, including a large number of single family units in order to accommodate the capital improvements.

However, the capital improvement construction and the creation of the Concourse commission within the area could not stem the decline of the shopping and commercial center. A number of factors contributed to the decline.

- 1) Pedestrian malls throughout the United States had declined in consumer popularity- the emphasis on convenient parking in front of stores (rather than in the rear) as well as the location decisions of certain retailers were contributing factors.
- 2) Two major anchor department stores- Sears and Wieboldt's (both formerly located within RPA boundaries) closed their operations by 1975. The Sears facility was located on one City block. Both facilities were ultimately razed and have not been replaced by comparable uses. The sites of the former Wieboldt's department store and automotive center are still vacant land.
- 3) Economic and demographic changes within the market area resulted in a population with less disposable income. Population had also declined significantly.

- 4) Retail competition from other areas significantly eroded the position of the once prominent 63rd and Halsted area. Enclosed malls such as Evergreen Plaza or Ford City presented significant competition. The Chicago Loop retail stores also attracted shoppers.
- 5) The decline of the surrounding residential community resulted in an additional loss of purchasing power for area retailers. Between 1970 and 1980, Englewood sustained a net loss of almost 6,000 housing units.
- 6) A lack of centralized control of the mall retailers resulted in a lack of coordination related to retail mix, mall hours, promotional activities and other shopper activities.

Overall, the current configuration of the mall area is obsolete by today's retailing standards in terms of parking location and availability, store layout and site location, the consumer preferences for modern malls, and store appearance. Many structures are economically obsolete due to age and depreciation of physical maintenance. The physical condition of overhead canopies, lighting, signage, and public lots is generally poor. Utility relocation may be required in some locations of the RPA in order to accommodate redevelopment. Site preparation may also be necessary in order to reconfigure parcels and improvements for more modern commercial/retail uses.

Strengths relating to residential and community access, public transportation availability, and the area's history need to be coordinated in a comprehensive approach to eradicating blighting influences. The Greater Englewood Local Development Corporation (GELDCO) has undertaken activities to attract new business and intends to remain involved in area redevelopment. However, the physical characteristic of the mall area requires coordinated public-private efforts in order to allow for any quality market redevelopment of the northern portion of the mall area.

Redevelopment Plan

The RPA as constituted would be difficult to develop solely through investment by private enterprise. It is not reasonable to anticipate substantial reuse of sites within the RPA without the adoption of a redevelopment plan that addresses the characteristics of the properties, while providing a practical method for financing the redevelopment project. The City has prepared this redevelopment plan to address its needs and meet its redevelopment goals and objectives relating to the RPA through the use of tax increment financing.

The RPA has not been subject to redevelopment through investment by private enterprises and it is not reasonably anticipated to be developed in a comprehensive manner without the adoption of a Redevelopment Plan and Project.

The City recognizes the need for implementation of various strategies to overcome existing area conditions and lack of competitiveness with other City or suburban locations. The strategies will be coordinated by the City in conjunction with the groups described below. The needed public investment will be possible only if tax increment financing is adopted pursuant to the terms of the Tax Increment Allocation Redevelopment Act, Illinois Rev. Stat., Section 11-74.4-3 (the "Act"). Incremental real estate tax revenue generated by the RPA will play a decisive role in encouraging private development.

Existing site conditions that have precluded intensive private investment in the past will be eliminated. Through this Redevelopment Plan and Project, the City will serve as the central force for marshalling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts which are included in the RPA in the form of a significant expansion of the real estate tax base and employment base. The Redevelopment Plan and Project will serve to create new jobs within the City and thereby reduce unemployment within taxing districts which cover all or part of the RPA.

On June 20, 1989, the City of Chicago's Commercial District Commission adopted a resolution authorizing a study to determine the use Tax Increment Financing ("TIF") for the redevelopment of the area legally described herein in Exhibit 1 and outlined on the map in Exhibit 2. Redevelopment of the TIF area is tenable only if a portion of the public improvements are funded by TIF.

The adoption of this Redevelopment Plan and Project makes possible the implementation of a comprehensive program for the economic redevelopment of the proposed RPA. By means of public investment, the RPA will become an improved, more viable environment that will attract private investment. The public investment will set the stage for the redevelopment of the area with private capital. Local input and assistance has been provided by key community groups, such as the Greater Englewood Local Development Corporation (GELDCO). City planning assistance and coordination has been provided by the Englewood Mall Advisory Committee (EMAC).

Pursuant to the requirement of the Act, the RPA includes only those contiguous parcels of real property and improvements thereon which are substantially benefited by the Redevelopment Plan and Project. Also in accordance with the Act, the RPA is not less than 1 ½ acres in the aggregate.

II. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

The legal description is included in Exhibit 1.

III. BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Findings

The Redevelopment Project Area was studied to determine its qualifications as a "blighted area" as such term is defined in the Act. A brief description of the qualification factors is found in Exhibit 5. In summary, the following factors were found within the RPA: age, obsolescence, depreciation of physical maintenance, inadequate utilities, deleterious land use or layout, deterioration, excessive vacancies, and structures below minimum code standards. A more comprehensive review of qualification factors is included in the Designation Report contained under separate cover.

Eligibility Survey

The entire designated Redevelopment Project Area was evaluated by the City, the Greater Englewood Local Development Corporation, and Kane, McKenna and Associates, Incorporated in July, 1989.

IV. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The following goals and objectives are presented for the RPA in accordance with the City's zoning ordinance and comprehensive plan. The Redevelopment Plan and Project also conform to the Englewood Plan, prepared by the City's Department of Planning, for the development of the area as a whole.

General Goals of the Redevelopment Plan

1. Provide jobs and potential business opportunities for community and City residents in accordance with the City's Affirmative Action goals;
2. Strengthen the existing business community and enhance local business development within the area and stimulate revitalization in the surrounding residential areas;
3. Remove obsolete and substandard structures which exert a blighting influence on the community;
4. Retain and upgrade sound buildings that are compatible with the overall redevelopment plan;
5. Identify and attract new business growth to the Englewood Mall Area that will capitalize on its inherent strengths;
6. Improve the physical environment of the RPA in order to make the area more attractive for new business location and expansion; and
7. Develop "anchor" projects that encourage retail; commercial and related mixed use (including institutional) development along the 63rd and Halsted arterials.

Specific Goals of the Redevelopment Plan

1. Create new job opportunities for community residents and City residents utilizing local hiring programs and appropriate job training programs.
2. Encourage the participation of the local development corporation in the redevelopment of the north portion of the mall to ensure that development plans are consistent with local objectives and City plans
3. Redevelop retail and commercial uses that are consistent with both community and market demands. Provide a diversified retail mix that serves community residents.

4. Utilize City owned land effectively and coordinate its use in redevelopment.
5. Provide modern, functional parking, roadway, and related public improvements that are required to enhance private investment.
6. Improve the physical appearance of the mall area.
7. Support the expansion of viable existing businesses and uses that are consistent with the overall character of redevelopment and new market uses.

Redevelopment Objectives

The purpose of the RPA designation will allow the City to:

- a. Coordinate redevelopment activities within the north portion of the Mall area in order to provide a positive marketplace signal;
- b. Reduce or eliminate blighted area factors present within the area;
- c. Accomplish redevelopment over a reasonable time period;
- d. Stimulate investment in the surrounding Englewood community; and
- e. Ensure the participation of the local development corporation and community in all phases of redevelopment of the entire mall area.

The Redevelopment Project's implementation will serve to improve the physical appearance of the entire area and contribute to the economic development of the area, arresting decline and stabilizing the area. The redevelopment of the RPA will serve as a catalyst and as an essential anchor for the overall area. Job creation associated with the project will provide new, improved employment opportunities for community and City residents.

V. REDEVELOPMENT PROJECT

A. City Redevelopment Plan and Project Objectives

The City proposes to realize its goals and objectives of encouraging development of the redevelopment project area through public finance techniques including, but not limited to, Tax Increment Financing:

- (1) By reducing interest costs of a redeveloper related to the construction, expansion or rehabilitation of redevelopment projects.
- (2) Acquisition and assembly of property;
- (3) By providing public facilities which may include:
 - i. Relocation of utilities (sewers, water lines, etc.);
 - ii. Utility improvements and expansion (including curbs and sidewalks);
 - iii. Street improvements and expansion;
 - iv. Traffic signalization and intersection improvements;
 - v. Landscaping and signage on public ways; and
 - vi. Streetlighting.
- (4) Parking reconfiguration and redesign.
- (5) By providing for demolition, site preparation, clearance and grading of redevelopment sites, removal of foundation material, and site compaction, as well as appropriate relocation.
- (6) Exploration and review of job training programs in coordination with City, federal, state, and county programs.
- (7) Rehabilitation of structures, if necessary.

B. General Land Use Plan

Existing land use consists primarily of retail/commercial facilities; some institutional uses are also located within the RPA, as described in Exhibit 3. A number of vacant or partially vacant structures exist within the RPA as well. Exhibit 4, attached hereto and made a part of this plan, designates intended general land uses in the RPA. The proposed land uses will conform to the City's comprehensive plan and the recent planning studies undertaken for the Englewood Mall area.

All redevelopment projects shall be subject to the provisions of the City Zoning Ordinance, as well as planned unit development provisions, as may be amended from time to time.

C. Redevelopment Program

Pursuant to the foregoing objectives, the City, in conjunction with local community groups such as GELDCO, will implement a coordinated program of actions to facilitate redevelopment, including, but not limited to, acquisition and assembly, provision of interest rate writedown, public improvements, demolition and/or clearance, relocation, structure rehabilitation and job training assistance.

Interest Rate Writedown

The City may enter into an agreement with developers whereby a portion of the interest cost of a construction, renovation, or rehabilitation project is paid for on an annual basis out of the Special Tax Allocation Fund of the RPA, in accordance with the Act.

Public Improvements

The City may provide public improvements in the RPA to enhance the RPA as a whole, to support the Redevelopment Project Plan and Project, and to serve the needs of City and area residents. Appropriate public improvements may include, but are not limited to:

- relocation of utilities (sewer, water lines);
- new construction and improvements of streets, alleys, curbs, sidewalks/pedestrianways and street intersections;
- improvement and extension of public utilities;
- landscaping/beautification, lighting, and signage of public properties;
- traffic signalization;
- parking improvements and parking facilities; and
- streetlighting improvements.

Acquisition

Property may be acquired by the City in order to further objectives of this Plan and enhance development alternatives for appropriate users.

Clearance of existing structures on properties to be acquired will, to the greatest extent possible, be scheduled to coincide with redevelopment activities so that parcels do not remain vacant for extended periods of time and so that the adverse effects of clearance activities may be minimized.

Property, when acquired, may be made available for temporary public or private revenue producing uses which will not have adverse impacts on the redevelopment area, until such time as they are needed for planned development. Such revenues, if any, would accrue to the special tax allocation fund for the redevelopment project.

Land Disposition

Property may be acquired by the City and may be assembled into appropriate redevelopment sites. These properties may be sold or leased by the City to a private developer or developers, in whole or in part, for redevelopment subject to the Act.

Terms of conveyance shall be incorporated into appropriate disposition agreements, and may include more specific restrictions than contained in this Redevelopment Plan or in other City codes and ordinances governing the use of land.

Demolition and Site Preparation

As determined by the types of use and market considerations, a portion or all of the existing structures may be demolished. Demolition may include removal of asbestos insulation in conformance with all environmental requirements. Should a portion of a facility be adapted for more market oriented uses, asbestos insulation may have to be removed as part of site preparation in order to accommodate development. Certain sites may also require the removal of foundation materials and compaction of fill for such sites in order to accommodate new development. Again, all removal would conform to environmental requirements. Other site preparation for reuse would also conform to appropriate environmental and other governmental regulations.

Relocation

The City or the developer may provide for relocation conformant with its policies and regulations in order to accomplish the goals and objectives of the Plan, using Federal, State or municipal criteria.

Rehabilitation

The City may undertake the rehabilitation of certain structures in order to provide for the market reuse of the structures and to improve the appearance of the RPA.

Job Training

The City may assist facilities located within the RPA to obtain job training assistance. Job training and retraining programs currently available from or through other governments include but are not limited to:

- The federal Jobs Partnership Training Act (JPTA) programs administered by the City of Chicago's Mayor's Office of Employment and Training;
- The State of Illinois High Impact Training Support (HITS) program;
- Applicable local vocation educational programs;
- The State of Illinois Industrial Training Program (ITP);
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

D. Estimated Redevelopment Project Costs- Phases 1, 2, and 3

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan and Project. Eligible costs permitted by the Act pertinent to this Redevelopment Plan and Project are:

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

2. 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, and the clearing and grading of land;
3. Costs of the construction of public works or improvements;
4. Cost of job training and retraining projects;
5. 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 hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and not exceeding thirty-six (36) months thereafter, including reasonable reserves related thereto;
6. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the City by written agreement accepts and approves such costs;
7. 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 Illinois law;
8. Payment in lieu of taxes;
9. Costs of job training, advanced vocational education or career education, including, but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the RPA; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the

program to be undertaken, including, but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Illinois Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the Illinois School Code;

10. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act; and
 - b. such payments in any one year may not exceed 30% if the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year; and
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (10), then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
 - d. the total of such interest payments incurred pursuant to the Act may not exceed 30% of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to the Act.

In addition, the Act provides for the following uses in conjunction with a special service area:

“An Act to provide the manner of levying or imposing taxes for the provision of special services to area within the boundaries of home rule units and non-home rule municipalities and counties”, approved September 21, 1973, as amended, then any tax increment revenues derived from the tax imposed pursuant to “An Act to provide the manner of

levying or imposing taxes for the provision of special services to areas within the boundaries of home rule units and non-home rule municipalities and counties”, approved September 21, 1973, as amended, may be used within the RPA for the purposes permitted by that Act as well as the purposes permitted by the Act.

At the time of the adoption of the RPA, City of Chicago Special Service Area No. 11 included the greater portion of the RPA (excluding the far eastern block occupied by the Southtown Theatre).

Estimated project costs are shown in Tables 1a, 1b, 1c. To the extent that the City or a developer has incurred redevelopment project costs prior to, but in anticipation of, the adoption of tax increment financing, the City or a developer may be reimbursed for such costs. Adjustments to the cost items listed in Tables 1a, 1b and 1c are anticipated without amendment to the Redevelopment Plan.

**TABLE 1A
REDEVELOPMENT PROJECT – ESTIMATED PHASE 1 PROJECT COSTS**

<u>Program Action/ Improvement</u>	<u>Estimated Cost(s)</u>
Acquisition and Assembly	\$ 3,500,000
Utility Improvement and Relocation of Utilities	\$ 1,500,000
Street Construction and/or Extension	\$ 2,000,000
Intersection and Traffic Signalization Improvements	\$ 150,000
Streetscape Improvements, Including Landscaping, Signage, and Streetlights	\$ 250,000
Demolition and/or Site Preparation and Clearance	\$ 2,350,000
Rehabilitation	\$ 500,000
Relocation	\$ 500,000
Interest Costs as Allowed under Paragraph (11) of Chapter 24, Par. 11-74.4-3 of the Act	\$ 750,000
Planning, Legal, Architectural, Engineering, Administrative and Other Professional Service Costs	\$ 550,000
Job Training, Retraining & Affirmative Action Consulting Services	\$ 500,000
Estimated Capitalized Interest and Costs of Issuance	\$ 1,500,000
Contingencies	\$ <u>950,000</u>
ESTIMATED PHASE 1 COSTS	\$15,000,000

- (A) All cost estimates are in 1989 dollars. Adjustments to the estimated line item costs above are expected. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line items costs for redevelopment project costs.

**TABLE 1B
REDEVELOPEMTN PROJECT – ESTIMATED PHASE 2 PROJECT COSTS**

<u>Program Action/Improvement</u>	<u>Estimated Cost(s)</u>
Acquisition and Assembly	\$ 800,000
Utility Improvements	\$ 350,000
Street Rehabilitation/Construction and/or Extension, Curb and Sidewalk Construction	\$ 400,000
Intersection and Traffic Signalization Improvements	\$ 100,000
Streetscape Improvements, Including Landscaping, Signage, and Streetlights	\$ 50,000
Demolition and/or Site Preparation and Clearance	\$ 200,000
Rehabilitation	\$ 50,000
Relocation	\$ 150,000
Interest Cost as Allowed under Paragraph (11) of Chapter 24, Par. 11-74.4-3 of the Act	\$ 50,000
Planning, Legal, Architectural, Engineering, Administrative and Other Professional Service Costs	\$ 150,000
Job Training, Retraining & Affirmative Action Consulting Services	\$ 100,000
Capitalized Interest and Costs of Issuance	<u>\$ 100,000</u>
ESTIMATED PHASE 2 COSTS	\$ 2,500,000

(A) All cost estimates are in 1989 dollars. Adjustments to the estimated line item costs above are expected. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line items costs for redevelopment project costs.

**TABLE 1C
REDEVELOPMENT PROJECT – ESTIMATED PHASE 3 PROJECT COSTS**

<u>Program Action/Improvement</u>	<u>Estimated Cost(s)</u>
Acquisition and Assembly	\$ 800,000
Utility Improvements	\$ 350,000
Street Rehabilitation/Construction and/or Extension, Curb and Sidewalk Construction	\$ 400,000
Intersection and Traffic Signalization Improvements	\$ 100,000
Streetscape Improvements, Including Landscaping, Signage, and Streetlights	\$ 50,000
Demolition and/or Site Preparation and Clearance	\$ 200,000
Rehabilitation	\$ 50,000
Relocation	\$ 150,000
Interest Costs as Allowed under Paragraph (11) of Chapter 24, Par. 11-74.4-3 of the Act	\$ 50,000
Planning, Legal, Architectural, Engineering, Administrative and Other Professional Service Costs	\$ 150,000
Job Training, Retraining & Affirmative Action Consulting Services	\$ 100,000
Capitalized Interest and Costs of Issuance	<u>\$ 100,000</u>
ESTIMATED PHASE 3 COSTS	\$ 2,500,000
TOTAL ESTIMATED PROJECT COSTS	\$20,000,000

(A) All cost estimates are in 1989 dollars. Adjustments to the estimated line item costs above are expected. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line items costs for redevelopment project costs.

E. Sources of Funds to Pay Redevelopment Project Costs

Funds necessary to pay for redevelopment project costs are to be derived principally from real property tax incremental revenues and proceeds from any municipal obligations to be retired primarily with tax increment revenues and interest earned on resources available but not immediately needed for the Redevelopment Project.

The tax increment revenue which will be used to pay debt service on the tax increment obligations and to directly pay redevelopment costs shall be the incremental real property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA over and above the initial equalized assessed value of each such lot, etc. in the RPA.

Other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are: the proceeds of real property sales, real property tax receipts, certain motor tax revenues, incremental local sales tax revenues, certain land lease payments, certain state and federal grants, certain investment income, and such other sources of funds and revenues as the City may, from time to time, deem appropriate.

The City may use its general fund and utilize its taxing power to sustain redevelopment projects and pay debt service on obligations issued in connection therewith to be reimbursed, if possible, from tax increment financing revenues.

F. Nature and Term of Obligations to be issued

The City may issue obligations secured by the tax increment special tax allocation fund established for the RPA pursuant to Section 11-74, 4-7 of the Act or such other funds or security as are available to the City by virtue of its home rule powers provided by the Constitution of the State of Illinois.

All obligations issued by the City pursuant to this Redevelopment Plan and Project and the Act shall not exceed twenty-three (23) years from the date of adoption of the ordinance approving the RPA or November 15, 2012. However, the final maturity date of any obligation issued pursuant to the Act may not be later than twenty (20) years from its respective date of issuance. One or more series of obligations may be issued from time to time in order to implement this Redevelopment Plan and Project. All obligations are to be repaid after issuance by projected and actual tax increment, other tax revenue and by such debt service revenue and sinking funds as may be provided by ordinance. The total principal and interest payable in any year on all obligations shall not exceed the amounts available in that year, or projected to be available in that year, from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds and all other sources of funds as may be provided by ordinance.

Those revenues not required for principal and interest payments, required reserves, bond sinking funds, redevelopment project costs and required reserves, early retirement of outstanding securities, and to facilitate the economical issuance of additional bonds necessary to accomplish the redevelopment plan, may be declared surplus and shall then become available for distribution annually to the taxing districts overlapping the RPA in the manner provided by the Act.

Such securities may be issued on either a taxable or tax-exempt basis, with either fixed interest rates or floating interest rates; with or without capitalized interest; with or without deferred principal retirement; with or without interest rate limits, and with or without redemption provisions.

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

The total estimated 1988 equalized assessed valuation for the RPA is approximately \$3,911,672. The Boundary Map, Exhibit 2, shows the location of the RPA.

H. Anticipated Equalized Assessed Valuation

Upon completion of the anticipated private development, assuming a Cook County, Illinois equalization factor (multiplier) of 1.9266, it is estimated that the equalized assessed valuation of real property within the RPA after the completion of the expected three phases of redevelopment will be approximately \$18,000,000.

VI. DESCRIPTION OF COMPONENTS OF REDEVELOPMENT PROJECT

A. Description of Redevelopment Project

The City will employ an implementation strategy which stresses economic feasibility whereby tax increment funds will not be initially pledged unless corresponding private investment is reasonably projected to be sufficient to generate equal or greater return of future tax revenues. Such strategy will contribute to a realistic approach in funding projects while assuring that the City has the flexibility to continue to prioritize among possible projects in meeting both City and private sector goals. The local development corporation and community have provided assistance and resources relating to the RPA. The City is expecting that they will participate in the redevelopment process. The redevelopment projects contemplated by the City and GELDCO include, but are not limited to, the following:

Interest Cost Coverage: The City may pay for certain interest costs incurred by a redeveloper for construction, renovation or rehabilitation of a redevelopment project which shall include costs incurred by a developer pertaining to the redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.

Utility Improvements: The City may make improvements, extension and adjustment in water, storm sewer, sanitary sewer, electric lighting and other utility systems. Relocation of existing utility services may also be undertaken.

Right-of-Way Improvements: The City may improve, construct, reconstruct or extend primary and secondary street right-of-ways and other such territory located on public land, on private land or through public easement on private land. Curbs and sidewalks may also be improved or reconstructed. Signalization, landscaping, signage, or related improvements may also be undertaken by the City.

Property Acquisition and Assembly: The City may acquire land within the RPA for the purpose of facilitating the assembly and preparation of property.

Demolition, Site Preparation and Clearance: The City may remove building debris, other disposal material, and excavate foundation material from site and/or grade and compact such sites as part of its redevelopment activities.

Professional Services: The City may use tax increment financing to pay necessary architectural, engineering, planning, legal, administrative and financial costs.

Relocation: The City may provide for appropriate relocation conformant to its policies and regulations.

Rehabilitation: The City may provide for the rehabilitation of certain structures in order to enhance area revitalization efforts.

Costs of Job Training: The City may implement job training programs.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any redevelopment agreement entered into by the City and any private developers, both will agree to establish and implement an honorable, progressive, and goal oriented affirmative action program that serves appropriate sectors of the City. The program will conform to the most recent City policies and plans.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will countenance discrimination against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and the compliance requirements of applicable state and federal regulations.

The City and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

VII. SCHEDULING OF THE REDEVELOPMENT PROJECT

A. Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs

This Redevelopment Project will be completed on or before a date 23 years from the adoption of an ordinance designating the RPA or November 15, 2012. The City expects that the Redevelopment Project will be completed sooner than the maximum time limit set by the Act, depending on the incremental tax yield. Actual public and/or private construction activities are anticipated to be completed within ten (10) years from the adoption of this Redevelopment Plan (assuming land assembly proceeds on a timely basis; in the event that land assembly does not proceed on a timely basis, the activities described above may be completed over a longer period).

**VIII. PROVISIONS FOR AMENDING THE TAX INCREMENT
REDEVELOPMENT PLAN AND PROJECT**

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

EXHIBIT 1

Legal Description

Lots 22, 23, and 24 in Block 2, Lots 6 to 21, both inclusive, 25 to 37, both inclusive, in Block 1 in Crocker's Resubdivision of the south $\frac{1}{2}$ of the west $\frac{1}{2}$ of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 17, Township 38 North, Range 14 East of the Third Principal Meridian, and all of Lots 1 to 5, both inclusive, in the subdivision of Lots 22, 23, and 24 in Block 1 of Crocker's subdivision aforesaid and those parts of Block 7 and 8 lying southerly of the southerly line and said southerly line extended of Lyon's Subdivision of Lots 5 and 6 in Crocker's Subdivision of the east part of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 17 aforesaid and all of Lots 1 to 52, both inclusive, in Ehrler and Hessert's of the north $5 \frac{1}{3}$ acres of the South $9 \frac{1}{2}$ acres of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 17 aforesaid and Lots 1 to 20, both inclusive, in Block 1 in the subdivision of the south $4 \frac{1}{6}$ acres of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 17, aforesaid and Lots 1 to 6, both inclusive, Lot 7 (except the south 50 feet thereof) in County Clerk's Division of Block 2 in subdivision of the south $4 \frac{1}{6}$ acres aforesaid and Lot A in consolidation of the south 50 feet of Lot 7 together with the 12-foot strip of land designated as alley lying south of and adjoining said lot in County Clerk's Division aforesaid and Lot 31 (except that part thereof taken for South Halsted Parkway) and all of Lots 32 to 46 both inclusive in Listers subdivision of the west $\frac{3}{5}$ of the south $\frac{1}{2}$ of the north $\frac{1}{2}$ of the southwest $\frac{1}{4}$ of the southwest $\frac{1}{4}$ of Section 16, Township 38 North, Range 14 East of the Third Principal Meridian, all of Lots 7 to 13, both inclusive in Block 2, Lots 1 to 10, both inclusive, in Block 3 the west $\frac{1}{2}$ of Lot 3 and all of Lots 4 to 38, both inclusive, in Block 4, all of Lots 1 to 46 both inclusive in Block 5, Lots 1 to 20, both inclusive in Block 6, Lots 1 to 20, both inclusive in Block 7, Lot 1 (except part taken for South Wallace Street) and all of Lots 2 to 9, both inclusive and Lot 10 (except part taken for South Wallace Street) in Block 8 in Hoyt, Canfield and Matteson's Subdivision of the south $\frac{1}{2}$ of southwest $\frac{1}{4}$ of the southwest $\frac{1}{4}$ of Section 16 aforesaid and Lots 1 to 10, both inclusive in Block 2, Lots 1 to 10, both inclusive in Block 3, and Lots 1 to 10, both inclusive in Block 4 in Lucy M. Green Addition to Chicago in Section 20, Township 38 North, Range 14 East of the Third Principal Meridian together with all vacated public streets and alleys and all public streets and alleys within, adjoining and accruing to all of aforesaid lots and blocks, and being that part

of the east ½ of the southeast ¼ of Section 17, Township 38 North, Range 14 East of the Third Principal Meridian, and the east ½ of the northeast ¼ of Section 20, Township 38 North, Range 14 East of the Third Principal Meridian, bounded and particularly described as follows: commencing at the southwest corner of Lot 24 in Block 2 in Crocker's Resubdivision of the south ½ of the west ½ of the southeast ¼ of the southeast ¼ of Section 17 aforesaid; thence north along the west line of Lots 21 to 24 of said Block 2 in said Crocker's Resubdivision to the northwest corner of said Lot 21; thence east along the north line, and said north line extended east to the west line of Block 1 in said Crocker's Resubdivision; thence north along said west line to the northwest corner of Lot 37 in said Block 1; thence east along the north line and said north line extended east of said Lot 37 to the east line of a north and south 16-foot public alley in said Block 1; thence north along said east line to the northwest corner of Lot 6 in said Block 1; thence east along the north line, and said north line extended east, to the west line of Lot 49 in Ehrler and Hessert's Subdivision aforesaid; thence north along the west line and said west line extended north of Lots 49 to 52, both inclusive, in said Ehrler and Hessert's Subdivision to a point in the northerly line of West 63rd Parkway; thence northeasterly along the said northerly line of West 63rd Parkway to the north line of Lot 7 in Crocker's Subdivision of the east part of the southeast ¼ of the southeast ¼ of Section 17, aforesaid; thence east along the north line and said north line extended east of said Lot 7 to the east line of South Halsted Street; thence south along the east line of said South Halsted Street to a point 8.49 feet north of the southwest corner of Lot 31 in Lister's Subdivision aforesaid; thence northeasterly 14.14 feet to a line 18.06 feet north of the south line of said Lot 31; thence westerly along said last described line and said line extended east to the west line of Lot 35 in said Lister's Subdivision; thence north along said west line to the northwest corner of said Lot 35; thence east along the north line of Lots 35 to 46, both level, in said Lister's Subdivision to the northeast corner of said Lot 46; thence south along the east line, and said east line extended south of said Lot 46 to the north line of Block 2 in Hoyt, Canfield and Matteson Subdivision aforesaid; thence east along said north line to the northeast corner of Lot 7 in said Block 2; thence south along the east line of said Lot 7 and the east line and the east line extended south of Lot 38 in Block 4 of said Hoyt, Canfield and Matteson subdivision to the south line of an east and west 16-foot alley in said Block 4; thence east along said south line to the northeast corner of the west ½ of Lot 3 in said Block 4; thence south along the east line of said west ½ of Lot 3 and said east line extended south to the south line West Englewood Avenue; thence east along the south line of West Englewood Avenue to the west line of that part of South Wallace Street dedicated by

Instrument recorded June 17, 1930 as Document No. 10684217 (being the east line of the west 6 feet of Lot 1 in Block 8 in Hoyt, Canfield and Matteson Subdivision aforesaid); thence south along said west line, and said west line extended south of South Wallace Avenue to the center line of West 63rd Street; thence West along said center line of West 63rd Street to the west line, extended north, of South Green Street (being the east line extended north of Lot 1 in Block 2 in Lucy M. Green Addition to Chicago aforesaid); thence south along the east line extended north and the east line of said Lot 1 to the southeast corner of said Lot 1 (said southeast corner being a point in the north line of a 16-foot east and west public alley); thence west along said north line to the west line, extended north of north and south 16-foot public alley in said Block 2; thence South along said West line to the South line of vacated 16-foot east and west alley; thence west along said south line to the east line of South Peoria Street; thence north along said east line to the north line of said vacant east and west 16-foot alley; thence west along said north line extended west to the west line of South Peoria Drive (said point being the southeast corner of Lot 1, Block 3, said Lucy M. Green Addition to Chicago); thence west along the south line of Lots 1 to 10 in said Block 3 (said south line being the north line of east and west 16-foot public alley) and along the north line of said 16-foot alley extended west to the west line of South Sangamon Street; said point being the southeast corner of Lot 1, Block 4 in said Lucy M. Green Addition to Chicago; thence west along the south line of Lots 1 to 10 in said Block 4 (said south line being the north line of east and west 16-foot alley), to the east line of South Morgan Street (said point being the southwest corner of Lot 10 in Block 4 aforesaid); thence north along the west line of said Lot 10 to the northwest corner thereof (said northwest corner being a point in the south line of West 63rd Street); thence east along said south line of West 63rd Street to its intersection with the west line, extended south of Lot 24 in Block 2 in Crocker's Resubdivision of the south ½ of the west ½ of the southeast ¼ of the southeast ¼ of Section 17 aforesaid; thence north along said extended line to the point of beginning, Cook County, Illinois.

EXHIBIT 2

RPA BOUNDARY MAP

EXHIBIT 2
"R.P.A. BOUNDARY MAP"

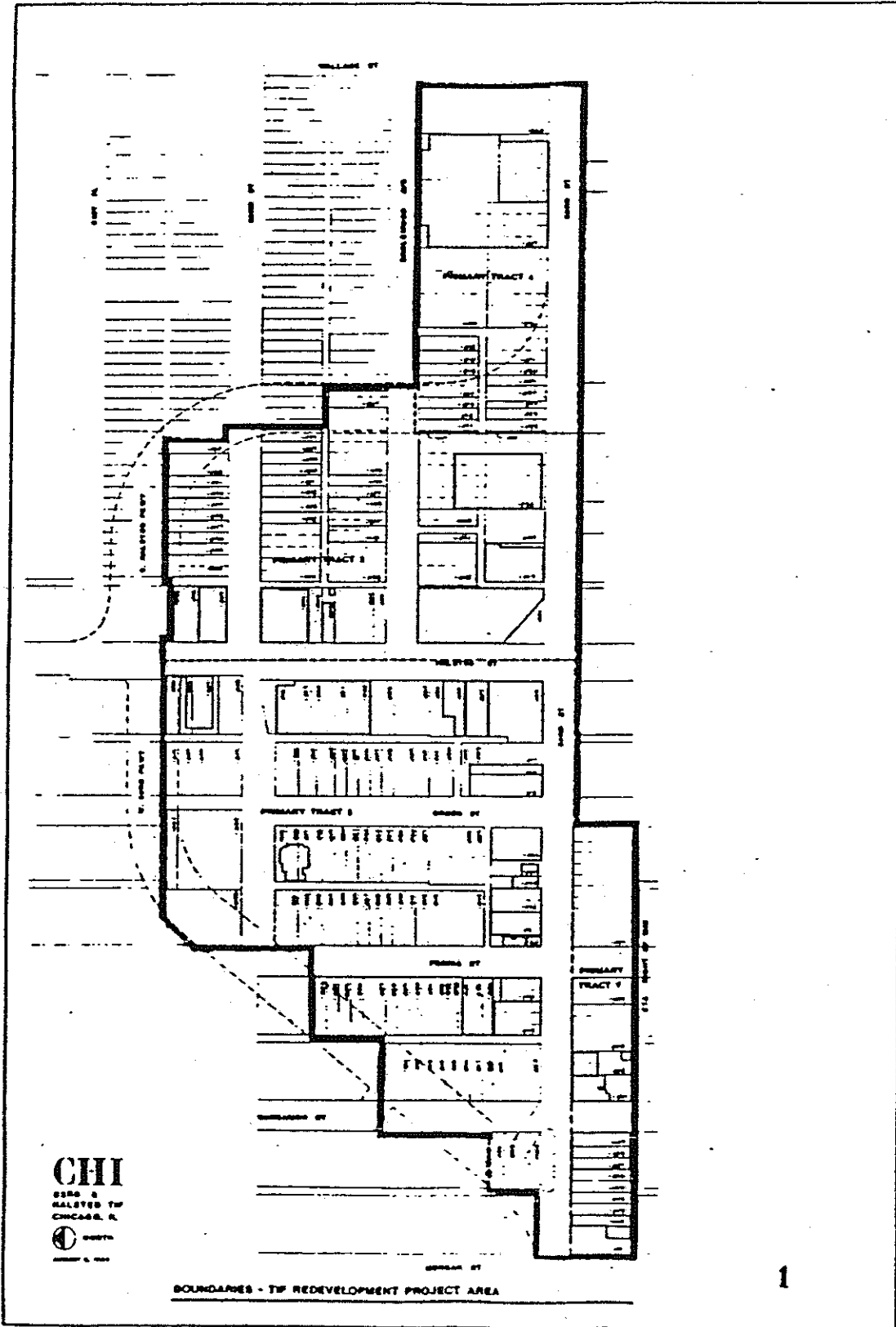


EXHIBIT 3
EXISTING LAND USE MAP

EXHIBIT 3
"EXISTING LAND USE MAP"

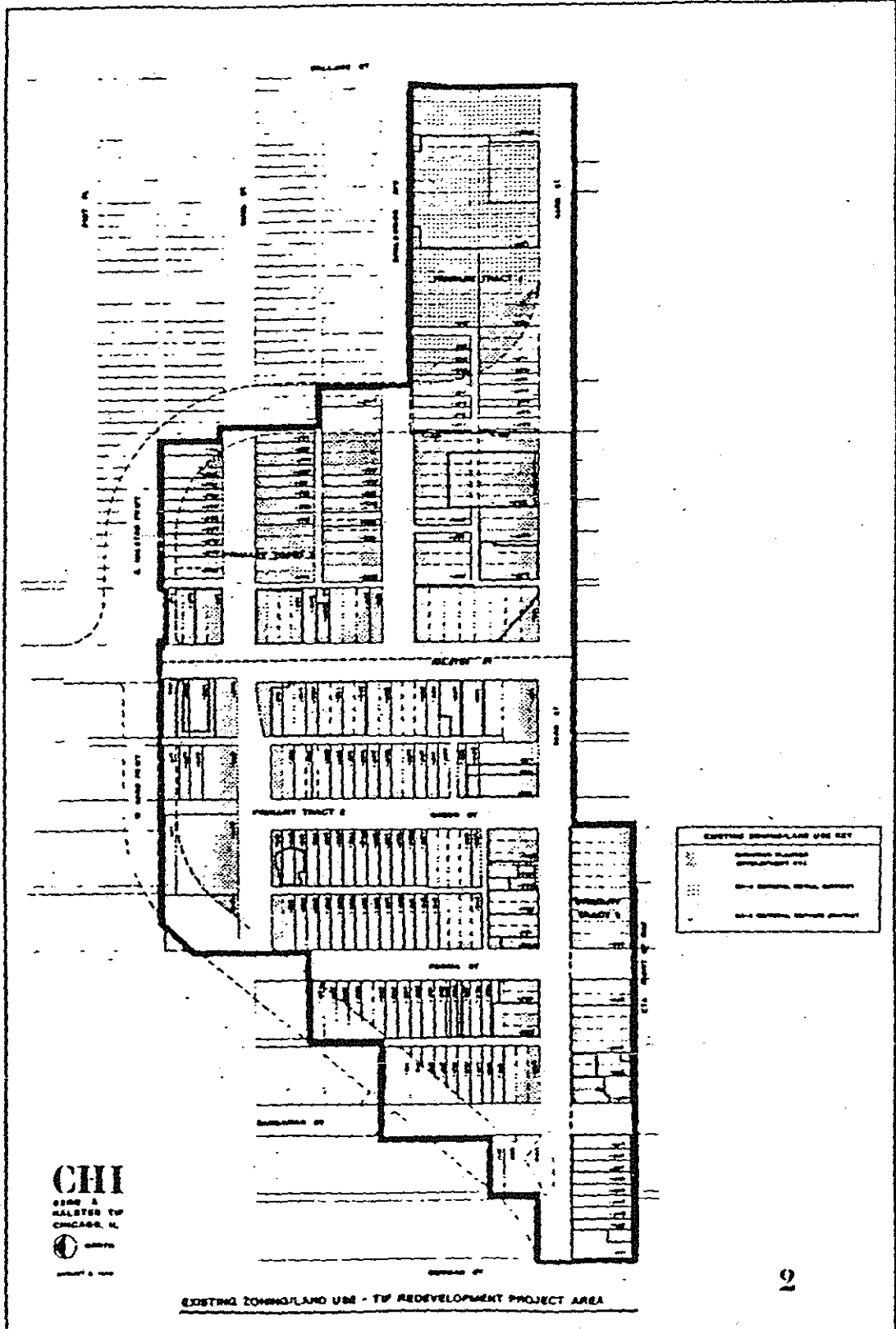


EXHIBIT 4

PROPOSED LAND USE MAP

EXHIBIT 4
"PROPOSED LAND USE MAP"

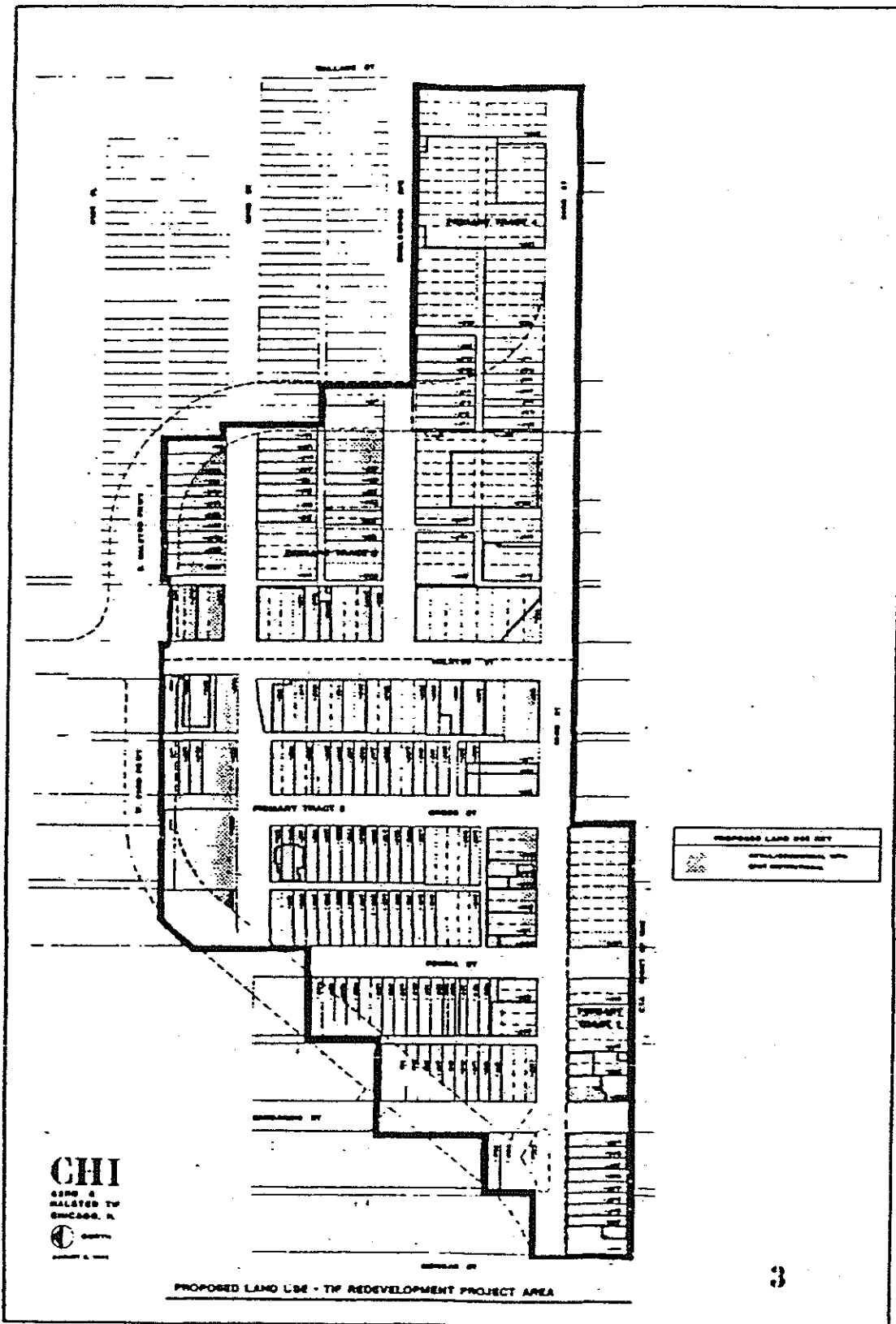


EXHIBIT 5

Criteria For Qualification

The RPA was evaluated to determine the presence or absence of appropriate qualifying factors listed in the Act.

According to Section 11-74.4-3 of the Act (in pertinent part), a "blighted area" means:

Any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of 5 or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; lack of community planning, is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the taxing districts is impaired by, (1) a combination of 2 or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all part of such vacant land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land, or (2) the area immediately prior to becoming vacant qualified as a blighted improved area, or (3) the area consists of an unused quarry or unused quarries, or (4) the area consists of unused railyards, rail tracks or railroad rights-of-way, or (5) the area, prior to its designation, is subject to chronic flooding which adversely impacts on real property in the area and such flooding is substantially caused by one or more improvements in or in proximity to the area which improvements have been in existence for at least 5 years, or (6) the area consists of an unused disposal site, containing earth stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites, or (7) the area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in provision (1) of this subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

The criteria listed in the Act were defined for purposes of the analysis are as follows:

1. Age. Simply the time which has passed since building construction was completed.
2. Illegal Use of Structure. The presence on the property of illegal uses or activities.
3. Structures Below Minimum Code Standards. Lack of conformance with local code standards of building, fire, housing, zoning, subdivision or lack of conformance with other applicable governmental codes.
4. Excessive Vacancies: When the occupancy or use level of the building is low for frequent or lengthy periods so as to represent an adverse area influence.
5. Lack of Ventilation, Light or Sanitary Facilities: Conditions which would negatively influence the health and welfare of building users.
6. Inadequate Utilities: Deficiencies in sewer, water supply, storm drainage, electricity, streets or other necessary site services.
7. Dilapidation: The condition where the safe use of the building is seriously impaired, as evidenced by substandard structural conditions; this is an advanced stage of deterioration.
8. Obsolescence: When the structure has become or will soon become ill suited for the originally designed use.
9. Deterioration: A condition where the quality of the building has declined in terms of structural integrity and/or building systems due to lack of investment, misuse or age.
10. Overcrowding of Structures and Community Facilities: A level of use beyond and designed or legally permitted level.
11. Excessive Land Coverage: Site coverage of an unacceptably high level.
12. Deleterious Land Use or Layout: Inappropriate property use or plotting, or other negative influences not otherwise covered, which discourages investment in a property.

13. Depreciation of Physical Maintenance: Decline in property maintenance which leads to building degeneration health and safety hazards, unattractive nuisances, unsightliness, property value decline and area distress.
14. Lack of Community Planning: Deficiency in local direction of growth development or redevelopment in order to maintain or enhance the viability of the area or community.

METHODOLOGY

The RPA has been evaluated in its qualification as a “blighted area” on an area-wide basis. The RPA has been evaluated according to the appropriate qualification features listed in the Act as defined above. A more comprehensive review is found under separate cover within the companion Designation Report.

Age

The majority of the buildings are over 35 years old. The physical condition of many structures as well as functional characteristics reflect outmoded retail/commercial trends (see below).

Obsolescence

The area contains single and multi-story buildings which are obsolete by current standards for more intensive commercial reuse. Economically, the condition of some structures prohibits market reuse. Overall, the RPA exhibits obsolescence on an area-wide basis – the configuration of parking, buildings, and ingress/egress is outmoded by today’s standards. Pedestrian malls are no longer considered functionally efficient.

Depreciation of Physical Maintenance

A majority of the structures within the area exhibit signs of depreciation of physical maintenance. Numerous structures require tuckpointing, window work, painting, etc. Also, many structures have been vacant or partially occupied, with the consequence of minimal maintenance work. The continued lack of a comprehensive, sustained maintenance program may lead to further decline of the area’s appearance. Area-wide appearance is also poor – overhead canopies require repair and painting, as do the parking lots.

Deleterious Land Use or Layout

Deleterious layout is an area-wide condition and does not encourage further redevelopment. Layouts of buildings and parking would need to be modified significantly in order to accommodate new market-oriented uses. Many sites were designed for specific users and are currently vacant or partially occupied.

Deterioration

There are structures in the RPA that are deteriorating, whereby major rehabilitation of various structural elements such as exterior walls, roofs and foundation is warranted. Some are in need of repair due to decay, deterioration and neglect or misuse to such an extent as to warrant removal to protect the public health, safety, welfare or property values.

Excessive Vacancies

There are many structures and sites within the RPA that have experienced growing vacancy rates during the last fifteen (15) years. Many of the lots are being used for temporary parking, and debris is littered throughout the sites. Some properties have been abandoned and have not been maintained, thereby contributing to the unsightliness of the area.

Inadequate Utilities

Inadequate utilities, such as sidewalks, streets, alleys and curbs, make it difficult to flow both people and goods to points within and around the area. Existing utilities may need to be relocated in order to accommodate commercial/retail users at locations within the RPA.

In addition to the factors described above, the factors of dilapidation of structures and illegal uses are also present in a number of the structures within the area.

AMENDED ENGLEWOOD MALL TAX INCREMENT
FINANCING REDEVELOPMENT PLAN & PROJECT

Prepared For:
Department of Planning and Development
City of Chicago, Illinois

Prepared By:
ERS Enterprises, Inc.
November 17, 2008

[The original Englewood Mall Tax Increment Financing Redevelopment
Plan & Project
Was Prepared By
Kane, McKenna and Associates, Inc.
In August, 1989
And Adopted by City Council on November 29, 1989.]

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I. INTRODUCTION AND BACKGROUND

Background

The designation of the Englewood Mall Area Redevelopment Project Area ("RPA") will assist the City of Chicago in addressing the economic problems within the Englewood Community Area. The redevelopment of this area is one of the primary goals of the City of Chicago.

The RPA is generally described as follows:

Beginning at the corner of 63rd Street Parkway and South Morgan Street, the RPA generally follows northeasterly along the 63rd Street Parkway to South Halsted Street; it then heads southeasterly along the Halsted Street Parkway to West Englewood Avenue; then easterly along West Englewood Avenue to South Wallace Street; then southerly to West 63rd Street; then westerly along West 63rd Street to an imaginary line extending northerly from the western edge of City Bank and Trust; then southerly to the right-of-way of the Chicago Transit Authority elevated train line; then westerly to South Morgan Street; then northerly to the point of beginning.

At one time, the retail/commercial area located at 63rd and Halsted was one of the largest retail sales centers located in the Chicago metropolitan area. The area originally capitalized on inherent strengths- location near the commuter railroad lines, public transportation access at 63rd Street and Halsted Street, and nearby residential densities. Historically, the area served not only the Englewood community but a wider trade area as well.

During the 1940's and 1950's, there was a major population shift in Englewood, with the minority population increasing from 2% of the population in 1940 to 69% in 1960. The shift also resulted in a population increase in the area, with over 97,000 persons resided in Englewood in 1960.

As stated previously, the 63rd and Halsted area was the primary shopping area for much of the south side and some of the City's southern suburbs throughout the 1940's and early 1950's. However, by 1960, new suburban shopping centers were beginning to provide significant competition for traditional retail centers. During the early 1950's, the development of shopping malls such as Evergreen Plaza began attracting many of Englewood's customers. The later development of Ford City as an enclosed mall increased the rate of erosion of the local customer base.

In the early 1960's, attraction of suburban shopping malls had greatly affected the operation of the 63rd and Halsted area in ways that were similar to what other in-City and near-City shopping areas experienced. Available, convenient parking, expansive enclosed mall areas, and coordinated promotional activities were successful in attracting consumers away from local, once popular, shopping areas.

At the same time, many merchants and national/regional retailers concentrated on mall locations, thus improving selection and mix at mall locations. Centralized management of malls also enabled the malls to coordinate and control the tenant mix more effectively.

An increasing need for economic redevelopment in the Englewood business district in the early 1960's coincided with a national interest in expansive suburban shopping malls. An urban pedestrian mall was then created in Englewood. Major capital improvements included closing the streets in the heart of the area (63rd Street and South Halsted Street) to automobile traffic, and the construction of a perimeter roadway. Large parking lots along the perimeter of the area, expanded sidewalk areas with overhead canopies and other sidewalk furniture, and landscaping were also provided. The City razed housing, including a large number of single family units in order to accommodate the capital improvements.

However, the capital improvement construction and the creation of the Concourse commission within the area could not stem the decline of the shopping and commercial center. A number of factors contributed to the decline.

- 1) Pedestrian malls throughout the United States had declined in consumer popularity- the emphasis on convenient parking in front of stores (rather than in the rear) as well as the location decisions of certain retailers were contributing factors.
- 2) Two major anchor department stores- Sears and Wieboldt's (both formerly located within RPA boundaries) closed their operations by 1975. The Sears facility was located on one City block. Both facilities were ultimately razed and have not been replaced by comparable uses. The sites of the former Wieboldt's department store and automotive center are still vacant land.
- 3) Economic and demographic changes within the market area resulted in a population with less disposable income. Population had also declined significantly.

- 4) Retail competition from other areas significantly eroded the position of the once prominent 63rd and Halsted area. Enclosed malls such as Evergreen Plaza or Ford City presented significant competition. The Chicago Loop retail stores also attracted shoppers.
- 5) The decline of the surrounding residential community resulted in an additional loss of purchasing power for area retailers. Between 1970 and 1980, Englewood sustained a net loss of almost 6,000 housing units.
- 6) A lack of centralized control of the mall retailers resulted in a lack of coordination related to retail mix, mall hours, promotional activities and other shopper activities.

Overall, the current configuration of the mall area is obsolete by today's retailing standards in terms of parking location and availability, store layout and site location, the consumer preferences for modern malls, and store appearance. Many structures are economically obsolete due to age and depreciation of physical maintenance. The physical condition of overhead canopies, lighting, signage, and public lots is generally poor. Utility relocation may be required in some locations of the RPA in order to accommodate redevelopment. Site preparation may also be necessary in order to reconfigure parcels and improvements for more modern commercial/retail uses.

Strengths relating to residential and community access, public transportation availability, and the area's history need to be coordinated in a comprehensive approach to eradicating blighting influences. The Greater Englewood Local Development Corporation (GELDCO) has undertaken activities to attract new business and intends to remain involved in area redevelopment. However, the physical characteristic of the mall area requires coordinated public-private efforts in order to allow for any quality market redevelopment of the northern portion of the mall area.

Redevelopment Plan

The RPA as constituted would be difficult to develop solely through investment by private enterprise. It is not reasonable to anticipate substantial reuse of sites within the RPA without the adoption of a redevelopment plan that addresses the characteristics of the properties, while providing a practical method for financing the redevelopment project. The City has prepared this redevelopment plan to address its needs and meet its redevelopment goals and objectives relating to the RPA through the use of tax increment financing.

The RPA has not been subject to redevelopment through investment by private enterprises and it is not reasonably anticipated to be developed in a comprehensive manner without the adoption of a Redevelopment Plan and Project.

The City recognizes the need for implementation of various strategies to overcome existing area conditions and lack of competitiveness with other City or suburban locations. The strategies will be coordinated by the City in conjunction with the groups described below. The needed public investment will be possible only if tax increment financing is adopted pursuant to the terms of the Tax Increment Allocation Redevelopment Act, Illinois Rev. Stat., Section 11-74.4-3 (the "Act"). Incremental real estate tax revenue generated by the RPA will play a decisive role in encouraging private development.

Existing site conditions that have precluded intensive private investment in the past will be eliminated. Through this Redevelopment Plan and Project, the City will serve as the central force for marshalling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts which are included in the RPA in the form of a significant expansion of the real estate tax base and employment base. The Redevelopment Plan and Project will serve to create new jobs within the City and thereby reduce unemployment within taxing districts which cover all or part of the RPA.

On June 20, 1989, the City of Chicago's Commercial District Commission adopted a resolution authorizing a study to determine the use Tax Increment Financing ("TIF") for the redevelopment of the area legally described herein in Exhibit 1 and outlined on the map in Exhibit 2. Redevelopment of the TIF area is tenable only if a portion of the public improvements are funded by TIF.

The adoption of this Redevelopment Plan and Project makes possible the implementation of a comprehensive program for the economic redevelopment of the proposed RPA. By means of public investment, the RPA will become an improved, more viable environment that will attract private investment. The public investment will set the stage for the redevelopment of the area with private capital. Local input and assistance has been provided by key community groups, such as the Greater Englewood Local Development Corporation (GELDCO). City planning assistance and coordination has been provided by the Englewood Mall Advisory Committee (EMAC).

Pursuant to the requirement of the Act, the RPA includes only those contiguous parcels of real property and improvements thereon which are substantially benefited by the Redevelopment Plan and Project. Also in accordance with the Act, the RPA is not less than 1 ½ acres in the aggregate.

II. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

The legal description is included in Exhibit I.

III. BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Findings

The Redevelopment Project Area was studied to determine its qualifications as a "blighted area" as such term is defined in the Act. A brief description of the qualification factors is found in Exhibit 5. In summary, the following factors were found within the RPA: age, obsolescence, depreciation of physical maintenance, inadequate utilities, deleterious land use or layout, deterioration, excessive vacancies, and structures below minimum code standards. A more comprehensive review of qualification factors is included in the Designation Report contained under separate cover.

Eligibility Survey

The entire designated Redevelopment Project Area was evaluated by the City, the Greater Englewood Local Development Corporation, and Kane, McKenna and Associates, Incorporated in July, 1989.

IV. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The following goals and objectives are presented for the RPA in accordance with the City's zoning ordinance and comprehensive plan. The Redevelopment Plan and Project also conform to the Englewood Plan, prepared by the City's Department of Planning, for the development of the area as a whole.

General Goals of the Redevelopment Plan

1. Provide jobs and potential business opportunities for community and City residents in accordance with the City's Affirmative Action goals;
2. Strengthen the existing business community and enhance local business development within the area and stimulate revitalization in the surrounding residential areas;
3. Remove obsolete and substandard structures which exert a blighting influence on the community;
4. Retain and upgrade sound buildings that are compatible with the overall redevelopment plan;
5. Identify and attract new business growth to the Englewood Mall Area that will capitalize on its inherent strengths;
6. Improve the physical environment of the RPA in order to make the area more attractive for new business location and expansion; and
7. Develop "anchor" projects that encourage retail; commercial and related mixed use (including institutional) development along the 63rd and Halsted arterials.

Specific Goals of the Redevelopment Plan

1. Create new job opportunities for community residents and City residents utilizing local hiring programs and appropriate job training programs.
2. Encourage the participation of the local development corporation in the redevelopment of the north portion of the mall to ensure that development plans are consistent with local objectives and City plans
3. Redevelop retail and commercial uses that are consistent with both community and market demands. Provide a diversified retail mix that serves community residents.

4. Utilize City owned land effectively and coordinate its use in redevelopment.
5. Provide modern, functional parking, roadway, and related public improvements that are required to enhance private investment.
6. Improve the physical appearance of the mall area.
7. Support the expansion of viable existing businesses and uses that are consistent with the overall character of redevelopment and new market uses.

Redevelopment Objectives

The purpose of the RPA designation will allow the City to:

- a. Coordinate redevelopment activities within the north portion of the Mall area in order to provide a positive marketplace signal;
- b. Reduce or eliminate blighted area factors present within the area;
- c. Accomplish redevelopment over a reasonable time period;
- d. Stimulate investment in the surrounding Englewood community; and
- e. Ensure the participation of the local development corporation and community in all phases of redevelopment of the entire mall area.

The Redevelopment Project's implementation will serve to improve the physical appearance of the entire area and contribute to the economic development of the area, arresting decline and stabilizing the area. The redevelopment of the RPA will serve as a catalyst and as an essential anchor for the overall area. Job creation associated with the project will provide new, improved employment opportunities for community and City residents.

V. REDEVELOPMENT PROJECT

A. City Redevelopment Plan and Project Objectives

The City proposes to realize its goals and objectives of encouraging development of the redevelopment project area through public finance techniques including, but not limited to, Tax Increment Financing:

- (1) By reducing interest costs of a redeveloper related to the construction, expansion or rehabilitation of redevelopment projects.
- (2) Acquisition and assembly of property;
- (3) By providing public facilities which may include:
 - i. Relocation of utilities (sewers, water lines, etc.);
 - ii. Utility improvements and expansion (including curbs and sidewalks);
 - iii. Street improvements and expansion;
 - iv. Traffic signalization and intersection improvements;
 - v. Landscaping and signage on public ways; and
 - vi. Street lighting.
- (4) Parking reconfiguration and redesign.
- (5) By providing for demolition, site preparation, clearance and grading of redevelopment sites, removal of foundation material, and site compaction, as well as appropriate relocation.
- (6) Exploration and review of job training programs in coordination with City, federal, state, and county programs.
- (7) Rehabilitation of structures, if necessary.
- (8) Encourage the construction of affordable housing units in select locations.

B. General Land Use Plan

Existing land use consists primarily of retail/commercial facilities; some institutional uses are also located within the RPA, as described in Exhibit 3. A number of vacant or partially vacant structures exist within the RPA as well. Exhibit 4, attached hereto and made a part of this plan, designates intended general land uses in the RPA. The proposed land uses will conform to the City's

comprehensive plan and the recent planning studies undertaken for the Englewood Mall area.

On the south side of 63rd Street the full block within the RPA that is between Peoria and Sangamon Streets shall have a land use designation as residential/institutional.

All redevelopment projects shall be subject to the provisions of the City Zoning Ordinance, as well as planned unit development provisions, as may be amended from time to time.

C. Redevelopment Program

Pursuant to the foregoing objectives, the City, in conjunction with local community groups such as GELDCO, will implement a coordinated program of actions to facilitate redevelopment, including, but not limited to, acquisition and assembly, provision of interest rate writedown, public improvements, demolition and/or clearance, relocation, structure rehabilitation and job training assistance.

Interest Rate Writedown

The City may enter into an agreement with developers whereby a portion of the interest cost of a construction, renovation, or rehabilitation project is paid for on an annual basis out of the Special Tax Allocation Fund of the RPA, in accordance with the Act.

Public Improvements

The City may provide public improvements in the RPA to enhance the RPA as a whole, to support the Redevelopment Project Plan and Project, and to serve the needs of City and area residents. Appropriate public improvements may include, but are not limited to:

- relocation of utilities (sewer, water lines);
- new construction and improvements of streets, alleys, curbs, sidewalks/pedestrianways and street intersections;
- improvement and extension of public utilities;
- landscaping/beautification, lighting, and signage of public properties;
- traffic signalization;
- parking improvements and parking facilities; and
- streetlighting improvements.

Acquisition

Property may be acquired by the City in order to further objectives of this Plan and enhance development alternatives for appropriate users.

Clearance of existing structures on properties to be acquired will, to the greatest extent possible, be scheduled to coincide with redevelopment activities so that parcels do not remain vacant for extended periods of time and so that the adverse effects of clearance activities may be minimized.

Property, when acquired, may be made available for temporary public or private revenue producing uses which will not have adverse impacts on the redevelopment area, until such time as they are needed for planned development. Such revenues, if any, would accrue to the special tax allocation fund for the redevelopment project.

Land Disposition

Property may be acquired by the City and may be assembled into appropriate redevelopment sites. These properties may be sold or leased by the City to a private developer or developers, in whole or in part, for redevelopment subject to the Act.

Terms of conveyance shall be incorporated into appropriate disposition agreements, and may include more specific restrictions than contained in this Redevelopment Plan or in other City codes and ordinances governing the use of land.

Demolition and Site Preparation

As determined by the types of use and market considerations, a portion or all of the existing structures may be demolished. Demolition may include removal of asbestos insulation in conformance with all environmental requirements. Should a portion of a facility be adapted for more market oriented uses, asbestos insulation may have to be removed as part of site preparation in order to accommodate development. Certain sites may also require the removal of foundation materials and compaction of fill for such sites in order to accommodate new development. Again, all removal would conform to environmental requirements. Other site preparation for reuse would also conform to appropriate environmental and other governmental regulations.

Affordable Housing Construction

The City or a developer may undertake the construction of new housing units affordable to low-income and very low-income households (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act.

Relocation

The City or the developer may provide for relocation conformant with its policies and regulations in order to accomplish the goals and objectives of the Plan, using Federal, State or municipal criteria.

Rehabilitation

The City may undertake the rehabilitation of certain structures in order to provide for the market reuse of the structures and to improve the appearance of the RPA.

Job Training

The City may assist facilities located within the RPA to obtain job training assistance. Job training and retraining programs currently available from or through other governments include but are not limited to:

- The federal Jobs Partnership Training Act (JPTA) programs administered by the City of Chicago's Mayor's Office of Employment and Training;
- The State of Illinois High Impact Training Support (HITS) program;
- Applicable local vocation educational programs;
- The State of Illinois Industrial Training Program (ITP);
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

D. Estimated Redevelopment Project Costs- Phases 1, 2, and 3

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan and Project. Eligible costs permitted by the Act pertinent to this Redevelopment Plan and Project are:

1. Costs of studies and surveys, development of plans and specifications, implementation and administration of the Redevelopment Plan, including, but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services, provided, however, that

- no charges for professional services may be based on a percentage of the tax increment collected;
2. 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, and the clearing and grading of land;
 3. Costs of the construction of public works or improvements;
 4. Cost of job training and retraining projects;
 5. 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 hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and not exceeding thirty-six (36) months thereafter, including reasonable reserves related thereto;
 6. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the City by written agreement accepts and approves such costs;
 7. 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 Illinois law;
 8. Payment in lieu of taxes;
 9. Costs of job training, advanced vocational education or career education, including, but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the RPA; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the

program to be undertaken, including, but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Illinois Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the Illinois School Code;

10. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act; and
 - b. such payments in any one year may not exceed 30% if the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year; and
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (10), then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
 - d. the total of such interest payments incurred pursuant to the Act may not exceed 30% of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to the Act;
 - e. up to 75% of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
11. Instead of the eligible costs provided for in (10)(e) above, the City may pay up to 50% of the cost of construction, renovation and/or rehabilitation of all low-income 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-income and very low-income households, only the low- and very low-income households shall be eligible for benefits under the Tax Increment Allocation Redevelopment Act (the "TIF Act").

In addition, the Act provides for the following uses in conjunction with a special service area:

“An Act to provide the manner of levying or imposing taxes for the provision of special services to area within the boundaries of home rule units and non-home rule municipalities and counties”, approved September 21, 1973, as amended, then any tax increment revenues derived from the tax imposed pursuant to “An Act to provide the manner of levying or imposing taxes for the provision of special services to areas within the boundaries of home rule units and non-home rule municipalities and counties”, approved September 21, 1973, as amended, may be used within the RPA for the purposes permitted by that Act as well as the purposes permitted by the Act.

At the time of the adoption of the RPA, City of Chicago Special Service Area No. 11 included the greater portion of the RPA (excluding the far eastern block occupied by the Southtown Theatre).

Estimated project costs are shown in Table 1. To the extent that the City or a developer has incurred redevelopment project costs prior to, but in anticipation of, the adoption of tax increment financing, the City or a developer may be reimbursed for such costs. Adjustments to the cost items listed in Table 1 are anticipated without amendment to the Redevelopment Plan.

**TABLE 1
REDEVELOPMENT PROJECT – ESTIMATED PROJECT COSTS**

<u>Program Action/ Improvement</u>	<u>Estimated Cost(s)</u>
Acquisition and Assembly	\$4,350,000
Affordable Housing Construction Costs	\$4,180,000
Infrastructure Improvements (Utilities, Streets, Traffic Signals, Streetscaping, Landscaping, etc.)	\$ 9,540,000
Demolition and/or Site Preparation and Clearance	\$ 4,590,000
Rehabilitation	\$ 1,000,000
Relocation	\$ 1,340,000
Interest Costs as Allowed under Paragraph (11) of Chapter 24, Par. 11-74.4-3 of the Act	\$ 1,410,000
Planning, Legal, Architectural, Engineering, Administrative and Other Professional Service Costs	\$ 1,420,000
Job Training, Retraining & Affirmative Action Consulting Services	\$ 1,180,000
Estimated Capitalized Interest and Costs of Issuance	\$ 2,850,000
Contingencies	<u>\$ 1,590,000</u>
ESTIMATED PHASE 1 COSTS	\$33,450,000

(A) All cost estimates are in 2007 dollars. Adjustments to the estimated line item costs above are expected. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line items costs for redevelopment project costs.

E. Sources of Funds to Pay Redevelopment Project Costs

Funds necessary to pay for redevelopment project costs are to be derived principally from real property tax incremental revenues and proceeds from any municipal obligations to be retired primarily with tax increment revenues and interest earned on resources available but not immediately needed for the Redevelopment Project.

The tax increment revenue which will be used to pay debt service on the tax increment obligations and to directly pay redevelopment costs shall be the incremental real property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA over and above the initial equalized assessed value of each such lot, etc. in the RPA.

Other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are: the proceeds of real property sales, real property tax receipts, certain motor tax revenues, incremental local sales tax revenues, certain land lease payments, certain state and federal grants, certain investment income, and such other sources of funds and revenues as the City may, from time to time, deem appropriate.

The City may use its general fund and utilize its taxing power to sustain redevelopment projects and pay debt service on obligations issued in connection therewith to be reimbursed, if possible, from tax increment financing revenues.

F. Nature and Term of Obligations to be issued

The City may issue obligations secured by the tax increment special tax allocation fund established for the RPA pursuant to Section 11-74, 4-7 of the Act or such other funds or security as are available to the City by virtue of its home rule powers provided by the Constitution of the State of Illinois.

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area was adopted (i.e. no later than December 31, 2013). However, the final maturity date of any obligation issued pursuant to the Act may not be later than twenty (20) years from its respective date of issuance. One or more series of obligations may be issued from time to time in order to implement this Redevelopment Plan and Project. All obligations are to be repaid after issuance by projected and actual tax increment, other tax revenue and by such debt service revenue and sinking funds as may be provided by ordinance. The total principal and interest

payable in any year on all obligations shall not exceed the amounts available in that year, or projected to be available in that year, from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds and all other sources of funds as may be provided by ordinance.

Those revenues not required for principal and interest payments, required reserves, bond sinking funds, redevelopment project costs and required reserves, early retirement of outstanding securities, and to facilitate the economical issuance of additional bonds necessary to accomplish the redevelopment plan, may be declared surplus and shall then become available for distribution annually to the taxing districts overlapping the RPA in the manner provided by the Act.

Such securities may be issued on either a taxable or tax-exempt basis, with either fixed interest rates or floating interest rates; with or without capitalized interest: with or without deferred principal retirement; with or without interest rate limits, and with or without redemption provisions.

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

The total estimated 1988 equalized assessed valuation for the RPA is approximately \$3,911,672. The Boundary Map, Exhibit 2, shows the location of the RPA.

H. Anticipated Equalized Assessed Valuation

Upon completion of the anticipated private development, assuming a Cook County, Illinois equalization factor (multiplier) of 1.9266, it is estimated that the equalized assessed valuation of real property within the RPA after the completion of the expected three phases of redevelopment will be approximately \$18,000,000.

VI. DESCRIPTION OF COMPONENTS OF REDEVELOPMENT PROJECT

A. Description of Redevelopment Project

The City will employ an implementation strategy which stresses economic feasibility whereby tax increment funds will not be initially pledged unless corresponding private investment is reasonably projected to be sufficient to generate equal or greater return of future tax revenues. Such strategy will contribute to a realistic approach in funding projects while assuring that the City has the flexibility to continue to prioritize among possible projects in meeting both City and private sector goals. The local development corporation and community have provided assistance and resources relating to the RPA. The City is expecting that they will participate in the redevelopment process. The redevelopment projects contemplated by the City and GELDCO include, but are not limited to, the following:

Interest Cost Coverage: The City may pay for certain interest costs incurred by a redeveloper for construction, renovation or rehabilitation of a redevelopment project which shall include costs incurred by a developer pertaining to the redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.

Utility Improvements: The City may make improvements, extension and adjustment in water, storm sewer, sanitary sewer, electric lighting and other utility systems. Relocation of existing utility services may also be undertaken.

Right-of-Way Improvements: The City may improve, construct, reconstruct or extend primary and secondary street right-of-ways and other such territory located on public land, on private land or through public easement on private land. Curbs and sidewalks may also be improved or reconstructed. Signalization, landscaping, signage, or related improvements may also be undertaken by the City.

Property Acquisition and Assembly: The City may acquire land within the RPA for the purpose of facilitating the assembly and preparation of property.

Demolition, Site Preparation and Clearance: The City may remove building debris, other disposal material, and excavate foundation material from site and/or grade and compact such sites as part of its redevelopment activities.

Professional Services: The City may use tax increment financing to pay necessary architectural, engineering, planning, legal, administrative and financial costs.

Relocation: The City may provide for appropriate relocation conformant to its policies and regulations.

Rehabilitation: The City may provide for the rehabilitation of certain structures in order to enhance area revitalization efforts.

Costs of Job Training: The City may implement job training programs.

Affordable Housing Construction: The City may provide for the construction of affordable housing units to enhance area revitalization efforts.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any redevelopment agreement entered into by the City and any private developers, both will agree to establish and implement an honorable, progressive, and goal oriented affirmative action program that serves appropriate sectors of the City. The program will conform to the most recent City policies and plans.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will countenance discrimination against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and the compliance requirements of applicable state and federal regulations.

The City and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

VII. SCHEDULING OF THE REDEVELOPMENT PROJECT

A. Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs

The Plan will be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31st of the year in which the payment to the City Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Plan is adopted (i.e. by December 31, 2013). The City expects that the Redevelopment Project will be completed sooner than the maximum time limit set by the Act, depending on the incremental tax yield. Actual public and/or private construction activities are anticipated to be completed within ten (10) years from the adoption of this Redevelopment Plan (assuming land assembly proceeds on a timely basis; in the event that land assembly does not proceed on a timely basis, the activities described above may be completed over a longer period).

**VIII. PROVISIONS FOR AMENDING THE TAX INCREMENT
REDEVELOPMENT PLAN AND PROJECT**

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

EXHIBIT 1

Legal Description

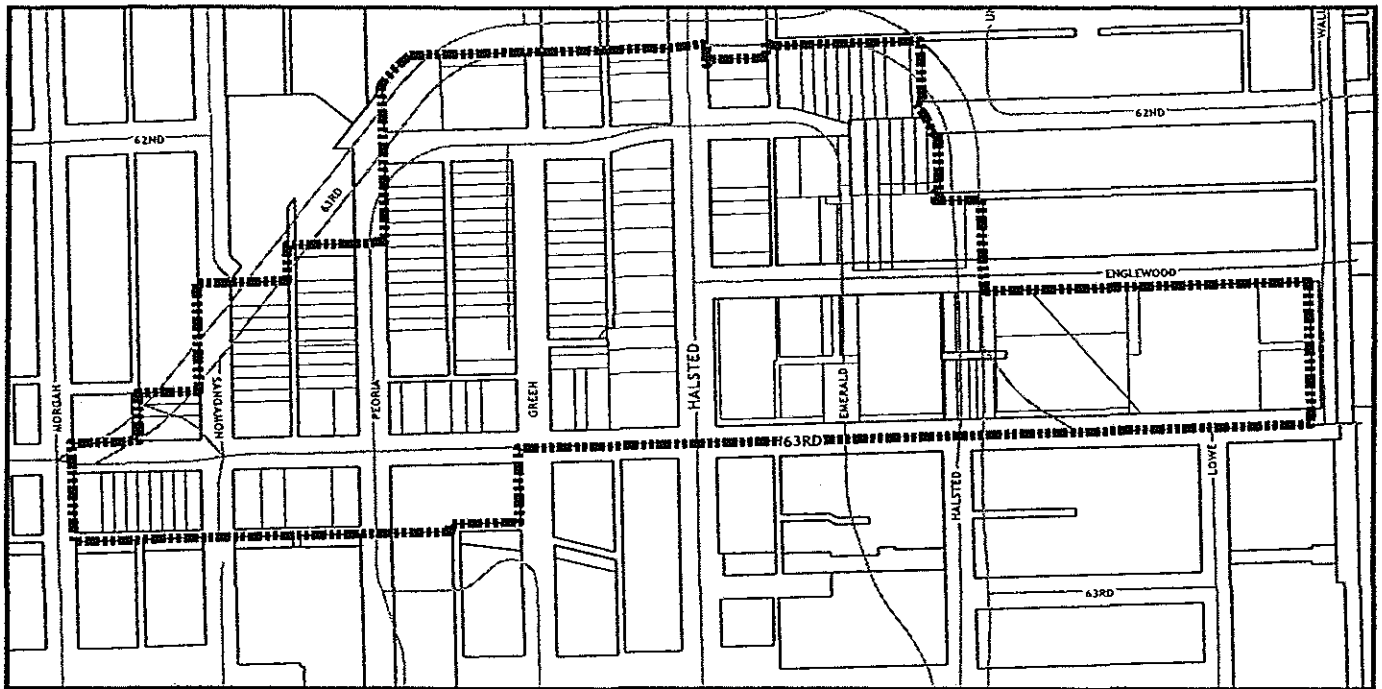
Lots 22, 23, and 24 in Block 2, Lots 6 to 21, both inclusive, 25 to 37, both inclusive, in Block 1 in Crocker's Resubdivision of the south $\frac{1}{2}$ of the west $\frac{1}{2}$ of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 17, Township 38 North, Range 14 East of the Third Principal Meridian, and all of Lots 1 to 5, both inclusive, in the subdivision of Lots 22, 23, and 24 in Block 1 of Crocker's subdivision aforesaid and those parts of Block 7 and 8 lying southerly of the southerly line and said southerly line extended of Lyon's Subdivision of Lots 5 and 6 in Crocker's Subdivision of the east part of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 17 aforesaid and all of Lots 1 to 52, both inclusive, in Ehrler and Hessert's of the north $5 \frac{1}{3}$ acres of the South $9 \frac{1}{2}$ acres of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 17 aforesaid and Lots 1 to 20, both inclusive, in Block 1 in the subdivision of the south $4 \frac{1}{6}$ acres of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 17, aforesaid and Lots 1 to 6, both inclusive, Lot 7 (except the south 50 feet thereof) in County Clerk's Division of Block 2 in subdivision of the south $4 \frac{1}{6}$ acres aforesaid and Lot A in consolidation of the south 50 feet of Lot 7 together with the 12-foot strip of land designated as alley lying south of and adjoining said lot in County Clerk's Division aforesaid and Lot 31 (except that part thereof taken for South Halsted Parkway) and all of Lots 32 to 46 both inclusive in Listers subdivision of the west $\frac{3}{5}$ of the south $\frac{1}{2}$ of the north $\frac{1}{2}$ of the southwest $\frac{1}{4}$ of the southwest $\frac{1}{4}$ of Section 16, Township 38 North, Range 14 East of the Third Principal Meridian, all of Lots 7 to 13, both inclusive in Block 2, Lots 1 to 10, both inclusive, in Block 3 the west $\frac{1}{2}$ of Lot 3 and all of Lots 4 to 38, both inclusive, in Block 4, all of Lots 1 to 46 both inclusive in Block 5, Lots 1 to 20, both inclusive in Block 6, Lots 1 to 20, both inclusive in Block 7, Lot 1 (except part taken for South Wallace Street) and all of Lots 2 to 9, both inclusive and Lot 10 (except part taken for South Wallace Street) in Block 8 in Hoyt, Canfield and Matteson's Subdivision of the south $\frac{1}{2}$ of southwest $\frac{1}{4}$ of the southwest $\frac{1}{4}$ of Section 16 aforesaid and Lots 1 to 10, both inclusive in Block 2, Lots 1 to 10, both inclusive in Block 3, and Lots 1 to 10, both inclusive in Block 4 in Lucy M. Green Addition to Chicago in Section 20, Township 38 North, Range 14 East of the Third Principal Meridian together with all vacated public streets and alleys and all public streets and alleys within, adjoining and accruing to all of aforesaid lots and blocks, and being that part

of the east $\frac{1}{2}$ of the southeast $\frac{1}{4}$ of Section 17, Township 38 North, Range 14 East of the Third Principal Meridian, and the east $\frac{1}{2}$ of the northeast $\frac{1}{4}$ of Section 20, Township 38 North, Range 14 East of the Third Principal Meridian, bounded and particularly described as follows: commencing at the southwest corner of Lot 24 in Block 2 in Crocker's Resubdivision of the south $\frac{1}{2}$ of the west $\frac{1}{2}$ of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 17 aforesaid; thence north along the west line of Lots 21 to 24 of said Block 2 in said Crocker's Resubdivision to the northwest corner of said Lot 21; thence east along the north line, and said north line extended east to the west line of Block 1 in said Crocker's Resubdivision; thence north along said west line to the northwest corner of Lot 37 in said Block 1; thence east along the north line and said north line extended east of said Lot 37 to the east line of a north and south 16-foot public alley in said Block 1; thence north along said east line to the northwest corner of Lot 6 in said Block 1; thence east along the north line, and said north line extended east, to the west line of Lot 49 in Ehrler and Hessert's Subdivision aforesaid; thence north along the west line and said west line extended north of Lots 49 to 52, both inclusive, in said Ehrler and Hessert's Subdivision to a point in the northerly line of West 63rd Parkway; thence northeasterly along the said northerly line of West 63rd Parkway to the north line of Lot 7 in Crocker's Subdivision of the east part of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 17, aforesaid; thence east along the north line and said north line extended east of said Lot 7 to the east line of South Halsted Street; thence south along the east line of said South Halsted Street to a point 8.49 feet north of the southwest corner of Lot 31 in Lister's Subdivision aforesaid; thence northeasterly 14.14 feet to a line 18.06 feet north of the south line of said Lot 31; thence westerly along said last described line and said line extended east to the west line of Lot 35 in said Lister's Subdivision; thence north along said west line to the northwest corner of said Lot 35; thence east along the north line of Lots 35 to 46, both level, in said Lister's Subdivision to the northeast corner of said Lot 46; thence south along the east line, and said east line extended south of said Lot 46 to the north line of Block 2 in Hoyt, Canfield and Matteson Subdivision aforesaid; thence east along said north line to the northeast corner of Lot 7 in said Block 2; thence south along the east line of said Lot 7 and the east line and the east line extended south of Lot 38 in Block 4 of said Hoyt, Canfield and Matteson subdivision to the south line of an east and west 16-foot alley in said Block 4; thence east along said south line to the northeast corner of the west $\frac{1}{2}$ of Lot 3 in said Block 4; thence south along the east line of said west $\frac{1}{2}$ of Lot 3 and said east line extended south to the south line West Englewood Avenue; thence east along the south line of West Englewood Avenue to the west line of that part of South Wallace Street dedicated by

Instrument recorded June 17, 1930 as Document No. 10684217 (being the east line of the west 6 feet of Lot 1 in Block 8 in Hoyt, Canfield and Matteson Subdivision aforesaid); thence south along said west line, and said west line extended south of South Wallace Avenue to the center line of West 63rd Street; thence West along said center line of West 63rd Street to the west line, extended north, of South Green Street (being the east line extended north of Lot 1 in Block 2 in Lucy M. Green Addition to Chicago aforesaid); thence south along the east line extended north and the east line of said Lot 1 to the southeast corner of said Lot 1 (said southeast corner being a point in the north line of a 16-foot east and west public alley); thence west along said north line to the west line, extended north of north and south 16-foot public alley in said Block 2; thence South along said West line to the South line of vacated 16-foot east and west alley; thence west along said south line to the east line of South Peoria Street; thence north along said east line to the north line of said vacant east and west 16-foot alley; thence west along said north line extended west to the west line of South Peoria Drive (said point being the southeast corner of Lot 1, Block 3, said Lucy M. Green Addition to Chicago); thence west along the south line of Lots 1 to 10 in said Block 3 (said south line being the north line of east and west 16-foot public alley) and along the north line of said 16-foot alley extended west to the west line of South Sangamon Street; said point being the southeast corner of Lot 1, Block 4 in said Lucy M. Green Addition to Chicago; thence west along the south line of Lots 1 to 10 in said Block 4 (said south line being the north line of east and west 16-foot alley), to the east line of South Morgan Street (said point being the southwest corner of Lot 10 in Block 4 aforesaid); thence north along the west line of said Lot 10 to the northwest corner thereof (said northwest corner being a point in the south line of West 63rd Street); thence east along said south line of West 63rd Street to its intersection with the west line, extended south of Lot 24 in Block 2 in Crocker's Resubdivision of the south ½ of the west ½ of the southeast ¼ of the southeast ¼ of Section 17 aforesaid; thence north along said extended line to the point of beginning, Cook County, Illinois.

EXHIBIT 2

RPA BOUNDARY MAP



Legend


 Englewood Mall TIF Boundary

EXHIBIT 2: RPA BOUNDARY MAP

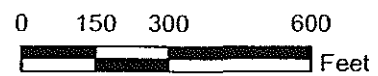
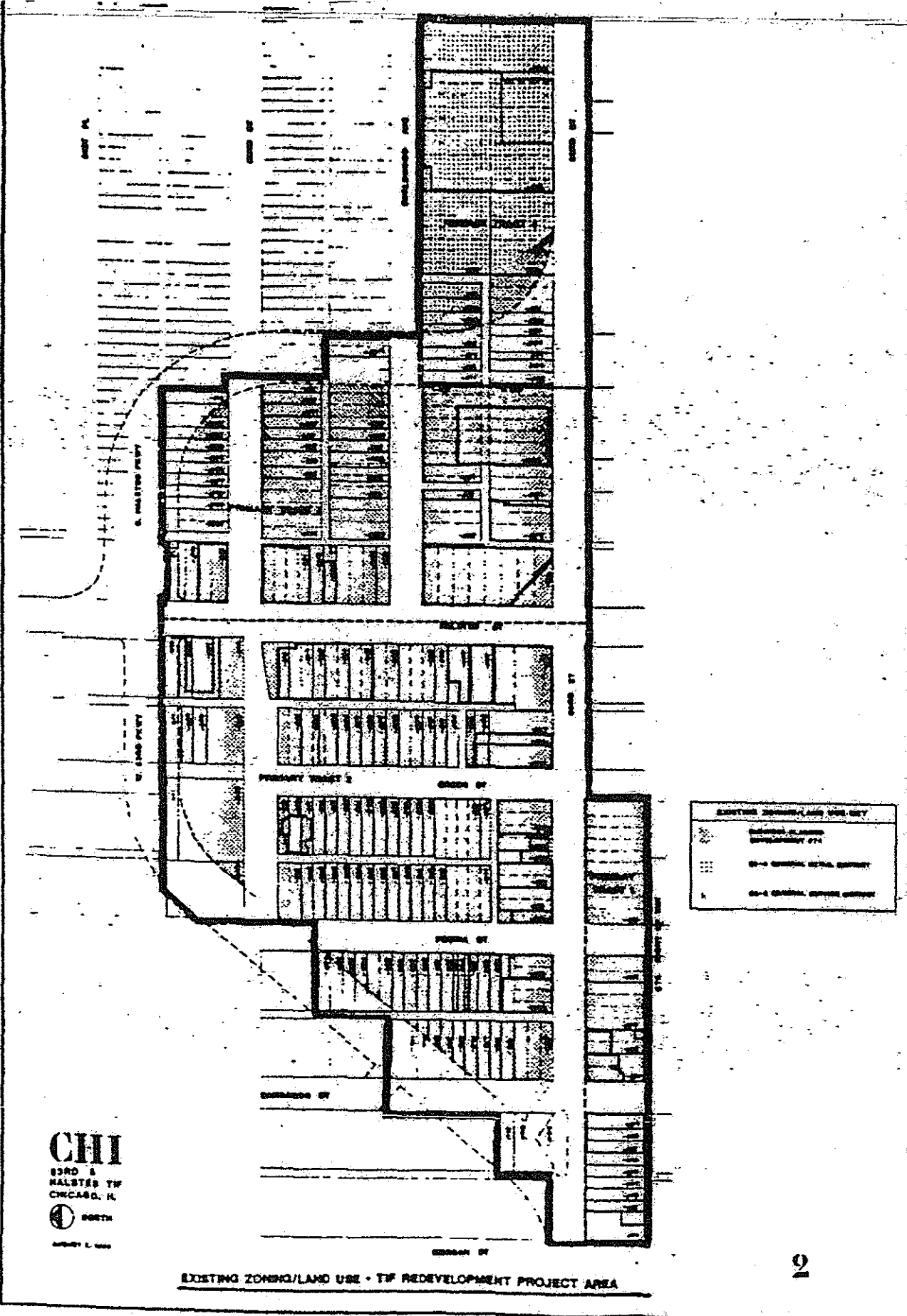


EXHIBIT 3
EXISTING LAND USE MAP



CHI
 6300 S
 HALSTED ST
 CHICAGO, IL
 NORTH
 ARMY & NAVY

EXISTING ZONING/LAND USE - TF REDEVELOPMENT PROJECT AREA

EXHIBIT 4

PROPOSED LAND USE MAP

EXHIBIT 5

Criteria For Qualification

The RPA was evaluated to determine the presence or absence of appropriate qualifying factors listed in the Act.

According to Section 11-74.4-3 of the Act (in pertinent part), a “blighted area” means:

Any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of 5 or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; lack of community planning, is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the taxing districts is impaired by, (1) a combination of 2 or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all part of such vacant land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land, or (2) the area immediately prior to becoming vacant qualified as a blighted improved area, or (3) the area consists of an unused quarry or unused quarries, or (4) the area consists of unused railyards, rail tracks or railroad rights-of-way, or (5) the area, prior to its designation, is subject to chronic flooding which adversely impacts on real property in the area and such flooding is substantially caused by one or more improvements in or in proximity to the area which improvements have been in existence for at least 5 years, or (6) the area consists of an unused disposal site, containing earth stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites, or (7) the area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in provision (1) of this subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

The criteria listed in the Act were defined for purposes of the analysis are as follows:

1. Age. Simply the time which has passed since building construction was completed.
2. Illegal Use of Structure. The presence on the property of illegal uses or activities.
3. Structures Below Minimum Code Standards. Lack of conformance with local code standards of building, fire, housing, zoning, subdivision or lack of conformance with other applicable governmental codes.
4. Excessive Vacancies: When the occupancy or use level of the building is low for frequent or lengthy periods so as to represent an adverse area influence.
5. Lack of Ventilation, Light or Sanitary Facilities: Conditions which would negatively influence the health and welfare of building users.
6. Inadequate Utilities: Deficiencies in sewer, water supply, storm drainage, electricity, streets or other necessary site services.
7. Dilapidation: The condition where the safe use of the building is seriously impaired, as evidenced by substandard structural conditions; this is an advanced stage of deterioration.
8. Obsolescence: When the structure has become or will soon become ill suited for the originally designed use.
9. Deterioration: A condition where the quality of the building has declined in terms of structural integrity and/or building systems due to lack of investment, misuse or age.
10. Overcrowding of Structures and Community Facilities: A level of use beyond and designed or legally permitted level.
11. Excessive Land Coverage: Site coverage of an unacceptably high level.
12. Deleterious Land Use or Layout: Inappropriate property use or plotting, or other negative influences not otherwise covered, which discourages investment in a property.

13. Depreciation of Physical Maintenance: Decline in property maintenance which leads to building degeneration health and safety hazards, unattractive nuisances, unsightliness, property value decline and area distress.
14. Lack of Community Planning: Deficiency in local direction of growth development or redevelopment in order to maintain or enhance the viability of the area or community.

METHODOLOGY

The RPA has been evaluated in its qualification as a “blighted area” on an area-wide basis. The RPA has been evaluated according to the appropriate qualification features listed in the Act as defined above. A more comprehensive review is found under separate cover within the companion Designation Report.

Age

The majority of the buildings are over 35 years old. The physical condition of many structures as well as functional characteristics reflect outmoded retail/commercial trends (see below).

Obsolescence

The area contains single and multi-story buildings which are obsolete by current standards for more intensive commercial reuse. Economically, the condition of some structures prohibits market reuse. Overall, the RPA exhibits obsolescence on an area-wide basis – the configuration of parking, buildings, and ingress/egress is outmoded by today’s standards. Pedestrian malls are no longer considered functionally efficient.

Depreciation of Physical Maintenance

A majority of the structures within the area exhibit signs of depreciation of physical maintenance. Numerous structures require tuckpointing, window work, painting, etc. Also, many structures have been vacant or partially occupied, with the consequence of minimal maintenance work. The continued lack of a comprehensive, sustained maintenance program may lead to further decline of the area’s appearance. Area-wide appearance is also poor – overhead canopies require repair and painting, as do the parking lots.

Deleterious Land Use or Layout

Deleterious layout is an area-wide condition and does not encourage further redevelopment. Layouts of buildings and parking would need to be modified significantly in order to accommodate new market-oriented uses. Many sites were designed for specific users and are currently vacant or partially occupied.

Deterioration

There are structures in the RPA that are deteriorating, whereby major rehabilitation of various structural elements such as exterior walls, roofs and foundation is warranted. Some are in need of repair due to decay, deterioration and neglect or misuse to such an extent as to warrant removal to protect the public health, safety, welfare or property values.

Excessive Vacancies

There are many structures and sites within the RPA that have experienced growing vacancy rates during the last fifteen (15) years. Many of the lots are being used for temporary parking, and debris is littered throughout the sites. Some properties have been abandoned and have not been maintained, thereby contributing to the unsightliness of the area.

Inadequate Utilities

Inadequate utilities, such as sidewalks, streets, alleys and curbs, make it difficult to flow both people and goods to points within and around the area. Existing utilities may need to be relocated in order to accommodate commercial/retail users at locations within the RPA.

In addition to the factors described above, the factors of dilapidation of structures and illegal uses are also present in a number of the structures within the area.