

**COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO**

RESOLUTION 99-CDC- 4

**RECOMMENDING TO THE CITY COUNCIL OF
THE CITY OF CHICAGO**

**FOR THE PROPOSED
ARCHER COURTS
REDEVELOPMENT PROJECT AREA:**

**APPROVAL OF
TAX INCREMENT FINANCING ELIGIBILITY STUDY AND REDEVELOPMENT
PROJECT AND PLAN**

**DESIGNATION OF A
REDEVELOPMENT PROJECT AREA**

AND

ADOPTION OF TAX INCREMENT ALLOCATION FINANCING

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council ("City Council", with the Mayor and the City Council being collectively defined as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65ILCS 5/11-74.4-1 et seq.) (1996 State Bar Edition), as amended (the "Act"); and

WHEREAS, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Act, including the holding of certain public hearings required by the Act; and

WHEREAS, staff of the City's Department of Planning and Development ("DPD") has conducted or caused to be conducted certain investigations and studies of the Archer Courts area, the street boundaries of which are described on Exhibit A hereto (the "Area"), to determine the eligibility of the Area as a redevelopment project area as defined in the Act (a "Redevelopment Project Area") and for tax increment allocation financing pursuant to the Act ("Tax Increment Allocation Financing"), and previously has presented to the Commission for its review the:

Archer Courts Redevelopment Project Area Tax Increment Financing Eligibility Study and Redevelopment Project and Plan (the "Plan"); and

WHEREAS, prior to the adoption by the Corporate Authorities of ordinances approving a redevelopment plan, designating an area as a Redevelopment Project Area or adopting Tax Increment Allocation Financing for an area, it is necessary that the Commission hold a public hearing pursuant to Section 5/11-74.4-5(a) of the Act (the "Hearing"), convene a meeting of a joint review board pursuant to Section 5/11-74.4-5(b) of the Act (the "Board"), set the dates of such Hearing and Board meeting and give notice thereof pursuant to Section 5/11-74.4-6 of the Act; and

WHEREAS, the Plan was made available for public inspection and review prior to the time of the adoption by the Commission of Resolution 98-CDC 160 on November 10, 1998 fixing the time and place for the Hearing, at City Hall, 121 North LaSalle Street, Chicago, Illinois, in the following offices: City Clerk, Room 107 and Department of Planning and Development, Room 1000.

WHEREAS, notice of the Hearing by publication was given at least twice, the first publication being December 16, 1998, a date which is no more than 30 nor less than 10 days prior to the Hearing, and the second publication being December 23, 1998, both in the Chicago Sun-Times, being a newspaper of general circulation within the taxing districts having property in the Area; and

WHEREAS, notice of the Hearing was given by mail to taxpayers by depositing such notice in the United States mail by certified mail addressed to the persons whose names the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying with the Area, on December 16, 1998, being a date not less than 10 days prior to the date set for the Hearing. Where taxes for the last preceding year were not paid, notice was also mailed to the persons last listed on the tax rolls as the owners of such property within the preceding three years on December 16, 1998, being a date not less than 10 days prior to the date set for the Hearing; and

WHEREAS, notice of the Hearing was given by mail to the Illinois Department of Commerce and Community Affairs ("DCCA") and members of the Board (including notice of the convening of the Board), by depositing such notice in the United States mail by certified mail addressed to DCCA and all Board members, on November 20, 1998, being a date not less than 45 days prior to the date set for the Hearing; and

WHEREAS, notice of the Hearing and copies of the Plan were sent by mail to taxing districts having taxable property in the Area, by depositing such notice and documents in the United States mail by certified mail addressed to all taxing districts having taxable property within the Area, on November 20, 1998, being a date not less than 45 days prior to the date set for the Hearing; and

WHEREAS, the Hearing was held on January 12, 1999 at 2:00 p.m. at City Council Chambers, City Hall, 121 North LaSalle Street, Second Floor, Chicago, Illinois, as the official public hearing, and testimony heard from all interested person or representative of any affected

taxing district present at the Hearing and wishing to testify, concerning the Commission's recommendation to City Council regarding approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; and

WHEREAS, the Board meeting was convened on December 4, 1998 at 10:00 a.m., being a date not more than 14 days from the date of the mailing of the notice by the City to taxing districts having property in the Area as described below, at Room 1003A, City Hall, 121 North LaSalle Street, Chicago, Illinois, to consider its advisory recommendation regarding approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; and

WHEREAS, the Commission has reviewed the Plan, considered testimony from the Hearing, if any, the recommendation of the Board, if any, and such other matters or studies as the Commission shall deem necessary or appropriate in making the findings set forth herein and formulating its decision whether to recommend to City Council approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; now therefore.

**BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE
CITY OF CHICAGO:**

Section 1. The above recitals are incorporated herein and made a part hereof.

Section 2. The Commission hereby makes the following findings pursuant to Section 5/11-74.4-3(n) of the Act or such other section as is referenced herein:

a. The Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be expected to be developed without the adoption of the Plan;

b. The Plan:

(i) conforms to the comprehensive plan for the development of the City as a whole; or

(ii) the Plan either (A) conforms to the strategic economic development or redevelopment plan issued by the City Plan Commission or (B) includes land uses that have been approved by the Chicago Plan Commission;

c. The Plan meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the plan, the estimated date of completion of the projects described therein and retirement of all obligations issued to finance redevelopment project costs is not more than 23 years from the date of the

**COMMUNITY DEVELOPMENT COMMISSION MEETING
JANUARY 12, 1999**

STAFF REPORT

RESOLUTION 99-CDC- 4

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OF THE CITY OF CHICAGO**

**FOR THE PROPOSED
ARCHER COURTS REDEVELOPMENT PROJECT AREA:**

**APPROVAL OF
A REDEVELOPMENT PLAN,**

DESIGNATION OF A REDEVELOPMENT PROJECT AREA,

**ADOPTION OF
TAX INCREMENT ALLOCATION FINANCING**

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

The resolution before you requests that you recommend to the City Council of the City of Chicago approval of the Redevelopment Plan and Project (the "Plan") for the proposed Archer Courts Redevelopment Project Area (the "Area"), designation of the Archer Courts as a redevelopment project area, and adoption of tax increment allocation financing for the Area.

BACKGROUND:

The Area is comprised of approximately 8 acres located in the 25th Ward and lies 2 miles south of the City's central business district. The Area is generally bounded by South Archer Avenue and West Cermak to the north, South Princeton Avenue to the east, West 23rd Street to the south, and South Stewart Avenue to the west. The boundaries of the Area are shown on Map 2 , Study Area .

The Area is located near the Chinatown area of the Armour Square Community. Armour Square is a strip of urban land about 2 miles south of Downtown Chicago surrounded by the Near South Side, Bridgeport, and Douglas neighborhoods. The original settlers of the Armour Square were German, Irish and Swedish laborers. The availability of inexpensive lots, in close proximity to rapidly developing industrial areas, attracted new residents who settled in scattered fashion.

Business streets began to develop along the horsecar routes on Archer and Wentworth Avenues. Frame dwellings were still permitted in Armour Square after the Chicago Fire of 1871, making the area ideal for displaced workingman who sought to rebuild inexpensively. Continued rapid development between 1885 and 1895 led to the achievement of residential maturity in 1895. The tracks of the Pennsylvania Railroad and the Fort Wayne and Indiana Railroad were elevated above grade in 1906, creating an imposing physical boundary between Armour Square and Bridgeport. Streets running to Douglas, on the east, were

closed when the New York Central tracks were raised in 1892. Armour Square became progressively isolated from the rest of Chicago by the construction of a large railroad yard to the north and by railroad tracks to the east and west which have raised above street level. Today, the Armour Square is highly accessible to the center of Chicago because of its proximity to public transportation, train tracks and the Dan Ryan Expressway. However, the presence of these facilities have also inhibited development.

As the older residents began to vacate their frame cottages and 2- and 3- flats, new immigrant groups seeking low rent housing moved into Armour Square. Around 1912, an influx of the Chinese population began to move from the original Chinese settlement on South Clark Street (where rents had been raised significantly) to Cermak Road and Wentworth Avenue. The Chinese influx was made possible by a series of 10-year leases on buildings which were contracted by members of the On Leong Businessman's Association. Cermak Road and Wentworth Avenue became the hub of Chicago's Chinatown.

Between 1920 and 1960, two public housing projects represented the only new construction in Armour Square: in 1945, Wentworth Gardens was built at 37th Street and Princeton Avenue and in 1952, Archer Courts was built at 23rd Street and Princeton Avenue. The total housing inventory in the area declined sharply during the 1950's, primarily because of land clearance for the Dan Ryan and Stevenson Expressways. In 1950, the population exceeded 23,000 but fell to 15, 783 by 1960. Between 1960 and 1970, Armour Square's total population dropped by 17% to 13,058. There has been a continuing pattern of migration from this area and the population has continued to drop, reaching a low of 10,801 in 1990. Almost half of the residents in Armour Square moved out of the community between 1950 and 1990, reducing the population from 23,000 to 10,801.

The 1990 census data revealed that the median family income for this area (\$21,157) was only 71% of the median family income for the City as a whole (\$29,805) and that 32% of the area population was living below the poverty level.

The Area is within the context of the broader Armour Square community. The Area contains 3 structures and has two distinct land use patterns: residential and commercial, with residential as the predominant land use (Map 3, Existing Land Use). The proposed land use for the Area will not differ from the existing land use (Map 5, Proposed Land Use). Two of the 3 structures in the Area are residential; The Archer Courts Apartments buildings, which consists of 2 structures: two 7-story high rises containing 147 units. The remaining structure is a vacated, dilapidated gas station on commercially-zoned property on the southwest corner of Archer Avenue and Cermak Road. The gas station is beyond repair and requires demolition. The City intends to acquire the gas station (Map 6, Potential Redevelopment Acquisition Parcels).

The Archer Courts Apartments project was developed by the Chicago Housing Authority (CHA) under the City-State Financing Program in 1951 as replacement housing. CHA currently owns and operates Archer Courts Apartments. In 1979, CHA received a 20 year Section 8 rental assistance contract to allow for some renovation and to subsidize the rents of very low-income tenants. The Section 8 contract expires in September 1999. The Archer Courts buildings require substantial interior and exterior renovation. The boilers, plumbing system, electrical systems, water lines, hot water heaters are in need of replacements. Bathrooms in all 147 units require total renovation. Additionally, the galleries and corridors need to be enclosed for safety and heating efficiency purposes. CHA cannot use its rehabilitation funds since the development was originally constructed with State and City funds as relocation for displaced households when the highway system was extended in the 1950's.

One of the key redevelopment projects to be undertaken in the Area, is the acquisition and rehabilitation of the two Archer Courts Apartment buildings by a private developer. The developer will preserve the

long-term affordability of the Archer Court Apartments by renewing the project-based Section 8 contract as long as it is offered. Apartments will continue to be rented at affordable levels. All current tenants who are meeting their lease obligations are entitled to remain at the property. Relocating and displacing tenants during renovation will not be necessary.

Several project and planning efforts that have been initiated in the area surrounding the proposed redevelopment area include: The Chinatown Basin TIF which was established in 1986; Cermak Road Bridge and Viaduct Improvements which is scheduled for completion fall 1999; Chinatown Park which is scheduled for completion summer of 1999; Chinatown Streetscape which is scheduled for completion January 1999; Cermak Road Reconstruction and Landscaped Medians which was completed September 1996; McCormick Place Expansion and New Hyatt which was completed in 1996; and the Pilsen TIF established in 1998.

The overall goal of the Redevelopment Plan is to revitalize and redevelop the Area in a coordinated manner to prevent blight, restore economic vitality, and establish a high quality, mixed-use environment. This goal is to be achieved through an integrated and comprehensive strategy that utilizes public resources to stimulate additional private investment. The strategies to be employed include targeting anchor buildings and opportunity sites for rehabilitation, encouraging private sector activities, investing in public improvements, and leveraging other funds by use of public revenues.

TAX INCREMENT FINANCING (“TIF”):

The City seeks to create a TIF District to be known as the Archer Courts Redevelopment Project Area to accomplish the following goals: prevent blight, restore economic vitality, preserve and renovate existing affordable units, and establish a high-quality, mixed-use environment.

ELIGIBILITY FOR TIF:

S.B. Friedman & Company conducted an Eligibility Analysis that is included in the Plan to determine whether the Area qualifies for designation as a “blighted” area or “conservation” area according to definitions set forth in the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the “Act”). S.B. Friedman & Company completed its Eligibility Analysis in November 1998. The findings in the Eligibility Analysis are based on surveys and analyses of the properties of the Area, including an exterior building condition survey, field surveys of environmental conditions, analysis of site uses and users, analysis of original and current platting and building size layout, analysis of tax delinquency, and review of previously prepared reports, studies and data. S.B. Friedman & Company analyzed these records to determine the presence, extent and distribution of qualifying factors.

The consultant concluded that the Area qualified as a “conservation” area. As detailed below, S.B. Friedman & Company found, in addition to the 35 year age requirement, 4 factors of eligibility present to a major extent and three factors present to a minor extent.

Eligibility factors present to a major extent:

1. Depreciation of Physical Maintenance (found in 3 of 3 buildings [100%] in the Area).
2. Deterioration (found in 3 of 3 buildings [100%] in the Area).
3. Obsolescence (found in 3 of 3 buildings [100%] in the Area).
4. Structures Below Minimum Code (found in 3 of 3 buildings [100%] in the Area).

Eligibility factors present to a minor extent:

1. Excessive Vacancies (found in 1 of 3 buildings [33%] in the Area).
2. Deleterious Land Use or Lay-out (found in 1 of 3 buildings [33%] in the Area).
3. Dilapidation (found in 1 of 3 buildings [33%] in the Area).

The 2 Archer Courts buildings are tax exempt. The vacated gas station is the only structure in the Area with an assessed value, and therefore comprises the entire equalized initial assessed value of the Archer Courts TIF district. Although the assessed value of the gas station did not increase between 1993 and 1997, the gas station is currently in a dilapidated condition and requires demolition. Therefore, while the assessed value for the Area did increase between 1993 and 1997, this growth is not due to new investment or any coordinated redevelopment strategy.

An examination of construction and major renovation activity in the Area also reveals a lack of growth and private investment. A total of 2 building permits were issued for the Area between January 1993 and October 1998 for repairs totaling \$24,100. These 2 repairs were mandated by code violation citations for elevator repairs, not for new construction or major renovation, indicating that a high level of property deterioration is prevalent within the Area.

COMMUNITY MEETING:

Alderman Daniel S. Solis of the 25th Ward hosted a community meeting on November 30, 1998 and is in support of the proposed designation. Letters of support have been submitted by Alderman Solis, Archer Courts Tenant Organization and the Chinatown Chamber of Commerce.

Notification to owner/taxpayer of record of property being placed on the acquisition map:

- November 4, 1998 via regular mail (prior to Plan introduced to CDC)
- December 16, 1998 via certified mail (28 days prior to Public Hearing)
- December 30, 1998 via regular mail (14 days prior to Public Hearing)

RECOMMENDATION:

The Department of Planning and Development recommends that the Community Development Commission take the following actions, as embodied in the attached resolution:

- 1) Recommend approval of the Redevelopment Plan and Project (the "Plan") for the proposed Archer Courts Redevelopment Project Area.;
- 2) Recommend the designation of the Area as a Redevelopment Project Area; and
- 3) Recommend the adoption of Tax Increment Allocation Financing for the Area.

Adopted - January 12, 1999

**DEPARTMENT OF PLANNING AND DEVELOPMENT
CITY OF CHICAGO
COMMUNITY DEVELOPMENT COMMISSION
JANUARY 12, 1999**

SUMMARY SHEET

ACTION

- REQUESTED:**
- (1) Recommend approval of the Redevelopment Plan and Project (the "Plan") for the proposed Archer Courts Redevelopment Project Area (the "Area");
 - (2) Recommend the designation of the Area as a Redevelopment Project Area; and
 - (3) Recommend the adoption of Tax Increment Allocation Financing for the Area.

PROJECT: Proposed Archer Courts Redevelopment Project Area.

LOCATION: The Archer Courts Redevelopment Project Area is located within the Armour Square community and is located approximately 2 miles south of the City's central business district. The Area is generally bounded by South Archer Avenue and West Cermak Road to the north, South Princeton Avenue to the east, West 23rd Street to the south, and South Stewart Avenue to the west.

SITE AREA: Approximately 8 acres.

TYPE OF DEVELOPMENT: Predominately residential with commercial uses.

**WARD/
ALDERMAN:** 25th, Daniel S. Solis

SUMMARY

The City seeks to create a Tax Increment Financing ("TIF") District in the proposed Archer Courts Redevelopment Project Area to prevent blight, restore economic vitality, preserve and renovate existing affordable housing units, and establish a high-quality, mixed-use environment. The Area encompasses approximately 8 acres which includes two buildings currently owned and operated by the Chicago Housing Authority ("CHA") having in the aggregate 147 existing affordable housing units, vacant commercial property and existing street and alley systems and easements granted to the City.

ISSUES

The Plan for the Area includes an acquisition map (3 parcels). A vacant gas station that is in need of repair is situated on all three parcels. A community meeting was held on November 30, 1998 and the proposed designation was well received by those in attendance. Alderman Daniel S. Solis, Archer Courts Tenant Organization and the Chinatown Chamber of Commerce have submitted letters of support.

ARCHER
COURTS
TAX
INCREMENT
FINANCING
DISTRICT

November 1998

MAP 2

STUDY
AREA

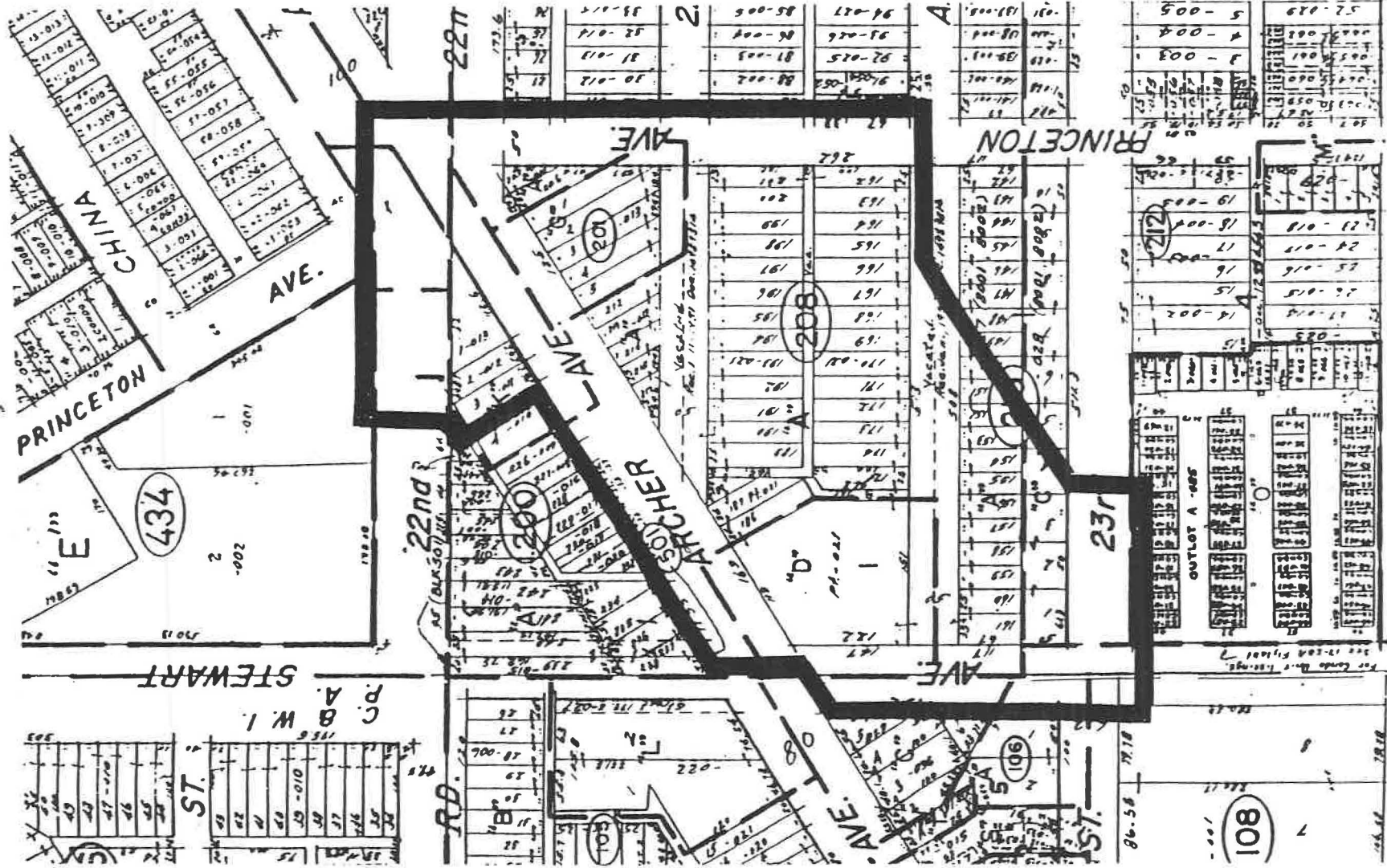
LEGEND:

TIF BOUNDARY



North

S. B. Fiedinan & Company
Real Estate Advisors and Surveyors




ARCHER
COURTS
TAX
INCREMENT
FINANCING
DISTRICT

November 1998

MAP 3

EXISTING
LAND USE

LEGEND:

 TIF BOUNDARY

LAND USE:

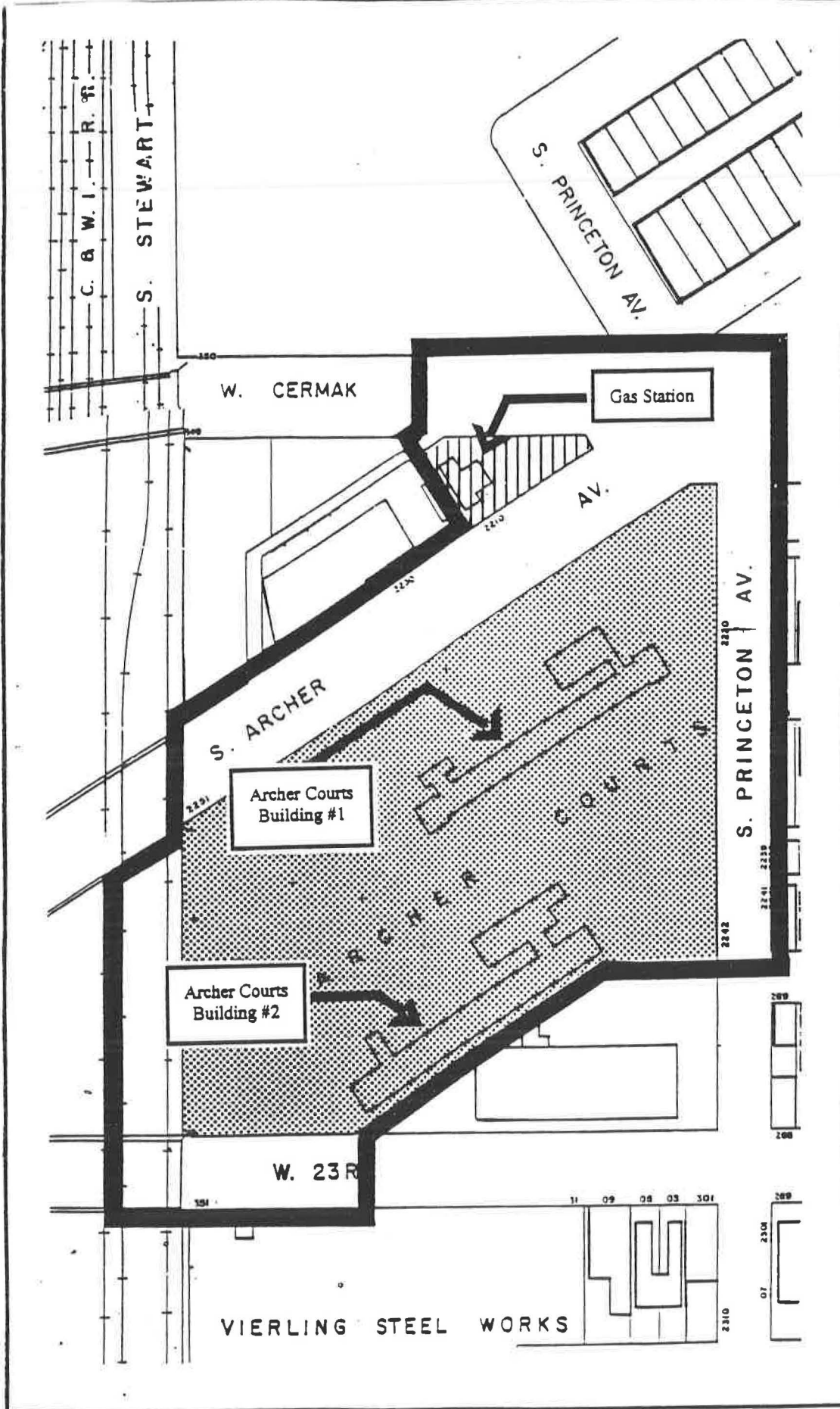
 COMMERCIAL

 RESIDENTIAL

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North

 S. B. Friedman & Company
Real Estate Advisors and Surveyors



**Archer Courts TIF Redevelopment Area
Request for Acquisition Authority**

Address	Pin	Taxpayer of Record	Current Use	Employees Residents	Intended Use	Development Time Frame
2200 S. Archer	17-28-200-013-000	James Senerchia	vacant gas station	0	commercial	within 5 yrs.
2210 S. Archer	17-28-200-012-000	James Senerchia	vacant gas station	0	commercial	within 5 yrs.
2212 S. Archer	17-28-200-011-000	James Senerchia	vacant gas station	0	commercial	within 5 yrs.

Community Outreach Efforts:

- The taxpayer of record was notified in writing prior to the introduction of the proposed TIF and 14 days prior to the public hearing on the TIF.
- Community meeting was held on the proposed TIF.

Consistency with Plan:

- Consistent with TIF development objectives and proposed land uses