

Contract Summary Sheet

Contract (PO) Number: 6343

Specification Number: 26595

Name of Contractor: LELAND LIMITED PARTNERSHIP

City Department: PLANNING & DEVELOPMENT

Title of Contract: Redev Agreement at 1201-1213 W Leland

Dollar Amount of Contract (or maximum compensation if a Term Agreement) (DUR):

\$1,546,967 00

PO Start Date: 6-1-04

PO End Date: 12-31-25

Brief Description of Work: Redev Agreement at 1201-1213 W Leland

Procurement Services Contact Person: THOMAS DZIEDZIC

Vendor Number: 50070459

Submission Date:

JUL 07 2004

3

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210858



Doc#: 0415341196
Eugene "Gene" Moore Fee: \$148 00
Cook County Recorder of Deeds
Date: 08/01/2004 04 32 PM Pg 1 of 83

This agreement was prepared by and
after recording return to
Michael L. Gaylor
City of Chicago Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602

LELAND APARTMENTS REDEVELOPMENT AGREEMENT

This Leland Apartments Redevelopment Agreement (this "Agreement") is made as of this ~~1ST~~^{1ST} day of ~~JUNE~~^{JUNE} 2004, among the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), Leland Limited Partnership, an Illinois limited partnership (the "Partnership"), acting by and through its general partner, Leland Neighborhood Development Corp., an Illinois not for profit corporation (the "General Partner"), the sole member of which is Heartland Housing, Inc., an Illinois not-for-profit corporation d/b/a Century Place Development Corp. (the "Heartland"), and Heartland. (The Partnership and Heartland shall be known collectively herein as the "Developer".)

RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

Box 430

LELAND APARTMENTS
REDEVELOPMENT AGREEMENT

AMONG

THE CITY OF CHICAGO,

LELAND LIMITED PARTNERSHIP

AND

HEARTLAND HOUSING, INC.
D/B/A CENTURY PLACE DEVELOPMENT CORP.

This agreement was prepared by
and after recording return to
Michael L. Gaynor
City of Chicago Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602

LIST OF EXHIBITS

Exhibit A	Property*
Exhibit B	TIF-Funded Improvements*
Exhibit C	Permitted Liens*
Exhibit D	Redevelopment Plan
Exhibit E	Project Budget*
Exhibit F	Requisition Form
Exhibit G	Existing Mortgages
Exhibit H	MBE/WBE Budget*
Exhibit I	Approved Prior Expenditures
Exhibit J	Opinion of Developer's Counsel
Exhibit K	Preliminary TIF Projection -- Real Estate Taxes*
Exhibit L	Form of Subordination Agreement
Exhibit M	Performance and Payment Bonds
Exhibit N	Facade Maintenance Requirements

(An asterisk(*) indicates which exhibits are to be recorded.)

[leave blank 3" x 5" space for recorder's office]

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Michael L. Gaynor
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LELAND APARTMENTS REDEVELOPMENT AGREEMENT

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RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

C City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "the City Council") adopted the following ordinances on June 27, 2001: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Lawrence/Broadway Tax Increment Financing Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Lawrence/Broadway Tax Increment Financing Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Lawrence/Broadway Tax Increment Financing Redevelopment Project Area" (the "TIF Adoption Ordinance") (items(1)-(3) collectively referred to herein as the "TIF Ordinances"). The redevelopment project area referred to above shall be called the "Redevelopment Area," which is legally described in Exhibit A hereto.

D. The Project: The Partnership purchased certain property located within the Redevelopment Area at 1201-1213 West Leland Avenue, Chicago, Illinois 60640-4910, commonly known as Leland Apartments and legally described on Exhibit A hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, shall commence and complete the rehabilitation of an approximately 75,000 square foot, six-story 137-unit rental residential building (with rental commercial space on the first floor thereof) (the "Facility") thereon. The 137 rental residential units in the top five floors of the Facility shall be comprised of 103 single room occupancy units (the "SRO Units"), 20 studio apartment units (the "Studio Units"), and 14 one-bedroom units (the "One-Bedroom Units"). The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit B) are collectively referred to herein as the "Project." The completion of the Project could not reasonably be anticipated without the financing contemplated in this Agreement. But for the Developer Parties' execution of this Agreement, the City would be unwilling to provide any City Funds or other City financing for the Project.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Lawrence/Broadway Redevelopment Project Area Tax Increment Financing Program Redevelopment Plan (the "Redevelopment Plan") attached hereto as Exhibit D.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, Incremental Taxes and Available Incremental Taxes (as defined below), as applicable, to pay for or reimburse the Developer for costs of TIF-Funded Improvements pursuant to the terms of this Agreement.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this Agreement by reference.

SECTION 2. DEFINITIONS

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

"Act" shall have the meaning set forth in the Recitals hereof.

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with the Developer.

"Available Incremental Taxes" shall mean an amount equal to the Incremental Taxes deposited in the Lawrence/Broadway Redevelopment Project Area TIF Fund attributable to the taxes levied on the Property in connection with the Project and not any increment generated from the Property prior to the Project (except as specifically provided for in Sections 4.03(b) and 4.05(a) hereof)

"Certificate" shall mean the Certificate of Completion of Rehabilitation described in Section 7.01 hereof.

"Change Order" shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in Section 3.03, Section 3.04 and Section 3.05, respectively.

"City Council" shall have the meaning set forth in the Recitals hereof.

"City Funds" shall mean the funds described in Section 4.03(b) hereof, consisting of the Pre-Closing City Funds identified in Section 4.03(b), and the Post-Closing City Funds identified in Section 4.03(b) of this Agreement. The City Funds do not include the proceeds of the DOH Loan.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall be deemed to be the date appearing in the first paragraph of this Agreement.

"Construction Contract" shall mean that certain contract, substantially in the form attached hereto as Exhibit E, to be entered into between the Partnership and the General Contractor providing for construction of the Project.

"Corporation Counsel" shall mean the City's Office of Corporation Counsel.

"Developer Parties" shall have the meaning set forth in Section 10 hereof.

"Employer(s)" shall have the meaning set forth in Section 10 hereof.

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

"Equity" shall mean funds of the Partnership (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06 (Cost Overruns) or Section 4.03(b).

"Escrow" shall mean the construction escrow established pursuant to the Escrow Agreement.

"Escrow Agreement" shall mean the Escrow Agreement establishing a construction escrow, to be entered into as of the date hereof by the Title Company (or an affiliate thereof) as escrow agent, the Partnership, and the Lender, and to which the General Contractor has consented.

"Event of Default" shall have the meaning set forth in Section 15 hereof.

"Facility" shall have the meaning set forth in the Recitals hereof.

"Financial Statements" shall mean complete audited financial statements of Heartland prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods. As of the Closing Date, "Financial Statements" shall mean, with respect to the Partnership, a balance sheet reviewed by a certified public accountant. Following receipt of the Certificate, the Partnership's "Financial Statements" shall mean a complete, audited financial statement prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

"General Contractor" shall mean the general contractor(s) hired by the Partnership pursuant to Section 6.01.

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall

include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74 4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by the Treasurer into the Lawrence/Broadway TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Lawrence/Broadway TIF Fund" shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"Lender" means, collectively, Bridgeview Bank Group ("Bridgeview"), the City acting by and through its Department of Housing ("DOH"), the Illinois Housing Development Authority ("IHDA"), the Chicago Low-Income Housing Trust Fund (the "Trust Fund"), Heartland and the General Partner.

"Lender Financing" shall mean funds borrowed by the Developer from lenders and irrevocably available to pay for costs of the Project, in the amount set forth in Section 4.01 hereof. The Lender Financing shall include the following loans to the Partnership in the amounts of: not to exceed \$2,982,840 (the "Bridgeview Loan") from Bridgeview (it is anticipated that the actual amount of the Bridgeview Loan shall be \$2,282,840 as a result of the making of the Trust Fund Loan, as defined below); \$ 1,632,500 (the "DOH Loan") from DOH; \$750,000 (the "IHDA Loan") from IHDA; \$700,000 (the "Trust Fund Loan") from the Trust Fund; \$767,000 (the "Seller Financing Loan") from the General Partner, and \$2,876,219 (the "Heartland Loan") from Heartland.

"Master Lease" shall mean the Master Lease and Use Agreement of even date herewith pursuant to which Heartland Health Outreach, Inc. has leased from the Partnership either some or all of the following: five (5) of the SRO Units located on the Facility's fifth and sixth floors, and the program spaces on the Facility's fifth and sixth floors.

"MBE(s)" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a minority-owned business enterprise.

"MBE/WBE Budget" shall mean the budget attached hereto as Exhibit H, as described in Section 10.03.

"Municipal Code" shall mean the Municipal Code of the City of Chicago.

"Non-Governmental Charges" shall mean all non-governmental charges, liens, claims, or encumbrances relating to the Partnership, the Property or the Project.

"Permitted Liens" shall mean those liens and encumbrances against the Property and/or the Project set forth on Exhibit C hereto.

"Plans and Specifications" shall mean initial construction documents containing a site plan and working drawings and specifications for the Project, as submitted to the City as the basis for obtaining building permits for the Project.

"Prior Expenditure(s)" shall have the meaning set forth in Section 4.05(a) hereof.

"Project" shall have the meaning set forth in the Recitals hereof.

"Project Budget" shall mean the budget attached hereto as Exhibit E, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

"Property" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Area" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Plan" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Project Costs" shall mean redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget set forth in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

"Requisition Form" shall mean the document, in the form attached hereto as Exhibit F, to be delivered by the Developer to DPD pursuant to Section 4.04 of this Agreement.

"Scope Drawings" shall mean preliminary construction documents containing a site plan and preliminary drawings and specifications for the Project.

"Survey" shall mean a Class A plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 45 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City, the Lender, the Partnership and the Title Company, among others, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the construction of the Facility and related improvements as required by the City or lender(s) providing Lender Financing).

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on December 31, 2025, such date being the last day of the calendar year in which the taxes levied in the year that is 23 years after the creation of the Redevelopment Area are paid.

"TIF Adoption Ordinance" shall have the meaning set forth in the Recitals hereof.

"TIF-Funded Improvements" shall mean those improvements of the Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to pay for out of the City Funds, subject to the terms of this Agreement. Exhibit B lists the TIF-Funded Improvements for the Project.

"TIF Ordinances" shall have the meaning set forth in the Recitals hereof.

"Title Company" shall mean Title Services, Inc.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Partnership as the insured, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the Property related to Lender Financing, if any, issued by the Title Company.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.).

"WBE(s)" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a women-owned business enterprise.

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Partnership shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence construction no later than November 1, 2004; and (ii) complete construction and conduct business operations therein no later than December 31, 2006.

3.02 Scope Drawings and Plans and Specifications. The Partnership has delivered the Scope Drawings and Plans and Specifications to DPD and DPD has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DPD as a Change Order pursuant to Section 3.04(a) and Section 3.04(b) hereof. All other proposed changes to the Scope Drawings or Plans and Specifications subsequent to DPD's initial approval of the Scope Plans and Drawings shall be submitted to DOH as Change Orders pursuant to Section 3.04(c) and Section 3.04(d) hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan and all applicable federal, state

and local laws, ordinances and regulations. The Partnership shall submit all necessary documents to the City's Department of Construction and Permits, Department of Buildings, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03. Project Budget. The Partnership has furnished to DPD, and DPD has approved, a Project Budget set forth on Exhibit E hereto showing total costs for the Project in an amount not less than \$14,774,804. The Partnership hereby certifies to the City that (a) the City Funds, together with Lender Financing and Equity described in Section 4.02 hereof, shall be sufficient to complete the Project; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Partnership to DPD or DOH, as applicable (pursuant to Section 3.02 above), concurrently with the progress reports described in Section 3.07 hereof; provided, that any Change Order relating to any of the following must be submitted by the Partnership to DPD or DOH, as applicable (pursuant to Section 3.02 above) for DPD's or DOH's prior written approval, as applicable, which approval from DOH shall not be unreasonably withheld with respect to subsections (c) and (d): (a) a reduction in the square footage of the Facility; (b) a change in the use of the Property to a use other than a single room occupancy, one bedroom and studio apartment rental residential building (with rental commercial space on the first floor thereof); (c) a delay in the completion of the Project in excess of ten (10) business days for any single Change Order or if the cumulative effect of the Change Orders would cause a delay in excess of twenty-five (25) business days in the aggregate; or (d) Change Orders costing more than \$50,000 each, to an aggregate amount of \$250,000. The Partnership shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Partnership of DPD's or DOH's (as applicable) written approval (to the extent required in this section).

3.05 DPD Approval. Any approval granted by DPD of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only and does not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DPD pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

3.06 Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Partnership's obligations to comply with the provisions of Section 5.03 (Other Governmental Approvals) hereof. The Partnership shall not commence construction of the Project until the Partnership has obtained all necessary permits and approvals

(including but not limited to DPD's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

3.07 Progress Reports and Survey Updates. The Partnership shall provide DPD with written quarterly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04, as warranted).

3.08 Inspecting Agent or Architect. DOH staff shall act as the City's inspecting agent or architect for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project.

3.09 Barricades. Prior to commencing any construction requiring barricades, the Partnership shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable federal, state or City laws, ordinances and regulations. DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

3.10 Signs and Public Relations. The Partnership shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Partnership, the Property and the Project in the City's promotional literature and communications.

3.11 Utility Connections. The Partnership may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter of the Property, provided the Partnership first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

3.12 Permit Fees. Except for any fees expressly waived by the City for the Project pursuant to the ordinance authorizing this Agreement and the DOH Loan adopted by the City Council on March 31, 2004, the Partnership shall be obligated to pay only those Project building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City of Chicago and are of general applicability to other property within the City of Chicago.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$14,774,804, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Source of Funds

Maximum Amount

Bridgeview Loan	\$ 2,982,840 ¹
DOH Loan	\$ 1,632,500
IHDA Loan	\$ 750,000
Trust Fund Loan	\$ 700,000
Seller Financing Loan	\$ 767,000
Equity	\$ 8,642,464 ²
ESTIMATED TOTAL	\$14,774,804

4.02 Developer Funds. Equity and/or Lender Financing shall be used to pay all costs to develop and construct/rehabilitate the Project, except for costs of TIF-Funded Improvements financed with Pre-Closing City Funds as described in Section 4.03(a).

4.03 City Funds.

¹As detailed in Section 8.04, the Partnership shall use the Post-Closing City Funds to reimburse the Partnership for up to seventy-five percent (75%) of the accrued and earned interest on the Bridgeview Loan. The Post-Closing City Funds will not be used to pay costs incurred by the Partnership to develop and rehabilitate the Project. It is anticipated that the actual amount of the Bridgeview Loan shall be \$2,282,840 as a result of the making of the Trust Fund Loan

²The amount of the Equity reflects that it is anticipated that the actual amount of the Bridgeview Loan shall be \$2,282,840 as a result of the making of the Trust Fund Loan. The Equity is comprised of the following sources : ~~the Goldblatt's Donation~~, proceeds raised from the syndication of federal low income housing tax credits awarded to the Project pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, proceeds raised from the syndication of State of Illinois Affordable Housing Tax Credits awarded pursuant to 20ILCS 3805/7.28, charitable donations and third-party grants to Heartland for the Project

(a) Uses of City Funds. City Funds may only be used to pay directly or reimburse the Developer for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit B sets forth, by line item, the TIF-Funded Improvements for the development and construction/rehabilitation of the Project, and the maximum amount of costs that may be paid by or reimbursed from Pre-Closing City Funds for each line item therein (subject to Sections 4.03(b) and 4.05(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. In addition, Exhibit B sets forth the maximum amount of accrued and earned interest costs on the Bridgeview Loan that may be paid or reimbursed from Post-Closing City Funds. Payment of interest earned on the Bridgeview Loan is an approved TIF-Funded Improvement that qualifies as a Redevelopment Project Cost under the Act, provided the interest payments do not exceed the maximum amount identified on Exhibit B.

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4 03 and Section 5 hereof, the City hereby agrees to provide City Funds from the sources and in the amounts described directly below to pay for or reimburse the Partnership for the costs of the TIF-Funded Improvements:

Source of City Funds	Maximum Amount
Available Incremental Taxes attributable to the taxes levied on the Property <u>prior to the Closing Date</u> (the " <u>Property Pre-Closing City Funds</u> ")	\$ 54,219
Incremental Taxes attributable to the taxes levied on the Area <u>prior to the Closing Date</u> (the " <u>Area Pre-Closing City Funds</u> ") (together with the Property Pre-Closing City Funds , the " <u>Pre-Closing City Funds</u> ")	\$ 150,000
Available Incremental Taxes attributable to the taxes levied on the Property on and after the Closing Date (the " <u>Post-Closing City Funds</u> ")	\$1,342,748 (estimated)
Total City Funds	\$1,546,967 (estimated)

provided, however, that the total amount of City Funds expended for TIF-Funded Improvements shall be an amount not to exceed \$2,000,000; and provided further, that the \$1,342,748 estimated to be derived from Available Incremental Taxes shall be available to pay costs related to TIF-Funded Improvements and interest reimbursement on the Bridgeview Loan and allocated by the City for that purpose only so long as the amount of the Available Incremental Taxes deposited into the Lawrence/Broadway TIF Fund shall be sufficient to pay for such costs.

The Developer acknowledges and agrees that the City's obligation to pay for TIF-Funded Improvements with Post-Closing TIF Funds is contingent upon the fulfillment of the condition set forth above. In the event that the condition is not fulfilled, the amount of Equity to be contributed by the Developer pursuant to Section 4.01 hereof shall increase proportionately. As the Pre-Closing City Funds are funded from existing Incremental Taxes for the Area and existing Available Incremental Taxes for the Project, the City's obligation to pay for TIF-Funded Improvements with Pre-Closing TIF Funds is not subject to such condition.

(c) [intentionally omitted]

(d) Retainage. Each disbursement of City Funds after the Prior TIF-Eligible Expenditures Disbursement, as such term is defined in Section 4.05(a) below shall be reduced by ten percent (10%), which is to be held by the City for release upon the issuance of the Certificate.

4.04 Construction Escrow; Requisition Form ; Payment. (a) The City must receive a copy of the Escrow Agreement and copies of any draw requests and related documents submitted to the Title Company for disbursements under the Escrow Agreement.

(b) On the Closing Date and prior to each October 1 thereafter, beginning in 2004 and continuing throughout the earlier of (i) the Term of the Agreement or (ii) the date that the Partnership has been reimbursed in full out of Post-Closing City Funds under this Agreement, the Partnership shall provide DPD with a Requisition Form, along with the documentation described therein. Requisition for reimbursement of TIF-Funded Improvements shall be made not more than one time per calendar quarter, or as required or permitted by DPD. On each December 1, beginning in 2004 and continuing throughout the Term of the Agreement, the Partnership shall meet with DPD at the request of DPD to discuss the Requisition Form(s) previously delivered.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements

(a) Prior Expenditures. Only those expenditures made by either Heartland or the Partnership with respect to the Project between June 27, 2001 and the Closing Date (the "Prior Expenditure Period"), evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered either (a) previously incurred costs of TIF-Funded Improvements ("Prior TIF-Eligible Expenditures") or (b) previously contributed Equity or Lender Financing hereunder ("Prior Equity/Lender Financing Expenditures") (together with "Prior TIF-Eligible Expenditures", the "Prior Expenditures"). DPD shall have the right, in its

sole discretion, to disallow any Developer expenditure during the Prior Expenditure Period from being classified as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as of the date hereof as Prior Expenditures. Prior Equity/Lender Financing Expenditures, that is prior expenditures made for items other than TIF-Funded Improvements during the Prior Expenditure Period, shall not be reimbursed to the Developer with Pre-Closing City Funds, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.01 hereof. On or after the Closing Date, but in no event later than July 1, 2004, subject to the Developer's submission to DPD of a Requisition Form with respect to the Prior TIF-Eligible Expenditures and DPD's approval thereof, the City shall disburse City Funds to Heartland in an amount not to exceed \$204,219 (payable out of Pre-Closing City Funds) in reimbursement of the Prior TIF-Eligible Expenditures made or incurred by Heartland (the "Prior TIF-Eligible Expenditures Disbursement"). Heartland shall use the Pre-Closing City Funds in accordance with Section 8.04(a).

(b) Purchase of Property. No portion of the purchase price of the Property shall be reimbursed to the Partnership from City Funds.

(c) City Fee. There will be no City Fee charged to the Developer by the City.

(d) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$25,000 or \$100,000 in the aggregate, may be made without the prior written consent of DPD.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4.03 hereof, or if the cost of completing the Project exceeds the Project Budget, the Partnership shall be solely responsible for such excess cost. Heartland and the Partnership shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and of completing the Project.

4.07 Preconditions of Disbursement. Prior to each disbursement of Post-Closing City Funds hereunder, the Partnership shall submit documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by the Partnership to DPD of any request for disbursement of Post-Closing City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

(a) not more than 75% of the previously accrued interest on the Bridgeview Loan has been paid or reimbursed with Post-Closing City Funds;

(b) all amounts shown as previous payments on the current disbursement request have been paid to the parties entitled to such payment;

(c) the representations and warranties of each of the Partnership and Heartland contained in this Redevelopment Agreement are true and correct in all material respects (except as disclosed in writing to DPD and approved by DPD) and each of Heartland and the Partnership have complied with all of their respective covenants contained herein in all material respects;

(d) the Partnership has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens; and

(e) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in the TIF Ordinances and/or this Agreement.

4.08 Conditional Grant. The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed as provided in Section 15.02 hereof.

SECTION 5. CONDITIONS PRECEDENT

The following conditions have been complied with to the City's satisfaction on or prior to the Closing Date:

5.01 Project Budget. The Developer has submitted to DPD, and DPD has approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

5.02 Scope Drawings and Plans and Specifications. The Partnership has submitted to DPD, and DPD has approved, the Scope Drawings and Plans and Specifications accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals. The Partnership has secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation for the Project and has submitted evidence thereof to DPD.

5.04 Financing. The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof

to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Partnership as needed and are sufficient (along with the Equity set forth in Section 4.01) to complete the Project. The Developer has provided DPD with a copy of the Escrow Agreement. Any liens against the Property in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement(s), in a form acceptable to the City and as set forth in Exhibit L hereto, executed on or prior to the Closing Date by the City and each applicable party, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5.05 Acquisition and Title. On the Closing Date, the Partnership has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Partnership as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on Exhibit C hereto and evidences the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Partnership has provided to DPD, on or prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Partnership, at its own expense, has provided the City with searches for the following entities: Leland Limited Partnership, Leland Neighborhood Development Corp., Heartland Housing, Inc., and Century Place Development Corp. For each entity, the following types of searches must be performed:

<u>Jurisdiction</u>	<u>Type of Search</u>
Secretary of State	UCC search
Secretary of State	Federal tax search
Cook County Recorder	UCC search
Cook County Recorder	Fixtures search
Cook County Recorder	Federal tax search
Cook County Recorder	State tax search
Cook County Recorder	Memoranda of judgments search
U.S. District Court	Pending suits and judgments
Clerk of Circuit Court, Cook County	Pending suits and judgments

The searches above must show no liens against the Developer, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

5.07 Surveys. The Partnership has furnished the City with three (3) copies of the Survey

5.08 Insurance. The Partnership or Heartland, as applicable, each at its own expense, has insured the Property in accordance with Section 12 hereof, and/or has delivered certificates required pursuant to Section 12 hereof evidencing the required coverages to DPD.

5.09 Opinion of the Developer's Counsel. On the Closing Date, the Developer has furnished the City with an opinion of counsel, substantially in the form attached hereto as Exhibit J, with such changes as required by or acceptable to Corporation Counsel. If the Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in Exhibit J hereto, such opinions were obtained by the Developer from its general corporate counsel.

5.10 Evidence of Prior Expenditures. The Developer has provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

5.11 Financial Statements. The Developer has provided Financial Statements to DPD for its most recent fiscal year, and audited or unaudited interim financial statements.

5.12 Documentation. The Developer has provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters, and confirm with DPD whether any other information is needed at closing.

5.13 Environmental. The Partnership has provided DPD with copies of that certain phase I environmental audit completed with respect to the Property and any phase II environmental audit with respect to the Property required by the City. The Partnership has provided the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Corporate Documents; Economic Disclosure Statement. The Developer has provided a copy of: (a) the Partnership's partnership agreement and any subsequent amendments containing the original certification of the Secretary of State of its state of formation; (b) the Partnership's certificate of limited partnership containing the original certification of the Secretary of State of its state of formation; (c) certificates of existence for the Partnership from the Secretary of State of the Partnership's state of formation and all other states in which the Partnership is qualified to do business; (d) a secretary's certificate for the Partnership in such form and substance as the Corporation Counsel may require; (e) such other partnership documentation for the Partnership as the City has requested; (f) a copy of the General Partner's Articles of Incorporation containing the original certification of the Secretary of State of the General Partner's state of incorporation; (g) certificates of good standing for the General Partner from the Secretary of State of the General Partner's state of incorporation and all other states in which the General Partner is qualified to do

business; (h) a secretary's certificate for the General Partner in such form and substance as the Corporation Counsel may require; (i) a certified copy of the Amended and Restated by-laws of the General Partner; (j) such other corporate documentation for the General Partner as the City has requested; (k) a copy of Heartland's Articles of Incorporation containing the original certification of the Secretary of State of Heartland's state of incorporation; (k) certificates of good standing for Heartland from the Secretary of State of Heartland's state of incorporation and all other states in which Heartland is qualified to do business; (l) a secretary's certificate for Heartland in such form and substance as the Corporation Counsel may require; (m) a certified copy of the by-laws of Heartland; (n) such other corporate documentation for Heartland as the City has requested

Each of Heartland, the General Partner and the Partnership has also provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date.

5.15 Litigation Each of Heartland and the Partnership has provided to Corporation Counsel and DPD, a description of all pending or threatened litigation or administrative proceedings involving their respective legal entity, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. (a) Except as set forth in Section 6.01(b) below, prior to entering into an agreement with a General Contractor or any subcontractor for construction of the Project, the Partnership shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with, and having an office located in, the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. For the TIF-Funded Improvements other than Prior TIF-Eligible Expenditures and the interest payments on the Bridgeview Loan in accordance with Section 8 04(b), the Partnership has selected II in One Contractors/Rebar, a Joint Venture, as the General Contractor. If the General Contractor selects any subcontractor submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. The Partnership shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Partnership shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits have been obtained.

(b) If, prior to entering into an agreement with a General Contractor for construction of the Project, the Partnership does not solicit bids pursuant to Section 6.01(a) hereof, then the fee of the General Contractor proposed to be paid out of City Funds shall not exceed ten percent (10%) of

the total amount of the Construction Contract. Except as explicitly stated in this paragraph, all other provisions of Section 6.01(a) shall apply, including but not limited to the requirement that the General Contractor shall solicit competitive bids from all subcontractors.

6.02 Construction Contract. Prior to the execution thereof, the Partnership shall deliver to DPD a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.01 above, for DPD's prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof. Within ten (10) business days after execution of such contract by the Partnership, the General Contractor and any other parties thereto, the Partnership shall deliver to DPD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.03 Performance and Payment Bonds. Prior to the commencement of any portion of the Project which includes work on the public way, the Partnership shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a bond in the form attached as Exhibit M hereto. The City shall be named as obligee or co-obligee on any such bonds.

6.04 Employment Opportunity. The Partnership shall contractually obligate and cause the General Contractor and each subcontractor to agree to the provisions of Section 10 hereof.

6.05 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 10.03 (MBE/WBE Requirements, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion of Rehabilitation. Upon completion of the rehabilitation of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DPD shall issue to the Developer a Certificate of Completion (or "Certificate") in recordable form certifying that each of Heartland and the Partnership has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DPD shall respond to the Developer's written request for a Certificate within forty-five (45) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures. The City also requires the following prior to issuing any Certificate of Completion:

(a) That the City Department of Buildings has issued Certificate(s) of Occupancy for the Project; and

(b) That the City's Monitoring and Compliance unit has determined in writing that the Partnership is in complete compliance with all City Requirements with respect to MBE/WBE, City Residency and Prevailing Wage, as set forth in Section 10 of this Agreement.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the rehabilitation of the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms

Those covenants specifically described at Sections 8.02, 8.19, and 8.20 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate; provided, that upon the issuance of a Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Partnership or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Partnership's rights under this Agreement and assume the Partnership's liabilities hereunder.

7.03 Failure to Complete. If the Partnership fails to complete the Project in accordance with the terms of this Agreement, then the City has, but shall not be limited to, any of the following rights and remedies:

(a) the right to terminate this Agreement and cease all disbursement of Post-Closing City Funds not yet disbursed pursuant hereto;

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of such TIF-Funded Improvements that are public improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the public TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such public TIF-Funded Improvements in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer on a joint and several basis regarding the Pre-Closing City Funds, and the right to seek reimbursement of the Post-Closing City Funds from the Partnership.

7.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DPD shall provide the Developer, at the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.

8.01 General. Except where the representation, warranty or covenant is limited to a particularly identified party, the Developer jointly represents, warrants and covenants, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, the following (and each particularly identified party in the succeeding subsections represents warrants and covenants, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder that):

(a) the Partnership is an Illinois limited partnership duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) the General Partner is an Illinois not for profit corporation duly incorporated, validly existing and qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

(c) Heartland is an Illinois not-for-profit corporation duly incorporated, validly existing and qualified to do business as a not-for-profit corporation in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

(d) the Developer has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(e) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary corporate and partnership action, and does not and will not violate the Partnership's partnership agreement as amended and supplemented or Heartland's by-laws as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

(f) unless otherwise permitted or not prohibited pursuant to or under the terms of this Agreement, the Partnership has acquired and shall maintain good, indefeasible and merchantable fee

simple title to the Property (and all improvements thereon) free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof)

(g) the Developer is now and for the Term of the Agreement shall remain solvent and able to pay its debts as they mature,

(h) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened or affecting the Developer which would materially impair its ability to perform under this Agreement;

(i) the Partnership has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project;

(j) except as disclosed in writing to the City by the Developer or its counsel, the Developer is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Developer is a party or by which the Developer is bound;

(k) the Financial Statements are, and when hereafter required to be submitted will be, complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of each of Heartland and the Partnership, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of either Developer since the date of the Developer's respective most recent Financial Statements;

(l) (i) prior to the issuance of a Certificate, the Partnership shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except for the Master Lease or tenant leases of not greater than one year in duration entered in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Partnership's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; (5) enter into any transaction that would cause a material and detrimental change to the Partnership's financial condition; or (6) change the use of the Property to a use other than a single room occupancy, one bedroom and studio apartment rental residential building (with rental commercial space on the first floor thereof);

(ii) after the issuance of a Certificate, the Partnership shall not, without the prior written consent of DPD: (7) sell, transfer, convey, lease or otherwise dispose of all or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except for the Master Lease, tenant leases of not greater than one year in duration entered in the ordinary course of business and any sale or conveyance of the Facility and Property to Heartland

from or by the Partnership pursuant to the terms of a Purchase Option/Right of First Refusal Agreement following the termination of the fifteen year compliance period required pursuant to 42 U.S.C. Section 42(i) in connection with the federal low income housing tax credit allocated to the Project; or (8) change the use of the Property to a use other than a single room occupancy, one bedroom and studio apartment rental residential building (with rental commercial space on the first floor thereof),

(m) the Partnership has not incurred, and, prior to the issuance of a Certificate, shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property (or improvements thereon) other than the Permitted Liens and the liens of certain acquisition and predevelopment loan financing from Community Investment Corporation and the Corporation for Supportive Housing that are or will be extinguished concurrently with the Closing Date; in addition, after the Closing Date, the Partnership will not incur any indebtedness, secured or to be secured by the Property (or improvements thereon) or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget; and

(n) the Developer has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City.

8.02 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Partnership's receipt of all required building permits and governmental approvals, the Partnership shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Partnership. The covenants set forth in this Section 8.02 shall run with the land and be binding upon any transferee, but shall be deemed satisfied upon issuance by the City of a Certificate with respect thereto.

8.03 Redevelopment Plan. The Developer represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan.

8.04 Use of City Funds. (a) Concurrently with or after the closing of the Lender Financing, but in no event later than July 1, 2004, subject to all the terms and conditions hereof, the City shall disburse the Pre-Closing City Funds to Heartland, which shall either loan such funds to the Partnership or, through the General Partner, make a capital contribution of those Pre-Closing City Funds to the Partnership. The Partnership shall use the Pre-Closing City Funds solely to pay for (or to reimburse Heartland, the General Partner and/or the Partnership for its payment for) the TIF-Funded Improvements identified on Exhibit B hereto as provided in this Agreement.

(b) Upon satisfaction by the Partnership of the requirements in Sections 4.04 and 4.07 hereof, and subject to all the terms and conditions hereof, the City shall disburse Post-Closing City Funds to the Partnership on an annual basis. The Partnership shall only use the Post-Closing City Funds to pay for (or reimburse the Partnership for its payment of) earned and accrued interest on the Bridgeview Loan, provided such interest payments do not exceed seventy five percent (75%) of the interest charged to the Partnership under the terms of the Bridgeview Loan.

8.05 Bonds The Partnership shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Redevelopment Area (the "Bonds"); provided, however, that (1) any such amendments shall not have a material adverse effect on the Partnership or the Project, and (2) the proceeds of the Bonds may not be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements, unless such use is expressly permitted by law at the time of the issuance of the Bonds. If the City intends to issue Bonds the interest on which is not includible in gross income of their owners for federal income tax purposes ("Tax Exempt Bonds"), the City shall notify in writing tax counsel for the Developer identified in Section 17 hereof ("Tax Counsel for the Developer") prior to providing any proceeds of the Tax Exempt Bonds to the Partnership. The Partnership shall, at the Partnership's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 Covenant to Remain in the City. The Partnership hereby covenants and agrees to maintain its operations within the City of Chicago at the Property described above through 2025; provided, however, the City acknowledges that in 2020, the Project may be purchased by Heartland pursuant to a purchase option/right of first refusal agreement. In the event that Heartland so purchases the Project in 2020, then Heartland hereby covenants and agrees to maintain its operations within the City of Chicago at the Property described above through 2025.

8.07 Employment Opportunity; Progress Reports. The Partnership covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof. The Partnership shall deliver to the City written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). If any such reports indicate a shortfall in compliance, the Partnership shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Partnership shall correct any shortfall.

8.08 Employment Profile. The Partnership shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to DPD, from time to time, statements of its employment profile upon DPD's request.

8.09 Prevailing Wage. The Partnership covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Partnership shall provide the City with copies of all such contracts entered into by the Partnership or the General Contractor to evidence compliance with this Section 8.09

8.10 Arms-Length Transactions. Except as permitted under Section 8.04 and unless DPD has given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

8.11 Conflict of Interest. Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer represents, warrants and covenants that, to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or the Developer with respect thereto, owns or controls, has owned or controlled or will own or control any interest in the Developer's business, the Property or any other property in the Redevelopment Area, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area.

8.12 Disclosure of Interest. The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project.

8.13 Financial Statements. Heartland shall obtain and provide to DPD Financial Statements for Heartland's fiscal year ended June 30, 2003 and each fiscal year thereafter until the City has issued the Certificate. Consistent with the foregoing, Heartland shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may reasonably request. The Partnership shall obtain and provide DPD at Closing its Financial Statements. Following Closing, the Partnership shall obtain and provided to DPD audited Financial Statements for the Partnership's fiscal year ended December 31, 2006, and

each fiscal year thereafter. In addition, the Partnership shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other period as DPD may reasonably request.

8.14 Insurance. Except for any insurance requirements specifically identified for Heartland, the Partnership, at its own expense, shall comply with all provisions of Section 12 hereof.

8.15 Non-Governmental Charges.

(a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Partnership agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Partnership may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Partnership shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

(b) Right to Contest. The Partnership has the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Partnership's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.15); or

(ii) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

8.16 Developer's Liabilities. Neither Heartland nor the Partnership shall enter into any transaction that would materially and adversely affect its respective ability to perform its respective obligations hereunder or to repay any of its respective material liabilities or perform any of its respective material obligations to any other person or entity. Each Heartland and the Partnership shall immediately notify DPD of any and all events or actions which may materially

affect their respective ability to carry on their respective business operations or perform their respective obligations under this Agreement

8.17 Compliance with Laws. To the best of the Partnership's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. Upon the City's request, the Partnership shall provide evidence satisfactory to the City of such compliance.

8.18 Recording and Filing. The Partnership shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed against the Property on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Partnership shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Partnership shall immediately transmit or cause the Title Company to transmit to the City an executed duplicate original of this Agreement showing the date and recording number of record

8.19 Real Estate Provisions.

(a) Governmental Charges.

(i) Payment of Governmental Charges. The Partnership agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Partnership, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Partnership or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook County, and municipalities other than the City) relating to the Partnership, the Property or the Project including but not limited to real estate taxes.

(ii) Right to Contest. The Partnership has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Partnership's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Partnership has given prior written notice to DPD of the Partnership's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

(1) the Partnership shall demonstrate to DPD's satisfaction that legal proceedings instituted by the Partnership contesting or objecting to a Governmental Charge shall operate to prevent or remove a lien against, or the sale or forfeiture of, all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings; and/or

(2) the Partnership shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

(b) Partnership's Failure To Pay Or Discharge Lien. If the Partnership fails to pay any Governmental Charge or to obtain discharge of the same, the Partnership shall advise DPD thereof in writing, at which time DPD may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Partnership under this Agreement, in DPD's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DPD deems advisable. All sums so paid by DPD, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to DPD by the Partnership. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the Partnership fails to pay any Governmental Charge, the City, in its sole discretion, may require the Partnership to submit to the City audited Financial Statements at the Partnership's own expense.

(c) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Partnership agrees that (A) for the purpose of this Agreement, the minimum assessed value of the Property ("Minimum Assessed Value") is shown on Exhibit K attached hereto and incorporated herein by reference for the years noted on Exhibit K; (B) Exhibit K sets forth the specific improvements which will generate the fair market values, assessments, equalized assessed values and taxes shown thereon; and (C) the real estate taxes anticipated to be generated and derived from the respective portions of the Property and the Project for the years shown are fairly and accurately indicated in Exhibit K.

(ii) Real Estate Tax Exemption. With respect to the Property or the Project, neither the Partnership nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Partnership shall, during the Term of this Agreement, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that the Redevelopment Plan is in effect.

(iii) No Reduction in Real Estate Taxes. Except for the Class 9 property tax exemption, neither the Partnership nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Partnership shall, during the Term of this Agreement, directly or indirectly, initiate, seek or apply for proceedings in order to lower the assessed value of all or any portion of the Property or the Project below the amount of the Minimum Assessed Value as shown in Exhibit K for the applicable year

(iv) No Objections Neither the Partnership nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Partnership, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Property up to (but not above) the Minimum Assessed Value as shown in Exhibit K.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.19(c) are covenants running with the land and this Agreement shall be recorded by the Partnership as a memorandum thereof, at the Partnership's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Partnership and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Partnership agrees that any sale, lease, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.19(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Partnership, its successors or assigns, may waive and terminate the Partnership's covenants and agreements set forth in this Section 8.19(c).

8.20 Affordable Housing Covenant. The Partnership agrees and covenants to the City that, prior to any foreclosure of the Property by a Lender providing Lender Financing, the provisions of that certain Regulatory Agreement executed by the Partnership and DOH as of the date hereof shall govern the terms of the Partnership's obligation to provide affordable housing. Following foreclosure, if any, and from the date of such foreclosure through the Term of the Agreement, the following provisions shall govern the terms of the obligation to provide affordable housing under this Agreement:

(a) The Facility, including the units subject to the Master Lease, shall be operated and maintained solely as residential rental housing (with the exception of the commercial rental space on the first floor of the Facility);

(b) All of the units in the Facility shall be available for occupancy to and be occupied solely by one or more persons qualifying as Low Income Families (as defined below) upon initial occupancy (with respect to any units subject to the Master Lease or any rent subsidy funded in part with proceeds of a Supportive Housing Program grant from HUD, the person or persons qualifying as Low Income Families must also satisfy the requirements of the Supportive Housing Program); and

(c) All of the units in the Facility have monthly rents not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Internal Revenue Code of 1986, as amended); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income, subject to the requirements of Section 42 of the Internal Revenue Code, as amended.

(d) As used in this Section 8.20, the following terms have the following meanings:

(i) "Family" shall mean one or more individuals, whether or not related by blood or marriage; and

(ii) "Low Income Families" shall mean Families whose annual income does not exceed eighty percent (80%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

(e) The covenants set forth in this Section 8.20 shall run with the land and be binding upon any transferee.

(f) The City and the Partnership may enter into a separate agreement to implement the provisions of this Section 8.20.

8.21 Maintenance of the Building. The Partnership will be required to maintain the facade of the Facility according to the requirements set forth in Exhibit N hereto.

8.22 Complete the Project The Partnership will be required to complete the Project, in accordance with this Agreement.

8.23 Survival of Covenants. All warranties, representations, covenants and agreements of each of Heartland and the Partnership contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of Heartland and the Partnership's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in Section 7 hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 General Covenants The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder.

9.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

10.01 Employment Opportunity. The Partnership, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Partnership operating on the Property (collectively, with the Partnership, the "Employers" and individually an "Employer") to agree, that for the Term of this Agreement with respect to the Partnership and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race,

religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

(b) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

(c) Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq (1993), and any subsequent amendments and regulations promulgated thereto.

(d) Each Employer, in order to demonstrate compliance with the terms of this Section, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.

(e) Each Employer shall include the foregoing provisions of subparagraphs (a) through (d) in every contract entered into in connection with the Project, and shall require inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any Affiliate operating on the Property, so that each such provision shall be binding upon each contractor, subcontractor or Affiliate, as the case may be.

(f) Failure to comply with the employment obligations described in this Section 10.01 shall be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof.

10.02 City Resident Construction Worker Employment Requirement. The Partnership agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Partnership, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

The Partnership may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Chief Procurement Officer of the City.

"Actual residents of the City" shall mean persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

The Partnership, the General Contractor and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DPD in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

The Partnership, the General Contractor and each subcontractor shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of DPD, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Partnership, the General Contractor and each subcontractor shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project.

At the direction of DPD, affidavits and other supporting documentation will be required of the Partnership, the General Contractor and each subcontractor to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

Good faith efforts on the part of the Partnership, the General Contractor and each subcontractor to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Partnership has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Partnership to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the

certification of payroll data may subject the Partnership, the General Contractor and/or the subcontractors to prosecution. **Any retainage to cover contract performance that may become due to the Partnership pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Partnership must surrender damages as provided in this paragraph.**

Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement or related documents.

The Partnership shall cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project.

10.03 The Partnership's MBE/WBE Commitment. The Partnership agrees for itself and its successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate the General Contractor to agree that, during the Project:

(a) Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following percentages of the hard construction costs identified on the General Contractor's sworn statement submitted pursuant to the terms of the Construction Escrow Agreement shall be expended for contract participation by MBEs or WBEs:

- i. At least 25 percent by MBEs.
- ii. At least 5 percent by WBEs.

(b) For purposes of this Section 10.03 only, the Partnership (and any party to whom a contract is let by the Partnership in connection with the Project relating to hard construction costs) shall be deemed a "contractor" and this Agreement (and any contract let by the Partnership in connection with the Project) shall be deemed a "contract" as such terms are defined in Section 2-92-420, Municipal Code of Chicago.

(c) Consistent with Section 2-92-440, Municipal Code of Chicago, the Partnership's MBE/WBE commitment may be achieved in part by the Partnership's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Partnership), or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Partnership utilizing a MBE or a WBE as a General Contractor

(but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Partnership's MBE/WBE commitment as described in this Section 10.03

(d) The Partnership shall deliver quarterly reports to the City's monitoring staff, who serve similar functions for both DOH and DPD, during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include inter alia the name and business address of each MBE and WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist the City in determining the Partnership's compliance with this MBE/WBE commitment. The City has access to the Partnership's books and records, including, without limitation, payroll records, books of account and tax returns, and records and books of account in accordance with Section 14 of this Agreement, on five (5) business days' notice, to allow the City to review the Partnership's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

(e) Upon the disqualification of any MBE or WBE General Contractor or subcontractor, if such status was misrepresented by the disqualified party, the Partnership shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this Subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

(f) Prior to the commencement of the Project, the Partnership, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of the City with regard to the Partnership's compliance with its obligations under this Section 10.03. During this meeting, the Partnership shall demonstrate to DPD its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. During the Project, the Partnership shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Partnership is not complying with its obligations hereunder shall, upon the delivery of written notice to the Partnership, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Partnership to halt the Project, (2) withhold any further payment of any City Funds to the Partnership or the

General Contractor, or (3) seek any other remedies against the Partnership available at law or in equity.

SECTION 11 ENVIRONMENTAL MATTERS

The Partnership hereby represents and warrants to the City that the Partnership has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto, and the Redevelopment Plan.

Without limiting any other provisions hereof the Partnership agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the Partnership. (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from all or any portion of the Property, or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Partnership or any of its Affiliates under any Environmental Laws relating to the Property.

SECTION 12 INSURANCE

The Partnership shall provide and maintain, or cause to be provided, at the Partnership's own expense, during the Term of the Agreement (or as otherwise specified below), the insurance coverages and requirements specified below, insuring all operations related to the Agreement. Heartland shall provide and maintain, or cause to be provided, at Heartland's own expense, during the Term of the Agreement (or as otherwise specified below), the insurance coverages and requirements set forth in subsections (a), (b)(ii), (b)(iii) and (b)(vii).

(a) Prior to Execution and Delivery of this Agreement and Throughout the Term of the Agreement

(i) Workers Compensation and Employers Liability Insurance Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$100,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella) Commercial General Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury, and property damage liability. coverages shall include

the following: All premises and operations, products/completed operations, independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(b) Construction

(i) Workers Compensation and Employers Liability Insurance Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$500,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella) Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages shall include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) Automobile Liability Insurance (Primary and Umbrella) When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Contractor shall provide Automobile Liability Insurance with limits of not less than \$2,000,000 per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non-contributory bases.

(iv) Railroad Protective Liability Insurance When any work is to be done adjacent to or on railroad or transit property, Contractor shall provide, or cause to be provided with respect to the operations that the Contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy has limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) Builders Risk Insurance When the Contractor undertakes any construction, including improvements, betterments, and/or repairs, the Contractor shall provide, or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the permanent facility. Coverages shall include but are not limited to the following: collapse, boiler and machinery if applicable. The City of Chicago shall be named as an additional insured and loss payee.

(vi) Professional Liability When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement,

Professional Liability Insurance covering acts, errors, or omissions shall be maintained with limits of not less than \$1,000,000. Coverage shall include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

(vii) Valuable Papers Insurance When any plans, designs, drawings, specifications and documents are produced or used under this Agreement, Valuable Papers Insurance shall be maintained in an amount to insure against any loss whatsoever, and has limits sufficient to pay for the re-creations and reconstruction of such records

(viii) Contractor's Pollution Liability When any remediation work is performed which may cause a pollution exposure, contractor's Pollution Liability shall be provided with limits of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When policies are renewed, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of one (1) year. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(c) Term of the Agreement

- (i) Prior to the execution and delivery of this Agreement and during construction of the Project, All Risk Property Insurance in the amount of the full replacement value of the Property. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.
- (ii) Post-construction, throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

(d) Other Requirements Each of Heartland and the Partnership will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from either Heartland or the Partnership shall not be deemed

to be a waiver by the City. Each of Heartland and the Partnership shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the Partnership or Heartland of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided

(i) The insurance shall provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed

(ii) Any and all deductibles or self insured retentions on referenced insurance coverages shall be borne by the Partnership or Heartland, as applicable.

(iii) Each of Heartland and the Partnership agrees that insurers shall waive rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

(iv) Each of Heartland and the Partnership expressly understands and agrees that any coverages and limits furnished by Heartland or the Partnership, as applicable, shall in no way limit Heartland or the Partnership's liabilities and responsibilities specified within the Agreement documents or by law, as applicable.

(vi) Each of Heartland and the Partnership expressly understands and agrees that Heartland and the Partnership's insurance, as applicable, is primary and any insurance or self insurance programs maintained by the City of Chicago shall not contribute with insurance provided by Heartland or the Partnership under the Agreement.

(vii) The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

(viii) The Partnership shall require the General Contractor, and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the General Contractor, or subcontractors. All General Contractors and subcontractors shall be subject to the same requirements (Section (d)) of Partnership unless otherwise specified herein.

(ix) If Heartland the Partnership, , General Contractor or any subcontractor desires additional coverages, Heartland, the Partnership, General Contractor and any subcontractor shall be responsible for the acquisition and cost of such additional protection.

(x) The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements, so long as any such change does not increase these requirements.

SECTION 13. INDEMNIFICATION

13.01 Heartland: General Indemnity Heartland agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnitee," and collectively the "Indemnities") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnities in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnities shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnities in any manner relating or arising out of

(i) the Heartland's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

(ii) [intentionally omitted]

(iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Heartland or any Affiliate of Heartland or any agents, employees, contractors or persons acting under the control or at the request of the Heartland or any Affiliate of Heartland; or

(iv) the Heartland's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

provided, however, that Heartland shall have no obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it violates any law or public policy, Heartland shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnities or any of them. The provisions of the undertakings and indemnification set out in this Section 13.01 shall survive the termination of this Agreement.

13.02 Partnership General Indemnity. Partnership agrees to indemnify, pay, defend and hold each Indemnitee and all of the Indemnities harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and

disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnities shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating or arising out of.

(i) the Partnership's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

(ii) the Partnership's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement, or

(iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Partnership or any Affiliate of Partnership or any agents, employees, contractors or persons acting under the control or at the request of the Partnership or any Affiliate of Partnership; or

(iv) the Partnership's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

provided, however, that Partnership shall have no obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it violates any law or public policy, Partnership shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 13.02 shall survive the termination of this Agreement.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 Books and Records. The Partnership shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Partnership's loan statements, if any, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Partnership's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Partnership's expense. The Partnership shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Partnership with respect to the Project. Heartland and the General Partner agree to keep and maintain separate, complete and accurate records reflecting the Prior TIF-Eligible Expenditures for which each was reimbursed with the Pre-Closing City Funds.

14.02 Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City has access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION 15. DEFAULT AND REMEDIES

15.01 Events of Default The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, shall constitute an "Event of Default" by Heartland, the Partnership, or the Developer, as applicable, hereunder:

(a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under this Agreement or any related agreement;

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer's (i) ability to perform, keep or observe any of the conditions, promises or obligations of the Developer under this Agreement, or (ii) business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary on the part of the Partnership) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within sixty (60) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

(h) the occurrence of an event of default under the Lender Financing caused by or attributable to the Partnership, which default is not cured within any applicable cure period;

(i) the dissolution of the Developer or the death of any natural person who owns a material interest in the Developer;

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Developer, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns a material interest in the Developer, for any crime (other than a misdemeanor);or

(k) prior to the Tenth (10th) anniversary date of the issuance of the Certificate of Completion, the sale or transfer of a majority of the ownership interests of the Partnership without the prior written consent of the City.

For purposes of Sections 15.01(i) and 15.01(j) hereof, a person with a material interest in the Developer shall be one owning in excess of ten percent (10%) of the Partnership's partnership interests.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements (including but not limited to the documents regarding the DOH Loan), and may suspend disbursement of City Funds. Upon the occurrence of an Event of Default caused by or attributable to Heartland, the City may, in any court of competent jurisdiction

by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to a lien on the property, injunctive relief, reimbursement of the Pre-Closing City Funds previously disbursed, or the specific performance of the agreements contained herein. Upon the occurrence of an Event of Default caused by or attributable to the Partnership, the City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to a lien on the property, injunctive relief, reimbursement of the City Funds previously disbursed, or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event that either Heartland or the Partnership shall fail to perform a monetary covenant which Heartland or the Partnership is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the party in default has failed to perform such monetary covenant within thirty (30) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event that either Heartland or the Partnership shall fail to perform a non-monetary covenant which Heartland or the Partnership is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the party in default has failed to cure such default within sixty (60) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such sixty (60) day period, the defaulting party shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such sixty (60) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured. Regardless of which party is the party in default of the Agreement, the City shall provide written notice of the occurrence of the default to both Heartland, the Partnership and the Partnership's limited partner. If Heartland is the party in default, the City shall accept a cure tendered by the Partnership or its limited partner as and for a cure tendered by Heartland. Likewise, If the Partnership is the party in default, the City shall accept a cure tendered by Heartland or the Partnership's limited partner as and for a cure tendered by the Partnership

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Partnership may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "New Mortgage." Any New Mortgage that the Partnership may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby agreed by and between the City and the Partnership as follows :

(a) In the event that a mortgagee or any other party shall succeed to the Partnership's interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Partnership's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Partnership for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Partnership's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Partnership's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Partnership for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of the Partnership hereunder ; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Partnership's interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Partnership which accrued prior to the time such party succeeded to the interest of the Partnership under this Agreement, in which case the Partnership shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Partnership's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the issuance by the City to the Partnership of a Certificate pursuant to Section 7 hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD.

SECTION 17. NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) telecopy or facsimile; (c) overnight courier, or (d) registered or certified mail, return receipt requested.

If to the City: City of Chicago
 Department of Planning and Development
 121 North LaSalle Street, Room 1000
 Chicago, Illinois 60602
 Attention: Commissioner

With Copies To: City of Chicago
Department of Law
Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, Illinois 60602

City of Chicago
Department of Housing
318 South Michigan Avenue
Chicago, Illinois 60604

If to the Partnership: Leland Limited Partnership
c/o Leland Neighborhood Development Corp.
208 South LaSalle Street, Suite 1818
Chicago, Illinois 60604

If to Heartland: Heartland Housing, Inc.
208 South LaSalle Street, Suite 1818
Chicago, IL 60604
Attention: Executive Officer

With Copies To: Applegate & Thorne-Thomsen, P.C.
322 South Green Street, Suite 400
Chicago, Illinois 60607
Attention: Thomas Thorne-Thomsen, Esq.
("Tax Counsel for the Developer")

NEFAC Assignment Corporation
120 South Riverside Plaza, 15th Floor
Chicago, Illinois 60606
Attention: General Counsel

Bridgeview Bank Group
4753 North Broadway
Chicago, Illinois 60640
Attention: Laura Lee

Illinois Housing Development Authority
401 North Michigan Avenue, Suite 900
Chicago, Illinois 60611
Attention : General Counsel

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two (2) business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit D hereto without the consent of any party hereto if the effect of such amendment, modification or supplementation is not to materially increase the obligations of Developer hereunder or otherwise adversely affect the Developer's rights hereunder. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this Section 18.01 shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of the Partnership (including those set forth in Sections 10.02 and 10.03 hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Heartland or the Partnership affecting the Project site, the Project, or both, or increases any time agreed for performance by Heartland or the Partnership by more than one hundred twenty (120) days.

18.02 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. Heartland agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement applicable to it; the Partnership agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement applicable to it.

18.05 Waiver. Waiver by the City, Heartland or the Partnership with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party

with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City, Heartland or the Partnership in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

18.06 Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

18.07 Disclaimer. Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

18.08 Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

18.09 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

18.10 Severability. If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

18.11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances and/or the Bond Ordinance, if any, such ordinance(s) shall prevail and control.

18.12 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

18.13 Form of Documents. All documents required by this Agreement to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City.

18.14 Approval. Wherever this Agreement provides for the approval or consent of the City, DPD or the Commissioner, or any matter is to be to the City's, DPD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, DPD or the Commissioner in writing and in the reasonable

discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DPD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.15 Assignment. Except as otherwise permitted in this Agreement, neither Heartland nor the Partnership may sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City. Any successor in interest to Heartland or the Partnership under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Sections 8.19 (Real Estate Provisions) and 8.24 (Survival of Covenants) hereof, for the Term of the Agreement. Each of Heartland and the Partnership consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon Heartland, the Partnership, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of Heartland, the Partnership, the City and their respective successors and permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

18.17 Force Majeure. Neither the City, Heartland nor the Partnership nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

18.18 Exhibits. All of the exhibits attached hereto are incorporated herein by reference.

18.19 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Developer is required to provide notice under the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the

Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein

18.20 Venue and Consent to Jurisdiction. If there is a lawsuit under this Agreement, each party may hereto agree to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois

18.21 Costs and Expenses. (a) In addition to and not in limitation of the other provisions of this Agreement, Heartland agrees to pay upon demand the City's out-of-pocket expenses, including attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement as it relates to the performance by Heartland of its obligations under this Agreement. This includes, subject to any limits under applicable law, attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Heartland also will pay any court costs, in addition to all other sums provided by law.

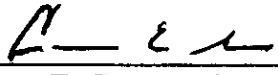
(b) In addition to and not in limitation of the other provisions of this Agreement, the Partnership agrees to pay upon demand the City's out-of-pocket expenses, including attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement as it relates to the performance by the Partnership of its obligations under this Agreement. This includes, subject to any limits under applicable law, attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. The Partnership also will pay any court costs, in addition to all other sums provided by law.

18.22 Business Relationships. The Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (C) that a violation of Section 2-156-030 (b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. Each of Heartland and the Partnership respectively represent and warrant that, to the best of their respective knowledge after due inquiry, no violation of Section 2-156-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

LELAND LIMITED PARTNERSHIP, an Illinois limited partnership

By: Leland Neighborhood Development Corp., an Illinois not for profit corporation, its General Partner

By: 
Andrew E. Geer, Assistant Secretary

HEARTLAND HOUSING, INC., an Illinois not for profit corporation, d/b/a Century Place Development Corp.

By: 
Andrew E. Geer, Executive Officer

CITY OF CHICAGO

By: _____
Commissioner
Department of Planning and Development

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written

LELAND LIMITED PARTNERSHIP, an Illinois limited partnership

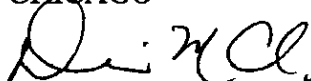

By Leland Neighborhood Development Corp , an Illinois not for profit corporation, its General Partner

By: _____
Andrew E Geer, Assistant Secretary

HEARTLAND HOUSING, INC., an Illinois not for profit corporation, d/b/a Century Place Development Corp

By: _____
Andrew E. Geer, Executive Officer

CITY OF CHICAGO

By: 
Commissioner 
Department of Planning and Development

STATE OF ILLINOIS)
)ss
COUNTY OF COOK)

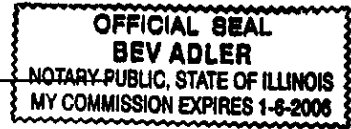
I, Bev Adler, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew E. Geer, personally known to me to be the Assistant Secretary of Leland Neighborhood Development Corp., an Illinois not for profit corporation (the "General Partner") and the sole general partner of Leland Limited Partnership, an Illinois limited partnership (the "Partnership"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him by the partners of the Partnership, as his free and voluntary act and as the free and voluntary act of the Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 1st day of June, 2004.

Bev Adler
Notary Public

My Commission Expires _____

(SEAL)



STATE OF ILLINOIS)
)ss
COUNTY OF COOK)

I, Bev Adler, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew E. Geer, personally known to me to be the Executive Officer of Heartland Housing, Inc., an Illinois not-for-profit corporation d/b/a Century Place Development Corp. (the "Owner"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him by the board of directors of Heartland, as his free and voluntary act and as the free and voluntary act of Heartland, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 1st day of June, 2004.

Bev Adler
Notary Public

My Commission Expires _____

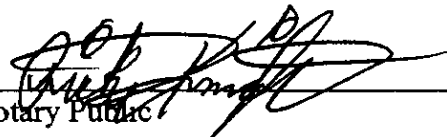
(SEAL)



STATE OF ILLINOIS)
)ss
COUNTY OF COOK)

I, Ricky Knight, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Denise M. Casalino, personally known to me to be the Commissioner of the Department of Planning and Development of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed, and delivered said instrument pursuant to the authority given to her by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 15th day of June, 2004



Notary Public

My Commission Expires 6/21/05

(SEAL)



EXHIBIT A

LEGAL DESCRIPTION

LOTS 13 AND 14 IN SHERIDAN DRIVE SUBDIVISION IN THE NORTHWEST 1/4 OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

-- PIN. 14-17-111-012-0000, Vol. 478

Address Commonly Known As: 1201-1213 West Leland Avenue
Chicago, Illinois 60640-4910

EXHIBIT B

TIF-FUNDED IMPROVEMENTS

(see attached)

-- **Note: Notwithstanding the total of TIF-Funded Improvements, the assistance to be provided by the City is limited to \$2,000,000.**

EXHIBIT B

TIF Funded Improvements Leland Apartments

Cost	Amount Paid with TIF
Construction Net Rehabilitation Construction Costs	9,696
Professional Fees Architect Design	145,500
Professional Fees Blueprints	4,928
Professional Fees Physical Needs Assessment	4,845
Professional Fees Appraisal	12,500
Professional Fees Market Study	6,500
Professional Fees Title & Recording Fees	20,250
Interest Reimbursement (up to 75% of all Interest)	1,795,781
Total TIF Budget	2,000,000

EXHIBIT C

PERMITTED LIENS

1 Liens or encumbrances against the Property:

Those matters set forth as Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any: None.

EXHIBIT D
REDEVELOPMENT PLAN
(see attached)

**LAWRENCE/BROADWAY
TAX INCREMENT FINANCING
REDEVELOPMENT AREA PROJECT AND PLAN**

City of Chicago, Illinois

February 26, 2001

Revised May 29, 2001

City of Chicago
Richard M. Daley, Mayor

Department of Planning and Development
Alicia Mazur Berg, Commissioner

**LAWRENCE/BROADWAY
TAX INCREMENT FINANCING
REDEVELOPMENT AREA PROJECT AND PLAN**

City of Chicago, Illinois
Department of Planning and Development

This Redevelopment Plan is subject to review
and comment and may be revised
after public hearing

Prepared by:
Trkla, Pettigrew, Allen & Payne, Inc.

February 26, 2001
Revised May 29, 2001

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EXHIBIT I: LEGAL DESCRIPTION OF PROJECT BOUNDARY

EXHIBIT II: ESTIMATED REDEVELOPMENT PROJECT COSTS

EXHIBIT III: 1999 EQUALIZED ASSESSED VALUATION BY TAX PARCEL

**EXHIBIT IV: LAWRENCE/BROADWAY REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING ELIGIBILITY STUDY**

I. INTRODUCTION

This document is to serve as a redevelopment plan (the "Redevelopment Plan") for an area that is located in the Uptown and Edgewater community areas in the City of Chicago (the "City") and generally includes the Broadway frontage bounded by Berwyn Avenue on the north and Leland Avenue on the south, and also includes the area bounded by Ainslie Street on the north, Lakeside Place on the south, and the east frontage of Sheridan Road on the east. This area is subsequently referred to in this document as the Lawrence/Broadway Tax Increment Financing Redevelopment Project Area, (the "Project Area") The Project Area is illustrated in *Figure 1. Project Area Boundary* and legally described in Section II

The Project Area is situated in the heart of Uptown at the intersection of Broadway and Lawrence and Racine Avenues. The Project Area extends northward along Broadway into the southern edge of the Edgewater Community Area. The Uptown and Edgewater communities boast a rich history characterized by rapid development, a vibrant entertainment district, distinctive architecture, and a diverse population.

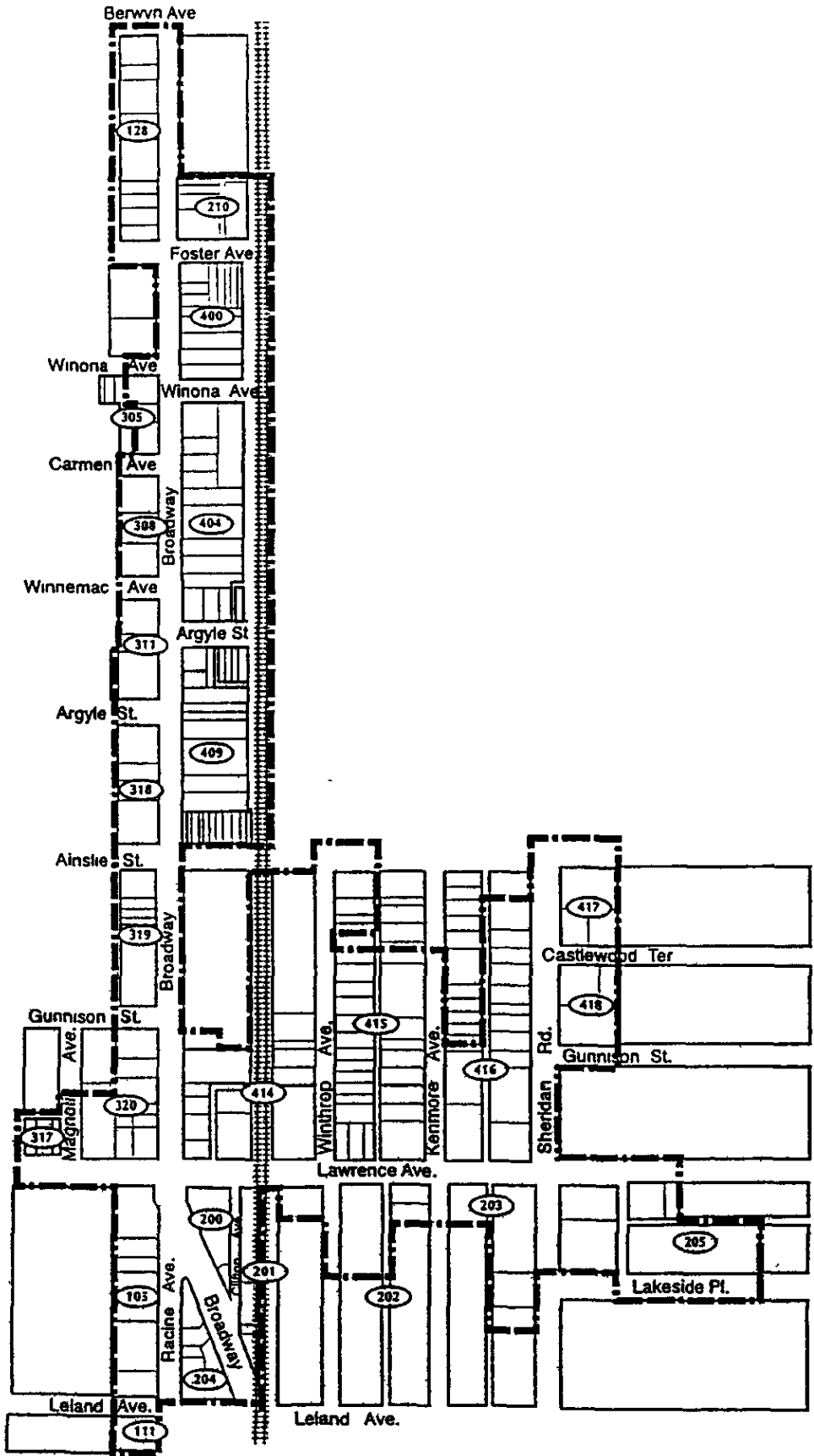
Historical Context

Originally known as Cedar Lawn, the area first began to experience rapid growth in the 1870s and 1880s following the development of the Chicago, Milwaukee and St. Paul Railroad and street car service which connected this area to downtown Chicago. Uptown, which encompassed the Edgewater area until 1970, was annexed to the City of Chicago in 1889. The extension of elevated rail service to Wilson Avenue further contributed to Uptown's development as a major commercial center outside the Loop. In the first decades of the 20th century, Uptown emerged as an entertainment, shopping and recreation destination.

In 1906, the Uptown Store, a commercial center from which the community eventually took its name, opened at 4720-46 North Broadway. Over the next decade, a shopping district, second only to Chicago's Loop developed around the Lawrence-Broadway-Wilson area. By the early 1920s the Uptown area was crowded with restaurants, theaters, cafes, nightclubs and dance halls. The Wilson Avenue and Clarendon Avenue beaches attracted crowds of people to the area by day and the many nightclubs and movie houses drew people by night. The Lakeside Theater, Green Mill Gardens, Riviera Theater, Uptown Theater and Aragon Ballroom are among those buildings that remain from the era of the grand movie palaces.

Even during its heyday, the residential character of the community was densely populated. High land values and Uptown's popularity among young single and married people led to a concentration of apartment houses, apartment hotels and hotels. Overcrowding became acute during the housing shortage that followed World War II, when many units were divided into even smaller one and two room units, which were rented at low costs.

Two factors contributed to the cause of Uptown's decline beginning in the 1930s. The first factor was the extension of Lake Shore Drive in 1933. The extension cut off Uptown from its direct access to Lake Michigan and diverted traffic away from Uptown's commercial district



 Block Number
 Project Area Boundary

Figure 1
PROJECT AREA BOUNDARY

2-20-01

LAWRENCE/BROADWAY

tax Increment Financing Redevelopment Project

Chicago, IL

Prepared By: Trkla, Pettigrew, Allen & Payne, Inc.

along Broadway between Wilson and Lawrence. This commercial isolation was compounded by suburbanization and the post World War II housing boom, which attracted young singles and married people away from the community and into the suburbs. They were replaced by lower income, new migrants who could afford the older, downsized apartment units. These factors, coupled with the struggling economic conditions left from the Depression era, contributed to the overall decline of the area.

Declining conditions in the area sparked the formation of the Uptown Chicago Commission (UCC), whose goal has been to promote commercial development and revitalization of the heart of Uptown. In response to concerns regarding low-income residential displacement a number of housing organizations were created. The Heart-of-Uptown Coalition, Voice of the People, and Organization of the Northeast, among others have attempted to maintain a diverse economic and cultural community in Uptown.

Today, Uptown is one of the most racially and ethnically diverse communities in Chicago with a concentration of unique architectural and cultural assets. It contains some of the oldest buildings in the City and continues to suffer from vacancies, deterioration, and obsolescence.

Uptown Square Historic District

The Uptown Square Historic District, a large portion of which is located in the Lawrence/Broadway Project Area, was officially listed on the National Register of Historic Places in January of 2001. The Uptown Square Historic District includes a range of significant architecture reflecting a period of significance from 1900 to 1950, including turn-of-the-century storefronts with apartments above, grand Spanish Baroque and Moorish entertainment facilities, Classical Revival terra cotta-clad office buildings, an Art Deco post office, and Art Deco and Venetian Gothic apartment hotels. The district is distinguished from its surroundings by its architecture, its scale, and its organization as a cohesive commercial and entertainment district. The district contains a collection of 52 buildings and one structure (the elevated rail line) of which 44 buildings and elevated rail line are contributing and 8 buildings are non-contributing¹. Of the 52 buildings in the historic district, 29 contributing buildings and the elevated rail line are located within the Project Area. *Figure 2* illustrates the location of the buildings and the boundaries of the Uptown Square Historic District. *Table 1* identifies each of the buildings and structures with this district.

As part of its strategy to encourage managed growth and stimulate private investment within the Project Area, the City engaged Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") to study whether the Project Area of approximately 73.6 acres qualifies as a "conservation area" under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended (the "Act"). The Project Area, described in more detail below as well as in the

¹ Contributing buildings were constructed during the period of significance and possess historic integrity through their location, design, setting, materials, workmanship and feeling which reflect their character at that time. Non-contributing buildings within the district were either constructed after 1950 or do not possess historic integrity.

Table 1. Uptown Square Historic District Buildings

	Address	Historic Name	Contributing* / Non-Contributing
1.	4730 N. Sheridan Road	Lakeside Theater	Yes
2.	941 W. Lawrence	Peoples Church of Chicago	Yes
3.	947-959 W. Lawrence 4751-4759 N. Sheridan	Lawrence-Sheridan Apartments	Yes
4.	1001-1015 W. Lawrence 4750-4770 N. Sheridan	Mutual Insurance Building	Yes
5.	1025-1037 W. Lawrence	Lakeside Plaza	No
6.	1039-1053 W. Lawrence	Wilton Hotel	Yes
7.	1055-63 W. Lawrence	Bulk Petroleum Gas Station	No
8.	1101-1113 W. Lawrence	1105 Lawrence Professional Building	Yes
9.	1020 W. Lawrence	New Lawrence Hotel	Yes
10.	1042-1048 W. Lawrence 4800-4808 N. Kenmore	Middlekauf Apatments	Yes
11.	1058-1060 W. Lawrence	Lawrence Apartments	Yes
12.	1064 W. Lawrence	Fleur-de-Lis Apartments	Yes
13.	1100-1110 W. Lawrence	Aragon Ballroom	Yes
14.	4833 N. Broadway	Chicago Motor Club Building	Yes
15.	4829 W. Broadway	Riviera Garage	No
16.	4821 N. Broadway	North Shore Fireproof Building #2	Yes
17.	4811-4815 N. Broadway	Automotive Building	No
18.	4801 N. Broadway	Clancy Building	Yes
19.	4753 N. Broadway	Uptown National Bank Building	Yes
20.	4703-4715 N. Broadway	Uptown Broadway Building	Yes
21.	4701 N. Broadway	H.W. Rubloff Building	Yes
22.	4657-63 N. Broadway	Kresge Building	Yes
23.	4653 N. Broadway		Yes
24.	4647-51 N. Broadway		Yes

* Contributing buildings were constructed during the Uptown Square Historic District period of significance and possess historic integrity through their location, design, setting, materials, workmanship and feeling which reflect their character at that time. Non-contributing buildings within the district were either constructed after 1950 or do not possess historic integrity.

	Address	Historic Name	Contributing/ Non-Contributing
25	4645 N Broadway		Yes
26.	4643 N Broadway		Yes
27.	4635-41 N. Broadway		Yes
28.	4631 N Broadway		Yes
29	4629 N Broadway		Yes
30.	4623 N Broadway		Yes
31.	4621 N. Broadway		Yes
32.	4619 N Broadway		Yes
33	4613-17 N. Broadway		Yes
34	4601-11 N. Broadway		No
35.	1050 W. Wilson	Wilson Avenue Theater	Yes
36.	4520-70 N. Broadway	McJunkin Building	Yes
37	4600-4620 N Broadway	Wilson Avenue CTA Station	Yes
38.	4660-66 N. Broadway	Barry Building	Yes
39.	4700-4714 N Broadway	Plymouth Hotel	Yes
40.	4720-4726 N. Broadway	Loren Miller & Company Store	Yes
41.	4728-4740 N. Broadway	Sheridan Trust and Savings Bank	Yes
42.	4800-4810 N. Broadway	Green Mill Gardens	Yes
43.	4812 N. Broadway	4812 N. Broadway Building	Yes
44.	4814-4816 N. Broadway	Uptown Theater	Yes
45.	4818-4822 N Broadway	North Shore Fireproof Building #1	Yes
46.	4824-4826 N. Broadway	4824 Broadway Building	No
47.	4840 N. Broadway	Spiegel Furniture Store	Yes
48.	4850 N. Broadway	Uptown Post Office	Yes
49.	4734-4736 N. Racine	Fox Building	Yes
50.	4740-4744 N. Racine	Keane Building	No
51.	4746-4760 N Racine	Riviera Theater and Office Building	Yes
52.	1106-1116 W. Leland	Monroe Building	Yes

accompanying Eligibility Study, has not been subject to growth and development through investment by private enterprise and is not reasonably expected to be developed without the adoption of the Plan.

Small scale or piecemeal redevelopment efforts may occur in limited portions of the Project Area. However, the presence of extensive vacancies, obsolete buildings and platting, deterioration and other blight factors throughout the Project Area are likely to preclude the revitalization of the Project Area on a scale sufficient to return it to a sound, sustainable condition without the intervention of the City

A. Lawrence/Broadway Tax Increment Financing Redevelopment Project Area

The Project Area contains 121 buildings and consists of 25 full and partial blocks. The Project Area encompasses a total of approximately 73.6 acres including alley, street and rail rights-of-way. For a map depicting the boundaries and legal description of the Project Area, see Section II, *Legal Description and Project Boundary*

The Project Area can be described as a “mixed-use” area that includes a range of commercial, office, residential, and public uses. Several major commercial corridors run through the Project Area including Broadway Avenue, Lawrence Avenue and Sheridan Road. A concentration of entertainment uses are located near the intersection of Broadway and Lawrence, where the Aragon Ballroom, Riviera Theater, Green Mill Lounge, and vacant Uptown Theater once brought crowds in great numbers. The Uptown Bank and the vacant Goldblatt’s department store are among the largest commercial buildings that remain from the Uptown community’s heyday in the 1910s and 1920s.

Like the commercial corridors, the residential portion of the Project Area encompasses a wide range of densities and styles. Residential properties are generally located east of the CTA elevated tracks (the “E1”) though some are found along Racine Avenue. The Project Area includes 2 and 3 flat rental and condominium buildings, walk-up and mid-rise apartments, single room occupancy hotels, senior housing facilities, and high-rise apartments.

The significant portion of the buildings in the Project Area is over 35 years old.

The Project Area on the whole has not been subject to growth and development through investment by private enterprise. Evidence of this lack of growth and development is detailed in *Section VI* and summarized below.

- Of the 121 buildings in the Project Area, 107 (88.4%) are 35 years of age or older.
- Of the 121 buildings in the Project Area, 85 (70%) are classified as deteriorating.
- Obsolescence is present in 41 of the 121 buildings within the Project Area. Fifteen of the 25 full or partial blocks exhibit obsolete platting due to narrow widths and limited depths.

- Over the five-year period from January 1995 to September 2000, 69 building code violations were issued to properties within the Project Area, which represents 57% of the buildings in the Project Area
- Between 1994 and 1999, the Equalized Assessed Valuation (the "EAV") of the Project Area increased from \$35,052,045 to \$39,448,972, an increase of \$4.4 million (12.54%), which is an average annual rate of 2.49%. Over the same period, the EAV for the balance of the City as a whole increased by an average annual rate of 3.31 percent
- The total EAV of the Project Area has decreased in *two* of the last five calendar years, has lagged behind that of the balance of the City for *four* of the last five calendar years and has lagged behind the Consumer Price Index for All Urban Consumers (CPI-U) for the United States in *three* of the last five calendar years²

Although the Project Area enjoys a prominent location near Lake Michigan, the condition of the Project Area is characterized by obsolescence, deterioration, structures below minimum code standards, excessive vacancies, excessive land coverage and overcrowding of structures and community facilities, deleterious land-use or layout, lack of light, ventilation, or sanitary facilities, and an overall lack of community planning. These physical conditions combined with the cost of conserving architectural and historically significant buildings in the Project Area continue to impede growth and development through private investment. Without the intervention of the City and the adoption of Tax Increment Financing and this Redevelopment Plan, the Project Area would not reasonably be expected to be redeveloped.

B. Tax Increment Financing

In January 1977, Tax Increment Financing ("TIF") was authorized by the Illinois General Assembly through passage of the Act. The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current EAV of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate that results in Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, a municipality may issue obligations secured by Incremental Property Taxes to be generated within the redevelopment project area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality;

² The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a fixed market basket of consumer goods and services. The broadest, most comprehensive CPI is the "CPI for All Urban Consumers for the U.S. City Average for All Items, 1982-84=100" (CPI-U) and is based on the expenditures reported by almost all urban residents and represents about 80 percent of the total U.S. population. The CPI data are also published for metropolitan areas, which measure how much prices have changed over time for a given area. The CPI is the most widely used measure of price change for application in escalation agreements for payments such as rental contracts, collective bargaining agreements, alimony, child support payments, etc.

(d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge

Tax increment financing does not generate tax revenues by increasing tax rates. This financing generates revenues by allowing the municipality to capture, for a certain number of years, the new tax revenues produced by the enhanced valuation of properties resulting from the municipality's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. Under TIF, all taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

C. The Redevelopment Plan for the Lawrence/Broadway Tax Increment Financing Redevelopment Project Area

As evidenced in *Section VI*, the Project Area as a whole has not been subject to growth and development through private investment. Furthermore, it is not reasonable to expect that the Project Area as a whole will be redeveloped without the use of TIF.

TPAP has prepared Redevelopment Plan and the related Eligibility Study with the understanding that the City would rely on (i) the findings and conclusions of the Redevelopment Plan and the related Eligibility Study in proceeding with the designation of the Redevelopment Plan, and (ii) the fact that TPAP has obtained the necessary information so that the Redevelopment Plan and the related Eligibility Study will comply with the Act.

This Redevelopment Plan has been formulated in accordance with the provisions of the Act and is intended to guide improvements and activities within the Project Area in order to stimulate private investment in the Project Area. The goal of the City, through implementation of this Redevelopment Plan, is that the entire Project Area be revitalized on a comprehensive and planned basis to ensure that private investment in rehabilitation and new development occurs:

1. On a coordinated rather than piecemeal basis to ensure that land use, access and circulation, parking, public services and urban design are functionally integrated and meet present-day principles and standards;
2. On a reasonable, comprehensive and integrated basis to ensure that the factors of blight and conservation are eliminated; and
3. Within a reasonable and defined time period so that the Project Area may contribute productively to the economic vitality of the City.

Redevelopment of the Project Area will constitute a complex endeavor. The success of this redevelopment effort will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for redevelopment of the Project Area. By means of

public investment, the Project Area will become a stable environment that will attract new private investment. Public investment will set the stage for redevelopment by the private sector. Through this Redevelopment Plan, the City will provide a basis for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

This Redevelopment Plan sets forth the overall "Redevelopment Project" to be undertaken to accomplish the City's above-stated goals. During implementation of the Redevelopment Project, the City may, from time to time (i) undertake or cause to be undertaken public improvements and other redevelopment project activities authorized under the Act; and (ii) enter into redevelopment agreements and intergovernmental agreements with private or public entities to construct, rehabilitate, renovate or restore private improvements on one or several parcels (items (i) and (ii) are collectively referred to as "Redevelopment Projects")

This Redevelopment Plan specifically describes the Project Area and summarizes the conservation area factors which qualify the Project Area as a "conservation area" as defined in the Act.

Successful implementation of this Redevelopment Plan requires that the City utilize Incremental Property Taxes and other resources in accordance with the Act to stimulate the comprehensive and coordinated development of the Project Area. Only through the utilization of TIF will the Project Area develop on a comprehensive and coordinated basis, thereby eliminating the existing and threatened blight and conservation area conditions which have limited development of the Project Area by the private sector.

The use of Incremental Property Taxes will permit the City to direct, implement and coordinate public improvements and activities to stimulate private investment within the Project Area. These improvements, activities and investments will benefit the City, its residents, and all taxing districts having jurisdiction over the Project Area. These anticipated benefits include:

- The enhancement of the economic base arising from rehabilitation of existing buildings and the re-use of vacant and underutilized properties with new and improved uses.
- Rehabilitation, renovation, and/or restoration of historically and architecturally significant buildings.
- An increased sales tax base resulting from potential new and existing retail, entertainment and business development.
- An increase in construction, business, retail, commercial, and other full-time employment opportunities for existing and future residents of the City.
- A mix of housing styles, rental costs and sale prices, and densities that meet the diverse needs of the Uptown and Edgewater communities.

II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

The boundaries of the Project Area have been drawn to include only those contiguous parcels of real property and improvements substantially benefited by the proposed Redevelopment Project to be undertaken as part of this Redevelopment Plan. The boundaries of the Project Area are shown in Figure 1, *Project Area Boundary*, and are generally described below:

The Project Area is generally bounded on the north by Berwyn Avenue (west of the CTA elevated tracks) and Amslie Street (east of the CTA elevated tracks); on the south by Lakeside Place and Leland Avenue; on the west by the alley west of Broadway; and on the east by the rear line of the properties fronting the east side of Sheridan Road.

The boundaries of the Project Area are legally described in Exhibit I at the end of this report.

III. ELIGIBILITY CONDITIONS

The results summarized in this section are more fully described in a separate report that presents the definition, application and extent of the conservation and blight factors in the Project Area. The report, prepared by TPAP is entitled "Broadway and Lawrence Redevelopment Project Area Tax Increment Financing Eligibility Study," (the "Eligibility Study") and is attached as Exhibit V to this Redevelopment Plan.

A. Summary of Project Area Eligibility

Based upon surveys, inspections and analyses of the Project Area, the Project Area qualifies as a "conservation area" within the requirements of the Act. Fifty percent (50%) or more of the buildings in the Project Area have an age of 35 years or more, and the Project Area is characterized by the presence of a combination of three or more of the conservation factors listed in the Act, rendering the Project Area detrimental to the public safety, health and welfare of the citizens of the City. The Project Area is not yet a blighted area, but it may become a blighted area. Specifically, the Eligibility Study finds that:

- One hundred and seven (107) buildings, which represents 88.4% of the buildings in the Project Area, are 35 years of age or older.
- Of the 13 factors set forth in the Act for conservation areas, 9 factors are found to be present.
- Of the 9 factors present, all are present to a major extent and reasonably distributed throughout the Project Area. These factors include: obsolescence; deterioration; structures below minimum code standards; excessive vacancies; excessive land coverage and overcrowding of structures and community facilities; inadequate utilities; deleterious land use or layout; lack of community planning; and declining or lagging rate of growth of total equalized assessed valuation.
- The Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

B. Surveys and Analyses Conducted

The conservation factors found to be present in the Project Area are based upon surveys and analyses conducted by TPAP. The surveys and analyses conducted for the Project Area include:

1. Exterior survey of the condition and use of each building;
2. Field survey of site conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of existing uses within the Project Area and their relationships to surroundings;
4. Comparison of current land use to current zoning ordinance and the current zoning map;

5. Analysis of original and current platting and building size and layout;
6. Analysis of vacant portions of the site and buildings;
7. Analysis of building floor area and site coverage,
8. Review of previously prepared plans, studies and data;
9. Analysis of City of Chicago building code violation data from 1995 to 2000; and
10. Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area for assessment years 1994 to 1999.

IV. REDEVELOPMENT GOALS AND OBJECTIVES

Comprehensive and coordinated investment in new public and private improvements and facilities is essential for the successful redevelopment of the Project Area and the elimination of conditions that have impeded redevelopment of the Project Area in the past. Redevelopment of the Project Area will benefit the City through improvements in the physical environment, an increased tax base, and additional employment opportunities.

This section identifies the general goals and objectives adopted by the City for redevelopment of the Project Area. Section V presents more specific objectives for development and design within the Project Area and the redevelopment activities that the City plans to undertake to achieve the goals and objectives presented in this section

A. General Goals

Listed below are the general goals adopted by the City for redevelopment of the Project Area. These goals provide overall focus and direction for this Redevelopment Plan.

1. An environment which will contribute more positively to the health, safety and general welfare for residents in the Project Area and the surrounding community, and which will support a diverse and affordable community.
2. The enhancement of Uptown and Edgewater as multi-cultural, economically diverse, affordable, and mixed-use communities that are fostered by the creation and preservation of affordable, low cost, and mixed income housing, business, community and performing arts, entertainment uses and commercial opportunities.
3. The elimination of the influences and manifestations of physical and economic deterioration and obsolescence within the Project Area.
4. The establishment of the Project Area as a dynamic commercial, retail, and residential destination location for living, shopping, entertainment, community and performing arts, and employment.
5. The retention and enhancement of economically sound and viable existing businesses within the Project Area.
6. The preservation of the historic and architecturally significant character of the Project Area.
7. An improved quality of life in the Project Area and the surrounding community.
8. A mix of housing styles, rental costs and sale prices, and densities that meets the diverse needs of the Uptown and Edgewater communities for rental and ownership opportunities for very low, low and moderate income residents.
9. The attraction of complementary new commercial and business development to supplement existing businesses and create new job opportunities within the Project Area.

10. An environment which will preserve or enhance the value of properties within and adjacent to the Project Area, improving the real estate and sales tax base for the City and other taxing districts having jurisdiction over the Project Area
11. The attraction of employers to the Project Area that provide living wage salaries and employment of residents within and surrounding the Project Area in jobs in the Project Area and in adjacent redevelopment project areas.

B. Redevelopment Objectives

Listed below are the redevelopment objectives which will guide planning decisions regarding redevelopment within the Project Area

1. Reduce or eliminate those conditions that qualify the Project Area as a conservation area while maintaining the economic and cultural diversity of the area. These conditions are described in detail in Exhibit V to this Redevelopment Plan.
2. Strengthen the economic well being of the Project Area by returning vacant and underutilized properties to the tax rolls.
3. Create an environment that stimulates private investment in the upgrading and expansion of existing businesses and the construction of complementary new businesses and commercial enterprises that serve the needs of a culturally and economically diverse and affordable community.
4. Provide needed incentives to encourage a broad range of improvements in business retention, rehabilitation and new development utilizing available tools, particularly those designed to assist small businesses.
5. Support the preservation and rehabilitation of existing multi-family and low-, very-low and moderate income housing throughout the Project Area, consistent with the Act.
6. Support the development of new housing, including rental and for-sale units for low- and very low-income households, consistent with the Act.
7. Encourage the rehabilitation and re-use of historic and/or architecturally significant buildings. Encourage state-of-the-art energy efficiency practices in all buildings.
8. Promote a concentration of entertainment, cultural and performing arts, and related uses in the proximity of the Lawrence and Broadway intersection to build on the area's history, status a National Register historic district, and promote the area as a center for existing multi-cultural and performance arts.
9. Promote cooperative arrangements between businesses which would permit existing parking lots to be used by neighboring businesses during off-peak periods. There shall be no elimination of housing for the sole purpose of creating parking.
10. Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Redevelopment Plan.

11. Encourage visually attractive buildings, rights-of-way and open spaces and encourage high standards of design. Preserve existing open space and seek additional land for open space opportunities wherever possible.
12. Upgrade public utilities, infrastructure and streets, including streetscape and beautification projects, improvements to parks, schools and mass transit stations, including improving accessibility for people with disabilities, as required.
13. Establish job readiness and job training programs to provide residents within and surrounding the Project Area with the skills necessary to secure living wage jobs in the Project Area and in adjacent redevelopment project areas.
14. Create new job opportunities for City residents utilizing the most current hiring programs and appropriate job training programs.
15. Provide opportunities for women-owned, minority-owned and local businesses and local residents to share in the redevelopment of the Project Area, including employment and construction opportunities.
16. Encourage improvements in accessibility for people with disabilities.

V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by private entities on behalf of the City in furtherance of this Redevelopment Plan. Previous plans, reports and policies have been reviewed and form the basis for some of the recommendations presented in this Redevelopment Plan.

The Redevelopment Project described in this Redevelopment Plan and pursuant to the Act includes: a) the overall redevelopment concept; b) the land use plan; c) improvement and development recommendations; d) development and design objectives; e) a description of redevelopment improvements and activities; f) estimated redevelopment project costs; g) a description of sources of funds to pay estimated redevelopment project costs; h) a description of obligations that may be issued; and i) identification of the most recent EAV of properties in the Project Area and an estimate of future EAV.

A. Overall Redevelopment Concept

The Project Area should be improved and revitalized as a mixed-use commercial area with adjacent residential uses and community facilities that complements and serves the neighborhoods within and surrounding the Project Area.

The entire Project Area should be marked by improvements in infrastructure, job and business retention and expansion, new business and residential development, and enhancement of the area's overall image and appearance. Improvement projects should include: the rehabilitation and reuse of existing commercial and office buildings; new office, residential, and commercial construction; street and infrastructure improvements; public facilities improvements including CTA stop improvements; creation of open space, streetscaping, landscaping and other appearance enhancements; creation of adequate off-street parking facilities and improvements that encourage use of public transit, bicycles, and pedestrian access; and the provision of new amenities which both businesses and residents expect to find in a contemporary mixed-use urban neighborhood.

The Project Area should have good vehicular and pedestrian accessibility and should be served by street, sidewalk and servicing areas that provide safe and convenient access to and within the Project Area.

It is preferred that the Project Area have a coherent overall design and character that conserves, to the greatest extent possible, the diverse mix of businesses, commercial, entertainment and residential uses and enhances the unique character of the historical district.

B. Land Use Plan

Figure 3 presents the Land-Use Plan that will be in effect upon adoption of this Redevelopment Plan

The location of the Project Area just minutes from Lake Shore Drive, with excellent rail access to Downtown or Evanston makes it appropriate for retail, commercial, institutional, open space and/or entertainment. Close proximity to Lake Shore Drive, the CTA Lawrence Ave El Station, numerous CTA bus routes, and Lake Michigan make the Project Area attractive for residential uses. Ultimately, the overall land use of the Project Area is not intended to change. However, the Project Area's capacity for a vibrant and creative mix of uses will be significantly enhanced through rehabilitation, renovation and adaptive reuse of existing structures, attraction of new businesses, and the upgrading of public facilities, infrastructure and other amenities.

The entire Project Area should be marked by improvements in infrastructure, job and business retention and expansion, new business and residential development, and enhancement of the area's overall image and appearance. Improvement projects should include: the rehabilitation and reuse of existing commercial and office buildings; new office, residential, and commercial construction; street and infrastructure improvements; creation of open space, streetscaping, landscaping and other appearance enhancements; creation of adequate off-street parking facilities and improvements that encourage use of public transit, bicycles, and pedestrian access; and the provision of new amenities which both businesses and residents expect to find in a contemporary mixed-use urban neighborhood.

The Land Use Plan designates three general land use categories within the Project Area, as described below:

Residential – Residential land use areas include existing residential neighborhoods and locations suitable for residential use. Development of new housing will be encouraged on vacant sites within blocks where residential uses already exist. New residential development should be compatible with existing residential development in design, scale and density. Schools, day care homes and centers, parks, churches and similar uses which support and are compatible with residential neighborhoods should be permitted within designated residential land use areas.

Institutional– These areas encompass existing community facilities operated by public or semi-public entities including public schools, park facilities, museums, CTA facilities, community centers, and churches. Public and institutional uses within the Project are identified and illustrated in *Figure 4. Community Facilities*. In general, these uses should be retained and enhanced as public and institutional uses.

Mixed-Use – Mixed-use areas comprise the large majority of the Project Area and are generally situated along the three major commercial corridors of Broadway, Lawrence Avenue and Sheridan Road. Each of these corridors should be revitalized as vibrant and distinctive mixed-use area that includes a complementary mix and range of uses.

The mixed-use areas have been classified into 4 subareas, each of which would be suitable for a different mix and concentration of uses, and each of which warrants a different approach to improvement and redevelopment. These mixed-use subareas are illustrated in *Figure 3 Land Use Plan* and discussed below

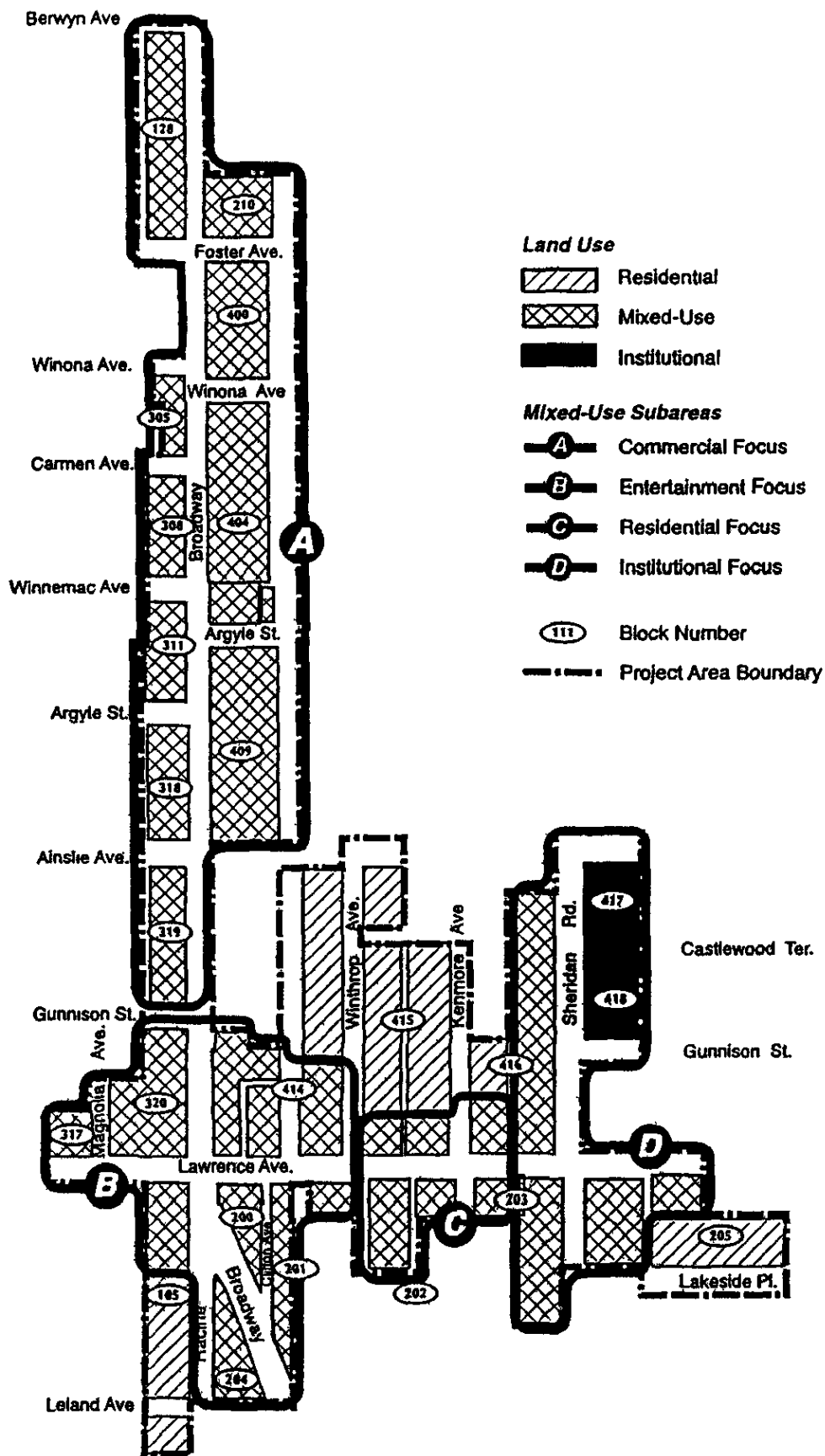
Mixed-Use Subarea A

Broadway, North of Gunnison Street should be revitalized as an attractive and convenient mixed-use area with a commercial focus. While this portion of the corridor should continue to provide important retail and service businesses, it is also an appropriate location for offices, employment uses, public buildings, institutions, cultural facilities, open space and housing. Emphasis should be given to improving and enhancing viable existing buildings. Similar and complementary uses should be concentrated to encourage multi-stop shopping and pedestrian traffic.

Mixed-Use Subarea B

The subarea emanating outward from the *Lawrence/Broadway Intersection* is home to a number of historic entertainment venues, including the Uptown Theater, Riviera Theater, Green Mill Gardens, and Aragon Ballroom. These buildings, together with a number of stores and businesses once formed the heart of a vibrant shopping and entertainment district. This subarea should be redeveloped as a cohesive and distinctive mixed-use area with a concentration of entertainment, commercial and residential uses that reinvigorates this important Uptown intersection and restores vitality to the Uptown and Edgewater communities.

The City should encourage development and redevelopment opportunities that re-establish this subarea as an entertainment-oriented mixed-use area. Appropriate uses in this subarea would include: a range of multi-family residential uses; entertainment uses that enable the preservation and re-use of historic and architecturally significant landmarks within the area; retail and restaurant businesses that serve and support surrounding neighborhoods, businesses and entertainment uses; commercial uses that provide contemporary office space; and a range of public facilities, open spaces and pedestrian amenities. To implement this plan, economically viable existing businesses should be retained and enhanced, and new retail, entertainment, residential, and business development should be undertaken in the existing vacant or underutilized properties within this area.



Mixed-Use Subarea C

Lawrence Avenue, East of Winthrop Avenue, is home to a number of high-density residential uses including Lawrence House, the Wilton Hotel, and the new Lawrence Hotel. This portion of the corridor should be revitalized as a mixed-use district with a residential focus. The area should continue to be the location for high density residential with convenience commercial, public/institutional, and other complementary uses that serve the nearby neighborhoods.

Mixed-Use Subarea D

The Sheridan Road Corridor reflects a smaller scale and intensity of development than Lawrence Avenue or Broadway. Sheridan Road will continue to reflect a mix of uses with a concentration of public/institutional uses. Land uses along this corridor should include public/institutional, convenience commercial, service commercial, office, open space, and residential uses that complement the less intense nature of the corridor.

C. Development And Design Objectives

Listed below are the specific Development and Design Objectives which will assist the City in directing and coordinating public and private improvements and investment within the Project Area in order to achieve the general goals and objectives identified in Section IV of this Redevelopment Plan.

The Development and Design Objectives are intended to enhance and attract a variety of desirable uses such as new commercial and residential redevelopment; foster a consistent and coordinated development pattern; and revitalize the urban identity of the Project Area.

a) Land Use

- Promote the Project Area as a planned mixed-use district, which provides a range and complementary mix of retail, commercial, business, residential, institutional, open space and/or entertainment uses.
- Encourage the clustering of similar and supporting commercial uses to promote cumulative attraction.

b) Building and Site Development

- Preserve buildings and features with historic and architectural value.
- Repair and rehabilitate, to the greatest extent possible, existing buildings that are in poor condition.
- Improve the design and appearance of commercial storefronts, including facade treatment, lighting, color, materials, awnings and canopies, and commercial signage, with enhancements that are compatible with historic architectural features.

- Reuse underutilized buildings in serviceable condition for new businesses, residential uses, or mixed-use development
- Locate building service and loading areas away from front entrances and major streets where possible.
- Encourage parking, service, loading and support facilities that can be shared by multiple businesses and/or residential buildings with no on-site parking.
- Encourage retail, entertainment, and restaurants on the ground floors of mixed-use buildings, where feasible and appropriate, to maintain and enhance a pedestrian-oriented environment.
- Ensure that private development and redevelopment improvements to site and streetscapes are consistent with public improvements goals and plans.

c) Transportation and Infrastructure

- Ensure safe and convenient access and circulation within the Project Area for pedestrians.
- Minimize or alleviate traffic impacts of Project Area uses through strategic location of, or improvements to, loading, service, passenger drop-off or bus stop areas.
- Improve the appearance and efficiency of the CTA Lawrence Avenue EL Station.
- Improve the street surface conditions, street lighting, and traffic signalization.
- Upgrade public utilities and infrastructure as required.
- Maintain curb parking within the Project Area to serve the retail and commercial businesses.
- Ensure that the provision of off-street parking components exceeds the minimum requirements of the City in new development and redevelopment projects.
- Encourage the development of shared, off-street parking areas to minimize commercial parking “spillover” in adjacent neighborhoods.

d) Urban Design

- Promote high quality and harmonious architectural, landscape and streetscape design that contributes to and complements the historic and architectural character of the Project Area.
- Provide new pedestrian-scale lighting, where appropriate.
- Enhance streetscape features of the Project Area, including benches, kiosks, trash receptacles and street trees.
- Provide distinctive design features, including landscaping, signage, public art, or identifiers such as banners or historic markers, at key locations within the Project Area.

- Promote sharing and creative uses of open space within the Project Area, which could include courtyards, eating areas, etc
- Ensure that all streetscaping, landscaping and design materials comply with the City of Chicago Landscape Ordinance

D. Redevelopment Improvements and Activities

The City proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques including, but not limited to, tax increment financing, to undertake some or all of the activities and improvements authorized under the Act, including the activities and improvements described below. The City also maintains the flexibility to undertake additional activities and improvements authorized under the Act, if the need for activities or improvements change as redevelopment occurs in the Project Area.

The City may enter into redevelopment agreements or intergovernmental agreements with public or private entities for the furtherance of this Redevelopment Plan to construct, rehabilitate, renovate or restore improvements for public or private facilities on one or several parcels or any other lawful purpose. Redevelopment agreements may contain terms and provisions that are more specific than the general principles set forth in this Redevelopment Plan and which include affordable housing requirements as described below.

Developers who receive TIF assistance for market-rate housing are to set aside 20 percent of the units to meet affordability criteria established by the City's Department of Housing. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 120 percent of the area median income, and affordable rental units should be affordable to persons earning no more than 80 percent of the area median income.

1. Property Assembly

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

In connection with the City exercising its power to acquire real property, including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of

such real property as may be authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan

The City or a private developer may (a) acquire any historic structure (whether a designated City or State landmark or on, or eligible for, nomination to the National Register of Historic Places); (b) demolish any non-historic feature of such structure; (c) demolish portions, as allowed by laws, of historic structures, if necessary, to implement a project that meets the goals and objectives of the Redevelopment Plan, and (d) incorporate any historic structure or historic feature into a development on the subject property or adjoining property.

2. Relocation

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

3. Provision of Public Works or Improvements

The City may provide public improvements and facilities that are necessary to service the Project Area in accordance with this Redevelopment Plan and the comprehensive plan for development of the City as a whole. Public improvements and facilities may include, but are not limited to, the following:

a) Streets and Utilities

A range of roadway, utility and related improvement projects, from repair and resurfacing to major construction or reconstruction, may be undertaken.

b) Parks and Open Space

Improvements to existing or future open spaces and public plazas may be provided, including the construction of pedestrian walkways, lighting, landscaping and general beautification improvements that may be provided for the use of the general public.

c) Transportation Facilities

Improvements to CTA elevated station facilities may be undertaken to enhance the Lawrence Avenue station's safety, efficiency, appearance and capacity.

4. Rehabilitation of Existing Buildings

The City will encourage the rehabilitation of buildings that are basically sound and/or historically or architecturally significant.

5. Job Training and Related Educational Programs

Programs designed to increase the skills of the labor force that would take advantage of the employment opportunities within the Project Area may be implemented.

6. Day Care Services

Incremental Property Taxes may be used to cover the cost of day care services and centers within the Project Area for children of low-income employees of Project Area businesses.

7. Taxing Districts Capital Costs

The City may reimburse all or a portion of the costs incurred by certain taxing districts in the furtherance of the objectives of this Redevelopment Plan.

8. Interest Subsidies

Funds may be provided to redevelopers for a portion of interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that.

- (a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
- (b) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year;
- (c) if there are not sufficient funds available in the special tax allocation fund to make an interest payment, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
- (d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the: (i) total costs paid or incurred by a redeveloper for a redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and
- (e) Up to 75 percent of interest costs incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.

9. Affordable Housing

Funds may be provided to developers for up to 50 percent of the cost of construction, renovation and-or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low-and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act.

10. Analysis, Administration, Studies, Surveys, Legal, etc.

Under contracts that will run for three years or less (excluding contracts for architectural and engineering services which are not subject to such time limits) the City and/or private developers may undertake or engage professional consultants, engineers, architects,

attorneys, etc. to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Redevelopment Plan.

E. Redevelopment Project Costs

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

1. Eligible Redevelopment Project Costs

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

- a) Costs of studies, 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, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
- b) The cost of marketing sites within the area to prospective businesses, developers and investors;
- c) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- d) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- e) Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
- f) Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area and such proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the Uptown and Edgewater Community Areas with particular attention to the needs of those residents who have previously experienced inadequate employment opportunities and development of

job-related skills including residents of public and other subsidized housing and people with disabilities,

- g) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
- h) To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;
- i) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act (see Section V.D.2 above);
- j) Payment in lieu of taxes, as defined in the Act;
- k) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs: (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;
- l) Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - 1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;

- 2 such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - 4 the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total: (i) cost paid or incurred by the redeveloper for such redevelopment project, plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act; and
 5. Up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act
- m) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;
 - n) An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
 - o) Up to 50 percent of the cost of construction, renovation and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act; and
 - p) The cost of daycare services for children of employees from low-income families working for businesses located within the redevelopment project area and all or a portion of the cost of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families working in businesses located in the redevelopment project area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80 percent of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

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

2. Estimated Redevelopment Project Costs

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan. All estimates are based on 2000 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan.

Redevelopment Project Costs described in this Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Redevelopment Plan.

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

F. Sources of Funds to Pay Redevelopment Project Costs

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

The Project Area is contiguous to the Edgewater TIF on the north and the proposed Wilson Yard TIF on the south and may, in the future, be contiguous to or separated by only a public right-of-way from other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or project areas separated only by a public right-of-way, and vice versa. The amount of revenue from the Project Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible

Redevelopment Project Costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan.

The Project Area may become contiguous to, or be separated only by a public right-of-way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74 6-1, et seq.). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right-of-way are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Project Area be made available to support any such redevelopment project areas. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Exhibit II of this Redevelopment Plan.

G. Issuance of Obligations

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

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 is adopted (i.e., assuming City Council approval of the Project Area and Redevelopment Plan in 2001), by December 31, 2025. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.

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

H. Valuation of the Project Area

1. Most Recent EAV of Properties in the Project Area

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The 1999 EAV of all taxable parcels in the Project Area is approximately \$39,448,972. This total EAV amount by PIN is summarized in Exhibit III. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by Cook County.

2. Anticipated Equalized Assessed Valuation

By the tax year 2024 (collection year 2025) and following roadway and utility improvements, installation of additional and upgraded lighting, improved signage and landscaping, etc. and substantial completion of potential Redevelopment Projects, the EAV of the Project Area is estimated to range between \$69.7 and \$77.7 million. The estimated range is based on several key assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2) between 70,000 and 160,000 square feet of new commercial space will be constructed for retail/office/commercial/entertainment uses in the Project Area and occupied by 2013; 3) between 50-160 new multiple family units will be constructed in the Project Area and occupied by 2009; 4) Approximately 40-48 new senior housing units will be constructed and occupied by 2005; 5) approximately 50 new townhome/rowhouse developments will be constructed and occupied by 2007; 6) approximately 174 SRO units will be rehabilitated for residential use in the Project Area and occupied by 2004; 7) an estimated annual inflation in EAV of 2 percent will be realized through 2023; and 8) the five year average state equalization factor of 2.1711 (tax years 1995 through 1999) is used in all years to calculate estimated EAV.

VI. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in *Section III* of this Redevelopment Plan, the Project Area as a whole is adversely impacted by the presence of numerous conservation and blight factors, and these factors are reasonably distributed throughout the Project Area. Conservation and blight factors within the Project Area represent major impediments to sound growth and development.

The decline of and the lack of private investment in the Project Area are evidenced by the following:

Physical Condition of the Project Area

- Approximately eighty-eight percent (88.4%) of the 121 buildings in the Project Area are 35 years of age or older.
- Of the 13 conservation factors set forth in the Act, 9 factors are found to be present within the Project Area. These factors include: obsolescence, deterioration, structures below minimum code standards, excessive vacancies, excessive land coverage and overcrowding of structures and community facilities, inadequate utilities, deleterious land-use and layout, an overall lack of community planning and a lagging rate of growth in EAV.
- Of the 121 buildings in the Project Area, 85 (70%) are classified as deteriorating.
- During the five-year period between January 1995 and September 2000, the City's Building Department issued 69 building code violations to 65 different buildings in the Project Area. This represents more than half (54%) of the total buildings in the Project Area.
- Existing water mains in the Project Area vary in age from 82 to more than 100 years and consist largely of inadequate and outdated pipes. Several sewer lines are in need of replacement in select areas of the Project Area.

Lack of Investment and Growth by Private Enterprise

- The total EAV of the Project Area has declined in *two* of the last five calendar years (1994-1999).
- The growth rate of the total EAV of the Project Area has lagged behind that of the balance of the City for *four* of the last five calendar years (1994 to 1999).
- The growth rate of the total EAV of the Project Area was less than the Consumer Price Index for All Urban Consumers (CPI-U) for the United States in *three* of the last five calendar years (1994 to 1999).
- Between 1994 and 1999, the Equalized Assessed Valuation (the "EAV") of the Project Area increased from \$35,052,045 to \$39,448,972, an increase of \$4.4 million (12.54%), which is an average annual rate of 2.49%. Over the same period, the EAV for the balance of the City as a whole increased by an average annual rate of 3.31 percent.

- A significant number of buildings within the Project Area are vacant or underutilized. Of the 121 buildings in the Project Area, 13 buildings were entirely vacant and 22 buildings were partially vacant.

In summary, the Project Area is not yet a blighted area, but is deteriorating and declining and may become a blighted area. The Project Area on the whole has not been subject to growth and development through investment by private enterprise. The Project Area would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan for the Project Area.

VII. FINANCIAL IMPACT

Without the adoption of the Redevelopment Plan and TIF, the Project Area is not reasonably expected to be redeveloped by private enterprise. In the absence of City-sponsored redevelopment initiatives, there is a prospect that conservation factors will continue to exist and spread, and the Project Area on the whole and adjacent properties will become less attractive for the maintenance and improvement of existing buildings and sites. In the absence of City-sponsored redevelopment initiatives, erosion of the assessed valuation of property in and outside of the Project Area could lead to a reduction of real estate tax revenue to all taxing districts

Section V of this Redevelopment Plan describes the comprehensive, area-wide Redevelopment Project proposed to be undertaken by the City to create an environment in which private investment can occur. The Redevelopment Project will be staged over a period of years consistent with local market conditions and available financial resources required to complete the various redevelopment improvements and activities as well as Redevelopment Projects set forth in this Redevelopment Plan. Successful implementation of this Redevelopment Plan is expected to result in new private investment in rehabilitation of buildings and potentially some new construction on a scale sufficient to eliminate problem conditions and to return the area to a long-term sound condition.

The Redevelopment Project is expected to have significant short- and long-term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short-term, the City's effective use of TIF, through the encouragement of new development and redevelopment, can be expected to enhance the assessed value of existing properties in the Project Area, thereby enhancing the existing tax base for local taxing agencies. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from the enhanced tax base that results from the increase in EAV caused by the Redevelopment Projects.

VIII. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes against properties located within the Project Area:

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

Cook County Forest Preserve District. The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public.

Metropolitan Water Reclamation District of Greater Chicago. This district provides the main trunk lines for the collection of waste water from cities, villages and towns, and for the treatment and disposal thereof

Chicago Community College District 508. This district is a unit of the State of Illinois' system of public community colleges, whose objective is to meet the educational needs of residents of the City and other students seeking higher education programs and services.

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade. McCutcheon Elementary School and its branch facility are the only Chicago public school facilities located in the Project Area. Prologue High School, an alternative high school, which receives a small portion of their funding from the Board of Education, is also located in the Project Area.

Chicago Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. One park, Plum Playlot, is located within the Project Area.

Chicago School Finance Authority. The Authority was created in 1980 to exercise oversight and control over the financial affairs of the Board of Education.

City of Chicago. The City is responsible for the provision of a wide range of municipal services, including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; building, housing and zoning codes, etc.

City of Chicago Library Fund General responsibilities of the Library Fund include the provision, maintenance and operation of the City's library facilities.

In 1994, the Act was amended to require an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Redevelopment Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the areas and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

A. Impact of the Redevelopment Project

The rehabilitation or replacement of underutilized properties with business, retail, residential, and other development may cause increased demand for services and/or capital improvements to be provided by the Metropolitan Water Reclamation District, the City, the Board of Education and the Chicago Park District. The estimated nature of these increased demands for services on these taxing districts are described below.

Metropolitan Water Reclamation District of Greater Chicago. The rehabilitation of or replacement of underutilized properties with new development may cause increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

City of Chicago. The replacement or rehabilitation of underutilized properties with new development may increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc.

Board of Education. The addition of new households with school-aged children to the Project Area is anticipated to be limited. Based on the developed nature of the Project Area, some residential redevelopment and infill development is anticipated. However, the demand for services and programs provided by the Board of Education is not likely to exceed current program and facility capacity. Two Chicago public facilities, McCutcheon Elementary and its branch facility are located within the boundaries of the Project Area. Prologue High School, an alternative high school, which receives a small portion of their funding from the Board of Education, is also located in the Project Area. Public schools located outside of the Project Area but within approximately one-half mile are identified in Figure 4, Community Facilities.

Chicago Park District. The replacement or rehabilitation of underutilized properties with commercial, residential, business and other development is not likely to increase the demand for services, programs and capital improvements provided by the Chicago Park District within and adjacent to the Project Area. These public services or capital improvements may include, but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. One park, Plum Playlot, is located within the Project Area. The nearest parks within approximately one-half mile are identified in Figure 4, Community Facilities.

B. Program to Address Increased Demand for Services or Capital Improvements

The following activities represent the City's program to address increased demand for services or capital improvements provided by the impacted taxing districts.

- It is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Therefore, no special program is proposed for the Metropolitan Water Reclamation District.
- It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special programs are proposed for the City.
- It is expected that new residential development and the redevelopment of vacant, underutilized or non-residential property to residential use will be limited and, at this time, no special program is proposed for the Board of Education. The City and the Board of Education, will attempt to ensure that any increased demands for the services and capital improvements provided by the Board of Education are addressed in connection with any particular residential development in the Project Area.
- It is expected that the households and businesses projected to be added to the Project Area are not likely to generate sufficient additional demand for recreational services and programs and, therefore, would not warrant additional open spaces and recreational facilities operated by the Chicago Park District. The City intends to monitor development in the Project Area and, with the cooperation of the Chicago Park District, will attempt to ensure that any increased demands for the services and capital improvements provided by the Chicago Park District are addressed in connection with any particular residential and business development.
- It is expected that any increase in demand for Cook County, Cook County Forest Preserve District and Chicago Community College District 508 services and programs associated with the Project Area can be adequately handled by services and programs maintained and operated by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts. Should demand increase so that it exceeds existing service and program capabilities, the City will work with the affected taxing district to determine what, if any, program is necessary to provide adequate services.

IX. CONFORMITY OF THE REDEVELOPMENT PLAN FOR THE PROJECT AREA TO LAND USES APPROVED BY THE PLANNING COMMISSION OF THE CITY

This Redevelopment Plan and the Redevelopment Project described herein include land uses that will be approved by the Chicago Plan Commission prior to the adoption of the Redevelopment Plan.

X. PHASING AND SCHEDULING

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Project Area.

It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of Incremental Property Taxes by the City.

The estimated date for completion of Redevelopment Projects is no later than the year 2024.

XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN

This Redevelopment Plan may be amended pursuant to the Act.

XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN

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

- A) The assurance of equal opportunity in all personnel and employment actions, with respect to the Redevelopment Project, including, but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, or housing status.
- B) Redevelopers must meet the City's standards for participation of 25 percent Minority Business Enterprises and 5 percent Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.
- C) This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
- D) Redevelopers will meet City standards for the prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

XIII. HOUSING IMPACT

As set forth in the Act, if the redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and a municipality is unable to certify that no displacement will occur, the municipality must prepare a housing impact study and incorporate the study in the redevelopment project plan

The Project Area contains 1,591 occupied residential units, including 9 condominium units, 38 units above commercial or institutional uses, and 1,544 units in multi-family buildings. The City does not intend to acquire or displace by any other means, any of these units. The City of Chicago hereby certifies that no displacement will occur as a result of activities pursuant to this Redevelopment Plan.

EXHIBIT I:

Legal Description of Project Boundary

LAWRENCE/BROADWAY TIF

ALL THAT PART OF SECTIONS 8 AND 17 IN TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS

BEGINNING AT THE POINT OF INTERSECTION OF THE WEST LINE OF NORTH BROADWAY AND THE SOUTH LINE OF WEST FOSTER AVENUE,

THENCE WEST ALONG SAID SOUTH LINE OF WEST FOSTER AVENUE TO THE SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 25 IN BLOCK 16 OF COCHRAN'S ADDITION TO EDGEWATER, A SUBDIVISION IN THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID EAST LINE OF LOT 25 BEING ALSO THE WEST LINE OF THE ALLEY WEST OF NORTH BROADWAY;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND ALONG THE WEST LINE OF THE ALLEY WEST OF NORTH BROADWAY AND ALONG THE NORTHERLY EXTENSION THEREOF TO THE NORTH LINE OF WEST BERWYN AVENUE,

THENCE EAST ALONG SAID NORTH LINE OF WEST BERWYN AVENUE TO THE WEST LINE OF NORTH BROADWAY;

THENCE SOUTH ALONG SAID WEST LINE OF NORTH BROADWAY TO THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 18 IN BLOCK 10 OF JOHN LEWIS COCHRAN'S SUBDIVISION, A SUBDIVISION OF THE WEST HALF OF THE NORTHEAST FRACTIONAL QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN,

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE NORTH LINE OF LOT 18 IN BLOCK 10 OF JOHN LEWIS COCHRAN'S SUBDIVISION TO THE EAST LINE OF SAID LOT 18, SAID EAST LINE OF LOT 18 BEING ALSO THE WEST LINE OF THE ALLEY EAST OF NORTH BROADWAY;

THENCE SOUTH ALONG SAID EAST LINE OF LOT 18 IN BLOCK 10 OF JOHN LEWIS COCHRAN'S SUBDIVISION TO THE WESTERLY EXTENSION OF THE NORTH LINE OF LOTS 13 AND 14 IN SAID BLOCK 10 OF JOHN LEWIS COCHRAN'S SUBDIVISION, SAID NORTH LINE OF LOTS 13 AND 14 BEING ALSO THE SOUTH LINE OF THE ALLEY NORTH OF WEST FOSTER AVENUE;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE NORTH LINE OF SAID LOTS 13 AND 14 IN BLOCK 10 OF JOHN LEWIS COCHRAN'S

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SUBDIVISION AND ALONG THE EASTERLY EXTENSION THEREOF TO THE WEST LINE OF LOTS 1 THROUGH 12, INCLUSIVE, IN SAID BLOCK 10 OF JOHN LEWIS COCHRAN'S SUBDIVISION, SAID WEST LINE OF LOTS 1 THROUGH 12, INCLUSIVE, IN BLOCK 10 OF JOHN LEWIS COCHRAN'S SUBDIVISION BEING ALSO THE EAST LINE OF THE ALLEY WEST OF NORTH WINTHROP AVENUE,

THENCE SOUTH ALONG SAID EAST LINE OF THE ALLEY WEST OF NORTH WINTHROP AVENUE TO THE NORTH LINE OF WEST AINSLIE STREET,

THENCE WEST ALONG SAID NORTH LINE OF WEST AINSLIE STREET TO THE EAST LINE OF NORTH BROADWAY,

THENCE SOUTH ALONG SAID EAST LINE OF NORTH BROADWAY TO THE NORTH LINE OF LOT 61 IN GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO, A SUBDIVISION OF PART OF LOT 4 OF FUSSEY AND FENNIMORE'S SUBDIVISION IN THE WEST HALF OF THE SOUTHEAST FRACTIONAL QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID NORTH LINE OF LOT 61 IN GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO TO THE EAST LINE THEREOF, SAID EAST LINE OF LOT 61 BEING ALSO THE WEST LINE OF THE ALLEY EAST OF NORTH BROADWAY;

THENCE SOUTH ALONG SAID EAST LINE OF LOT 61 IN GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO TO THE NORTH LINE OF LOT 1 IN SNOW AND DICKINSON'S SUBDIVISION OF PART OF BLOCK 4 OF FUSSEY AND FENNIMORE'S SUBDIVISION IN THE WEST HALF OF THE SOUTHEAST FRACTIONAL QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTH LINE OF LOT 1 BEING ALSO THE SOUTH LINE OF A PUBLIC ALLEY;

THENCE EAST ALONG SAID NORTH LINE OF LOT 1 IN SNOW AND DICKINSON'S SUBDIVISION AND ALONG THE EASTERLY EXTENSION THEREOF TO THE EAST LINE OF THE ALLEY LYING EAST OF AND ADJOINING SAID LOT 1 IN SNOW AND DICKINSON'S SUBDIVISION, SAID EAST LINE OF THE ALLEY BEING ALSO THE WEST LINE OF THE CHICAGO TRANSIT AUTHORITY RIGHT OF WAY;

THENCE NORTH ALONG SAID WEST LINE OF THE CHICAGO TRANSIT AUTHORITY RIGHT OF WAY TO THE SOUTH LINE OF WEST AINSLIE STREET;

THENCE EAST ALONG SAID SOUTH LINE OF WEST AINSLIE STREET TO THE WEST LINE OF NORTH WINTHROP AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF NORTH WINTHROP AVENUE TO THE NORTH LINE OF WEST AINSLIE STREET;

THENCE EAST ALONG SAID NORTH LINE OF WEST AINSLIE STREET TO THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 21 IN GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO, A SUBDIVISION OF PART OF LOT 4 OF FUSSEY AND FENNIMORE'S SUBDIVISION IN THE WEST HALF OF THE SOUTHEAST FRACTIONAL QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID WEST LINE OF LOT 21 BEING ALSO THE EAST LINE OF THE ALLEY WEST OF NORTH KENMORE AVENUE,

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION AND THE EAST LINE OF THE ALLEY WEST OF NORTH KENMORE AVENUE TO THE EASTERLY EXTENSION OF THE NORTH LINE OF LOT 37 IN AFORESAID GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO,

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF LOT 37 IN GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO TO THE WEST LINE THEREOF, SAID WEST LINE OF LOT 37 BEING ALSO THE EAST LINE OF NORTH WINTHROP AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF LOT 37 IN GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO TO THE SOUTH LINE THEREOF;

THENCE EAST ALONG SAID SOUTH LINE OF LOT 37 IN GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO AND ALONG THE EASTERLY EXTENSION THEREOF, AND ALONG THE SOUTH LINE OF LOT 24 IN SAID GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO AND ALONG THE EASTERLY EXTENSION THEREOF TO THE EAST LINE OF NORTH KENMORE AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF NORTH KENMORE AVENUE TO THE NORTH LINE OF THE SOUTH 15 FEET OF LOT 11 IN SAID GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO;

THENCE EAST ALONG SAID NORTH LINE OF THE SOUTH 15 FEET OF LOT 11 IN GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO TO THE EAST LINE OF SAID LOT 11, SAID EAST LINE OF LOT 11 BEING ALSO THE WEST LINE OF THE ALLEY EAST OF NORTH KENMORE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF THE ALLEY EAST OF NORTH KENMORE AVENUE TO THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 1 IN SAID GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO,

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE SOUTH LINE OF LOT 1 IN GEORGE LILL'S SHERIDAN ROAD ADDITION TO CHICAGO TO THE WEST LINE OF NORTH SHERIDAN ROAD,

THENCE NORTH ALONG SAID WEST LINE OF NORTH SHERIDAN ROAD TO THE WESTERLY EXTENSION OF THE CENTER LINE OF VACATED WEST AINSLIE STREET LYING NORTH OF AND ADJOINING LOTS 1, 2 AND 3 IN CASTLEWOOD SUBDIVISION OF THAT PART OF LOT 4 OF FUSSEY AND FENNIMORE'S SUBDIVISION, LYING EAST OF THE CENTER LINE OF SHERIDAN ROAD AND NORTH OF THE SOUTH 5.2 CHAINS OF THE EAST HALF OF THE SOUTHEAST FRACTIONAL QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE CENTER LINE OF VACATED WEST AINSLIE STREET LYING NORTH OF AND ADJOINING LOTS 1, 2 AND 3 IN CASTLEWOOD SUBDIVISION TO THE EAST LINE OF SAID VACATED WEST AINSLIE STREET;

THENCE SOUTH ALONG SAID EAST LINE OF VACATED WEST AINSLIE STREET AND ALONG THE EAST LINE OF LOTS 3 AND 40 IN SAID CASTLEWOOD SUBDIVISION AND ALONG THE SOUTHERLY EXTENSION THEREOF AND ALONG THE EAST LINE OF LOTS 45 AND 85 IN SAID CASTLEWOOD SUBDIVISION AND ALONG THE SOUTHERLY EXTENSION THEREOF TO THE SOUTH LINE OF WEST GUNNISON STREET,

THENCE WEST ALONG SAID SOUTH LINE OF WEST GUNNISON STREET TO THE EAST LINE OF NORTH SHERIDAN ROAD;

THENCE SOUTH ALONG SAID EAST LINE OF NORTH SHERIDAN ROAD TO THE NORTH LINE OF WEST LAWRENCE AVENUE;

THENCE EAST ALONG SAID NORTH LINE OF WEST LAWRENCE AVENUE TO THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 15 IN THE SUBDIVISION OF THE NORTH FOUR ACRES OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION AND THE WEST LINE OF LOT 15 IN SAID SUBDIVISION OF THE NORTH FOUR ACRES

OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 17 TO THE SOUTH LINE OF SAID LOT 15, SAID SOUTH LINE OF LOT 15 BEING ALSO THE NORTH LINE OF THE ALLEY SOUTH OF WEST LAWRENCE AVENUE,

THENCE EAST ALONG SAID NORTH LINE OF THE ALLEY SOUTH OF WEST LAWRENCE AVENUE TO THE NORTHERLY EXTENSION OF THE EAST LINE OF LOT 9 IN HERDIEN-HOFFLUND & CARSON'S SUBDIVISION OF THE SOUTH SIX ACRES OF THE NORTH TEN ACRES OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION AND THE EAST LINE OF LOT 9 IN HERDIEN-HOFFLUND & CARSON'S SUBDIVISION AND ALONG THE SOUTHERLY EXTENSION THEREOF TO THE SOUTH LINE OF WEST LAKESIDE AVENUE;

THENCE WEST ALONG SAID SOUTH LINE OF WEST LAKESIDE AVENUE TO THE EAST LINE OF LOT 20 IN HORACE A. GOODRICH'S SUBDIVISION OF THE SOUTH TEN RODS OF THE NORTH THIRTY RODS OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE NORTH ALONG THE NORTHERLY EXTENSION OF SAID EAST LINE OF LOT 20 IN HORACE A. GOODRICH'S SUBDIVISION TO THE NORTH LINE OF WEST LAKESIDE AVENUE;

THENCE WEST ALONG SAID NORTH LINE OF WEST LAKESIDE AVENUE AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF NORTH SHERIDAN ROAD,

THENCE SOUTH ALONG SAID WEST LINE OF NORTH SHERIDAN ROAD TO THE SOUTH LINE OF LOT 8 IN WILLIAM DEERING'S SURRENDEN SUBDIVISION IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 8 IN WILLIAM DEERING'S SURRENDEN SUBDIVISION TO THE WEST LINE THEREOF, SAID WEST LINE OF LOT 8 BEING ALSO THE EAST LINE OF THE ALLEY WEST OF NORTH SHERIDAN ROAD;

THENCE NORTH ALONG SAID EAST LINE OF THE ALLEY WEST OF NORTH SHERIDAN ROAD TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 99 IN SAID WILLIAM DEERING'S SURRENDEN SUBDIVISION;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE SOUTH LINE OF LOT 99 IN SAID WILLIAM DEERING'S SURRENDEN SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF AND ALONG THE SOUTH LINE OF LOT 102 IN SAID WILLIAM DEERING'S SURRENDEN SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF TO THE EAST LINE OF LOT 2 IN THE SUBDIVISION OF LOTS 150 TO 157, INCLUSIVE, OF WILLIAM DEERING'S SURRENDEN SUBDIVISION IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID EAST LINE OF LOT 2 BEING ALSO THE WEST LINE OF THE ALLEY EAST OF NORTH WINTHROP AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF THE ALLEY EAST OF NORTH WINTHROP AVENUE TO THE SOUTH LINE OF LOT 6 IN SAID SUBDIVISION OF LOTS 150 TO 157, INCLUSIVE, OF WILLIAM DEERING'S SURRENDEN SUBDIVISION;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 6 IN THE SUBDIVISION OF LOTS 150 TO 157, INCLUSIVE, OF WILLIAM DEERING'S SURRENDEN SUBDIVISION TO THE WEST LINE THEREOF, SAID WEST LINE OF LOT 6 BEING ALSO THE EAST LINE OF NORTH WINTHROP AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF NORTH WINTHROP AVENUE TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 1 IN THE SUBDIVISION OF LOTS 160 TO 169, INCLUSIVE, OF WILLIAM DEERING'S SURRENDEN SUBDIVISION IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE SOUTH LINE OF LOT 1 IN THE SUBDIVISION OF LOTS 160 TO 169, INCLUSIVE, OF WILLIAM DEERING'S SURRENDEN SUBDIVISION TO THE WEST LINE THEREOF, SAID WEST LINE OF LOT 1 BEING ALSO THE EAST LINE OF THE ALLEY WEST OF NORTH WINTHROP AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF THE ALLEY WEST OF NORTH WINTHROP AVENUE TO THE SOUTH LINE OF WEST LAWRENCE AVENUE;

THENCE WEST ALONG SAID SOUTH LINE OF WEST LAWRENCE AVENUE TO THE EAST LINE OF LOT 1 IN THE RESUBDIVISION OF LOTS 206 TO 227, INCLUSIVE, AND THE VACATED ALLEY ADJOINING SAID LOTS 206 TO 227 OF WILLIAM DEERING'S SURRENDEN SUBDIVISION IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID EAST LINE OF

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LOT 1 BEING ALSO THE WEST LINE OF THE CHICAGO TRANSIT AUTHORITY RIGHT OF WAY,

THENCE SOUTH ALONG SAID WEST LINE OF THE CHICAGO TRANSIT AUTHORITY RIGHT OF WAY TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOTS 238 AND 235 OF WILLIAM DEERING'S SURRENDEN SUBDIVISION IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTH LINE OF LOTS 238 AND 235 BEING ALSO THE NORTH LINE OF WEST LELAND AVENUE,

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF WEST LELAND AVENUE TO THE WEST LINE OF NORTH RACINE AVENUE,

THENCE SOUTH ALONG SAID WEST LINE OF NORTH RACINE AVENUE TO THE SOUTH LINE OF LOT 14 IN SHERIDAN DRIVE SUBDIVISION IN THE NORTHWEST QUARTER OF SECTION 17 TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 14 IN SHERIDAN DRIVE SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF TO THE EAST LINE OF LOT 59 IN SAID IN SHERIDAN DRIVE SUBDIVISION, SAID EAST LINE OF LOT 59 BEING ALSO THE WEST LINE OF THE ALLEY EAST OF NORTH MAGNOLIA AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF THE ALLEY EAST OF NORTH MAGNOLIA AVENUE TO THE SOUTH LINE OF WEST LAWRENCE AVENUE;

THENCE WEST ALONG SAID SOUTH LINE OF WEST LAWRENCE AVENUE TO THE SOUTHERLY EXTENSION OF THE WEST LINE OF LOT 5 IN THE SUBDIVISION OF LOTS 1 TO 5 IN BLOCK 4 IN RUFUS C. HALL'S ADDITION TO ARGYLE, A SUBDIVISION IN THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID WEST LINE OF LOT 5 BEING ALSO THE EAST LINE OF ST. BONIFACTUS CEMETERY;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND THE WEST LINE OF LOT 5 IN THE SUBDIVISION OF LOTS 1 TO 5 IN BLOCK 4 IN RUFUS C. HALL'S ADDITION TO ARGYLE AND ALONG THE NORTHERLY EXTENSION THEREOF TO THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 6 IN RUFUS C. HALL'S ADDITION TO ARGYLE, A SUBDIVISION IN THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID

Chicago Guarantee Survey Co.
601 S. La Salle St., Ste. 400, Chicago, Ill., 60605
Ordered by: T. P. A. P.

January 18, 2001
Order No.00010022r1
Lawrence/Broadway

SOUTH LINE OF LOT 6 BEING ALSO THE NORTH LINE OF THE ALLEY NORTH OF WEST LAWRENCE AVENUE;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE SOUTH LINE OF LOT 6 IN RUFUS C. HALL'S ADDITION TO ARGYLE TO THE WEST LINE OF NORTH MAGNOLIA AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF NORTH MAGNOLIA AVENUE TO THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 17 IN HERMAN NIETHER ET AL RESUBDIVISION OF BLOCK 1 (EXCEPT LOTS 1, 2 AND 3) IN RUFUS C HALL'S ADDITION TO ARGYLE, A SUBDIVISION IN THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE SOUTH LINE OF LOT 17 IN HERMAN NIETHER ET AL RESUBDIVISION TO THE EAST LINE THEREOF, SAID EAST LINE OF LOT 17 BEING ALSO THE WEST LINE OF THE ALLEY WEST OF NORTH BROADWAY;

THENCE NORTH ALONG SAID WEST LINE OF THE ALLEY WEST OF NORTH BROADWAY TO THE SOUTH LINE OF LOT 19 IN BLOCK 1 IN A. J. BROWN'S SUBDIVISION OF CHYTRAUS' ADDITION TO ARGYLE, A SUBDIVISION IN THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTH LINE OF LOT 19 BEING ALSO THE NORTH LINE OF THE ALLEY SOUTH OF WEST WINNEMAC AVENUE,

THENCE EAST ALONG SAID SOUTH LINE OF LOT 19 IN BLOCK 1 IN A. J. BROWN'S SUBDIVISION TO THE WEST LINE OF LOT 20 IN SAID BLOCK 1 IN A. J. BROWN'S SUBDIVISION;

THENCE NORTH ALONG SAID WEST LINE OF LOT 20 IN BLOCK 1 IN A. J. BROWN'S SUBDIVISION AND ALONG THE NORTHERLY EXTENSION THEREOF AND ALONG THE EAST LINE OF LOT 29 IN BLOCK 2 IN SAID A. J. BROWN'S SUBDIVISION TO THE NORTH LINE OF SAID LOT 29, SAID NORTH LINE OF LOT 29 BEING ALSO THE SOUTH LINE OF THE ALLEY SOUTH OF WEST CARMEN AVENUE;

THENCE WEST ALONG SAID SOUTH LINE OF THE ALLEY SOUTH OF WEST CARMEN AVENUE TO THE SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 27 IN SAID BLOCK 2 OF A. J. BROWN'S SUBDIVISION, SAID EAST LINE OF LOT 27 BEING ALSO THE WEST LINE OF A 6 FOOT ALLEY WEST OF NORTH BROADWAY;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND THE EAST LINE OF LOT 27 IN SAID BLOCK 2 OF A J BROWN'S SUBDIVISION AND ALONG THE NORTHERLY EXTENSION THEREOF TO THE NORTH LINE OF WEST CARMEN AVENUE,

THENCE EAST ALONG SAID NORTH LINE OF WEST CARMEN AVENUE TO THE EAST LINE OF THE PARCEL OF PROPERTY BEARING PIN 14-08-305-054;

THENCE NORTH ALONG SAID EAST LINE OF THE PARCEL OF PROPERTY BEARING PIN 14-08-305-054 TO THE NORTH LINE THEREOF, SAID NORTH LINE OF THE PARCEL OF PROPERTY BEARING PIN 14-08-305-054 BEING ALSO THE SOUTH LINE OF LOT 6 IN BROWN'S 1ST ADDITION TO ARGYLE, A SUBDIVISION IN THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 6 IN BROWN'S 1ST ADDITION TO ARGYLE TO THE EAST LINE OF THE WEST 30 FEET OF SAID LOT 6 IN BROWN'S 1ST ADDITION TO ARGYLE;

THENCE NORTH ALONG SAID EAST LINE OF THE WEST 30 FEET OF SAID LOT 6 IN BROWN'S 1ST ADDITION TO ARGYLE AND ALONG THE NORTHERLY EXTENSION THEREOF TO THE NORTH LINE OF WEST WINONA AVENUE;

THENCE EAST ALONG SAID NORTH LINE OF WEST WINONA AVENUE TO THE WEST LINE OF NORTH BROADWAY;

THENCE NORTH ALONG SAID WEST LINE OF NORTH BROADWAY TO THE POINT OF BEGINNING AT THE SOUTH LINE OF WEST FOSTER AVENUE;

EXHIBIT II:

Lawrence/Broadway Redevelopment Project Area

Estimated Redevelopment Project Costs

ELIGIBLE EXPENSE	ESTIMATED COST
Analysis, Administration, Studies, Surveys, Legal, Marketing etc	\$ 2,000,000
Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	\$ 7,000,000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation costs	\$ 10,000,000
Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) ^[1]	\$ 7,500,000
Relocation Costs	\$ 1,000,000
Job Training, Retraining, Welfare-to-Work	\$ 2,500,000
Day Care Services	\$ 2,000,000
Interest Subsidy	\$ <u>3,000,000</u>
TOTAL REDEVELOPMENT COSTS^{[2] [3]}	\$ 35,000,000^[4]

^[1] This category may also include paying for or reimbursing (i) an elementary, secondary or unit school district's increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts impacted by the redevelopment of the Project Area. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all, or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan.

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

^[3] The amount of the Total Redevelopment Costs that can be incurred in the Project Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Project Area only by a public right of way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Project Area, but will not be reduced by the amount of redevelopment project costs incurred in the Project Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Project Area only by a public right of way.

^[4] Increases in estimated total Redevelopment Costs of more than five percent, after adjustment for inflation from the date of Plan adoption, are subject to Plan amendment procedures as provided under the Act.

Additional funding from other sources such as federal, state, county, or local grant funds may be utilized to supplement the City's ability to finance Redevelopment Project Costs identified above.

EXHIBIT III:

1999 Equalized Assessed Valuation by Tax Parcel

EXHIBIT IV:

Lawrence/Broadway Redevelopment Project Area

Tax Increment Financing Eligibility Study

**LAWRENCE/BROADWAY
REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING
ELIGIBILITY STUDY**

City of Chicago, Illinois
Richard M. Daley, Mayor

Prepared by:
Trkla, Pettigrew, Allen & Payne, Inc.
February 26, 2001

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EXECUTIVE SUMMARY

The purpose of this report is to determine whether the Lawrence/Broadway Redevelopment Project Area (the "Project Area"), qualifies for designation as a "conservation area" within the requirements set forth in the Tax Increment Allocation Redevelopment Act (the "Act") The Act is found in Illinois Compiled Statutes, Chapter 65, Act 5, Section 11-74 4-1 *et seq* , as amended

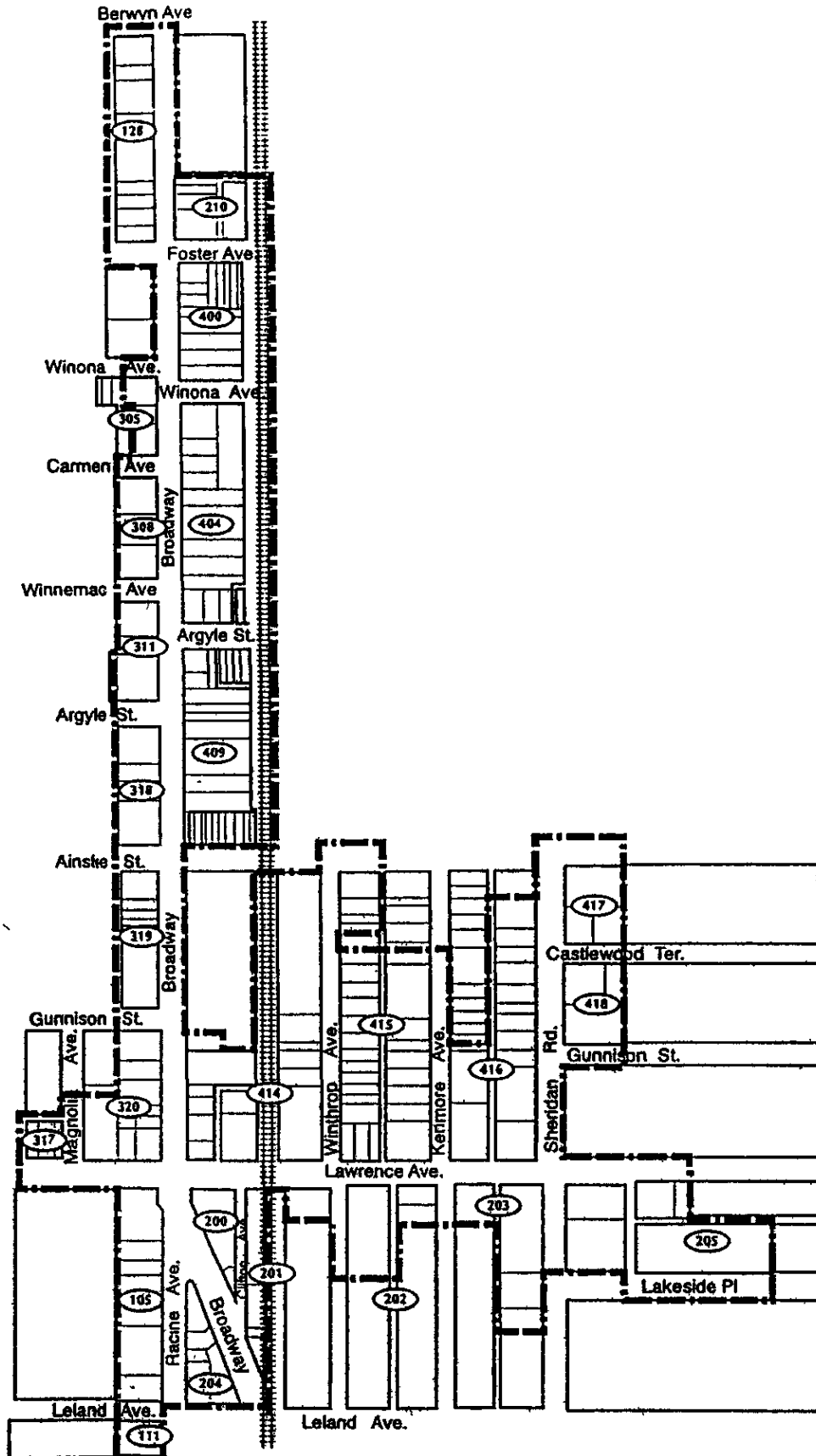
The findings presented in this study are based on surveys and analyses conducted by Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") for the Project Area of approximately 73.6 acres located within the Uptown Community Area of the City of Chicago (the "City"). The Project Area is bounded by an irregular line beginning at Berwyn Avenue, west of the CTA Elevated tracks and Ainslie Street, east of the CTA tracks, on the north; Sheridan Road and the east line of properties fronting Sheridan Road on the east; Lakeside Place and Leland Avenue on the south; and a portion of Magnolia Avenue and the west line and rear alley of properties fronting the west side of Broadway on the west. The boundaries of the Project Area are shown on Figure 1, *Project Area Boundary*.

The Project Area

The Project Area consists of 25 full and partial blocks along both sides of Broadway and along a portion of Lawrence Avenue in the Uptown and Edgewater Community Areas in the northeast area of Chicago. In addition to these two primary commercial corridors, the Project Area includes properties fronting a portion of Sheridan Road and a number of residential and institutional uses on the interior of these corridors

The Project Area contains approximately 73.6 acres, of which 28.5 acres, or 38.7 percent, consist of street and alley rights-of-way. The two primary commercial corridors contain a wide variety of uses. Significant properties that dominate the blocks around the major intersection of Broadway and Lawrence Avenues include the vacant Goldblatt's department store complex which occupies one entire triangular block, two large historic theaters (Uptown and Riviera) and the famous Aragon Ballroom building, east of the CTA elevated tracks. Other uses include retail, services, office, public and semi-public activity including the McCutcheon Elementary School and branch, several churches, and a number of multi-family buildings, including single room occupancy hotels and elderly and assisted living facilities. Existing land uses are indicated in Figure 2, *Existing Land Uses*.

There are twenty-nine (29) buildings that have been identified as significant in a survey of historic resources documented for submission to the National Register of Historic Places as the Uptown Square Historic District. Approval of the Uptown Square Historic District was granted in January 2001 by the United States Department of Interior, National Park Service. As part of the documentation process, these 29 buildings, which are listed in the Lawrence/Broadway Redevelopment Project and Plan, were all constructed during the period between 1900 and 1950. In addition to their age, many of these structures exhibit unique architectural detail and design elements.



105 Block Number
 - - - - - Project Area Boundary

Figure 1
PROJECT AREA BOUNDARY

2-28-01



Much of the Project Area is characterized by a combination of vacant buildings or vacancies within buildings, obsolescence within buildings or in the layout of buildings within blocks, including overcrowding of buildings on sites, deterioration of structures and site improvements, incompatible or inappropriate mixed uses and a general cluttered appearance of varying building types, sizes and activity. While some newer development has occurred in blocks outside the Project Area, all indications are that the area has not benefited from new private investment to revitalize the area on a systematic or significant level. As set forth in the Act, a "redevelopment project area" means an area designated by the municipality which is not less in the aggregate than 1½ acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park, conservation area or a blighted area or a conservation area, or a combination of both blighted and conservation areas. The Project Area exceeds the minimum acreage requirements of the Act.

As set forth in the Act, "conservation area" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50 percent or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area, but because of a combination of three or more of the following factors, the area is detrimental to the public safety, health, morals or welfare and, it may become a blighted area: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies, lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage and overcrowding of structures and community facilities; deleterious land use or layout; lack of community planning; environmental remediation costs (incurred or required), or a declining or lagging rate of growth in total equalized assessed valuation.

While it may be concluded that the mere presence of the minimum number of the stated factors may be sufficient to make a finding as a conservation area, this evaluation was made on the basis that the conservation area factors must be present to a meaningful extent and conservation area factors must be reasonably distributed throughout the Project Area so that basically good areas are not arbitrarily included in the Project Area simply because of proximity to areas that qualify as a conservation area.

On the basis of this approach, the Project Area is eligible as a "conservation area" within the requirements of the Act. Of the total 121 buildings within the 25 full and partial blocks, 107, or 88.4 percent are 35 years of age or older. In addition to age, nine of the thirteen qualifying factors required under the Act are present in the Project Area. These factors are reasonably distributed throughout the entire Project Area. The entire Project Area is impacted by and shows the presence of these conservation factors. Finally, the Project Area includes only real property and improvements substantially benefited by the proposed redevelopment project improvements. The extent to which these factors are present in the Project Area is summarized below.

Conservation Area Factors

1. **Obsolescence**
Obsolescence as a factor is present to a major extent in fifteen blocks and to a limited extent in four blocks. Conditions contributing to this factor include the functional and economic obsolescence of existing buildings of limited size and utility and obsolete platting with small narrow parcels which contain inadequate provision for access, servicing, off-street parking and loading in the blocks on which the properties are located

2. **Deterioration**
Deterioration as a factor is present to a major extent in eleven blocks and to a limited extent in eleven blocks. Deterioration includes the deterioration of visible building components as well as the deterioration of alleys, site surfaces, parking and service areas, fencing and sidewalks

3. **Structures Below Minimum Code Standards**
Structures below minimum code standards as a factor is present to a major extent in fourteen blocks and to a limited extent in two blocks. Structures in these blocks exhibit advanced defects in building components, which are below the minimum legal requirements established by the laws, ordinances and regulations of the City of Chicago. Among the structures in these blocks, 69 building code violations were documented according to City Building Department records.

4. **Excessive Vacancies**
Excessive vacancies as a factor is present to a major extent in eleven blocks and to a limited extent in seven blocks. This factor includes buildings which are totally vacant, contain vacant space in either store fronts or in upper floors, or contain vacant dwelling units.

5. **Excessive Land Coverage & Overcrowding of Structures and Community Facilities**
Excessive land coverage and overcrowding of structures and community facilities as a factor is present to a major extent in eighteen blocks and to a limited extent in four blocks. Properties impacted include parcels where buildings occupy all or nearly the entire parcel upon which they are situated, resulting in a lack of off-street parking, inadequate service and loading facilities, and limited ingress and egress.

6. **Inadequate Utilities**
Water distribution mains throughout the entire Project Area range in age between 80 to over 100 years in age and require replacement. Aging sewer lines, which are combination storm and sanitary, are in need of replacement in three areas. Inadequate utilities, as a factor, is present to a major extent throughout the Project Area.

7. **Deleterious Land-Use or Layout**
Deleterious land-use or layout as a factor is present to a major extent in fourteen blocks and to a limited extent in eight blocks. This factor includes incompatible mix of land

uses, improper layout of parcels and buildings that is inconsistent with current standards or requirements for proper service, access, egress and loading requirements.

8. **Lack of Community Planning**

Lack of community planning as a factor is present to a major extent. The Project Area was developed on a building by building basis without the benefit or guidance of a community plan with reasonable policies and standards for building setbacks, location and arrangement of off-street parking, and service access for buildings.

9. **Declining or Lagging Rate of Growth of Total Equalized Assessed Valuation**

The presence of a declining or lagging equalized assessed valuation for the Project Area is present to a major extent. For three of the last five calendar years for which information is available, the rate of growth in the Project Area's total equalized assessed valuation was less than that for the balance of the City of Chicago and less than the increase in the Consumer Price Index for All Urban Consumers for those same three years.

I. BASIS FOR REDEVELOPMENT

The Illinois General Assembly made two key legislative findings in adopting the Act

1. That there exists in many municipalities within the state blighted and conservation areas; and
2. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest.

These findings were made on the basis that the presence of blight or conditions which lead to blight are detrimental to the safety, health, welfare and morals of the public.

To ensure that the exercise of these powers is proper and in the public interest, the Act also specifies certain requirements that must be met before a municipality can proceed with implementing a redevelopment project. One of these requirements is that the municipality must demonstrate that a prospective redevelopment project qualifies either as a "blighted area" or as a "conservation area" within the definitions for each set forth in the Act (Section 11-74.4-3). This Eligibility Study finds that the Project Area qualifies as a "conservation area." The requirements for such qualification are described below.

Eligibility of a Conservation Area

A conservation area is an improved area in which 50 percent or more of the structures in the area have an age of 35 years or more and there is a presence of a combination of three or more of the thirteen factors defined in the Act and listed below. Such an area is not yet a blighted area, but because of a combination of three or more of these factors, the area may become a blighted area.

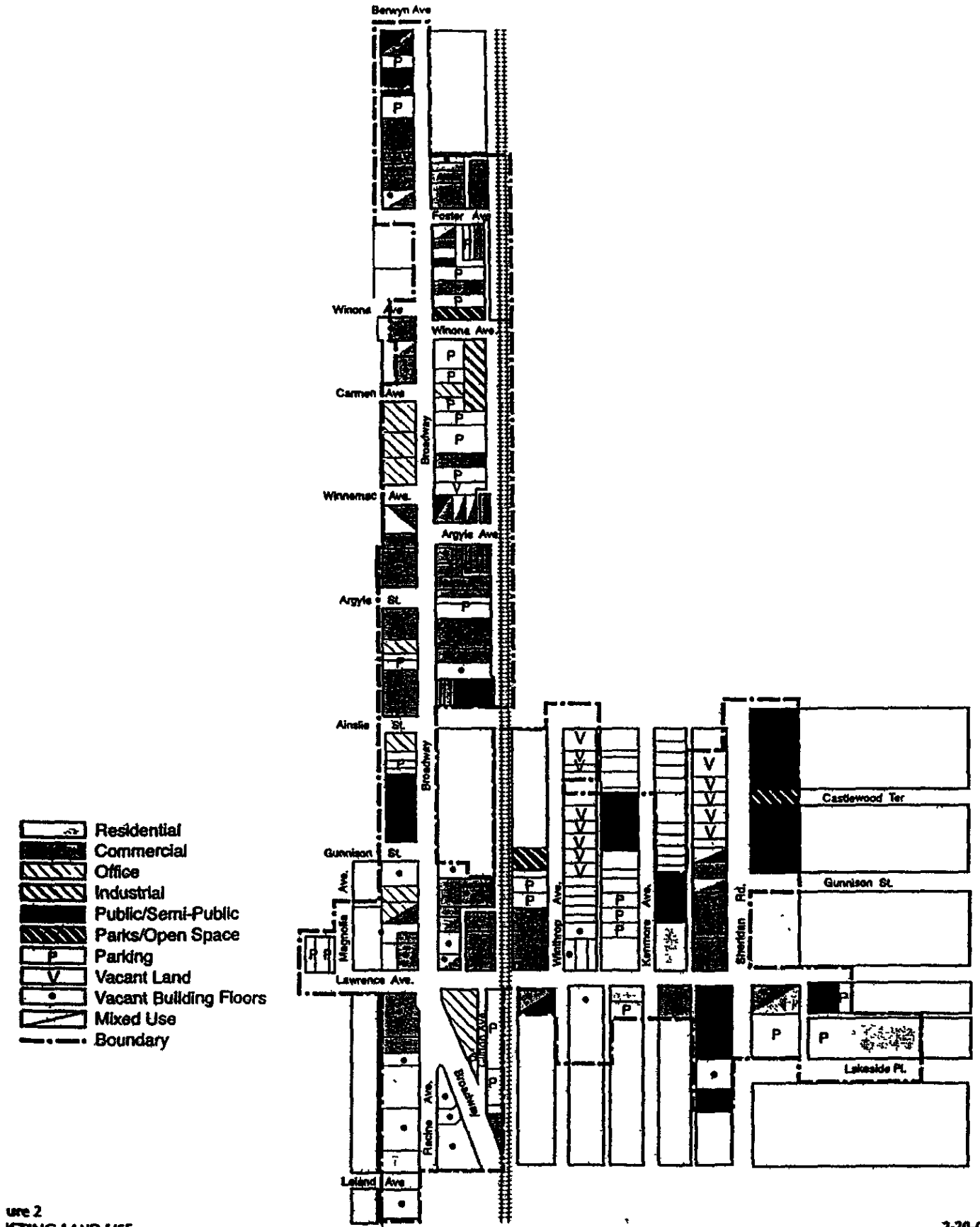
- Dilapidation
- Obsolescence
- Deterioration
- Illegal use of individual structures
- Presence of structures below minimum code standards
- Excessive vacancies
- Lack of ventilation, light, or sanitary facilities
- Inadequate utilities
- Excessive land coverage & overcrowding of structures and community facilities
- Deleterious land-use or layout
- Lack of community planning
- Environmental remediation costs have been incurred or are required

- Declining or lagging rate of growth of total equalized assessed valuation

For conservation areas, the Act does not describe what constitutes the extent of presence necessary to make a finding that a factor exists. However, TPAF, in preparing this Eligibility Study, has applied the following principles that the Act applies to the qualification of a "conservation area:"

1. The minimum number of factors must be present to a meaningful extent and the presence of each must be documented,
2. For a factor to be found present, it should be present to a meaningful extent so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act; and
3. The factors should be reasonably distributed throughout the redevelopment project area.

It is also important to note that the test of eligibility is based on the conditions of the area as a whole; it is not required that eligibility be established for each and every property in the Project Area.



- Residential
- Commercial
- Office
- Industrial
- Public/Semi-Public
- Parks/Open Space
- Parking
- Vacant Land
- Vacant Building Floors
- Mixed Use
- Boundary

Figure 2
EXISTING LAND USE

2-20-01

II. ELIGIBILITY SURVEY AND ANALYSIS FINDINGS

An analysis was made of each of the conservation factors listed in the Act to determine whether each or any are present in the Project Area, and if so, to what extent and in what locations. Surveys and analyses conducted by TPAP included

- 1 Exterior survey of the condition and use of all buildings and sites;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
4. Comparison of current land use to current zoning ordinance and the current zoning map,
5. Analysis of original and current platting and building size and layout;
6. Analysis of vacant portions of the site and building,
7. Analysis of building floor area and site coverage;
- 8 Review of previously prepared plans, studies and data; and
9. Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area for assessment years 1994 to 1999.

A statement of findings is presented for each conservation factor listed in the Act. The conditions that exist and the relative extent to which each factor is present are described below

A factor noted as "not present" indicates either that no information was available or that no evidence could be documented as part of the various surveys and analyses. A factor noted as present to a limited extent indicates that conditions exist that document that the factor is present, but that the distribution or impact of the conservation or blight condition is limited. Finally, a factor noted as present to a major extent indicates that conditions exist which document that the factor are present throughout major portions of the block, and that the presence of such conditions has a major adverse impact or influence on adjacent and nearby development. Figure 3 is a copy of the form used to record building conditions.

What follows is the summary evaluation of the conservation factors, presented in order of their listing in the Act.

A. Age

Age is a primary and prerequisite factor in determining an area's qualification for designation as a "conservation" area. Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems can be a function of time and climate, structures which are 35 years or older typically exhibit more problems and require greater maintenance than more recently constructed buildings.

Most of the older buildings along the two corridors were constructed between the early 1900s and the late 1920s. Of the total 121 buildings in the Project Area, 107, or 88.4 percent are 35 years or older.

Conclusion: The Project Area meets the prerequisite test for designation as a "conservation area."

B. Dilapidation

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

This section summarizes the process used for assessing building conditions in the Project Area, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation or deterioration of structures. The process, standards and criteria were applied in accordance with the TPAP Building Condition Survey Manual.

The building condition analysis is based on a thorough exterior inspection of the buildings and sites conducted initially during March and May of 2000 and again during August 2000 to update conditions and activity. Structural deficiencies in building components and related environmental deficiencies in the Project Area were noted during the inspections.

Building Components Evaluated

During the field survey, each component of the buildings in the Project Area was examined to determine whether it was in sound condition or had minor, major, or critical defects. Building components examined were of two types:

Primary Structural

These include the basic elements of any building: foundation walls, load-bearing walls and columns, floors, roof and roof structure.

Secondary Components

These are components generally added to the primary structural components and are necessary parts of the building, including exterior and interior stairs, windows and window units, doors and door units, interior walls, chimneys, and gutters and downspouts

Criteria for Classifying Defects for Building Components

Each primary and secondary component was evaluated separately as a basis for determining the overall condition of individual buildings. This evaluation considered the relative importance of specific components within a building and the effect that deficiencies in components will have on the remainder of the building

Building Component Classifications

The four categories used in classifying building components and systems and the criteria used in evaluating structural deficiencies are described below:

Sound

Building components that contain no defects, are adequately maintained, and require no treatment outside of normal ongoing maintenance.

Deficient - Requiring Minor Repair

Building components containing defects (loose or missing material or holes and cracks over a limited area) which often may be corrected through the course of normal maintenance. Minor defects have no real effect on either primary or secondary components and the correction of such defects may be accomplished by the owner or occupants, such as pointing masonry joints over a limited area or replacement of less complicated components. Minor defects are not considered in rating a building as structurally substandard.

Deficient - Requiring Major Repair

Building components which contain major defects over a widespread area and would be difficult to correct through normal maintenance. Buildings in the major deficient category would require replacement or rebuilding of components by people skilled in the building trades.

Critical

Building components that contain major defects (bowing, sagging, or settling to any or all exterior components causing the structure to be out-of-plumb, or broken, loose or missing material and deterioration over a widespread area) so extensive that the cost of repair would be excessive.

Final Building Rating

After completion of the exterior-interior building condition survey, each structure was placed in one of four categories based on the combination of defects found in various primary and secondary building components. Each final rating is described below.

Sound

Sound buildings can be kept in a standard condition with normal maintenance. Buildings so classified have less than one minor defect.

Deficient

Deficient buildings contain defects that collectively are not easily correctable and cannot be accomplished in the course of normal maintenance. The classification of major or minor reflects the degree or extent of defects found during the survey of the building.

Minor

Buildings classified as "deficient - requiring minor repairs" - have more than one minor defect, but less than one major defect.

Major

Buildings classified as "deficient - requiring major repairs" - have at least one major defect in one of the primary components or in the combined secondary components, but less than one critical defect.

Substandard

Structurally substandard buildings contain defects that are so serious and so extensive that the building must be removed. Buildings classified as structurally substandard have two or more major defects.

"Minor deficient" and "major deficient" buildings are considered to be the same as "deteriorating" buildings as referenced in the Act; "substandard" buildings are the same as "dilapidated" buildings. The words "building" and "structure" are presumed to be interchangeable.

Exterior Survey

The conditions of the buildings within the Project Area were determined based on observable components. TPAP conducted an exterior survey of each building within the Project Area to determine its condition. Of the total of 121 buildings:

- 37 buildings were classified as structurally sound;
- 64 buildings were classified as minor deficient (deteriorating);
- 20 buildings were classified as major deficient (deteriorating); and
- 0 buildings were classified as structurally substandard (dilapidated).

Blocks in which 10% or more of the buildings are dilapidated (substandard) are indicated as characterized by the presence of dilapidation to a major extent. Blocks in which less than 10% of the buildings are dilapidated are indicated as characterized by the presence of dilapidation to a limited extent

Conclusion. Structurally substandard buildings (dilapidation) as a factor does not exist within the Project Area

C. Obsolescence

As defined in the Act, "obsolescence" refers to the condition or process of falling into disuse. Structures have become ill-suited for the original use

Obsolescence may be curable or incurable, and the loss in value may be the result of physical or economic influences, either of which result in a loss of income.

Curable obsolescence includes properties that have become functionally obsolete as a result of physical characteristics or deficiencies that limit the use or reuse of such properties. Income from such properties may only be restored through reinvestment in the property, including substantial rehabilitation to increase the desirability or capacity of the property.

Incurable obsolescence includes properties where physical deficiencies or external economic influences prevent the feasible operation of such properties in their current use. Diminished income from such properties may only be cured by converting the property to a higher and better use.

Real estate development is driven by the highest and best use of property at the time it is developed, which includes defining its use, platting the property, designing the physical and spatial characteristics of the property, and constructing the site improvements and structures.

Over time, changes in design or technology may cause a property to become functionally obsolete. Nevertheless, the property's highest and best use may remain its current use. This obsolescence is generally functional in nature and is curable through periodic upgrades and occasional rehabilitation to preserve its value, income and competitive position in the market place.

If functionally obsolete properties are not periodically improved or rehabilitated, or economically obsolete properties are not converted to higher and better uses, the income and value of the property erodes over time. This value erosion leads to deferred maintenance, deterioration, and excessive vacancies. These manifestations of obsolescence then begin to have an overall blighting influence on surrounding properties and detract from the economic vitality of the overall area.

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

standards for such improvements. Factors of obsolescence may include inadequate utility capacities or outdated designs.

Obsolescence as a factor should be based upon the documented presence and reasonable distribution of buildings and site improvements evidencing such obsolescence.

Obsolete Building Types

Obsolete buildings contain characteristics or deficiencies that limit their long-term sound use or reuse. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse affect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

Obsolescence is present in a significant number of structures in the Project Area. These structures are characterized by conditions that limit their efficient or economic use according to contemporary standards.

Obsolete buildings include 41 of the 121 buildings located in 19 of the 25 blocks. These include small individual buildings and small strip buildings of limited size and narrow store space, single purpose buildings, including residential buildings and buildings of limited size converted to or expanded for commercial or office space, multi-story residential buildings lacking energy efficient components and outdated mechanical systems.

Obsolete Platting, Streets

Fifteen of the twenty-five full or partial blocks contain narrow parcels ranging in width from 24 to 40 feet and have limited depth which deters any type of development and requires assembly of these parcels for potential development sites. Clifton Avenue, between the diagonal portion of Broadway and Lawrence Avenue, parallel and west of the "L" tracks, is a narrow street. Its right-of-way is only 33 feet wide resulting in narrow pavement, compared to other streets of 100 feet (Broadway) or 66 feet, which is the standard width for local streets.

Blocks in which 20% or more of the buildings or sites are obsolete are indicated as characterized by the presence of obsolescence to a major extent. Blocks in which less than 20% of the buildings or sites are obsolete are indicated as characterized by the presence of obsolescence to a limited extent. See Figure 4, Obsolescence.

Conclusion. *The analysis indicates that obsolescence is present to a major extent in fifteen blocks and to a limited extent in four blocks.*

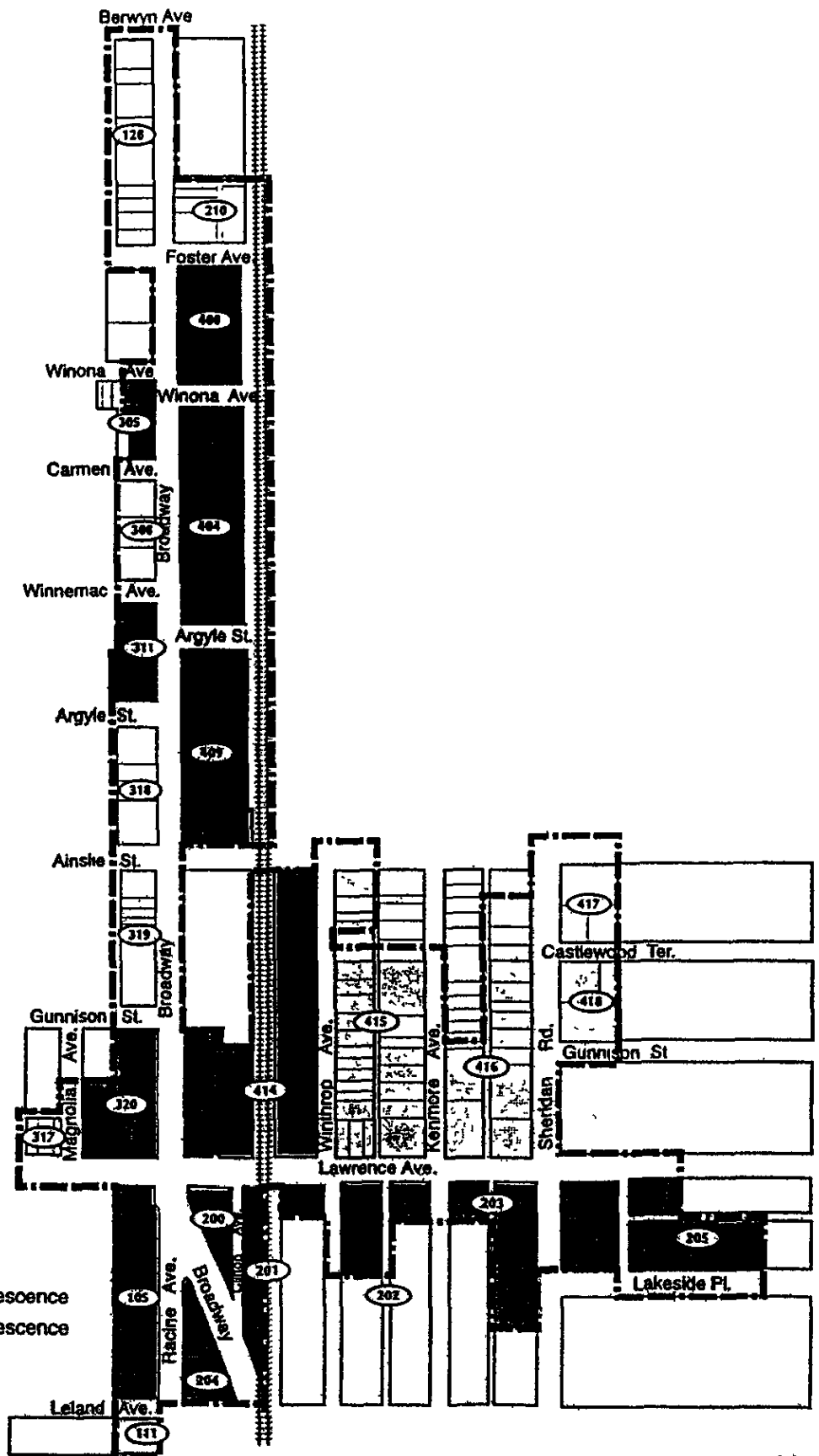


Figure 4
OBsolescence

2-20-01

D. Deterioration

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

Based on the definition given by the Act, deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair

- Deterioration may be evident in basically sound buildings containing minor defects, such as lack of painting, loose or missing materials, or holes and cracks over limited areas. This deterioration can be corrected through normal maintenance
- Deterioration which is not easily correctable and cannot be accomplished in the course of normal maintenance may also be evident in buildings. Such buildings may be classified as minor deficient or major deficient buildings, depending upon the degree or extent of defects. This would include buildings with defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.), and defects in primary building components (e.g., foundations, frames, roofs, etc.), respectively.

Deterioration of Alleys, Surface Parking Areas, Viaducts

Blocks between Ainslie Street and Leland Avenue, east of Broadway, contain poorly maintained alleys with depressions, pot holes and weed growth, including an antiquated and poorly functioning cobblestone alley in the block between Winthrop and Kenmore Avenues. Deteriorated site surface areas include concrete slabs which appear to be left over from previous building sites along the west side of Sheridan Road, north of Gunnison Street, parking surfaces with worn or cracked pavement and protruding weed growth in four blocks, and a gravel parking area in Block 205. Deteriorated concrete columns and retaining walls are present at the viaducts under the CTA elevated line where concrete surfaces and columns exhibit cracks, missing material and exposed, rusting reinforcing.

Deterioration of Buildings

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." A total of 85, (70%) of the buildings within the Project Area, are classified as deteriorating. As noted in Table 1 below, building deterioration is present throughout most of the blocks within the Project Area.

Table 1: Summary of Building Deterioration

Block No.	Total Buildings	Sound	Minor Deficient	Major Deficient	Substandard/Dilapidated
105	7	-	5	2	-
111	1	-	1	-	-
128	4	2	2	-	-
200	2	1	1	-	-
201	3	-	1	2	-
202	2	-	2	-	-
203	4	1	1	2	-
204	3	-	-	3	-
205	4	-	3	1	-
210	2	1	1	-	-
305	3	1	1	1	-
308	1	1	-	-	-
311	5	2	2	1	-
317	-	-	-	-	-
318	2	-	2	-	-
319	2	2	-	-	-
320	5	1	3	1	-
400	6	-	5	1	-
404	8	2	2	4	-
409	16	8	8	-	-
414	8	1	7	-	-
415	14	3	11	-	-
416	17	11	4	2	-
417	1	-	1	-	-
418	1	-	1	-	-
Total	121	37	64	20	-
Percent	100.0	30.6	52.9	16.5	-

Blocks in which 20% or more of the buildings or site improvements are indicated as characterized by deterioration and, provided that at least 10% of all buildings are deteriorating to a major deficient level, indicate the presence of deterioration to a major extent. Blocks in which less than 20% of the buildings or sites show the presence of deterioration and less than 10% of all buildings are deteriorating to a major deficient level, indicate that deterioration is present to a limited extent. See Figure 5, Deterioration

Conclusion: *Deterioration is present to a major extent in eleven blocks and to a limited extent in eleven blocks.*

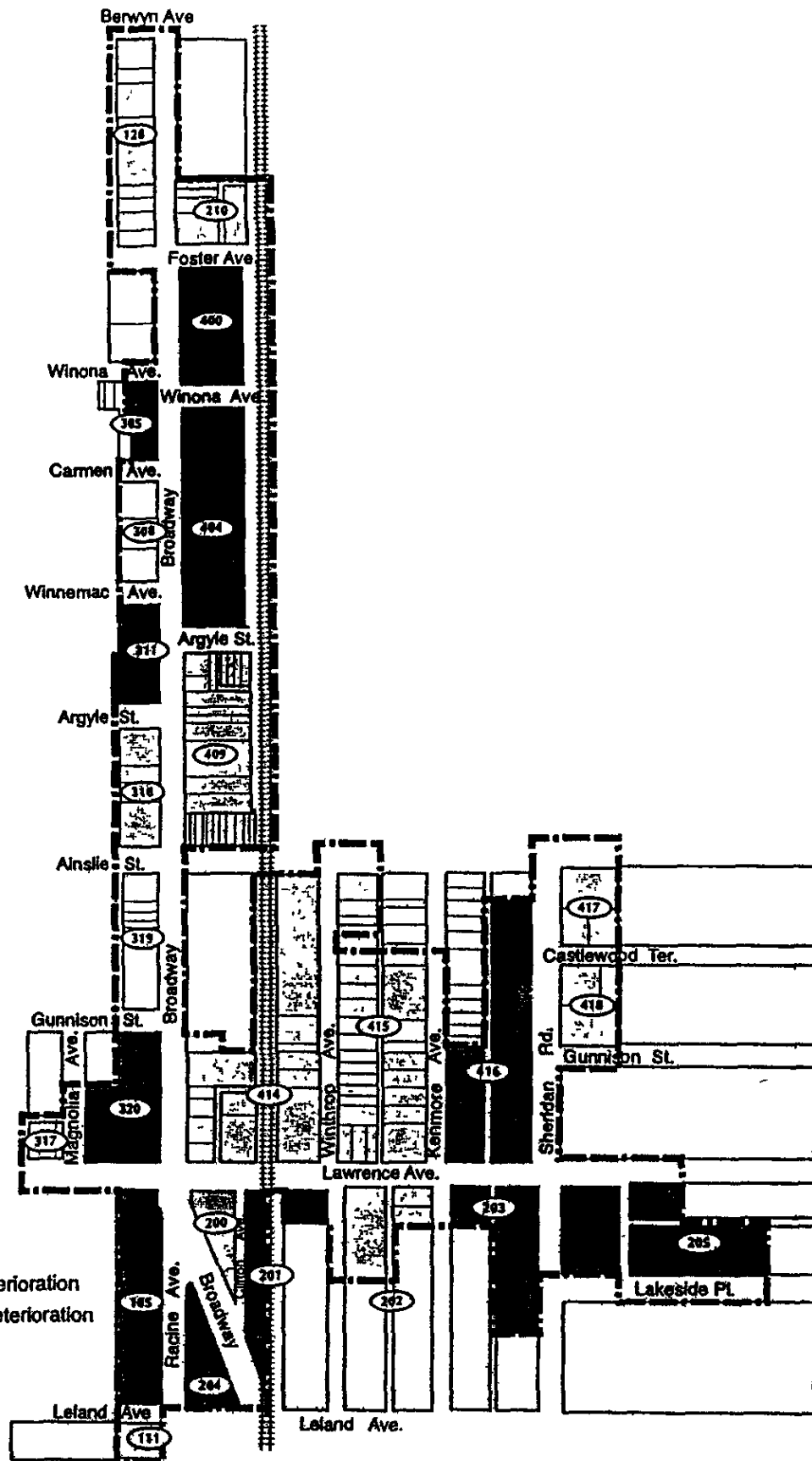


Figure 5
DETERIORATION

2-20-01

E. Presence of Structures Below Minimum Code Standards

As defined in the Act, the 'presence of structures below minimum code standards' refers to all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

As referenced in the definition above, the principal purposes of governmental codes applicable to properties are to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy; to be safe for occupancy against fire and similar hazards; and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code standards are characterized by defects or deficiencies that threaten health and safety.

Determination of the presence of structures below minimum code standards was based upon visible defects and advanced deterioration of building components from the exterior surveys. Of the total 121 buildings, 21, or 16.5 percent exhibited advanced deterioration and defects that are below the standards for existing buildings and related codes of the City of Chicago.

In addition to the exterior survey, data from the City Building Department relating to buildings with documented code violations over the past 5 years, indicate that twice as many buildings on an average in each block, compared to exterior defects only, contain code violations.

Blocks in which 20% or more of the buildings contain advanced defects are indicated as characterized by the presence of structures below minimum code standards to a major extent. Blocks in which less than 20% of the buildings are below minimum code standards are considered present to a limited extent. See Figure 6, Structures Below Minimum Code Standards.

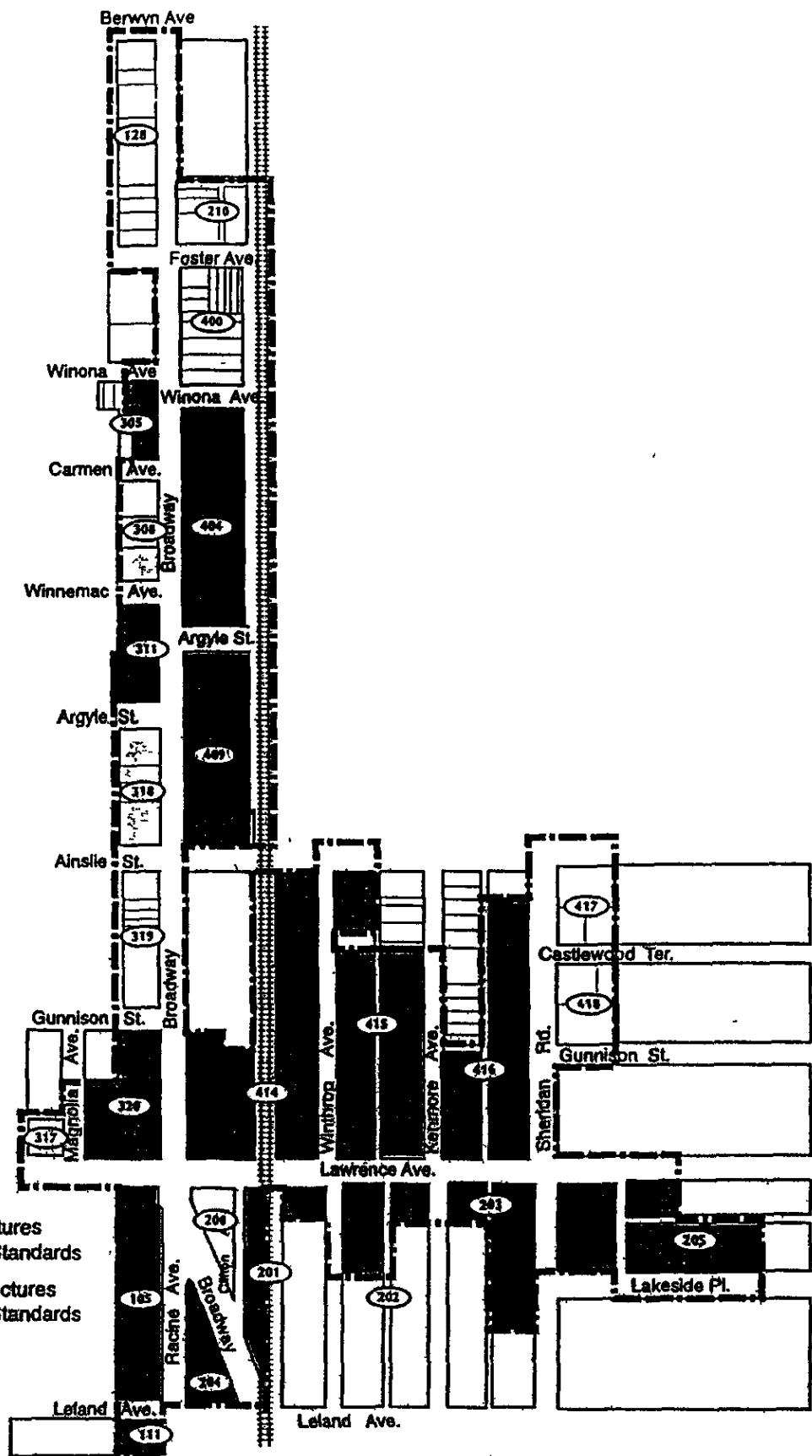
Conclusion: The factor of structures below minimum code standards is present to a major extent in fourteen blocks and to a limited extent in two blocks

F. Illegal Use of Individual Structures

As defined in the Act, "illegal use of individual structures" refers to the use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

Much of the Project Area was developed prior to the existence of sound development controls. While many of the parcels and building set backs do not comply with the current regulations of the municipal codes and several activities may not coincide with the zoning designation of the area, no illegal uses of individual buildings were noted to be present.

Conclusion: No illegal uses of individual structures were evident from the field surveys conducted.



- Major Presence of Structures Below Minimum Code Standards
- Limited Presence of Structures Below Minimum Code Standards
- 128 Block Number
- Project Area Boundary

Figure 6
**STRUCTURES BELOW
 MINIMUM CODE STANDARDS**

2-20-01

G. Excessive Vacancies

As defined in the Act, "excessive vacancies" refers to the presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies

Excessive vacancies as a factor is present throughout most of the blocks within the Project Area. Based on the surveys during March, May and August 2000, a total of 13 buildings were vacant and an additional 22 buildings contained vacant space in either ground floor or upper floor areas. In combination, 35 buildings, or 29 percent, of all buildings are impacted by vacant space.

Blocks in which 20% or more of the buildings are partially or totally vacant are indicated as characterized by the presence of excessive vacancies to a major extent. Blocks with less than 20% of the buildings partially or totally vacant are characterized by the presence of excessive vacancies to a limited extent. See Figure 7, Excessive Vacancies

Conclusion Excessive vacancies as a factor is present to a major extent in eleven blocks and to a limited extent in seven blocks.

H. Lack of Ventilation, Light, or Sanitary Facilities

As defined in the Act, lack of ventilation, light, or sanitary facilities refers to the absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

Conclusion. No condition pertaining to a lack of ventilation, light, or sanitary facilities has been documented as part of the exterior surveys and analyses undertaken within the Project Area.

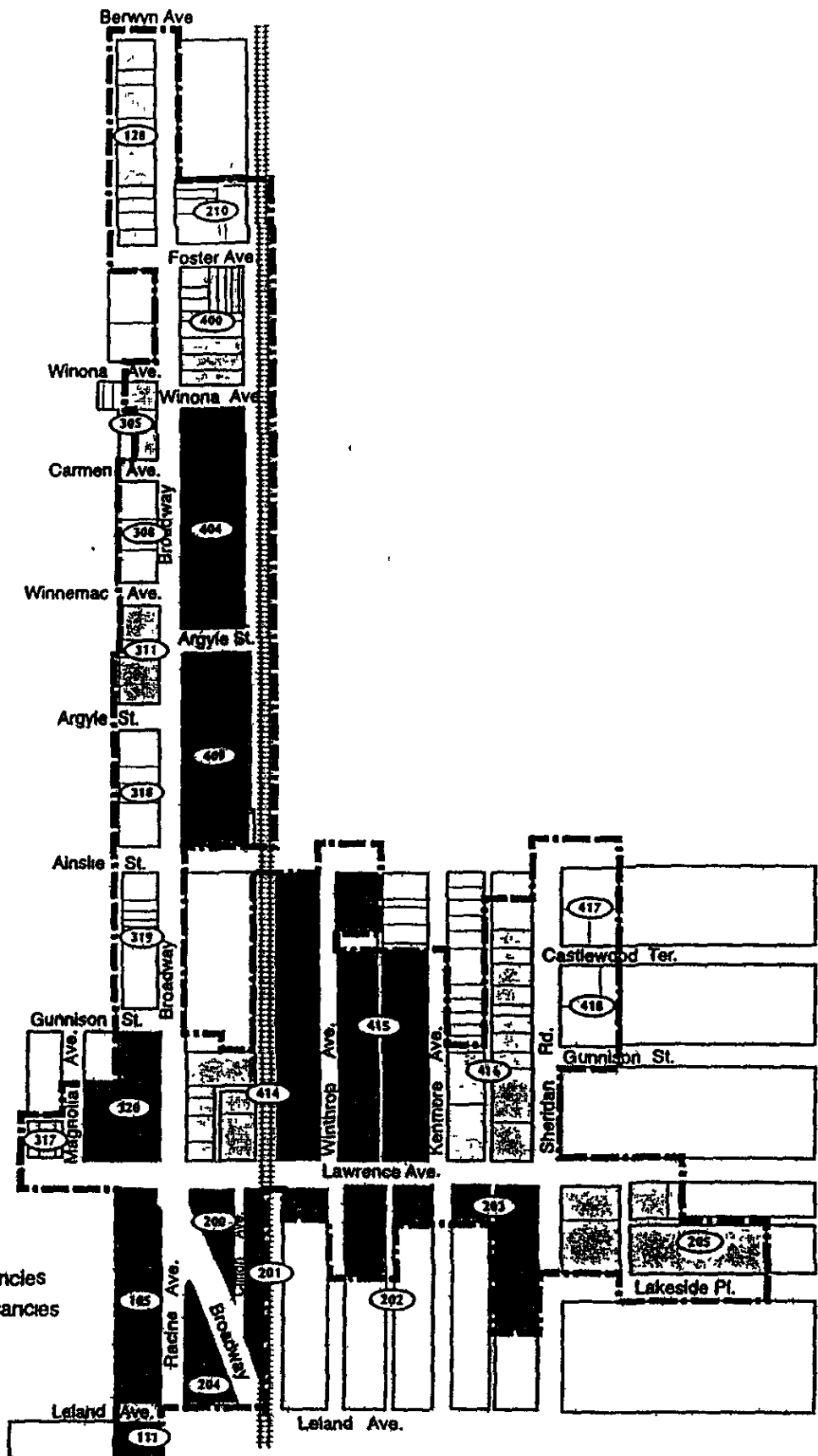


Figure 7
EXCESSIVE VACANCIES

2-20-81

I. Inadequate Utilities

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

According to information received from the City of Chicago Departments of Water and Sewer, existing water mains vary in age from 80 to over 100 years and consist of 6 inch cast iron pipe. All of these older main supply lines are required to be phased out and replaced with 8-inch and 12-inch ductile iron mains. Aging and antiquated water lines exist in nearly all streets within the Project Area

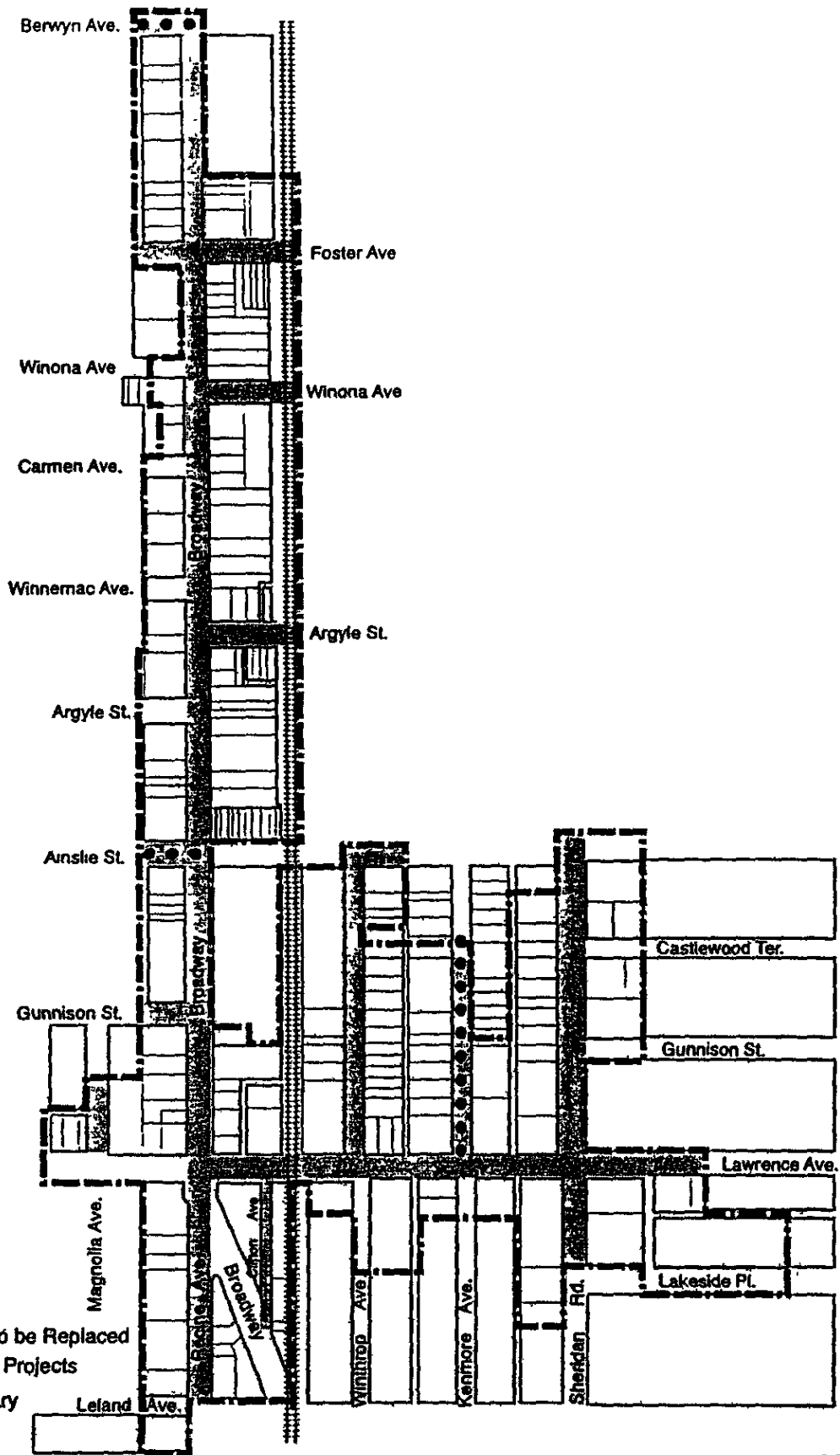
Sewers requiring replacement have been identified by the City in three areas: Kenmore Avenue, from Lawrence Avenue to approximately Castlewood Terrace; Berwyn Avenue, from Broadway westward to the alley, and Ainslie Street, from Broadway westward to the alley. See Figure 8, Inadequate Utilities

Conclusion. Inadequate utilities, as a factor, is present to a major extent throughout all portions of the Project Area

J. Excessive Land Coverage and Overcrowding of Structures and Community Facilities

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

Excessive land coverage and overcrowding of structures and community facilities is present within the Project Area. Blocks where buildings cover most or all of the parcels upon which they are situated include both commercial and larger residential buildings. The properties affected do not contain adequate front, rear and side yards, off-street parking space, and loading and service areas. Specifically, there is no on-site provision for off-street parking, loading, and service.



-  Aging Water Mains to be Replaced
-  Sewer Replacement Projects
-  Project Area Boundary

Figure 8
DEQUATE UTILITIES

2-20-01

Blocks in which 20% or more of the sites or land area is impacted by excessive land coverage are indicated as characterized by the presence of excessive land coverage to a major extent. Blocks in which less than 20% of the sites or land area indicates excessive land coverage are indicated as characterized by the presence of excessive land coverage to a limited extent. See Figure 9, Excessive Land Coverage/Overcrowding of Structures and Community Facilities.

Conclusion Excessive land coverage and overcrowding of structures and community facilities is present to a major extent in eighteen blocks and to a limited extent in four blocks within the Project Area.

K. Deleterious Land Use or Layout

As defined in the Act, "deleterious land-use or layout refers to the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area. Deleterious layout includes evidence of improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to meet contemporary development standards. It also includes evidence of improper layout of buildings on parcels and in relation to other buildings.

Incompatible Uses

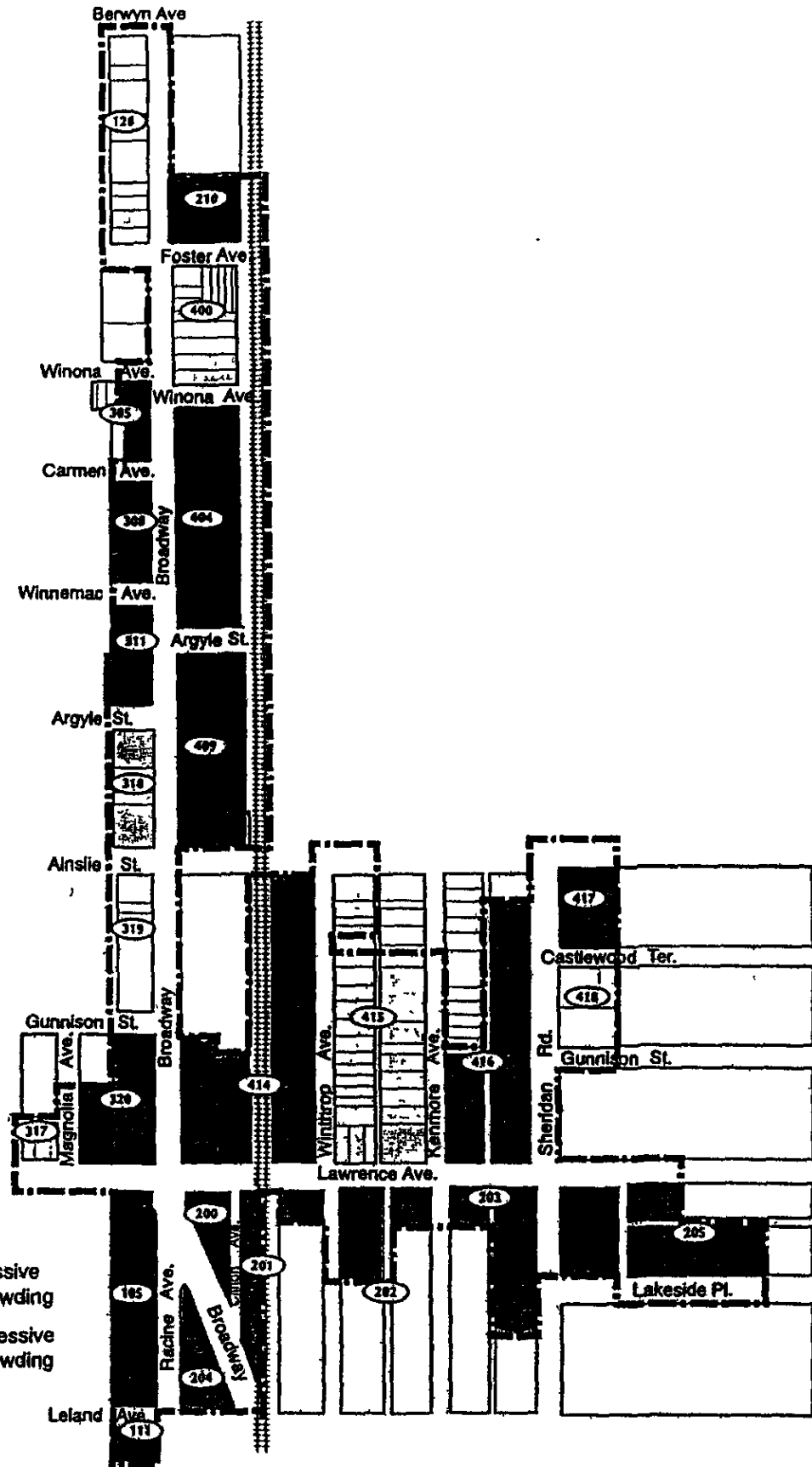
Several blocks are impacted by incompatible and inappropriate uses. One block includes an industrial/manufacturing use adjacent to commercial uses and across the street from a playlot. In other blocks, multi-family residential properties are located adjacent to or across from large, commercial buildings. Low density residential uses are inappropriately located in predominantly commercial areas along Ainslie Street, Broadway and Sheridan Road.

Improper Platting/Layout

Improper layout of parcels and buildings include blocks with total building coverage. This condition is particularly acute in blocks around the intersection of Broadway and Lawrence Avenue where building coverage and the associated lack of off-street parking continue to negatively impact these properties, many of which remain vacant. Several blocks along Broadway contain narrow and irregularly shaped parcels of limited depth and width for proper commercial development by current standards and requirements.

Blocks in which 20% or more of all properties indicate deleterious land use or layout are indicated as characterized by the presence of deleterious land use or layout to a major extent. Blocks in which less than 20% of the properties indicate deleterious land use or layout are indicated as characterized by the presence of deleterious land use or layout to a limited extent. See Figure 10, Deleterious land-use or layout.

Conclusion. The factor of deleterious land-use or layout is present to a major extent in fourteen blocks and to a limited extent in eight blocks.



- Major Presence of Excessive Land Coverage/Overcrowding
- Limited Presence of Excessive Land Coverage/Overcrowding
- 185 Block Number
- Project Area Boundary

Figure 9
**EXCESSIVE LAND COVERAGE/OVERCROWDING
 OF STRUCTURES AND COMMUNITY FACILITIES**

2-20-01



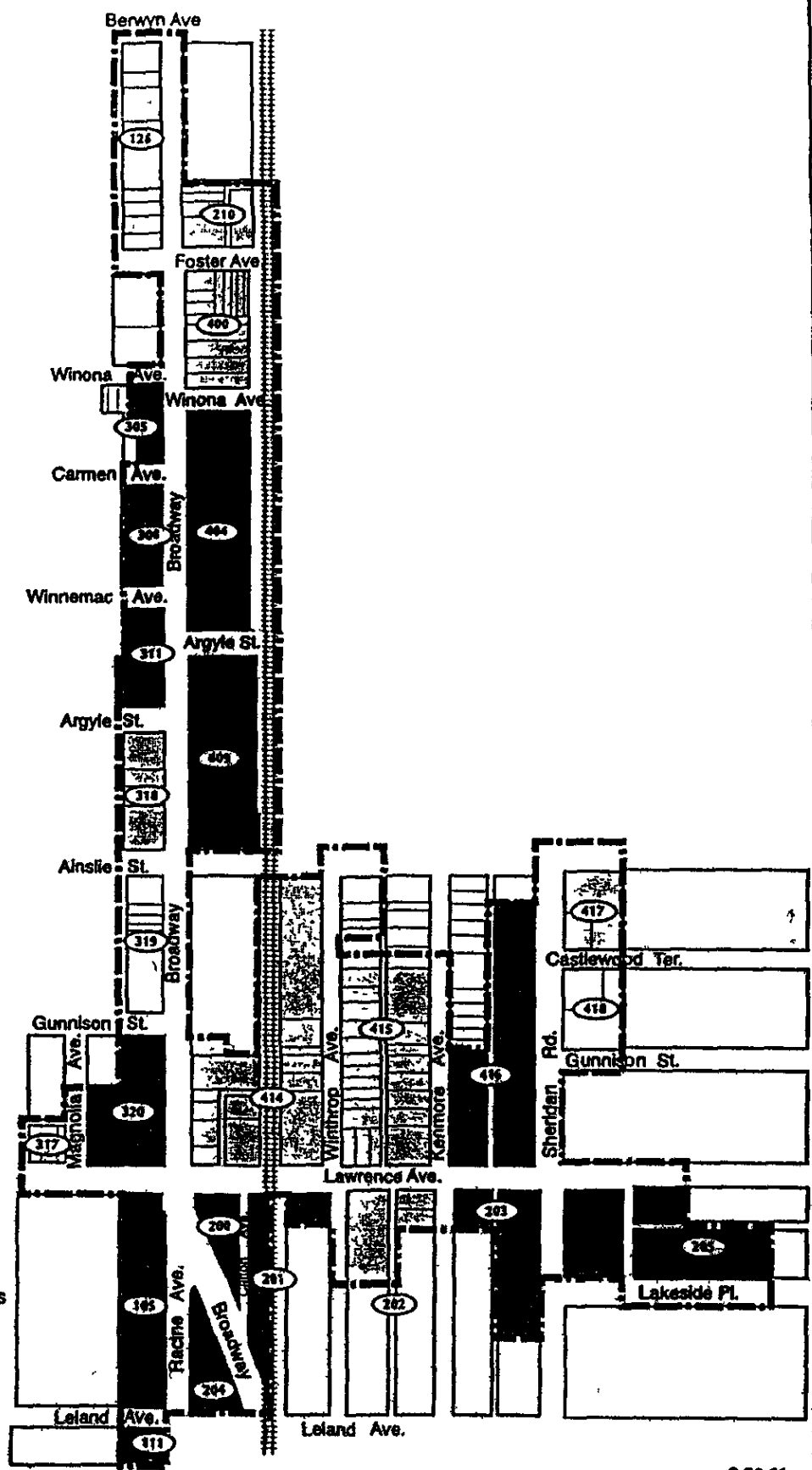


Figure 10
DELETERIOUS LAND USE/LAYOUT

2-20-01

L. Lack of Community Planning

As defined in the Act, "lack of community planning" means that the proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The Project Area experienced its most rapid growth and development following the extension of elevated rail service to Wilson Avenue in 1900. A majority of the buildings were constructed between 1900 and 1920 and predated auto-oriented development standards. Limited lot sizes, placement of buildings with total lot coverage, and lack of provisions for off-street parking, loading and service, occurred prior to the development of any community plan or guidelines for the overall neighborhood area development.

Conclusion: Lack of community planning as a factor is present to a major extent in the Project Area.

M. Environmental Remediation

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

The factor of environmental remediation was not investigated for the purposes of this report.

N. Declining or Lagging Equalized Assessed Valuation

As defined in the Act, a "declining or lagging equalized assessed valuation" means that the total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available

Over the period from 1994 to 1999, the growth rate of the total equalized assessed valuation of the Project Area has lagged behind that of the balance of the City of Chicago for at least three of these years, (1994/1995, 1995/1996 and 1998/1999) For each of these same three years, the rate of growth of the Project Area's total equalized assessed valuation was less than the Consumer Price Index for All Urban Consumers (CPI-U) for the United States.¹ These figures are shown in Table 2 below.

Table 2. Percent Change in Annual Equalized Assessed Valuation (EAV) and Increase in Consumer Price Index All-Urban Consumers (CPI-U), Years 1994-1999

	Percent change in EAV 1994/1995	Percent change in EAV 1995/1996	Percent change in EAV 1996/1997	Percent change in EAV 1997/1998	Percent change in EAV 1998/1999
<i>Project Area</i>	-2.85 %	-0.20%	10.43%	2.53%	2.52%
<i>City of Chicago (balance of)</i>	0.97%	1.27%	8.40%	1.77%	4.17%
<i>CPI-U, United States</i>	2.50%*	3.30%*	1.70%*	1.60%*	2.70%*

*This figure is the increase in the Consumer Price Index for All-Urban Consumers, All-Items, for the year ending in December of year 2 (e.g. percent change in CPI-U from December 1993 to December 1994). Source: Department of Labor, Bureau of Labor Statistics

¹ The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a fixed market basket of consumer goods and services. The broadest, most comprehensive CPI is the "CPI for All Urban Consumers for the U.S. City Average for All Items, 1982-84=100" (CPI-U) and is based on the expenditures reported by almost all urban residents and represents about 80 percent of the total U.S. population. The CPI data are also published for metropolitan areas which measure how much prices have changed over time for a given area. The CPI is the most widely used measure of price change for application in escalation agreements for payments such as rental contracts, collective bargaining agreements, alimony, child support payments, etc.

III. DETERMINATION OF PROJECT AREA ELIGIBILITY

The Project Area meets the requirements of the Act for designation as a "conservation area." Of the 121 buildings, 107, or 88.4 percent exceed 35 years in age. In addition to age, there is a reasonable presence and distribution of nine of the thirteen factors required under the Act for improved areas. These include:

1. Obsolescence -- major presence
2. Deterioration -- major presence
3. Structures below minimum code -- major presence
4. Excessive vacancies -- major presence
5. Excessive land coverage and overcrowding of structures and community facilities--major presence
6. Inadequate utilities—major presence
7. Deleterious land-use or layout -- major presence
8. Lack of community planning -- major presence
9. Declining or lagging rate of growth of total equalized assessed valuation--major presence

The summary of conservation factors within the Project Area is documented on a block by block basis in Table 3 and illustrated in Figure 11.

The eligibility findings presented in this report indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well-being of the City. The Project Area contains properties and buildings of various sizes and design that are advancing in obsolescence and deterioration and decline of physical condition. Existing vacancies, insufficient off street parking, loading and service areas in addition to other conservation factors as identified above, indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be restored to full active redevelopment without public action.

Tax Block	Age	Dilapidation	Obsolescence	Deterioration	Structures below minimum code	Illegal use of individual structures	Excessive vacancies	Lack of ventilation, light & sanitary facilities	Inadequate utilities	Excessive land coverage/overcrowding	Deleterious land-use or layout	Lack of community planning	Environmental remediation	Declining equalized assessed valuation	Total Factors Present
105	●		●	●	●		●		●	●	●		●		9
111	●		○	○			●		●	●	●		●		8
128	●		●	○			○		●	○	○		●		8
200	●		●	○			●		●	●	●		●		8
201	●		●	●	●		●		●	●	●		●		9
202	●		●	○	●		●		●	●	○		●		9
203	●		●	●	●		●		●	●	●		●		9
204	●		●	●	●		●		●	●	●		●		9
205	●		●	●	●		○		●	●	●		●		9
210	○			○					●	●	○		●		6
305	●		●	●	●		○		●	●	●		●		9
308	●				○				●	●	●		●		6
311	●		●	●	●		○		●	●	●		●		9
317									●				●		3
318	●			○					●	○	○		●		6
319	○								●				●		3
320	●		●	●	●		●		●	●	●		●		9
400	●		●	●	○		○		●	○	○		●		9
404	●		●	●	●		●		●	●	●		●		9
409	●		●	○	●		●		●	●	●		●		9
414	●		●	○	●		○		●	●	○		●		9
415	●		○	○	●		●		●	○	○		●		9
416	●		○	●	●		○		●	●	●		●		9
417	●			○					●	●	○				5
418	●		○	○					●						4

○ Present to a limited extent
 ● Present to a major extent

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Structures below Minimum Code
5. Excessive Vacancies
6. Excessive Land Coverage/ Overcrowding of Structures and Community Facilities
7. Inadequate Utilities
8. Deleterious Land-use and Layout
9. Lack of Community Planning
10. Declining or Lagging Rate of Growth of Total Equalized Assessed Valuation

 Block Number
 Project Area Boundary

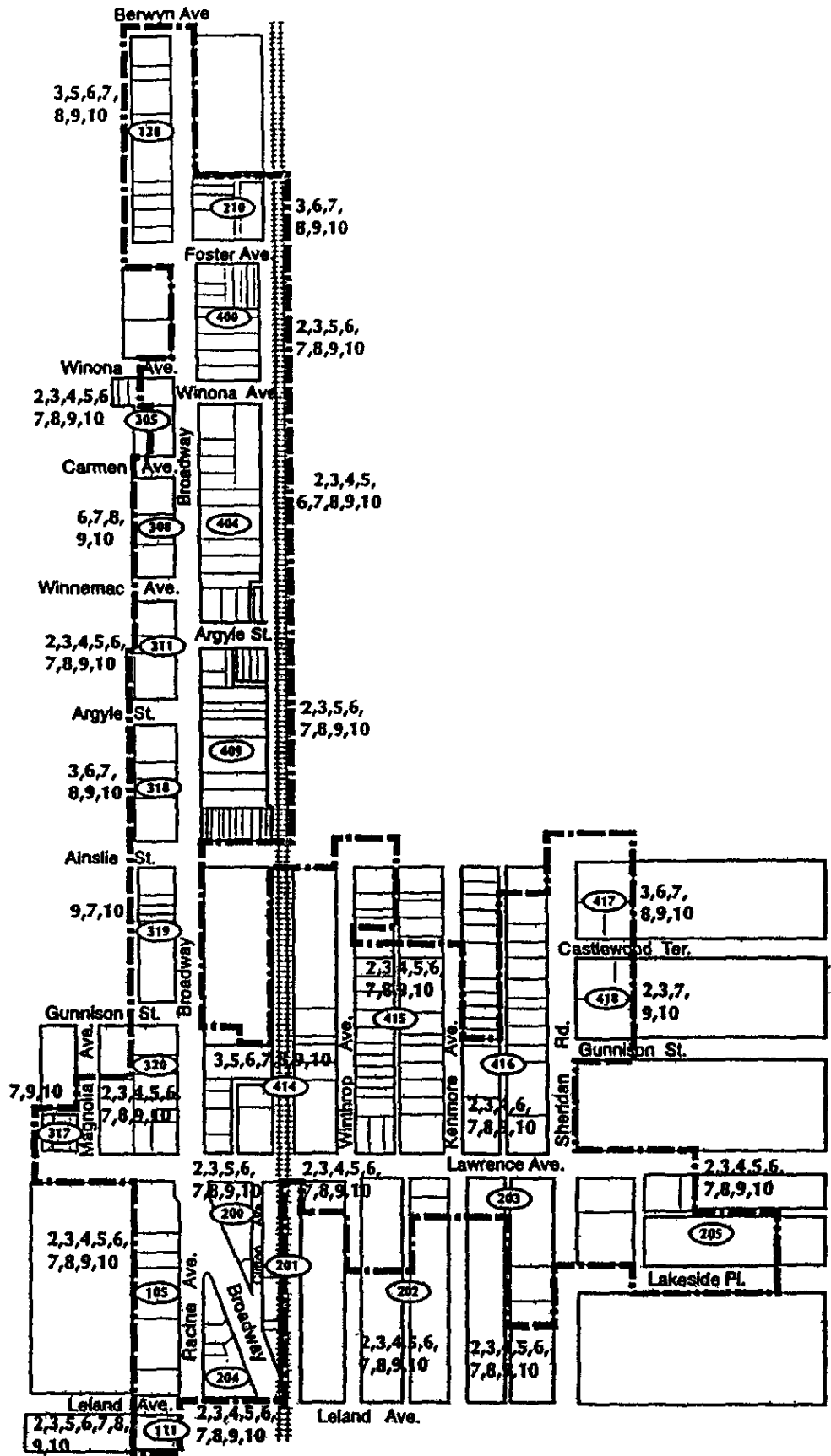


Figure 11
DISTRIBUTION OF CONSERVATION FACTORS

2-20-01

EXHIBIT E
PROJECT BUDGET
(see attached)

EXHIBIT E

Project Budget Leland Apartments

Development Costs	Total Budget Amount
Acquisition Costs	4,056,558
Rehabilitation Construction Costs	7,550,716
Construction Contingency	611,100
Professional Fees	491,073
Lender Fees & Interest	352,948
Taxes & Insurance	217,000
Tenant Relocation	75,000
Developer Fee	900,398
Reserves*	520,011
Total Project Budget	14,774,804

* Includes the following reserves

1. Lease-Up	27,792
2. Operating Deficit	190,000
3. Revenue Deficit	103,750
4. Replacement Reserve	34,250
5. TIF Interest Reserve	54,219
6. Tax & Insurance	110,000

EXHIBIT F

REQUISITION FORM

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

The affiant, _____, _____ of Leland Neighborhood Development Corp., an Illinois not for profit corporation (the "General Partner") and the sole general partner of Leland Limited Partnership, an Illinois limited partnership (the "Partnership"), hereby certifies that with respect to that certain Leland Apartments Redevelopment Agreement among the City of Chicago, the Partnership, and Heartland Housing, Inc., an Illinois not-for-profit corporation d/b/a Century Place Development Corp. and the sole member of the General Partner (the "Owner, and collectively with the Partnership, the "Developer"), dated _____, 2004 (the "Agreement"):

A. Expenditures for the Project, in the total amount of \$ _____, have been made:

B. This paragraph B sets forth and is a true and complete statement of all costs of TIF-Funded Improvements for the Project reimbursed by the City to date:

\$ _____

C. The Partnership requests reimbursement for the following cost of TIF-Funded Improvements, limited solely to reimbursement for interest expenses incurred by the Partnership on the Bridgeview Loan:

\$ _____

D. None of the costs referenced in paragraph C above have been previously reimbursed by the City.

E. The Partnership hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Redevelopment Agreement are true and correct and each of the Partnership and Heartland is in compliance with all applicable covenants contained herein in all material respects.

2. No event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default, exists or has occurred.

All capitalized terms which are not defined herein has the meanings given such terms in the Agreement

Leland Limited Partnership

By: Leland Neighborhood Development Corp.
Its: General Partner

By: _____
Its: _____

Subscribed and sworn before me this ___ day of _____, _____.

My commission expires: _____

Agreed and accepted:

Name: _____
Title: _____
City of Chicago
Department of Planning and Development

EXHIBIT G

EXISTING MORTGAGES

(see attached)

EXISTING MORTGAGES

1. Mortgage and Security Agreement executed by Leland Limited Partnership ("Partnership") in favor of Bridgeview Bank Group of even date herewith securing repayment of a loan in the amount of \$2,282,240;
2. Junior Mortgage, Security Agreement and Financing Statement executed by the Partnership in favor of the City of Chicago of even date herewith securing repayment of a loan in the amount of \$1,632,500;
3. Third Mortgage and Assignment of Rents and Leases executed by the Partnership in favor of the Illinois Housing Development Authority of even date herewith securing repayment of a loan by IHDA to Owner in the amount of \$750,000;
4. Junior Mortgage, Security Agreement and Financing Statement executed by the Partnership in favor of the Chicago Low-Income Housing Trust Fund of even date herewith securing repayment of a loan in the amount of \$700,000;
5. Mortgage, Security Agreement and Assignment of Rents executed by the Partnership in favor of Leland Neighborhood Development Corp. dated as of December 10, 2003 securing repayment of a loan in the original principal amount of \$883,852.00 (which loan has been partially repaid and has an approximate outstanding principal balance of \$767,000), which is recorded with the Recorder's Office as document no. 0334544054;
6. Mortgage, Security Agreement and Assignment of Rents executed by the Partnership in favor of Heartland Housing, Inc. of even date herewith securing repayment of a loan in the principal amount of \$2,876,219; and
7. Grant Agreement and Mortgage dated as of January 28, 2002 executed and delivered by Leland Neighborhood Development Corp. in favor of Community Investment Corporation to secure repayment of a recapturable grant in the amount of \$100,000.00, which is recorded with the Recorder's Office on February 6, 2002 as document no. 0020152224.

EXHIBIT H
MBE/WBE BUDGET

(see attached)

EXHIBIT H

MBE & WBE Budget Leland Apartments

Rehabilitation Construction Costs	7,417,716
25% MBE Requirement	1,854,429
5% WBE Requirement	370,886
Total MBE / WBE Budget	2,225,315

EXHIBIT I
PRIOR EXPENDITURES

(see attached)

EXHIBIT I

Approved Prior Expenditures Leland Apartments

Development Costs	Prior Expenditures
Acquisition Costs	4,056,558
Rehabilitation/ Construction Costs	61,509
Professional Fees	477,311
Lender Fees & Interest	135,475
Taxes & Insurance	36,270
Tenant Relocation	56,294
Developer Fee	304,000
Total Project Budget	5,127,417

EXHIBIT J

OPINION OF DEVELOPER'S COUNSEL

(see attached)

312-491-3329
wskalitzky@att-law.com

May __, 2004

City of Chicago
121 North LaSalle Street
Chicago, IL 60602
ATTENTION: Corporation Counsel

Re: Leland Limited Partnership

Ladies and Gentlemen:

We have acted as special counsel to Leland Limited Partnership, an Illinois limited partnership (the "Partnership"), Leland Neighborhood Development Corp., an Illinois not for profit corporation, the general partner of the Partnership ("LNDC"), and Heartland Housing, Inc. ("HHI"), an Illinois not for profit corporation d/b/a Century Place Development Corp. (collectively the Partnership and HHI are the "Developer"). We represent the Developer in connection with a certain redevelopment agreement between the Developer and the City of Chicago (the "City"), and the provision of tax increment financing assistance to the Developer from the City relating to the rehabilitation and development of a building located at 1201-1213 W. Leland Avenue, Chicago, IL (the "Project"), which is located within the City's Lawrence/Broadway Tax Increment Financing Redevelopment Project Area. In that capacity, we have examined, among other things, (i) the Leland Apartments Redevelopment Agreement dated as of May __, 2004 (the "Agreement") by and among the Developer and City; (ii) the certificate of limited partnership, a certificate of existence and the Amended and Restated Limited Partnership Agreement of the Partnership of even date herewith (the "Partnership Agreement"); (iii) the Articles of Incorporation, as amended, certified by the Secretary of State of Illinois on May 11, 2004, a Certificate of Good Standing dated May 11, 2004, and a certified copy of the By-Laws of HHI; and (iv) the Articles of Incorporation certified by the Secretary of State of Illinois on May 11, 2004, a Certificate of Good Standing dated May 11, 2004, and a certified copy of the Amended and Restated By-Laws of LNDC (the documents set forth above in (i), (ii), (iii) and (iv) are collectively referred to herein as the "Documents").

In rendering this opinion we have also examined the original or certified, conformed or photostatic copies of: Judgment Searches of the Partnership performed by CT Corporation System, dated May 13, 2004; Judgment Searches of HHI and its assumed name, Century Place

Development Corp., performed by CT Corporation System dated May 13, 2004, and May 18, 2004; Judgment Searches of LNDC performed by CT Corporation System dated May 13, 2004 (collectively, the "Searches"); the Partnership Certificate as defined in paragraph 5 below and the HHI Certificate as defined in paragraph 6 below and referred to in qualification (i) below; and such legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

For the purposes of this opinion, we have assumed that:

- a. The execution and delivery of the Agreement and other documents reviewed by us, and the entry into and performance of the transactions contemplated by the Agreement, by all parties other than Developer have been duly authorized by all necessary actions. Further, the Agreement and other documents reviewed constitute the valid and binding obligations of all parties other than Developer.
- b. All natural persons who are signatories to the Agreement were legally competent at the time of execution; all signatures (other than those on behalf of Developer) on the Agreement and other documents reviewed by us are genuine; the copies of all documents submitted to us are accurate and complete and conform to the originals; all material terms and conditions of the relationship between Developer and the other parties are correctly and completely reflected in the Agreement.

Based upon the foregoing, but subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that:

1. The Partnership is a limited partnership duly organized and validly existing under the laws of the State of Illinois. The Partnership has full power and authority to own and lease its assets and properties, to carry on its business as presently conducted, and to consummate the transactions set forth in the Agreement.
2. HHI is an Illinois not for profit corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. HHI has full corporate power and authority to own and lease its assets and properties, to carry on its business as presently conducted, and to consummate the transactions set forth in the Agreement.
3. LNDC is an Illinois not for profit corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. LNDC has full corporate power and authority to own and lease its assets and properties, to carry on its business as presently conducted, and to consummate the transactions set forth in the Agreement on behalf of the Partnership.

4. The Agreement (a) has been properly authorized, executed and delivered by or on behalf of each of HHI and the Partnership, (b) constitutes the legal, valid and binding obligation of each of HHI and the Partnership, and (c) is enforceable against HHI and the Partnership in accordance with its terms.

5. The Partnership has all requisite right, power and authority as a limited partnership acting through LNDC, its general partner, to execute and deliver the Agreement and to perform its obligations thereunder. Such execution, delivery and undertaking of performance will not conflict with, or result in a violation of the Partnership's Certificate of Limited Partnership, Partnership Agreement, or the Articles of Incorporation or the Amended and Restated By-Laws of LNDC, or any other of the organizational documents of the Partnership or LNDC. Such execution, delivery and undertaking of performance of its obligations under the Agreement by the Partnership (provided the Partnership performs in accordance with the terms and conditions of the Agreement) will not result in a breach or other violation of any of the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental or regulatory authority. Such execution and delivery of the Agreement by the Partnership, to our knowledge (based on the Partnership Certificate of Partnership attached hereto and made a part hereof) and without further investigation, will not: (a) result in the creation of any lien, charge or encumbrance on any property or assets of the Partnership, except as contemplated by the Agreement and certain financing documents in connection with those certain construction and permanent loans made to the Partnership by Bridgeview Bank Group, the City of Chicago, the Illinois Housing Development Authority, the Chicago Low-Income Housing Trust Fund, LNDC and HHI, and the Grant Agreement and Mortgage in favor of Community Investment Corporation for the City of Chicago SRO Rehabilitation/Refinance Program, (b) result in a violation of any of the terms, conditions or provisions of any order, writ, injunction or decree of any court, governmental or regulatory authority, (c) constitute grounds for the acceleration of the maturity of any agreement or other instrument to which Partnership is a party or by which any of the property of the Partnership may be bound, or (d) conflict with, constitute an event of default under, or result in a violation of the provisions of any agreement or other instrument of which we have knowledge to which Partnership is a party, or by which the properties or assets of the Partnership are bound.

6. HHI has all requisite corporate right, power and authority to execute and deliver the Agreement and to perform its obligations thereunder. Such execution, delivery and undertaking of performance will not conflict with, or result in a violation of HHI's Articles of Incorporation, as amended, or By-Laws or any of the other organizational documents of HHI. Such execution, delivery and undertaking of performance of its obligations under the Agreement by HHI (provided HHI performs in accordance with the terms and conditions of the Agreement) will not result in a breach or other violation of

any of the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental or regulatory authority. The execution and delivery of the Agreement by HHI, to our knowledge (based on the HHI Certificate attached hereto and made a part hereof) and without further investigation, will not: (a) result in the creation of any lien, charge or encumbrance on any property or assets of HHI, except as contemplated by the Agreement, (b) result in a violation of any of the terms, conditions or provisions of any order, writ, injunction or decree of any court, governmental or regulatory authority, (c) constitute grounds for the acceleration of the maturity of any agreement or other instrument to which HHI is a party or by which any of the property of HHI may be bound, or (d) conflict with, constitute an event of default under, or result in a violation of the provisions of any agreement or other instrument of which we have knowledge to which HHI is a party, or by which the properties or assets of HHI are bound.

7. No authorizations, approvals or consents of, or filings or registrations with, or the giving of notice to, any person or any governmental or regulatory authority or agency of the State of Illinois or any political subdivision thereof are necessary for the execution and delivery of the Agreement or for the validity or enforceability thereof, except for recording or filing of the Agreement.

8. A federal or state court sitting in the State of Illinois and applying the choice of law provisions of the State of Illinois would enforce the choice of law provisions contained in the Documents and apply the law of the State of Illinois to the transactions evidenced thereby.

9. To our knowledge, relying solely on the Searches, Partnership Certificate and HHI Certificate, except as set forth in the Searches (copies of which have been delivered to the City) and the May 5, 2004 notice of building code violations from the City of Chicago Department of Buildings described in the Partnership Certificate, there are no judgments outstanding against the Partnership, LNDC or HHI, and no legal, administrative or other governmental proceedings pending or threatened before any court or governmental agency by or against the Partnership, LNDC or HHI, or affecting the Project.

10. To our knowledge relying solely on the Partnership Certificate, and without further investigation, there is no default by the Partnership with respect to any indenture, loan agreement, mortgage, deed of trust, note or any other agreement or instrument to which the Partnership is a party or by which it is bound, a default under which would have a material adverse effect on the Partnership or its business except as disclosed in the Partnership Certificate.

11. To our knowledge relying solely on the HHI Certificate, and without further investigation, there is no default by HHI with respect to any indenture, loan agreement, mortgage, deed of trust, note or any other agreement or instrument to which HHI is a party or by which HHI is bound, except as disclosed in the HHI Certificate. Notwithstanding the foregoing, to our knowledge relying solely on the HHI Certificate, and without further investigation, the predevelopment loan default disclosed in the HHI Certificate will not have a material adverse effect on HHI or its business.

12. To our knowledge, relying solely on the Partnership Certificate, HHI Certificate and the Searches, and except as set forth in the Searches, neither the Partnership nor HHI is in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in or under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Partnership, HHI or their respective business.

13. The Partnership is owned by LNDC, the sole general partner, and NEFAC Assignment Corporation, as nominee, the sole limited partner. To our knowledge and relying solely on the Partnership Certificate, except as set forth above, there are no warrants, options, rights or commitments of purchase, conversion, call or exchange or other rights or restrictions with respect to any of the partnership interests in the Partnership except as permitted in the Agreement and provided for in the Partnership Agreement.

14. To our knowledge and relying solely on the HHI Certificate and HHI By-Laws, the sole member of HHI is Travelers & Immigrants Aid's Heartland Alliance for Human Needs & Human Rights, an Illinois not for profit corporation, and that member interest cannot be transferred or assigned.

15. To our knowledge and relying solely on the HHI Certificate, HHI owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

16. To our knowledge and relying solely on the Partnership Certificate, the Partnership owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

The opinions set forth above are subject to the following qualifications:

i. Wherever we indicate that our opinion with respect to the existence or absence of facts is based on our knowledge, our opinion is based solely on (1) the actual knowledge of the attorneys currently with the firm who have represented Developer in connection with the transactions contemplated by the Agreement and of any other attorneys presently in our firm whom we have determined are likely, in the course of representing any of said parties, to have knowledge of the matters covered by this opinion, (2) the representations and warranties of said parties contained in the Agreement, and (3) the HHI Certificate and Partnership Certificate, and we have not undertaken any independent investigation (and we have not made or caused to be made any review of any court file or indices except as described above with respect to the Searches) and no inference as to our knowledge should be drawn from our representation of Developer or otherwise. However, we know of no facts which lead us to believe such factual matters are untrue or inaccurate;

ii. Your ability to enforce the Agreement may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally, and their interpretation by courts of appropriate jurisdiction;

iii. Enforcement of your rights and remedies may be limited by general principles of equity, regardless of whether such enforcement is considered in a proceeding in equity or at law, and the availability of equitable remedies or equitable defenses would be subject to the discretion of the court requested to grant such remedies or allow such defenses; and further, in this regard, we have assumed that you will exercise your rights and remedies under the Agreement in good faith and in circumstances and a manner which are commercially reasonable;

iv. Certain provisions of the Agreement may be rendered unenforceable or limited by applicable laws and judicial decisions but such laws and judicial decisions do not render the Agreement invalid as a whole, and there exist in the Agreement or pursuant to applicable law legally adequate remedies for the realization of the principal benefits and secured lien intended to be provided by the Agreements; and

v. If, and to the extent, the Agreement is construed to provide for the payment of interest on interest, such provisions may be unenforceable under Bowman v. Neeley, 137 Ill. 443 (1891) and other cases to the same effect.

vi. We express no opinion with respect to provisions in any of the Agreement which purport to (i) confer, waive or consent to the jurisdiction of any court, (ii) provide for service of process except in accordance with applicable law, (iii) waive any right granted by statutory or common law, or (iv) require indemnification or contribution for liabilities

under the provisions of any Federal or state securities law or in respect to the negligent or wrongful conduct of the indemnified party or its representatives or agents.

vii. We call your attention to the fact that although we represent the Partnership and LNDC as special counsel in connection with the subject transaction, we do not represent either generally, and our engagement relating to the Partnership and LNDC has been limited to the specific matters as to which we have been consulted.

Our opinion is limited to the laws of the United States (except as set forth below) and the laws of the State of Illinois and (as to matters set forth in Paragraph 7 only) political subdivisions thereof in effect on the date hereof as they presently apply. We shall have no continuing obligations to inform you of changes in law or fact subsequent to the date hereof or of facts of which we become aware after the date hereof.

We express no opinion as to matters of title or priority or perfection of liens or security interests with regard to real and personal property. We understand that, with respect to all real and personal property security interests intended to be created by the Agreements and the priority of the liens thereof, you will rely on a title insurance policy being provided to the Partnership and such Uniform Commercial Code and other searches as you deem adequate, and, accordingly, we express no opinion to such matters.

We have not reviewed and do not opine as to: (i) compliance by the Project with applicable health, fire, safety, building, environmental, subdivision laws, ordinances, codes, rules or regulations, (ii) ERISA laws, rules and regulations, or (iii) Federal or state taxation, banking, securities or "blue sky" laws, rules or regulations.

This opinion is limited to the matters set forth herein. This opinion is provided to you as a legal opinion only and not as a guaranty or warranty of the matter discussed herein or the documents referred to herein. No opinion may be inferred or implied beyond the matters expressly contained herein, and no portion of this opinion may be quoted or in any other way published without the express written consent of the undersigned. This opinion is rendered solely for your benefit and no other person or entity shall be entitled to rely on any matter set forth herein without the express written consent of the undersigned.

Very truly yours,

William G. Skalitzky

PARTNERSHIP CERTIFICATE

May ___, 2004

The undersigned, Andrew E. Geer, Assistant Secretary of Leland Neighborhood Development Corp. ("General Partner"), the sole general partner of Leland Limited Partnership, an Illinois limited partnership ("Partnership"), hereby certifies as follows:

1. This certificate (the "Partnership Certificate") is made in reference to the Leland Apartments Redevelopment Agreement, and all documents referenced in the legal opinion to which this certificate is attached (the "Agreement") executed by the Partnership, Heartland Housing, Inc., an Illinois not for profit corporation, d/b/a Century Place Development Corp. and the City of Chicago, Illinois, an Illinois municipal corporation (the "City"), relating to a redevelopment project in the City concerning real estate located at 1201-1213 West Leland Avenue, Chicago, Illinois (the "Project").
2. The undersigned is familiar with the Agreement and has made inquiry of those personnel of the General Partner who are familiar with matters relating to the Agreement and this Partnership Certificate.
3. In the course of my duties as General Partner for the Partnership, I am in a position to be familiar with, or I have made inquiry of those personnel of the General Partner who are in a position to be familiar with, the following: (a) any judgments, orders, writs, injunctions, or decrees, of any court, governmental or regulatory authority, affecting the General Partner, the Partnership or the General Partner's execution and delivery of the Agreement on behalf of the Partnership ("Court Orders"), (b) any agreements or other instrument to which Partnership is a party, or by which the properties or assets of Partnership are bound, and affecting the execution and delivery of the Agreement by the General Partner on behalf of the Partnership ("Instruments"), (c) any agreements or other instrument which could cause the creation of any lien, charge or encumbrance on any property or assets of the Partnership ("Encumbrance Agreements"), (d) any judgments, legal or administrative proceedings pending or to my knowledge threatened before any court or governmental agency against Partnership or General Partner or affecting the Project ("Litigation"), and (e) any options, rights or commitments to transfer or acquire any partnership interests in Partnership ("Options").
4. The signatures on the Agreement by the General Partner on behalf of Partnership are genuine.
5. Except for the following, to my knowledge there are no Court Orders (if none, so state):

Consent Decree (Conservation) in City of Chicago v. Wacker Apts. North, LLC et al, 01-M1-402956 for building code violations at the Project Property (full compliance has been

Achieved with the terms of the Consent Decree)

6. Except for the following, to my knowledge there are no Instruments (if none, so state):

None

7. Except for the following, to my knowledge there are no Encumbrance Agreements other than the Agreement and certain financing documents in connection with the acquisition, construction and permanent loans made by Bridgeview Bank Group, the City of Chicago, the Illinois Housing Development Authority, the Chicago Low-Income Housing Trust Fund, LNDC and HHI:

Grant Agreement and Mortgage in favor of Community Investment Corporation for the City of Chicago SRO Rehabilitation/Refinance Program dated January 22, 2002 and recorded as document 0020152224

8. Except for the following, to my knowledge there is no Litigation (if none, so state):

See May 5, 2004 Notice of Building Code Violations from City of Chicago Department of Buildings

9. Except for the following, to my knowledge there are no Options (if none, so state):

The limited partner of the Partnership has engaged or will engage in negotiations with an organization to purchase, transfer or assign all or part of the limited partner interest in the Partnership for an amount in excess of the limited partner's capital contributions set forth in the Partnership Agreement.

Purchase Option and Right of First Refusal among LNDC, HHI and Partnership with consent of NEFAC

10. Attached hereto as Exhibit "1" is an accurate and complete copy of Partnership's Certificate of Limited Partnership and Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"), which are in full force and effect. There are no other filings, agreements or actions governing the existence, organization or operation of Partnership. All annual reports required to be filed with the Illinois Secretary of State have been filed and all required fees have been paid in connection therewith.

11. No circumstances have occurred or exist which have triggered or will trigger a dissolution of Partnership (other than for IRS tax accounting purposes) under its Certificate of Limited Partnership or Partnership Agreement, and the Partnership continues to exist as a limited partnership as of the date hereof.
12. There exists no default by Partnership with respect to any indenture, loan agreement, mortgage, deed of trust, note or other agreements or instrument to which Partnership is a party or by which Partnership is bound, a default under which would have a material adverse effect on Partnership, its business or its ability to perform under the Agreement.
13. The Partnership is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in or under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on Partnership, its business, or its ability to perform under the Agreement.
14. The Partnership Agreement and the records of Partnership in my possession or control, indicate that the General Partner is the sole general partner of the Partnership, NEFAC Assignment Corporation, as nominee, is the sole limited partner of the Partnership. The General Partner and foregoing limited partner own all of the partner interests of the Partnership.
15. The assets of the Partnership are free and clear of all mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in or contemplated by the Documents or as disclosed as Encumbrance Agreements.
16. The Partnership owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, authorizations and other rights that are necessary for the operation of its business.

This Certificate may be relied upon by Applegate & Thorne-Thomsen, P.C. in its opinion (the "Opinion") addressed to the City of Chicago in connection with the Agreement. The undersigned consents to the issuance of the Opinion and acknowledges that it has reviewed the form thereof.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date set forth above.

By:

Andrew E. Geer, Assistant Secretary
of Leland Neighborhood
Development Corp., an Illinois not
for profit corporation, the General
Partner of Leland Limited
Partnership, an Illinois limited
partnership

EXHIBIT I

[LNDC Organizational documents]

HHI CERTIFICATE

May __, 2004

The undersigned, Andrew E. Geer, Executive Officer of Heartland Housing, Inc., an Illinois not for profit corporation d/b/a Century Place Development Corp., hereby certifies as follows:

17. This certificate (the "HHI Certificate") is made in reference to the Leland Apartments Redevelopment Agreement, and all documents referenced in the legal opinion to which this certificate is attached (the "Agreement") executed by Leland Limited Partnership, HHI and the City of Chicago, Illinois, an Illinois municipal corporation (the "City"), relating to a redevelopment project in the City concerning real estate located at 1201-1213 West Leland Avenue, Chicago, Illinois (the "Project").
18. The undersigned is familiar with the Agreement and has made inquiry of those personnel of HHI who are familiar with matters relating to the Agreement and this HHI Certificate.
19. In the course of my duties as Executive Officer, I am in a position to be familiar with, or I have made inquiry of those personnel of HHI who are in a position to be familiar with, the following: (a) any judgments, orders, writs, injunctions, or decrees, of any court, governmental or regulatory authority, affecting HHI or its execution and delivery of the Agreement ("Court Orders"), (b) any agreements or other instrument to which HHI is a party, or by which the properties or assets of HHI are bound, and affecting the execution and delivery of the Agreement by HHI ("Instruments"), (c) any agreements or other instrument which could cause the creation of any lien, charge or encumbrance on any property or assets of HHI ("Encumbrance Agreements"), (d) any judgments, legal or administrative proceedings pending or to my knowledge threatened before any court or governmental agency against HHI or affecting the Project ("Litigation"), and (e) any options, rights or commitments to transfer or acquire any member interests in HHI ("Options").
20. The signatures on the Agreement by HHI are genuine.
21. Except for the following, to my knowledge there are no Court Orders (if none, so state):

Consent Decree (Conservation) in City of Chicago v. Wacker Apts. North, LLC et al, 01-M1-402956 for building code violations at the Project Property (full compliance has been

Achieved with the terms of the Consent Decree)

22. Except for the following, to my knowledge there are no Instruments (if none, so state):

None

23. Except for the following, to my knowledge there are no Encumbrance Agreements:

See audited financial results of HHI for list of Encumbrance Agreements; see also Exhibit 2.

24. Except for the following, to my knowledge there is no Litigation (if none, so state):

See Searches dated May 13, 2004 and May 18, 2004 and May 5, 2004 notice of building code violations from the City of Chicago Department of Housing. See also Exhibit 3 for a summary of the litigation disclosed in the searches.

25. Except for the following, to my knowledge there are no Options (if none, so state):

None.

26. Attached hereto as Exhibit "1" is an accurate and complete certified copy of HHI's Certificate of Incorporation, as amended, dated May 11, 2004, and By-Laws, which are in full force and effect. There are no other filings, agreements or actions governing the existence, organization or operation of HHI. All annual reports required to be filed with the Illinois Secretary of State have been filed and all required fees have been paid in connection therewith.

27. No circumstances have occurred or exist which have triggered or will trigger a dissolution of HHI under its Articles of Incorporation or By-Laws, and HHI continues to exist as an Illinois not for profit corporation as of the date hereof.

28. There exists no default by Partnership with respect to any indenture, loan agreement, mortgage, deed of trust, note or other agreements or instrument to which HHI is a party or by which HHI is bound, a default under which would have a material adverse effect on HHI, its business or its ability to perform under the Agreement.

29. Except as disclosed on Exhibit 2 attached hereto and incorporated herein, HHI is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in or under any law, order, regulation or demand of any

governmental agency or instrumentality, a default under which would have a material adverse effect on HHI, its business, or its ability to perform under the Agreement.

30. The By-Laws and the records of HHI in my possession or control, indicate that the sole member of HHI is Travelers and Immigrant Aid's Heartland Alliance for Human Needs & Human Rights, and that the member interest cannot be assigned or transferred.
31. The assets of HHI are free and clear of all mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in or contemplated by the Documents and as identified in the Encumbrance Agreements.
32. HHI owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, authorizations and other rights that are necessary for the operation of its business.

This Certificate may be relied upon by Applegate & Thorne-Thomsen, P.C. in its opinion (the "Opinion") addressed to the City of Chicago in connection with the Agreement. The undersigned consents to the issuance of the Opinion and acknowledges that it has reviewed the form thereof.

IN WITNESS WHEREOF, the undersigned has executed this HHI Certificate as of the date set forth above.

By: _____
Andrew E. Geer, Executive Officer

EXHIBIT 1

[HHI's organizational documents]

EXHIBIT2

On March 2, 2004, the Chicago Housing Authority issued a notice of default letter to Heartland Housing, Inc. d/b/a Century Place Development Corp., Granite Development and Thrush Realty, Inc. in connection with that certain letter agreement dated as of September 9, 2002 among Thrush Drexel, Inc., Granite Development and Century Place Development Corp., the Chicago Housing Authority ("CHA") and The Habitat Company ("Habitat"), and the undated Drexel Site Initial Pre-Development Phase Loan Promissory Note (the "Note") in the principal amount of \$559,707 (the "Predevelopment Loan") executed by Thrush Drexel, Inc., Granite Development and Century Place Development Corp. (collectively, the "Borrowers") in favor of the CHA. The Note has matured without payment by any of the Borrowers. Under the express terms of the Note, Heartland's liability to the CHA shall not exceed \$151,121.

Each of the Borrowers is either a Class A Member (Thrush and Granite) or Class B Member (Heartland) of Jazz on the Boulevard, LLC, a Delaware limited liability company ("Jazz"). Jazz is the developer of the Jazz on the Boulevard mixed-income housing development to be constructed in Chicago, Illinois ("Jazz Project"). The CHA made the Predevelopment Loan to the Borrowers to pay for certain predevelopment expenses incurred by the Borrowers or Jazz relating to the development of the Jazz Project.

The financing for the Jazz Project is reasonably expected to close in or about June, 2004. Upon the closing of the project financing, the Borrowers will repay in full the CHA all outstanding sums due under the Note. Upon such payment, the default referenced in the March 2, 2004 letter from the CHA will be cured.

To date, to the best of Heartland's knowledge after due inquiry, the CHA has not initiated any actions against any of the Borrowers to collect any payment due under the Note.

EXHIBIT 3

SUMMARY OF LITIGATION INVOLVING
HEARTLAND HOUSING, INC. D/B/A CENTURY PLACE DEVELOPMENT CORP.
DISCLOSED IN CT CORPORATION LITIGATION SEARCHES DATED
MAY 13, 2004 AND MAY 18, 2004

1. City of Chicago v. 8200 S. Ellis Avenue et al, 99 M1 400281.

The City filed a housing complaint on January 19, 1999, seeking damages of \$2,200.00. The City subsequently filed a non-suit on February 18, 1999, and has not taken any further action.

2. John Bakopoulos v. Heartland Alliance et al, 2003 L 5416

The plaintiff is an employee of Heartland Human Care Services, Inc., which is an affiliate of Heartland Housing, Inc. through Travelers & Immigrants Aid's Heartland Alliance for Human Needs & Human Rights, an Illinois not for profit corporation. The plaintiff is seeking damages from personal injuries sustained in an automobile accident while driving between Heartland Human Care Services worksites. The case is in initial discovery stages. Heartland Housing, Inc. should not be a party to the lawsuit and it is reasonably anticipated that it will be dismissed.

3. Sandra Ann Chambers et al v. Sutherland Limited Partnership et al., 2003 CH 8550 et. al.

This *pro se* complaint alleges that the defendants charged tenants illegal rents at the Sutherland Apartments in violation of the Fair Debt Collections Practices. All ancillary claims have been dismissed. The defendants intend to seek the dismissal of the final claim through a motion to dismiss. A hearing is scheduled on May 25, 2004.

4. Sandra Ann Chambers et. al. v. Holsten Management Corp., et. al.
02-CV-5154

This *pro se* complaint alleged that the tenant rents charged by defendants at the Sutherland Apartments violated RICO. On March 24, 2004, the court granted the defendants' motion to dismiss all claims and entered an order terminating the case. Heartland Housing has not received a notice of appeal.

EXHIBIT K

PRELIMINARY TIF PROJECTION -- REAL ESTATE TAXES

(see attached)

EXHIBIT K

Preliminary TIF Projections – Real Estate Taxes Leland Apartments

Base EAV 497,597 Base Proper 42,475 Base Property Tax Rate 8.538%

TIF Year	Assessment Year	Payment Year	EAV	Property Tax Rate	Estimated Property Taxes	EAV Increment	Incremental Property Taxes
1	2001	2002	808,428	7.6920%	62,184	310,831	23,909
2	2002	2003	914,110	7.2770%	66,520	416,513	30,310
3	2003	2004	914,110	7.2770%	66,520	416,513	30,310
4	2004	2005	914,110	7.2770%	66,520	416,513	30,310
5*	2005	2006	933,333	7.5000%	70,000	435,736	32,680
6	2006	2007	970,667	7.5000%	72,800	473,070	35,480
7	2007	2008	1,009,493	7.5000%	75,712	511,896	38,392
8	2008	2009	1,049,873	7.5000%	78,740	552,276	41,421
9	2009	2010	1,091,868	7.5000%	81,890	594,271	44,570
10	2010	2011	1,135,543	7.5000%	85,166	637,946	47,846
11	2011	2012	1,180,964	7.5000%	88,572	683,367	51,253
12	2012	2013	1,228,203	7.5000%	92,115	730,606	54,795
13	2013	2014	1,277,331	7.5000%	95,800	779,734	58,480
14	2014	2015	1,328,424	7.5000%	99,632	830,827	62,312
15	2015	2016	1,381,561	7.5000%	103,617	883,964	66,297
16	2016	2017	1,436,824	7.5000%	107,762	939,227	70,442
17	2017	2018	1,494,297	7.5000%	112,072	996,700	74,752
18	2018	2019	1,554,069	7.5000%	116,555	1,056,472	79,235
19	2019	2020	1,616,231	7.5000%	121,217	1,118,634	83,898
20	2020	2021	1,680,881	7.5000%	126,066	1,183,284	88,746
21	2021	2022	1,748,116	7.5000%	131,109	1,250,519	93,789
22	2022	2023	1,818,040	7.5000%	136,353	1,320,443	99,033
23	2023	2024	1,890,762	7.5000%	141,807	1,393,165	104,487

TIF Year #5 is the first year of stabilized operations -- taxes reflect Class 9 amount.

1,342,748

Property Taxes escalate at 4.00% annually thereafter.

EXHIBIT L

FORM OF SUBORDINATION AGREEMENT

(see attached)

This document prepared by and after recording return to:

Michael L. Gaynor
Assistant Corporation Counsel
Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602

S:\Finance\Gaynor New\Planning\TIFs\Leland\subord agr 4.doc

SUBORDINATION AGREEMENT

This Subordination Agreement ("Agreement") is made and entered into as of the ____ day of _____, 2004 among the City of Chicago, an Illinois municipal corporation acting by and through its Department of Planning and Development (the "City"), Bridgeview Bank Group, an Illinois banking association ("Bridgeview"), the Illinois Housing Development Authority, a body politic and corporate established pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 *et seq.* ("IHDA"), and the Chicago Low-Income Housing Trust Fund, an Illinois not-for-profit corporation (the "Trust Fund") (Bridgeview, IHDA, and the Trust Fund shall be known herein each as a "Lender" and collectively as the "Lender").

WITNESSETH:

WHEREAS, Leland Limited Partnership is an Illinois limited partnership (the "Partnership"), the general partner of which is Leland Neighborhood Development Corp., an Illinois not for profit corporation (the "General Partner"), the sole member of which is Heartland Housing, Inc., an Illinois not-for-profit corporation d/b/a Century Place Development Corp. ("Heartland") (the Partnership and Heartland shall be known collectively herein as the "Developer"); and

WHEREAS, the Partnership has purchased certain property located at 1201-1213 West Leland Avenue, Chicago, Illinois 60640-4910, commonly known as Leland Apartments and legally described on Exhibit A hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, shall commence and complete the rehabilitation of an approximately 75,000 square foot, six-story single room occupancy, studio and one-bedroom apartment rental residential building (with rental commercial space on the first floor thereof) (the "Facility") thereon. The Facility and related improvements are collectively referred to herein as the "Project"; and

WHEREAS, as part of obtaining financing for the Project, the Partnership has entered into a certain Loan Agreement dated as of the date hereof with Bridgeview pursuant to which Bridgeview has agreed to make a loan to the Partnership in an amount not to exceed \$2,282,840 (the "Bridgeview Loan"), which Bridgeview Loan is evidenced by a note and executed by the Partnership in favor of Bridgeview (the "Bridgeview Note"), and the repayment of the Bridgeview Loan is secured by, among other things, certain liens and encumbrances on the Property and other property of the Partnership pursuant to the following: (i) Mortgage and Security Agreement dated as of the date hereof and recorded contemporaneously herewith made by the Partnership to Bridgeview; and (ii) Assignment of Leases and Rents dated as of the date hereof and recorded contemporaneously herewith made by the Partnership to Bridgeview (all such agreements referred to above and otherwise relating to the Bridgeview Loan referred to herein collectively as the "Bridgeview Loan Documents");

WHEREAS, as part of obtaining financing for the Project IHDA has agreed to make a loan to the Partnership in an amount not to exceed \$750,000 (the "IHDA Loan"), which IHDA Loan is evidenced by a note and executed by the Partnership in favor of IHDA (the "IHDA Note"), and the repayment of the IHDA Loan is secured by, among other things, certain liens and encumbrances on the Property and other property of the Partnership pursuant to that certain Third Mortgage, Security Agreement and Assignment of Rents and Leases dated as of the date hereof and recorded contemporaneously herewith made by the Partnership to IHDA (all such agreements referred to above and otherwise relating to the IHDA Loan referred to herein collectively as the "IHDA Loan Documents");

WHEREAS, as part of obtaining financing for the Project, the Partnership has entered into a certain Loan Agreement dated as of the date hereof with the Trust Fund pursuant to which the Trust Fund has agreed to make a loan to the Partnership in an amount not to exceed \$700,000 (the "Trust Fund Loan"), which Trust Fund Loan is evidenced by a note and executed by the Partnership in favor of the Trust Fund (the "Trust Fund Note") (the Bridgeview Note, the

IHDA Note, and the Trust Fund Note shall be referred to herein collectively as the "Note"), and the repayment of the Trust Fund Loan is secured by, among other things, certain liens and encumbrances on the Property and other property of the Partnership pursuant to that certain Junior Mortgage, Security Agreement And Financing Statement dated as of the date hereof and recorded contemporaneously herewith made by the Partnership to the Trust Fund (all such agreements referred to above and otherwise relating to the Trust Fund Loan referred to herein collectively as the "Trust Fund Loan Documents"(the Bridgeview Loan Documents, the IHDA Loan Documents, and the Trust Fund Loan Documents shall be referred to herein collectively as the "Loan Documents");

WHEREAS, the Developer desires to enter into a certain Redevelopment Agreement dated the date hereof with the City in order to obtain additional financing for the Project (the "Redevelopment Agreement," referred to herein along with various other agreements and documents related thereto as the "City Agreements");

WHEREAS, pursuant to the Redevelopment Agreement, the Developer will agree to be bound by certain covenants expressly running with the Property, as set forth in Sections 8.02, 8.19, and 8.20 of the Redevelopment Agreement (the "City Encumbrances");

WHEREAS, the City has agreed to enter into the Redevelopment Agreement with the Developer as of the date hereof, subject, among other things, to (a) the execution by the Developer of the Redevelopment Agreement and the recording thereof as an encumbrance against the Property; and (b) the agreement by the Lenders to subordinate their respective liens under the Loan Documents to the City Encumbrances; and

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lender and the City agree as hereinafter set forth:

1. Subordination. All rights, interests and claims of the Lender in the Property pursuant to the Loan Documents are and shall be subject and subordinate to the City Encumbrances. In all other respects, the Redevelopment Agreement shall be subject and subordinate to the Loan Documents. Nothing herein, however, shall be deemed to limit the Lender's right to receive, and the Partnership's ability to make, payments and prepayments of principal and interest on the Note, or to exercise its rights pursuant to the Loan Documents except as provided herein.

2. Notice of Default. The Lender shall use reasonable efforts to give to the City, and the City shall use reasonable efforts to give to the Lender, (a) copies of any notices of default which it may give to the Partnership or the Developer with respect to the Project pursuant to the Loan Documents or the City Agreements, respectively, and (b) copies of waivers, if any, of the Partnership's or the Developer's default in connection therewith. Under no circumstances shall the Partnership or the Developer or any third party be entitled to rely upon the agreement provided for herein.

3. Waivers. No waiver shall be deemed to be made by the City or the Lender of any of their respective rights hereunder, unless the same shall be in writing, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the City or the Lender in any other respect at any other time

4. Governing Law; Binding Effect. This Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws and decisions of the State of Illinois, without regard to its conflict of laws principles, and shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Lender.

5. Section Titles; Plurals. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. The singular form of any word used in this Agreement shall include the plural form.

6. Notices. Any notice required hereunder shall be in writing and addressed to the party to be notified as follows:

If to the City: City of Chicago Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
Attention: Commissioner

With a copy to: City of Chicago Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attention: Finance and Economic
 Development Division

If to Bridgeview: Bridgeview Bank Group
4753 North Broadway
Chicago, Illinois 60640
Attention: Laura Lee

With a copy to: Chuhak & Tecson, P.C.
30 South Wacker Drive, Suite 2600
Chicago, Illinois 60606
Attention: James B. Gottlieb, Esq.

If to IHDA: Illinois Housing Development Authority
401 North Michigan Avenue, Suite 900
Chicago, Illinois 60611
Attention: Finance Department

With a copy to: Illinois Housing Development Authority
401 North Michigan Avenue, Suite 900
Chicago, Illinois 60611
Attention: Legal Department

If to the Trust Fund: Chicago Low-Income Housing Trust Fund
c/o City of Chicago Department of Housing
318 South Michigan Avenue
Chicago, Illinois 60604
Attention: Nora Saldivar

With a copy to: City of Chicago Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attention: Finance and Economic
Development Division

or to such other address as either party may designate for itself by notice. Notice shall be deemed to have been duly given (i) if delivered personally or otherwise actually received, (ii) if sent by overnight delivery service, (iii) if mailed by first class United States mail, postage prepaid, registered or certified, with return receipt requested, or (iv) if sent by facsimile with facsimile confirmation of receipt (with duplicate notice sent by United States mail as provided above). Notice mailed as provided in clause (iii) above shall be effective upon the expiration of three (3) business days after its deposit in the United States mail. Notice given in any other manner described in this paragraph shall be effective upon receipt by the addressee thereof; provided, however, that if any notice is tendered to an addressee and delivery thereof is refused by such addressee, such notice shall be effective upon such tender.

7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, this Subordination Agreement has been signed as of the date first written above.

BRIDGEVIEW BANK GROUP

By: _____
Its: _____

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: _____
Its: _____

CHICAGO LOW-INCOME HOUSING TRUST FUND

By: _____
Its: _____

CITY OF CHICAGO

By: _____
Commissioner,
Department of Planning and Development

ACKNOWLEDGED AND AGREED TO THIS
__ DAY OF _____, 2004

LELAND LIMITED PARTNERSHIP

By: Leland Neighborhood Development Corp.
Its: General Partner

By: _____
Its: Andrew E. Geer, Assistant Secretary

HEARTLAND HOUSING, INC.
d/b/a Century Place Development Corp.

By: _____
Its: Andrew E. Geer, Executive Officer

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the County and State aforesaid, DO
HEREBY CERTIFY THAT Denise M. Casalino, P.E., personally known to me to be the
Commissioner of the Department of Planning and Development of the City of Chicago, Illinois
(the "City") and personally known to me to be the same person whose name is subscribed to the
foregoing instrument, appeared before me this day in person and acknowledged that as such
Commissioner, she signed and delivered the said instrument pursuant to authority, as her free and
voluntary act, and as the free and voluntary act and deed of said City, for the uses and purposes
therein set forth.

GIVEN under my hand and notarial seal this ____ day of _____, ____.

Notary Public

My Commission Expires

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY THAT _____, personally known to me to be the _____ of Bridgeview Bank Group, an Illinois banking association ("Bridgeview"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by Bridgeview, as his/her free and voluntary act and as the free and voluntary act of Bridgeview, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ____ day of _____, ____.

Notary Public

My Commission Expires

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY THAT _____, personally known to me to be the _____ of Illinois Housing Development Authority, a body politic and corporate established pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq. ("IHDA"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by IHDA, as his/her free and voluntary act and as the free and voluntary act of IHDA, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ____ day of _____, ____.

Notary Public

My Commission Expires

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY THAT _____, personally known to me to be the _____ of the Chicago Low-Income Housing Trust Fund, an Illinois not-for-profit corporation (the "Trust Fund"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by the Trust Fund, as his/her free and voluntary act and as the free and voluntary act of the Trust Fund, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ____ day of _____, ____.

Notary Public

My Commission Expires

(SEAL)

STATE OF ILLINOIS)
)ss
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew E. Geer, personally known to me to be the Assistant Secretary of Leland Neighborhood Development Corp., an Illinois not for profit corporation (the "General Partner") and the sole general partner of Leland Limited Partnership, an Illinois limited partnership (the "Partnership"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him by the partners of the Partnership, as his free and voluntary act and as the free and voluntary act of the Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this ___ day of _____,
2004.

Notary Public

My Commission Expires _____

(SEAL)

STATE OF ILLINOIS)
)ss
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew E. Geer, personally known to me to be the Executive Officer of Heartland Housing, Inc., an Illinois not-for-profit corporation d/b/a Century Place Development Corp. (the "Owner"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him by the board of directors of Heartland, as his free and voluntary act and as the free and voluntary act of Heartland, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this ___ day of _____, 2004.

Notary Public

My Commission Expires _____

(SEAL)

Exhibit A

Property

**LOTS 13 AND 14 IN SHERIDAN DRIVE SUBDIVISION IN THE NORTHWEST 1/4
OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD
PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.**

PIN: 14-17-111-012-0000, Vol. 478

**Address Commonly Known As: 1201-1213 West Leland Avenue
Chicago, Illinois 60640-4910**

EXHIBIT M

PERFORMANCE AND PAYMENT BONDS

(see attached)

THE AMERICAN INSTITUTE OF ARCHITECTS



Bond No.0389363

AIA Document A312

Performance Bond

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

II in One Contractors Rebar Joint Venture
4344 W. 45th Street
Chicago, IL 60632

SURETY (Name and Principal Place of Business):

International Fidelity Insurance Company
One Newark Center, 20th Floor
Newark, NJ 07102-5207

OWNER (Name and Address):

Century Place Development Corp.
208 South LaSalle Street - Suite 1818
Chicago, IL 60604

CONSTRUCTION CONTRACT

Date: October 23, 2003
Amount: (\$7,037,000.00) Seven Million Thirty Seven Thousand Dollars and 00/100
Description (Name and Location): Rehab of an existing six story building Lealand Apartments, 1201 West Leland Avenue, Chicago, IL 60649

BOND

Date (Not earlier than Construction Contract Date): December 22, 2003
Amount: (\$7,037,000.00) Seven Million Thirty Seven Thousand Dollars and 00/100
Modifications to this Bond:

None

See Page 3

CONTRACTOR AS PRINCIPAL

Company: (Corporate Seal)

II in One Contractors Rebar Joint Venture

Signature: *[Handwritten Signature]*
Name and Title: *Corp. Gen. Partner*

(Any additional signatures appear on page 3)

SURETY

Company: (Corporate Seal)

International Fidelity Insurance Company

Signature: *[Handwritten Signature]*
Name and Title: Peggy Faust
Attorney-in-Fact

(FOR INFORMATION ONLY—Name, Address and Telephone)

AGENT or BROKER:

Scheer's Incorporated
1023 West 55th Street
Countryside, IL 60525
708-352-8282

OWNER'S REPRESENTATIVE (Architect, Engineer or other party):

Lisc & Biederman, Ltd.
412 South Wells - Suite 900
Chicago, IL 60607

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Construction Contract, which is incorporated herein by reference.

2 If the Contractor performs the Construction Contract, the Surety and the Contractor shall have no obligation under this Bond, except to participate in conferences as provided in Subparagraph 3.1

3 If there is no Owner Default, the Surety's obligation under this Bond shall arise after:

3.1 The Owner has notified the Contractor and the Surety at its address described in Paragraph 10 below that the Owner is considering declaring a Contractor Default and has requested and attempted to arrange a conference with the Contractor and the Surety to be held not later than fifteen days after receipt of such notice to discuss methods of performing the Construction Contract. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Construction Contract, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor Default; and

3.2 The Owner has declared a Contractor Default and formally terminated the Contractor's right to complete the contract. Such Contractor Default shall not be declared earlier than twenty days after the Contractor and the Surety have received notice as provided in Subparagraph 3.1; and

3.3 The Owner has agreed to pay the Balance of the Contract Price to the Surety in accordance with the terms of the Construction Contract or to a contractor selected to perform the Construction Contract in accordance with the terms of the contract with the Owner

4 When the Owner has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:

4.1 Arrange for the Contractor, with consent of the Owner, to perform and complete the Construction Contract; or

4.2 Undertake to perform and complete the Construction Contract itself, through its agents or through independent contractors; or

4.3 Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the Owner and the contractor selected with the Owner's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction Contract, and pay to the Owner the amount of damages as described in Paragraph 6 in excess of the Balance of the Contract Price Incurred by the Owner resulting from the Contractor's default; or

4.4 Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:

.1 After investigation, determine the amount for

which it may be liable to the Owner and, as soon as practicable after the amount is determined, tender payment therefor to the Owner; or

.2 Deny liability in whole or in part and notify the Owner citing reasons therefor

5 If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Subparagraph 4.4, and the Owner refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner

6 After the Owner has terminated the Contractor's right to complete the Construction Contract, and if the Surety elects to act under Subparagraph 4.1, 4.2, or 4.3 above, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Construction Contract, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Construction Contract. To the limit of the amount of this Bond, but subject to commitment by the Owner of the Balance of the Contract Price to mitigation of costs and damages on the Construction Contract, the Surety is obligated without duplication for:

6.1 The responsibilities of the Contractor for correction of defective work and completion of the Construction Contract;

6.2 Additional legal, design professional and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Paragraph 4; and

6.3 Liquidated damages, or if no liquidated damages are specified in the Construction Contract, actual damages caused by delayed performance or non-performance of the Contractor.

7 The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Construction Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators or successors.

8 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

9 Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after Contractor Default or within two years after the Contractor ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation avail-

rule to sureties as a defense in the jurisdiction of the suit shall be applicable.

10 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page.

11 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

12 DEFINITIONS

12.1 Balance of the Contract Price: The total amount payable by the Owner to the Contractor under the Construction Contract after all proper adjustments have been made, including allowance to the Con-

tractor of any amounts received or to be received by the Owner in settlement of insurance or other claims for damages to which the Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Construction Contract.

12.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

12.3 Contractor Default: Failure of the Contractor, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Construction Contract.

12.4 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL

Company:

(Corporate Seal)

SURETY

Company:

(Corporate Seal)

Signature: _____
Name and Title:
Address:

Signature: _____
Name and Title:
Address:

112

THE AMERICAN INSTITUTE OF ARCHITECTS



Bond No 0369393

AIA Document A312

Payment Bond

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

Il In One Contractors Rebar Joint Venture
4344 W. 45th Street
Chicago, IL 60632

SURETY (Name and Principal Place of Business):

International Fidelity Insurance Company
One Newark Center, 20th Floor
Newark, NJ 07102-5207

OWNER (Name and Address):

Century Place Development Corp.
208 South LaSalle Street - Suite 1818
Chicago, IL 60604

CONSTRUCTION CONTRACT

Date: October 23, 2003
Amount: (\$7,037,000.00) Seven Million Thirty Seven Thousand Dollars and 00/100
Description (Name and Location): Rehab of an existing six story building Lealand Apartments, 1201 West Leland Avenue, Chicago, IL 60649

BOND

Date (Not earlier than Construction Contract Date): December 22, 2003
Amount: (\$ 7,037,000.00) Seven Million Thirty Seven Thousand Dollars and 00/100
Modifications to this Bond: None See Page 6

CONTRACTOR AS PRINCIPAL

Company: Il In One Contractors Rebar Joint Venture
Signature: *[Signature]*
Name and Title: *Corp. Gen. Partner*

SURETY

Company: International Fidelity Insurance Company
Signature: *[Signature]*
Name and Title: Peggy Faust
Attorney-in-Fact

(Any additional signatures appear on page 6)

(FOR INFORMATION ONLY—Name, Address and Telephone)

AGENT or BROKER:
Scheer's Incorporated
1023 West 55th Street
Countryside, IL 60625
708-352-6282

OWNER'S REPRESENTATIVE (Architect, Engineer or other party):
Liseo & Biederman, Ltd.
412 South Wells - Suite 900
Chicago, IL 60607

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner to pay for labor, materials and equipment furnished for use in the performance of the Construction Contract, which is incorporated herein by reference.

2 With respect to the Owner, this obligation shall be null and void if the Contractor:

2.1 Promptly makes payment, directly or indirectly, for all sums due Claimants, and

2.2 Defends, indemnifies and holds harmless the Owner from claims, demands, liens or suits by any person or entity whose claim, demand, lien or suit is for the payment for labor, materials or equipment furnished for use in the performance of the Construction Contract, provided the Owner has promptly notified the Contractor and the Surety (at the address described in Paragraph 12) of any claims, demands, liens or suits and tendered defense of such claims, demands, liens or suits to the Contractor and the Surety, and provided there is no Owner Default.

3 With respect to Claimants, this obligation shall be null and void if the Contractor promptly makes payment, directly or indirectly, for all sums due.

4 The Surety shall have no obligation to Claimants under this Bond until:

4.1 Claimants who are employed by or have a direct contract with the Contractor have given notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under this Bond and, with substantial accuracy, the amount of the claim.

4.2 Claimants who do not have a direct contract with the Contractor:

- 1 Have furnished written notice to the Contractor and sent a copy, or notice thereof, to the Owner, within 90 days after having last performed labor or last furnished materials or equipment included in the claim stating, with substantial accuracy, the amount of the claim and the name of the party to whom the materials were furnished or supplied or for whom the labor was done or performed; and
- 2 Have either received a rejection in whole or in part from the Contractor, or not received within 30 days of furnishing the above notice any communication from the Contractor by which the Contractor has indicated the claim will be paid directly or indirectly; and
- 3 Not having been paid within the above 30 days, have sent a written notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under this Bond and enclosing a copy of the previous written notice furnished to the Contractor.

5 If a notice required by Paragraph 4, is given by the Owner to the Contractor or to the Surety, that is sufficient compliance.

6 When the Claimant has satisfied the conditions of Paragraph 4, the Surety shall promptly and at the Surety's expense take the following actions.

6.1 Send an answer to the Claimant, with a copy to the Owner, within 45 days after receipt of the claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed.

6.2 Pay or arrange for payment of any undisputed amounts.

7 The Surety's total obligation shall not exceed the amount of this Bond, and the amount of this Bond shall be credited for any payments made in good faith by the Surety.

8 Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the Construction Contract and to satisfy claims, if any, under any Construction Performance Bond. By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and the Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.

9 The Surety shall not be liable to the Owner, Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for payment of any costs or expenses of any Claimant under this Bond, and shall have under this Bond no obligations to make payments to, give notices on behalf of, or otherwise have obligations to Claimants under this Bond.

10 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

11 No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the location in which the work or part of the work is located or after the expiration of one year from the date (1) on which the Claimant gave the notice required by Subparagraph 4.1 or Clause 4.2.3, or (2) on which the last labor or service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction Contract, whichever of (1) or (2) first occurs. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

12 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page. Actual receipt of notice by Surety, the Owner or the Contractor, however accomplished, shall be sufficient compliance as of the date received at the address shown on the signature page.

13 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this

Bond shall be construed as a statutory bond and not as a common law bond.

14 Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the Contractor shall promptly furnish a copy of this Bond or shall permit a copy to be made.

15 DEFINITIONS

15.1 Claimant: An individual or entity having a direct contract with the Contractor or with a subcontractor of the Contractor to furnish labor, materials or equipment for use in the performance of the Contract. The intent of this Bond shall be to include without limitation in the terms "labor, materials or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental equipment used in the

Construction Contract, architectural and engineering services required for performance of the work of the Contractor and the Contractor's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.

15.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

15.3 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL
Company:

(Corporate Seal)

SURETY
Company:

(Corporate Seal)

Signature: _____
Name and Title:
Address:

Signature: _____
Name and Title:
Address:

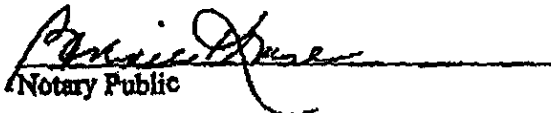
ACKNOWLEDGMENT OF SURETY

STATE OF ILLINOIS }
 } S.S.
COUNTY OF COOK }

On December 22, 2003, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared Peggy Faust, known to me to be Attorney-in-Fact of International Fidelity Insurance Company, the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed the said instrument on behalf of the said corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.

My Commission Expires on March 20, 2005


Notary Public



International Fidelity Insurance Company

To be attached to and form a part of **Bond No. 0369393**

Effective: 12/22/03

Bond Amount: \$7,037,000

Executed by: **II in One Contractors Rebar Joint Venture**
4344 West 45th Street
Chicago, IL 60632, as Principal

and by **International Fidelity Insurance Company**
20th Floor Newark, NJ 07102-5207, as Surety

in favor of **Heartland Housing, Inc.**

(Obligee)

in consideration of the mutual agreements herein contained, the Principal and the Surety hereby consent to changing:

The Obligee Name Shall be Hereby Amended to: Leland Limited Partnership

The Penal Sum of This Bond Shall be Hereby Increased to: Seven Million Four Hundred Two Thousand Seven Hundred Sixteen and 00/100 Dollars (\$7,402,716.00).

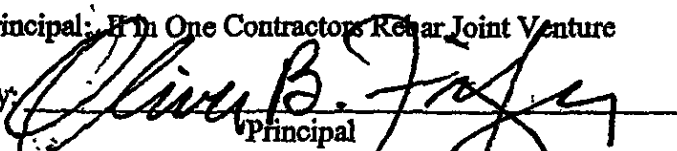
Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

This rider is effective May 25, 2004

Signed and Sealed May 25, 2004

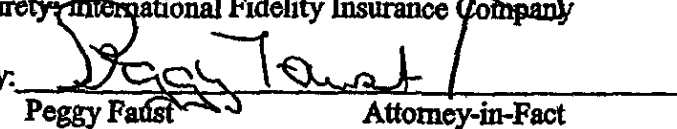
Principal: **II in One Contractors Rebar Joint Venture**

By:


Principal

Surety: **International Fidelity Insurance Company**

By:


Peggy Faust Attorney-in-Fact

POWER OF ATTORNEY INTERNATIONAL FIDELITY INSURANCE COMPANY

HOME OFFICE, ONE NEWARK CENTER, 20TH FLOOR
NEWARK, NEW JERSEY 07102-5207

FOR BID BOND/RIDER/CONSENTS/AFFIDAVITS

KNOW ALL MEN BY THESE PRESENTS: That INTERNATIONAL FIDELITY INSURANCE COMPANY, a corporation organized and existing laws of the State of New Jersey, and having its principal office in the City of Newark, New Jersey, does hereby constitute and appoint

**CHRISTINE WOODS, KELLY A. JACOBS, DAWN L. MORGAN, ELAINE MARCUS, JAMES I. MOORE,
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MELISSA KOTOVSKY, JENNIFER J. MC COMB**

Countryside, IL.

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, and the execution of such instrument(s) in pursuance of these presents, shall be as binding upon the said INTERNATIONAL FIDELITY INSURANCE COMPANY, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be revoked, pursuant to and by authority of Article 3-Section 3, of the By-Laws adopted by the Board of Directors of INTERNATIONAL FIDELITY INSURANCE COMPANY at a meeting called and held on the 7th day of February, 1974.

The President or any Vice President, Executive Vice President, Secretary or Assistant Secretary, shall have power and authority

(1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof and,

(2) To remove, at any time, any such attorney-in-fact and revoke the authority given.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 29th day of April, 1982 of which the following is a true excerpt:

Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached



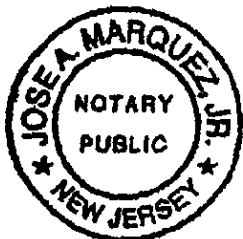
IN TESTIMONY WHEREOF, INTERNATIONAL FIDELITY INSURANCE COMPANY has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 31st day of August, A.D. 1998.

INTERNATIONAL FIDELITY INSURANCE COMPANY

STATE OF NEW JERSEY
County of Essex

James D. Pinsky
Vice-President

On this 31st day of August 1998, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said he is the therein described and authorized officer of the INTERNATIONAL FIDELITY INSURANCE COMPANY; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.



IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my Official Seal, at the City of Newark, New Jersey the day and year first above written.

Jose A. Marquez Jr.

A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 21, 2003

CERTIFICATION

I, the undersigned officer of INTERNATIONAL FIDELITY INSURANCE COMPANY do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect

IN TESTIMONY WHEREOF, I have hereunto set my hand this 25th day of May 2004.

Maria H. Franco
Assistant Secretary


ACKNOWLEDGMENT OF SURETY

STATE OF ILLINOIS }
 } S.S.
COUNTY OF COOK }

On May 25, 2004, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared Peggy Faust, known to me to be Attorney-in-Fact of International Fidelity Insurance Company the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed the said instrument on behalf of the said corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.

My Commission Expires on March 20, 2005



Notary Public



INTERNATIONAL FIDELITY INSURANCE COMPANY MULTIPLE OBLIGEE RIDER TO PERFORMANCE BOND

WHEREAS, on or about the 23rd day of December, 2003, II In One Contractors Rebar Joint Venture, hereinafter called Principal, entered into a written agreement with Century Place Development Corp, as Obligee, subsequently changed to Leland Limited Partnership, hereinafter called Obligee, for rehab of an existing six-story building - Leland Apartments - 1201 West Leland Avenue, Chicago, IL 60649, hereinafter referred to as the Contract; and

WHEREAS, the Principal, and the International Fidelity Insurance Company, a New Jersey corporation, as Surety, made, executed and delivered to said Obligee their joint and several Performance Bond; and

WHEREAS, the Obligee has requested that the Principal and Surety join with the Obligee in the execution and delivery of this Rider, and the Principal and Surety have agreed to do so upon the conditions herein stated

NOW, THEREFORE, in consideration of One Dollar and other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby agree as follows:

The Performance Bond aforesaid shall be and it is hereby amended as follows.

- 1) The names of Bridgeview Bank Group, 4753 N. Broadway, Chicago, IL 60640; Illinois Housing Development Authority - Asset Management, 401 N. Michigan Avenue, Suite 900, Chicago, IL 60601; City of Chicago Dept. of Housing, 318 S. Michigan Avenue, Chicago, IL 60604, and Chicago Low-Income Housing Trust Fund c/o Dept. of Housing, 318 S. Michigan Avenue, Chicago, IL 60604, shall be added to said Bond as additional Obligees.
- 2) That there shall be no liability on the part of the Principal or Surety under this Bond to the Obligees, or any one of them unless the Obligees, or any one of them.
 - (a) shall make payments to the Principal, or to the Surety in case it arranges the completion of the Contract upon default of the Principal strictly in accordance with the terms of said Contract as to payments;
 - and (b) shall perform all the other obligations required to be performed under said Contract at the time and in the manner set forth therein.
- 3) Any demand made by the additional Obligees or any one of them, based on modification contained in this Rider shall automatically be interpreted as acceptance of each and every condition of this Rider.
- 4) Except as herein modified, said Performance Bond shall remain in full force and effect, and none of the above modifications shall serve to increase or otherwise change the coverage beyond the original terms and amount.

SIGNED, sealed and dated this 25th day of May, 2004

Principal: II In One Contractors Rebar Joint Venture

By: 

Obligee: Leland Limited Partnership

By: _____

Surety: International Fidelity Insurance Company

By: 

Peggy Faust, Attorney-in-Fact

POWER OF ATTORNEY INTERNATIONAL FIDELITY INSURANCE COMPANY

HOME OFFICE: ONE NEWARK CENTER, 20TH FLOOR
NEWARK, NEW JERSEY 07102-5207

FOR BID BOND/RIDER/CONSENTS/AFFIDAVITS

KNOW ALL MEN BY THESE PRESENTS: That INTERNATIONAL FIDELITY INSURANCE COMPANY, a corporation organized and existing laws of the State of New Jersey, and having its principal office in the City of Newark, New Jersey, does hereby constitute and appoint

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MELISSA KOTOVSKY, JENNIFER J. MC COMB**

Countryside, IL.

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, and the execution of such instrument(s) in pursuance of these presents, shall be as binding upon the said INTERNATIONAL FIDELITY INSURANCE COMPANY, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be revoked, pursuant to and by authority of Article 3-Section 3, of the By-Laws adopted by the Board of Directors of INTERNATIONAL FIDELITY INSURANCE COMPANY at a meeting called and held on the 7th day of February, 1974.

The President or any Vice President, Executive Vice President, Secretary or Assistant Secretary, shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof and,
- (2) To remove, at any time, any such attorney-in-fact and revoke the authority given.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 29th day of April, 1982 of which the following is a true excerpt:

Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.



IN TESTIMONY WHEREOF, INTERNATIONAL FIDELITY INSURANCE COMPANY has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 31st day of August, A.D. 1998.

INTERNATIONAL FIDELITY INSURANCE COMPANY

STATE OF NEW JERSEY
County of Essex

[Handwritten Signature]
Vice-President

On this 31st day of August 1998, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said he is the therein described and authorized officer of the INTERNATIONAL FIDELITY INSURANCE COMPANY; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.



IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my Official Seal, at the City of Newark, New Jersey the day and year first above written.

[Handwritten Signature]

A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 21, 2005

CERTIFICATION

I, the undersigned officer of INTERNATIONAL FIDELITY INSURANCE COMPANY do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect

IN TESTIMONY WHEREOF, I have hereunto set my hand this 25th day of May, 2004.

[Handwritten Signature]
Assistant Secretary

ACKNOWLEDGMENT OF SURETY

STATE OF ILLINOIS }
 } S.S.
COUNTY OF COOK }

On May 25, 2004, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared Peggy Faust, known to me to be Attorney-in-Fact of International Fidelity Insurance Company, the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed the said instrument on behalf of the said corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.

My Commission Expires on November 6, 2006

Melissa Kotovsky
Notary Public



EXHIBIT N

FACADE MAINTENANCE REQUIREMENTS

(see attached)

Exhibit N

FACADE MAINTENANCE AGREEMENT

The Project will be completed as a certified rehabilitation per plans approved by the National Park Service, as part of the Historic Preservation Certification Application (Part II) submitted May 23, 2002 and approved by the National Park Service on November 27, 2002.

Covenant:

Developer will provide DPD a copy of the Part III certification, demonstrating that the work was successfully completed per the Part II approved application. After the Part III Certification has been received by the Developer through the Term of the Agreement, all substantial future exterior work including signs and any interior work which substantially impacts the exterior appearance of the Building shall be subject to the prior review and reasonable approval of the City's Department of Planning and Development, Landmarks Division. Substantial shall be defined as modifications in which a building permit is required. All such work shall meet the relevant terms and conditions of this Exhibit.