

**TAX INCREMENT FINANCING
Ten (10) Year Status Report
2005-2013**

**79TH/CICERO
Redevelopment Project Area
Designated June 8, 2005**



December 9, 2014

Pursuant to 65 ILCS 5/11-74.4-5

Prepared by



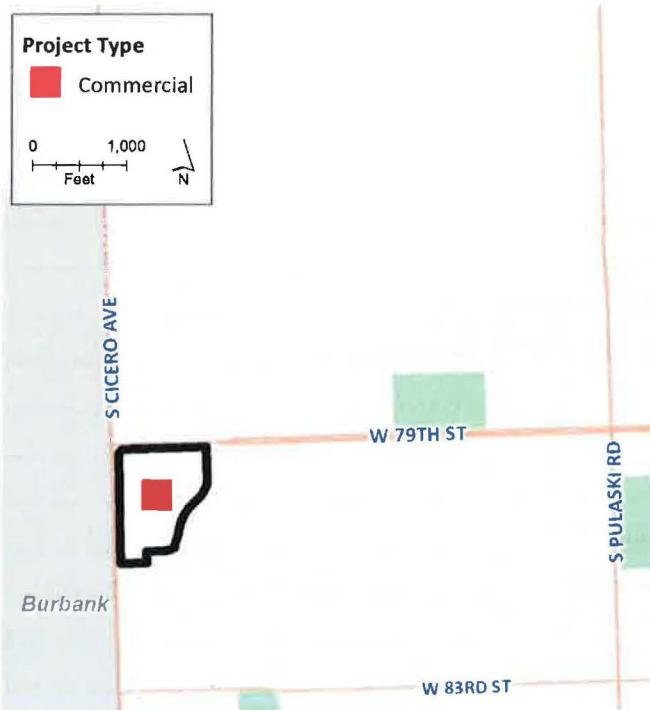
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S. B. FRIEDMAN & COMPANY

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Executive Summary



79TH/CICERO REDEVELOPMENT PROJECT AREA

- Designated: June 8, 2005
- Expires: December 31, 2028
- 21 acres
- 2 parcels at time of designation

The 21-acre 79th/Cicero Redevelopment Project Area ("RPA") encompasses the Scottsdale Shopping Center which, when built in 1955, was one of Chicago's first auto-oriented shopping malls, but had become functionally obsolete under modern retail standards. The central purpose of the RPA is to help redevelop the retail center with more contemporary construction standards and modern retailing principles. The RPA allows for infrastructure investments involving alleys, sidewalks, curbs and gutters, and other improvements that encourage the retail center's use by residents of the Ashburn community area and other nearby areas. Funds are also targeted to provide buffer areas between the retail center and adjacent residential properties and to implement site preparation and assembly projects.

79th/Cicero RPA Activity 2005 - 2013

INVESTMENT SUMMARY

- \$30.5 million in total private development value
- \$8.1 million in TIF Funds leveraged \$22.4 million in other financing

PROPERTY VALUE

- Equalized Assessed Value - Compound annual growth rate of 7.0 percent

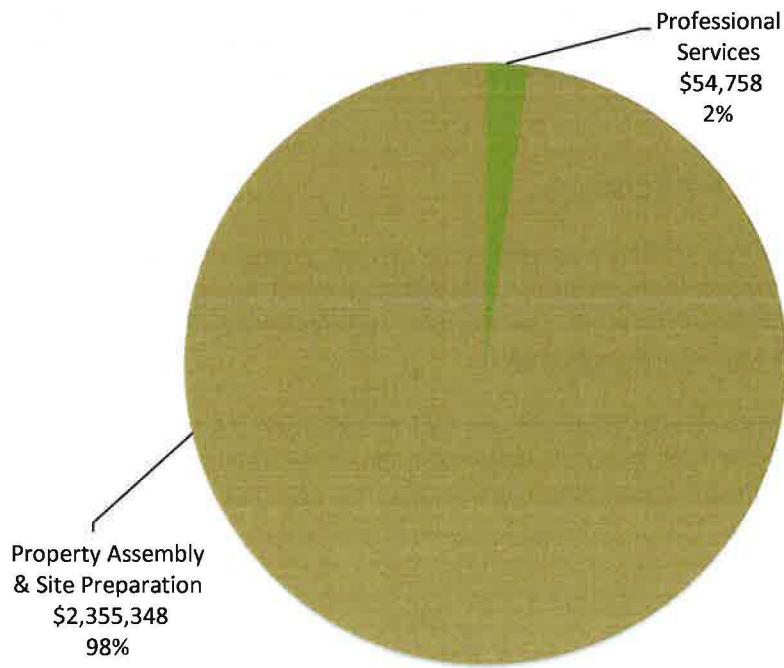
DEVELOPMENT

- 235,000 square feet of new and rehabilitated commercial space, including a new 116,000-square-foot Lowe's home improvement store and new retail outlots with tenants such as Dunkin' Donuts, American Mattress, GameStop, Subway and Liberty Tax

JOB CREATION

- Construction Jobs – Estimated 121 one-year full-time equivalent ("FTE") construction jobs created
- Permanent Jobs – Approximately 314 FTE permanent positions anticipated based on developer estimates in Redevelopment Agreement

DISTRIBUTION OF TIF-ELIGIBLE EXPENDITURES THROUGH 2013 [1]



[1] Additional detail on expenditures provided in **Exhibit 2**.

1. Redevelopment Project Area Information

In July 2010, the Tax Increment Financing (“TIF”) Allocation Redevelopment Act 65 ILCS 5/11-74.4-5-1, et seq. (“TIF Act”) was amended to require municipalities to assemble a status report covering the history and performance of TIF districts that have been in existence for 9 to 10 years. The Act requires the report to detail:

1. The amount of revenue generated within the district;
2. Expenditures made for the Redevelopment Project Area (“RPA”), including TIF fund expenditures;
3. Status of planned activities, goals and objectives, including new and planned construction;
4. The amount of public and private investment within the TIF district; and
5. Other relevant evaluation or performance data.

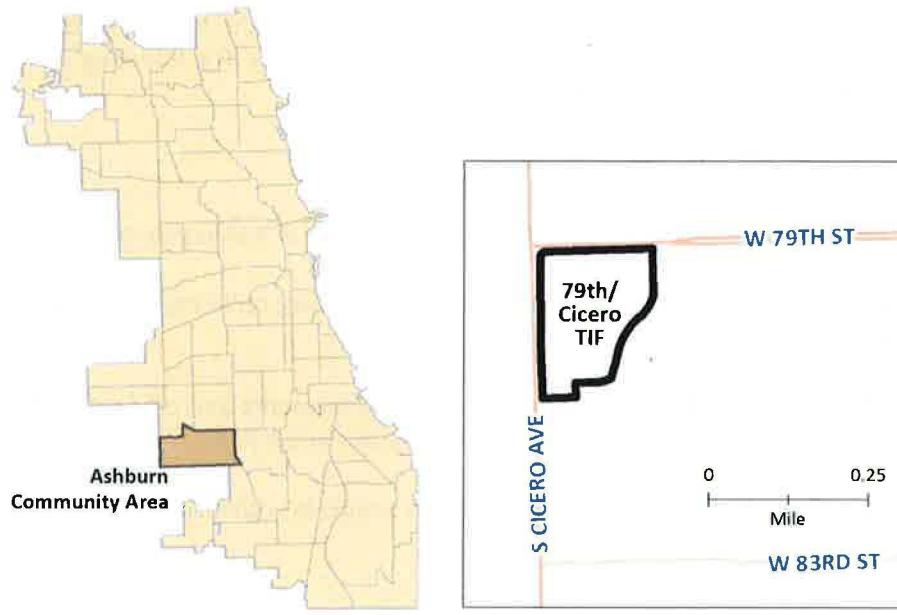
The information summarized herein is for the reporting period from the TIF district’s inception through the end of the 2013 calendar year and the 2012 tax year. For informational purposes, certain other supplementary information, such as upcoming planned projects, is reported as of September 2014.

Detailed data on the 79th/Cicero RPA was compiled to meet reporting requirements under the TIF Act and is presented in this Ten (10) Year Status Report (the “Report”). The Report contains various data from City of Chicago (“City”) departments, including audited financial statements, Redevelopment Agreements, Intergovernmental Agreements, capital improvement expenditures, and TIF-funded program databases (Small Business Improvement Fund, Neighborhood Improvement Program, the Local Industrial Retention Initiative, and TIFWorks) to track financial and programmatic performance. Data sources are referenced throughout this Report.

Project Area Context and Background

The approximately 21-acre 79th/Cicero RPA is located in the Ashburn community area, approximately 10 miles southwest of the City’s central business district. The RPA is generally bounded by 79th Street on the north, 81st Street on the south, Kilpatrick Avenue on the east, and Harlem Avenue on the west. The RPA boundary is shown in **Exhibit 1** on the following page.

The 79th/Cicero RPA was designated as a TIF district- on June 8, 2005, and is expected to expire no later than December 31, 2028. There have been no major or minor amendments to the 79th/Cicero Tax Increment Financing Redevelopment Area Project and Plan (the “TIF Plan”) as of December 31, 2013.

Exhibit 1. 79th/Cicero RPA**Conditions at Time of TIF Creation**

The 79th/Cicero RPA was determined to be eligible for TIF designation as an “improved conservation area” under the TIF Act. Designation as an “improved conservation area” requires that at least 50 percent of buildings be 35 years of age or older, and a minimum of three additional eligibility factors for improved land be present to a meaningful extent and reasonably distributed throughout the RPA. The following eligibility factors were described in the 79th/Cicero TIF Plan:

- 71 percent of structures were found to be 35 years of age or older
- Three (3) improved land factors present to a major extent:
 - Deterioration
 - Obsolescence
 - Excessive vacancies
- One (1) improved land factor present to a minor extent:
 - Dilapidation

At the time of designation, the 79th/Cicero RPA contained commercial land uses. The central purpose of the RPA is to help redevelop the former Scottsdale Shopping Center with more contemporary construction standards and modern retailing principles. Funds within the RPA are targeted for infrastructure investments involving alleys, sidewalks, curbs and gutters, and other improvements that encourage use of the retail center by residents of the Ashburn community area and other communities. Funds are also targeted to provide buffer areas between the retail center and adjacent residential properties and to implement site preparation and assembly projects.

Goals and Objectives for the RPA

The primary goals of the 79th/Cicero RPA are to redevelop the site comprising the former Scottsdale Shopping Center as a modern retail center with appropriate public improvements. The following six (6) specific goals and objectives were outlined in the TIF Plan:

1. **Redevelop the existing underutilized shopping center.**
2. **Encourage private investment** in new development and rehabilitation of buildings in the RPA.
3. **Provide public infrastructure improvements** where necessary, including replacing and repairing sidewalks, curbs, and alleys throughout the RPA.
4. **Provide public and private infrastructure and streetscape improvements** and other available assistance necessary to promote commercial (office and retail) uses in the RPA.
5. **Establish job training and job-readiness programs** to provide residents within and near the RPA with skills necessary to secure jobs.
6. **Attract new sales tax dollars** to the City of Chicago.

Estimated Redevelopment Project Costs and Allocations

The estimated Redevelopment Project Costs outlined in the 79th/Cicero TIF Plan total \$18 million. Through 2013, \$2.4 million has been expended on TIF-supported projects within the RPA, representing 13.4 percent of the estimated total Redevelopment Project Costs. **Exhibit 2** on the following page displays the estimated eligible costs of the TIF Plan through 2013 by statutory cost category.

Exhibit 2. Total TIF-Eligible Project Costs and Expenditures through 2013

Permissible Cost Category	Eligible Cost Description	Estimated Project Costs	Project Costs Expended Through 2013	
			Expenditures	Percent of Total
1. Professional Services	Costs of studies, surveys, administration and professional services	\$750,000 [1]	\$54,758	7.3%
2. Marketing of Sites	Cost of marketing sites within RPA to prospective businesses, developers, investors	\$ [1]	\$0	N/A
3. Property Assembly & Site Preparation	Property assembly costs, including acquisition, demolition, site preparation and environmental site improvement costs	\$8,000,000	\$2,355,348	29.4%
4. Rehabilitation of Existing Public or Private Buildings	Costs of rehabilitation, reconstruction, repair or remodeling, and replacement of existing public or private buildings or fixtures	\$3,500,000 [2]	\$0	0.0%
5. Public Works or Improvements	Costs of construction of public works and improvements	\$1,000,000 [3]	\$0	0.0%
6. Job Training and Retraining	Cost of job training and retraining implemented by businesses or other taxing bodies, including "welfare-to-work" programs, advanced vocational or career education	\$500,000	\$0	0.0%
7. Financing Costs	Financing costs, including interest and issuance costs	[4]	\$0	N/A
8. Capital Costs	Taxing districts' capital costs resulting from redevelopment project	[3]	\$0	N/A
9. Increased Education Costs	Costs of reimbursing school districts for their increased costs attributable to TIF-assisted housing projects	[3]	\$0	N/A
10. Relocation Costs	Relocation costs	\$3,500,000	\$0	0.0%
11. Interest Costs	Costs of reimbursing developers for interest costs on redevelopment projects	\$500,000 [4]	\$0	0.0%
12. Affordable Housing Construction	Costs of construction, renovation, rehabilitation of housing for low-income and very low-income households	[2]	\$0	N/A
13. Day Care Reimbursements	Costs of day care services and operational costs of day care centers for low-income families in RPA	\$250,000	\$0	0.0%
TOTAL REDEVELOPMENT PROJECT COSTS [5]		\$18,000,000	\$2,410,106	13.4%

Source: 79th/Cicero Redevelopment Project Area Redevelopment Plan and Project, dated January 2005 and revised February 2, 2005; Section (2) in 2005-2009 TIF Annual Reports; Attachment K in 2010-2013 TIF Annual Reports.

[1] Professional fees may include Planning, Legal, Surveys, Redevelopment Marketing Cost, and related Development Costs.

[2] Rehabilitation of Existing Buildings and Affordable Housing Construction combined in TIF Plan.

[3] Public Works or Improvements line item may also include reimbursement of Capital Costs of taxing district and other allowable costs under the TIF Act, as noted in the 79th/Cicero TIF Plan.

[4] Total Redevelopment Project Costs in TIF Plan exclusive of capitalized interest, issuance costs and other financing costs. Financing and interest costs were combined in TIF Plan.

[5] All costs may be increased by the rate of inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U. S. Department of Labor. In addition to the above stated costs, each issue of obligations issued to finance a phase of the Redevelopment Project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations, including interest costs.

2. Redevelopment Project Area Revenues and Expenditures

This chapter provides information on the incremental property tax revenue generated and associated expenditures within the 79th/Cicero RPA from its inception through December 31, 2013. A summary of non-TIF City funds expended in support of projects through the 2013 calendar year is also presented.

Growth in EAV and Revenue Generated within 79th/Cicero RPA

Incremental property tax revenues are generated based on the growth in equalized assessed value (EAV) that arises during the RPA's existence, as compared to the initial EAV at the time of the TIF's original adoption. The RPA's initial EAV as of 2003 was \$8,018,405.¹ As of December 31, 2013, the total taxable EAV (for tax year 2012) of the RPA was \$16,547,802, representing growth of 106 percent from the initial EAV.²

Exhibit 3. Growth in EAV: Tax Year 2003–2012

Year	EAV	% Increase from Initial EAV
2003 - Initial EAV [1]	\$8,018,405	--
2012 - Current EAV	\$16,547,802	106%

Source: Cook County Clerk.

[1] The RPA was designated in 2005 with initial EAV from tax year 2003.

This growth in EAV in the RPA generated a total of \$2 million in incremental property tax revenue from 2006³ through the end of 2013, as displayed in **Exhibits 4 and 5** on the following page. Property tax is collected in the year after taxes are levied, therefore these exhibits cover the period through tax year 2012, for which property taxes were collected in calendar year 2013.

¹ Office of the Cook County Clerk, Certificate of Initial Equalized Assessed Valuation. Initial EAV is from tax year 2003, the most recent EAV available at the time of designation.

² Office of the County Clerk Tax Increment Agency Distribution Summary, Tax Year 2013.

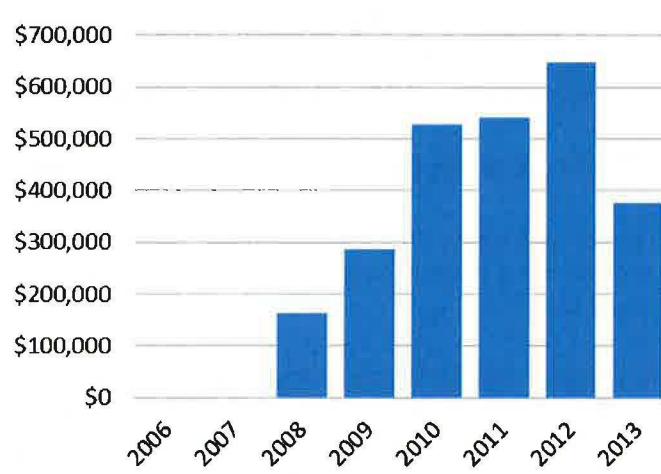
³ Incremental property tax was not collected for the 79th/Cicero RPA until 2008.

Exhibit 4. Incremental Property Tax Revenue Collected, 2006 – 2013

Year	Property Tax Collected
2006	\$0
2007	\$0
2008	\$162,860
2009	\$287,477
2010	\$526,410
2011	\$541,103
2012	\$647,454
2013	\$375,729
TOTAL INCREMENTAL PROPERTY TAX COLLECTED, 2006-2013	\$2,541,033

Source: TIF Annual Reports: Section (7)(D) in 2006-2009 Reports; Section 3.1 in 2010-2013 Reports.
Property tax increment deposited in special tax allocation fund.

Exhibit 5. Annual Incremental Property Tax Revenue Collected



Transfers of TIF Funds

No funds were transferred (or “ported”) into or out of the 79th/Cicero special tax allocation fund to or from adjacent TIF districts through December 31, 2013.

City Expenditures within the RPA

From 2005 to 2013, \$2.4 million in incremental property tax revenue was expended in support of projects within the 79th/Cicero RPA. Expenditures of TIF revenue over this period are presented in **Exhibit 2** (see page 6) by TIF-eligible cost categories outlined in the TIF Act.

No additional City non-TIF investments were made between 2005 and 2013, as displayed in **Exhibit 6** below.

Exhibit 6. Non-TIF City Investments in TIF-Supported Projects, 2005-2013

Non-TIF City investments were not made through December 2013

Source: City of Chicago Capital Project Management database 2005-2013; City's RDA and IGA database dated October 2013.

Declaration of Surplus Funds

No declaration of surplus funds in the 79th/Cicero special tax allocation fund has occurred through December 31, 2013. All unspent funds in the special tax allocation fund were reserved or earmarked for current and/or future projects.

3. Redevelopment Project Area Accomplishments

This chapter provides information on the status of TIF project activity, goals and objectives outlined in the TIF Plan. Detailed information on TIF-supported projects within the 79th/Cicero RPA is provided, followed by a discussion of additional performance metrics relevant to the TIF district.

RPA Project Profiles – Major Accomplishments

Project profiles for TIF-supported projects within the 79th/Cicero RPA that are underway or have been completed, as of December 31, 2013, are provided in **Exhibits 8 through 12** on the following pages (see pages 10 – 11).

Key project information presented includes total project costs, TIF investment (to date and expected), and public-to-private investment ratio, and additional community impacts resulting from or expected to result from these projects. The tables include projects receiving TIF investment through Redevelopment Agreements ("RDAs") and the TIFWorks Program. Projects that have been allocated TIF funds, but for which no TIF expenditures have occurred, are presented in **Exhibit 14** in the following section on planned projects (see page 13).

The TIF investments made via Redevelopment Agreements, as reported in **Exhibit 8**, are displayed in **Exhibit 7** below. Planned projects, as reported in **Exhibit 14**, are also featured in the map.

Exhibit 7. TIF-Funded Project Map

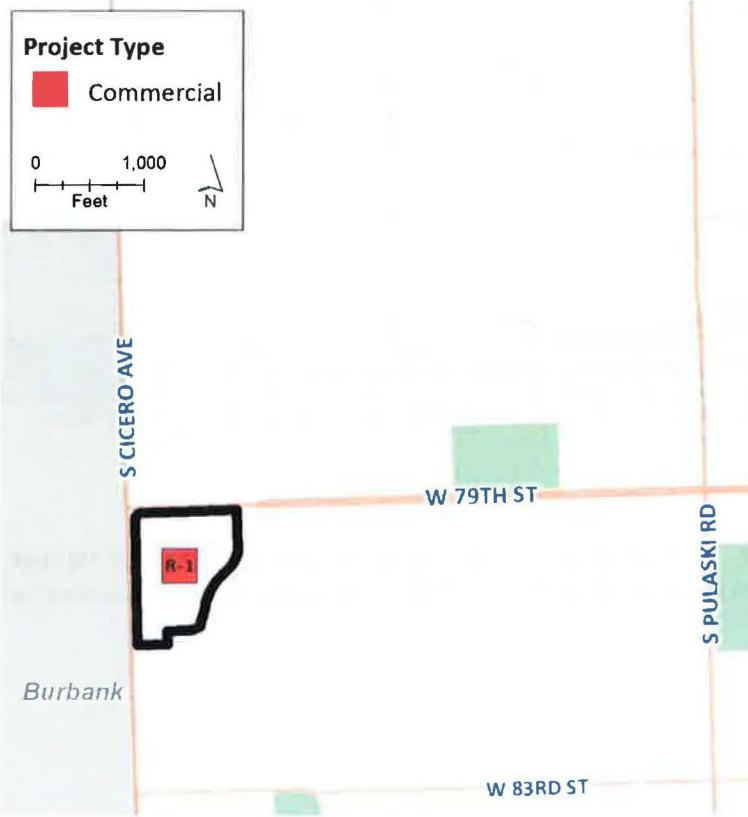


Exhibit 8. Redevelopment Agreement Projects

Map ID	Project	Status [1]	Total Project Cost [2]	TIF Funding Approved [3]	TIF Investment to Date [4]	Total Non-TIF Investment Expected [5]	Other City-Controlled Sources [6]		Ratio Non-TIF to TIF Invest.
							Source	Funding Amount	
COMMERCIAL									
R-1	Scottsdale Center	Active	\$30,560,817	\$8,100,000	\$1,850,723	\$22,460,817	None	\$0	2.8:1
TOTAL			\$30,560,817	\$8,100,000	\$1,850,723	\$22,460,817		\$0	2.8:1

[1] "Complete" projects are those listed as "Complete" in 2013 TIF Annual Report and/or with Certificate of Completion noted in the City's RDA and IGA database, dated October 2013. "In Progress" projects are those indicated in TIF Annual Reports as being in progress as of December 31, 2013.

[2] Source: Redevelopment Agreement.

[3] Maximum TIF allocation from City Funds as specified in the Redevelopment Agreement, excluding interest and financing costs.

[4] 11/1/1999 to 12/31/2013, as noted in 2013 TIF Annual Report.

[5] "Total Project Costs" less "TIF Funding Approved".

Exhibit 9. Redevelopment Agreement Projects: Community Impacts

Project	Project Address	Commercial Project Square Footage	RDA-Required Permanent Jobs [1]	Number of Housing Units	Affordability Level (Percent of AMI)	Additional Expected Community Impacts
COMMERCIAL						
Scottsdale Center	7905 S. Cicero Ave.	235,000	0	N/A	N/A	The Scottsdale Center project involved the partial demolition and rehabilitation of an existing retail structure, as well as the new construction of commercial structures including a home improvement store. The total square footage of the new Scottsdale Center is expected to be 235,000 square feet. Under the terms of the RDA, the project will include a 105,000 square foot green roof, and the developer will construct public sidewalks to allow for public access from the adjacent neighborhood.
TOTAL		235,000	0			Under the terms of the RDA, the project is required to maintain minimum average occupancy of 75 percent for 10 years following completion. The project is anticipated to retain 80 full-time equivalent ("FTE") jobs and create 200 full-time and 40 part-time jobs, resulting in a total of 314 FTE jobs [2].

Source: Redevelopment Agreements, Community Development Commission (CDC) project summaries.

[1] Minimum threshold required in the Redevelopment Agreement, if applicable.

[2] Full-time and part-time positions converted to full-time equivalent positions using U.S. Bureau of Labor Statistics and Bureau of Economic Analysis conversion factors.

Exhibit 10. Intergovernmental Agreement Projects

No Intergovernmental Agreement Projects have received funding through December 2013.

Source: City's RDA and IGA database, dated October 11, 2013, and IGAs provided by the City.

Exhibit 11. TIF-Funded Programs

No TIF-Funded Programs have received funding through December 2013.

Source: SBIF Grant Agreements provided by the City, TIFWorks Grant Agreements provided by the City.

Exhibit 12. Public Infrastructure Projects

No Public Infrastructure Projects have received funding through December 2013.

Source: Capital Project Management database, 2005-2013; City of Chicago. Projects listed as Complete or Active.

Additional Performance Metrics

Additional performance metrics associated with the RPA, including construction and permanent job creation, and change in equalized assessed value over time, are presented below.

CONSTRUCTION JOB CREATION

121 one-year full-time equivalent construction jobs

Temporary construction employment associated with private projects (those with Redevelopment Agreements) has been estimated for this Report. For consistency, estimates for all projects were developed using IMPLAN, an economic impact modeling program, which incorporates local employment and economic data from the U.S. Bureau of Labor Statistics ("BLS") and Bureau of Economic Analysis ("BEA"). The inputs for the IMPLAN analysis were derived from the actual project budgets, as presented in the RDA.

Based on this methodology, an **estimated 121 one-year full-time equivalent ("FTE") construction jobs** were created as a result of the Scottsdale Center project through 2013.

PERMANENT JOB CREATION

314 FTE permanent jobs

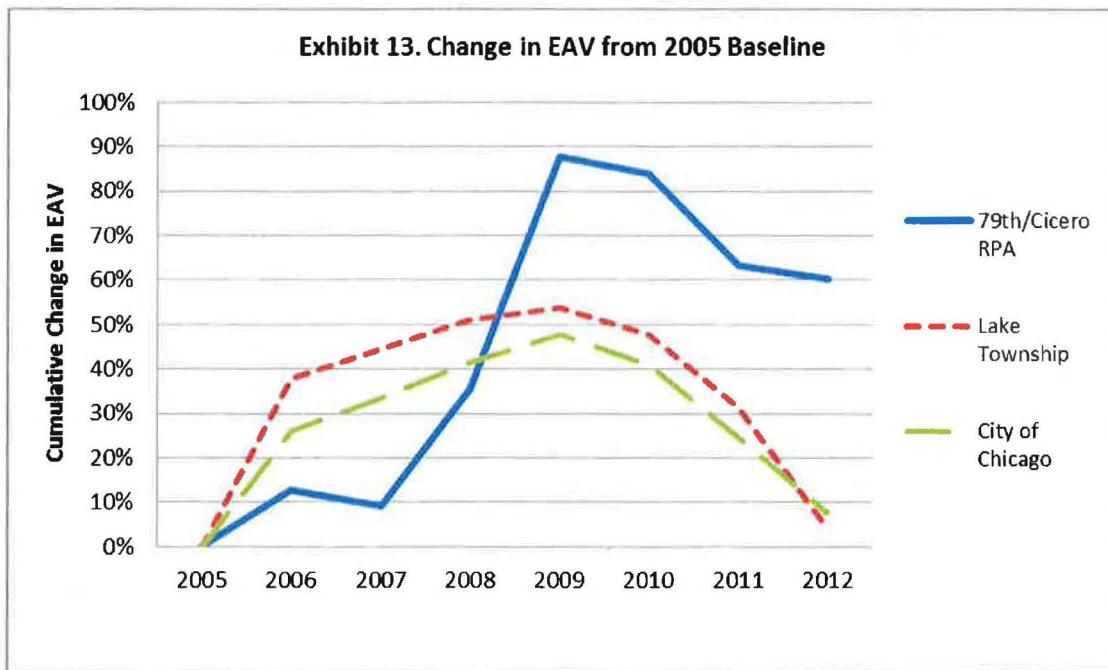
In some cases, RDAs require private, TIF-supported projects to create or retain a certain number of permanent jobs as a condition of receiving TIF funding. The only RDA to date within the 79th/Cicero RPA, Scottsdale Center, has not included a permanent job creation covenant. However, under the terms of the RDA the project is anticipated to retain 80 full-time permanent positions, create an additional 200 full-time permanent positions, and create 40 part-time permanent jobs. These employment figures were converted to FTE positions for comparability using U.S. BLS and BEA conversion factors.

Based on this methodology, an **estimated 314 FTE permanent positions** are expected to be created or retained as a result of the Scottsdale Center project in the 79th/Cicero RPA.

CHANGE IN EQUALIZED ASSESSED VALUE

A comparison of the change in equalized assessed value (EAV) over time in the 79th/Cicero RPA to larger geographies is one indication of the relative growth in property values in the RPA. The cumulative growth in total EAV for the 79th/Cicero RPA, Lake Township, and the City of Chicago, overall, is displayed in **Exhibit 13** on the following page for tax years 2005 through 2012.

Property values within the 79th/Cicero RPA have grown at a **compound annual growth rate (CAGR) of 7.0 percent** over the last seven years while EAV in Lake Township and the City of Chicago has grown at a CAGR of 0.6 percent and 1.0 percent, respectively.



Source: Cook County Assessor's Office, EAV before exemptions.

Status of Planned Activities, Goals and Objectives

PLANNED ACTIVITIES

The projects presented in **Exhibits 8 through 12** include only those TIF-supported projects for which TIF funds have been expended through December 31, 2013. Planned projects are defined as those that have, as of December 2013, met substantial approval criteria for receiving TIF funds, but have not received any TIF funding. These planned projects consist of:

- Projects with an executed RDA, or with an RDA under negotiation following approval by the Community Development Commission ("CDC");
- IGAs that have received City Council approval but without TIF expenditures through 2013;
- TIF-funded programs for which funding has been approved but no TIF dollars expended; and
- Public infrastructure projects with prior approval but no expenditures through 2013, or projects included in the City's 2014-2018 TIF Projection Reports as "potential projects."

Information on the planned projects in the RPA is presented in **Exhibit 14** below and displayed in **Exhibit 7** on page 9.

Exhibit 14. Planned Projects

There are no planned projects in the RPA as of September 2014

Source: Redevelopment Agreements, Intergovernmental Agreements, CDC reports, TIF Projection Reports 2014-2018.

Progress toward Achieving Goals and Objectives

The TIF Act requires that progress toward achieving goals and objectives outlined in the TIF Plan be addressed in the Report. **Exhibit 15** below presents a summary of the relevant projects and their progress in addressing the goals and objectives outlined in the 79th/Cicero TIF Plan through 2013.

Exhibit 15. Progress toward Achieving Goals and Objectives Outlined in 79th/Cicero TIF Plan

Map ID	Project	Relevant Goals and Objectives Addressed
R-1	Scottsdale Center	1, 2, 6

Source: Redevelopment Agreements, Intergovernmental Agreements, City of Chicago TIF Program Tracking Data, Capital Project Management database.