



City of Chicago



O2016-3936

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	5/18/2016
Sponsor(s):	Dowell (3)
Type:	Ordinance
Title:	Support of Class 7(b) tax incentive for property at 111 E Cermak Rd
Committee(s) Assignment:	Committee on Economic, Capital and Technology Development

ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois authorized to exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, certain real estate consisting of an approximately 0.86 acre site is generally located at 111 East Cermak Road in the City as indicated on the map attached hereto as Exhibit A hereto and hereby made a part hereof (the "Project Site"); and

WHEREAS, Michigan Cermak Indiana, LLC, an Illinois limited liability company along with certain affiliated development entities (collectively herein, the "Applicant"), proposes to purchase the Project Site for value and to construct a new 466 room full service hotel, currently expected to be branded as a Hilton and including approximately 51,000 square feet of commercial and/or retail uses on the Project Site (the "Project"); and

WHEREAS, the Applicant has submitted that certain Blighting Report and Representative Photos (the "Blighting Report") to the Department of Planning and Development ("DPD") attached hereto as Exhibit B and hereby made a part hereof; and

WHEREAS the Project Site contains an improved parcel with permanent index number 17-27-102-022-0000 and three vacant parcels with permanent index numbers 17-27-102-001-0000, 17-27-102-013-0000, 17-27-102-024-0000; and

WHEREAS, the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "TIF Act"), contains certain blighting criteria used for determining the presence of blight in connection with improved property and certain blighting criteria used for determining the presence of blight in connection with vacant property (the "TIF Blight Criteria"); and

WHEREAS, a certain portion of the Project Site is located within the Michigan and Cermak Redevelopment Project Area designated by the City under the TIF Act pursuant to an ordinance published in the Journal of Proceedings of the City Council of the City on September 13, 1989, and extended on November 26, 2013, and such area was determined by the City Council of the City to be blighted under the TIF Act within the last 10 years; and

WHEREAS, a certain portion of the Project Site is located within the 24th and Michigan Redevelopment Project Area designated by the City under the TIF Act pursuant to an ordinance published in the Journal of Proceedings of the City Council of the City on July 21, 1999, and has been analyzed in the Blighting Report utilizing the TIF Blight Criteria to determine the condition of blight of such portion of the Project Site; and

WHEREAS, based on the Blighting Report, DPD has determined that the Project Site is blighted under the TIF Blight Criteria; and

WHEREAS, the Project will increase employment opportunities, economic activity in the area and growth in the real property tax base; and

WHEREAS, the Applicant intends to apply to the Office of the Assessor of Cook County, Illinois (the "Assessor") for designation of the Project Site as a Class 7b classification eligible for certain real estate tax incentives; and

WHEREAS, Section 74-65(b) of the Cook County Real Estate Classification Ordinance, as amended, (the "Classification Ordinance"), provides that prior to filing an eligibility application with the Assessor, an applicant for Class 7b classification must obtain an ordinance or resolution from the municipality in which the real estate is located expressly stating that (a) the municipality has determined that eligibility factors (1) through (5) under Section 74-65(a) of the Classification Ordinance are present, and (b) the municipality supports and consents to the Class 7b application to the Assessor; and

WHEREAS, DPD has reviewed the proposed Project, has determined that it meets the necessary eligibility requirements for Class 7b designation, and hereby recommends to City Council that the City expressly determine by ordinance that (a) the required eligibility factors are present, and (b) the City supports and consents to the Class 7b application to the Assessor by the Applicant for the Project; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

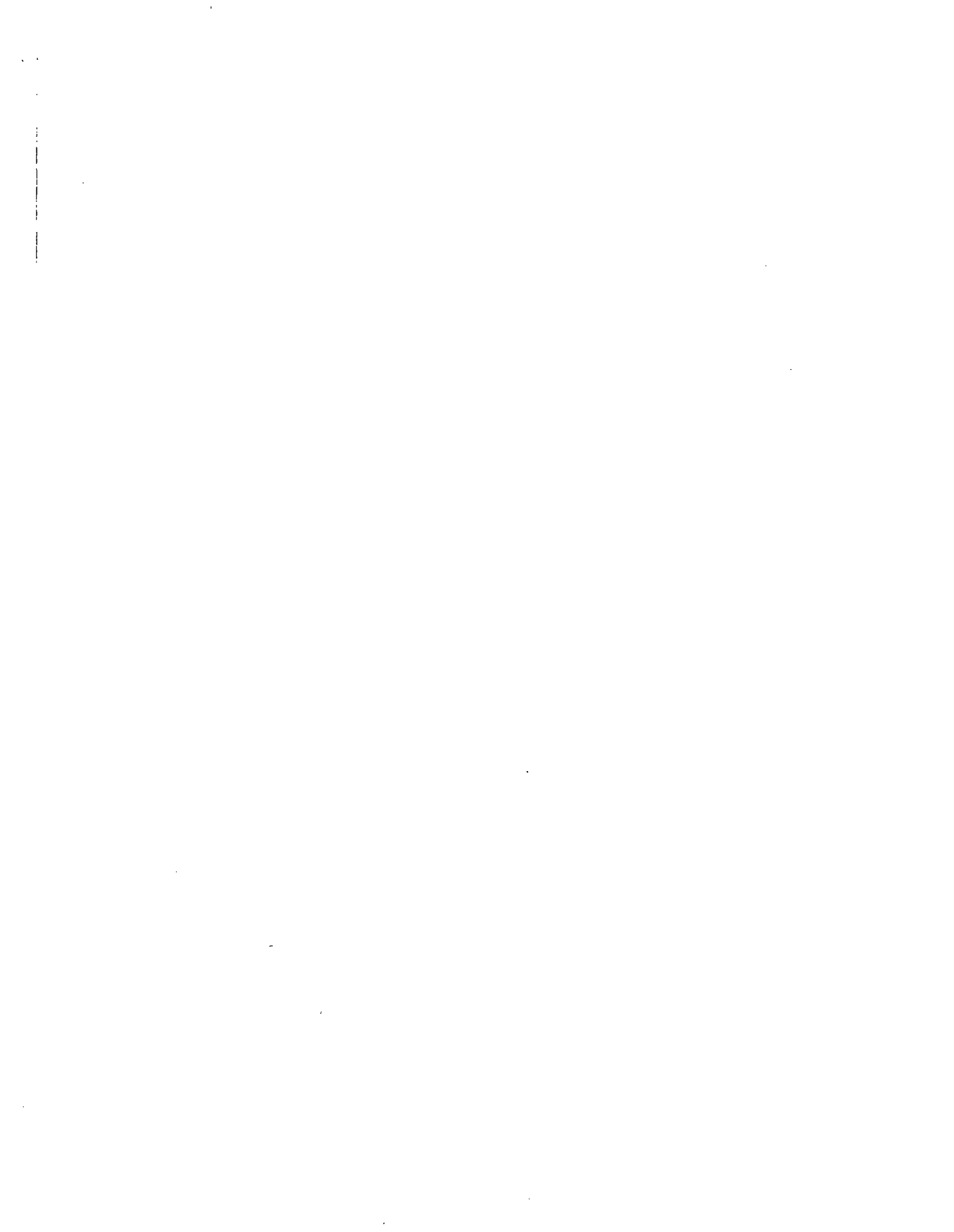
SECTION 1. The above recitals are hereby expressly incorporated as if fully set forth herein.

SECTION 2. Based on the Blighting Report, the City hereby finds that the Project Site demonstrates blight in that the Project Site:

- A. exhibits deterioration;
- B. demonstrates both economic and functional obsolescence;
- C. suffers from excessive vacancies;
- D. lacks ventilation, light or sanitary facilities;
- E. contains inadequate utilities;
- F. demonstrates excessive land coverage and overcrowding of structures and community facilities;
- G. evidences deleterious land use or layout; and
- H. demonstrates a lack of community planning.

SECTION 3. Based on the findings of blight set forth in Section 2 hereof, the City hereby determines that:

- A. The Project Site is a blighted area;
- B. Unless corrected, the blighted condition of the Project Site will persist and continue to delay any future economic development of the Project Site; and
- C. The Project Site is therefore in need of development and renewal to prevent the spread of blight.



SECTION 4. The City hereby determines that the Project meets eligibility factor (1) under Section 74-65(a) of the Classification Ordinance in that the Project Site is blighted and is located in an area in need of commercial development.

SECTION 5. The City hereby determines that the Project meets eligibility factor (2) under Section 74-65(a) of the Classification Ordinance in that real estate taxes in the area during the last six years have either declined, remained stagnant and/or potential real estate taxes are not being fully realized due to the depressed condition of the area.

SECTION 6. The City hereby determines that the Project meets eligibility factor (3) under Section 74-65(a) of the Classification Ordinance in that there is a reasonable expectation that the Project is viable and likely to go forward on a reasonably timely basis if granted Class 7b designation and will therefore result in the economic enhancement of the area.

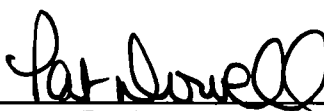
SECTION 7. The City hereby determines that the Project meets eligibility factor (4) under Section 74-65(a) of the Classification Ordinance in that certification of the Project for Class 7b designation will materially assist development, redevelopment or rehabilitation of the area and the Project would not go forward without the full incentive offered under Class 7b.

SECTION 8. The City hereby determines that the Project meets eligibility factor (5) under Section 74-65(a) of the Classification Ordinance in that certification of the Project for Class 7b designation is reasonably expected to ultimately result in an increase in real property tax revenue and employment opportunities within the area.

SECTION 9. The City hereby expressly determines that eligibility factors (1) through (5) under Section 74-65(a) of the Classification Ordinance are present for the Project, and hereby expressly supports and consents to the Class 7b application of the Applicant to the Assessor for Class 7b designation of the Project and the Project Site.

SECTION 10. The Commissioner of DPD (the "Commissioner"), or a designee of the Commissioner, are each hereby authorized to deliver a certified copy of this ordinance to the Assessor and to furnish such additional information as may be required in connection with the filing of the application by the Applicant with the Assessor for Class 7b designation of the Project.

SECTION 11. This ordinance shall be effective from and after its passage and approval.



Pat Dowell
Alderman, 3rd Ward

Exhibit A

Project Site Map

2207 S. Michigan Class 7(b)

DEPARTMENT OF PLANNING
AND DEVELOPMENT
GARY L. REYNOLDS
COMMISSIONER
Date: 04/15/13

Legend

- 2207 S. Michigan Class 7(b)
- Motor Row (Landmark District)
- 24th/Michigan (TIF)
- Michigan/Cermak (TIF)

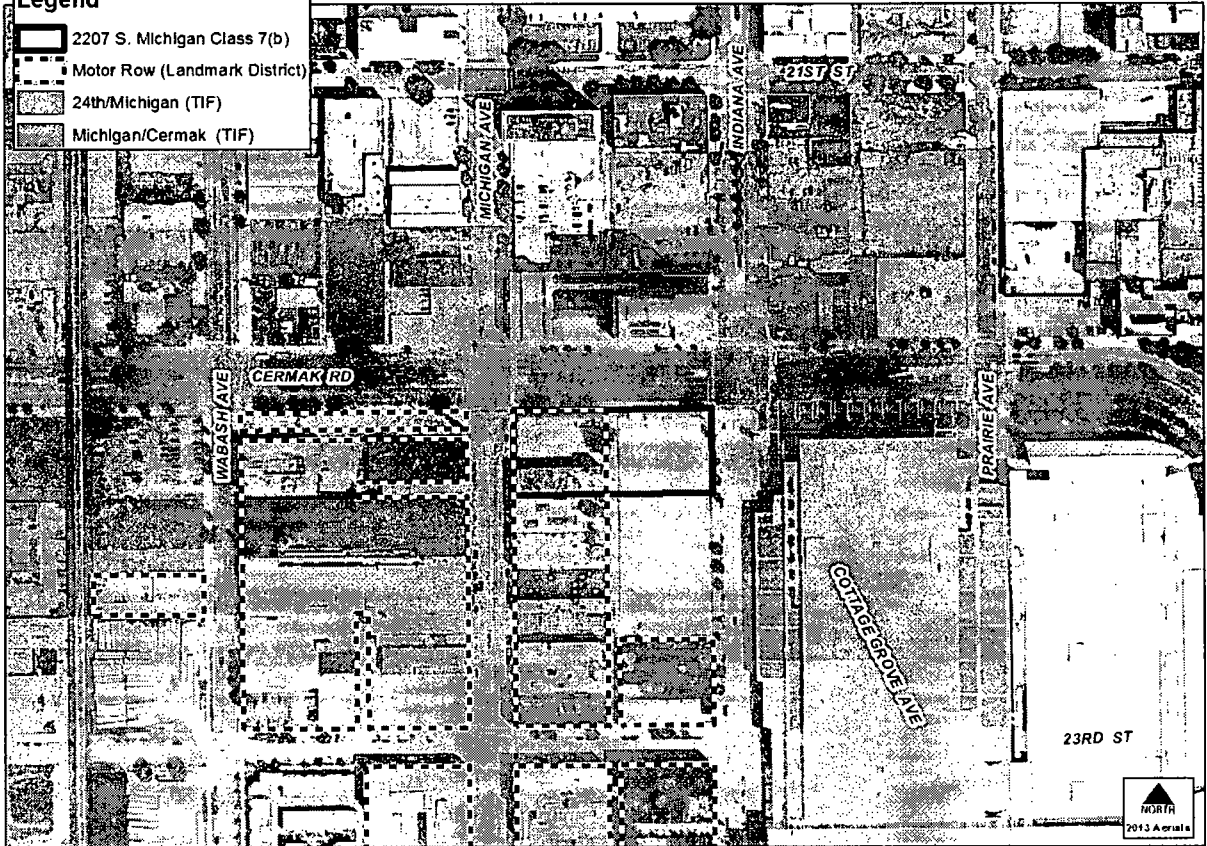


EXHIBIT B

Blighting Report and Representative Photos

[see attached]

Blighting Report and Representative Photos

Introduction

Michigan Cermak Indiana, LLC and all affiliated development entities (collectively, the "Developer"), is proposing to construct a new 466 room full service hotel, branded as a Hilton and approximately 51,000 square feet of commercial/retail. The proposed site (the "Project Site") consists of an approximately 0.86-acre site located at 111 East Cermak Road, Chicago, Illinois (the "City").

The circumstances are very unique in this case because the Project Site is part of the Michigan and Cermak Redevelopment Project area as designated under the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et. seq.) (the "TIF Act"). Additionally, the state legislature as well as the City Council of Chicago affirmed that this Redevelopment Project Area is still blighted by extending it from 23-years to 35-years. While the Class 7b ordinance does not prescribe the method for demonstrating blight, the TIF Act provides well-established criteria for blight that provide support and guidance in this case.

The purpose of this report is to document and summarize the conditions of the Project Site and other factors that support a finding by the Village that the Project Site, as it currently exists, is blighted.

Criteria Used for Current Blighting Analysis.

We have used a combination of the vacant land blighting criteria and the improved parcel blighting criteria, as defined by the TIF Act to make a finding of blight. Parcel 17-27-102-022-0000 is currently an improved parcel. Parcels 17-27-102-001-0000, 17-27-102-013-0000 and 17-27-102-024-0000 are currently vacant parcels (collectively the "Project Site").

The Project Site was declared to be blighted by the original TIF ordinances of the City and recently confirmed by the current TIF Legislation. We are, however, showing the current blighting conditions on the site such that the City, by its recommending ordinance, may affirm this finding for purposes of meeting the Cook County Class 7b criteria.

VACANT LAND CRITERIA

(This Section applies to parcels 17-27-102-001-0000, 17-27-102-013-0000, and 17-27-102-024-0000.)

In order to constitute a "blighted area" under the vacant land blighting criteria of the TIF Act, and confirm that the site is blighted as of today's date one (1) of the following seven (7) factors must be present.

Factor 1

If the area is vacant (e.g. property without industrial, commercial, and residential buildings which has not been used for commercial or agricultural purposes within 5 years prior to the designation of the project area), a finding may be made that the area is impaired by a combination of two or more of the six following sub-factors:

- a. Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate rights-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.
- b. Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.
- c. Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last 5 years.
- d. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- e. 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.
- f. The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated 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 prior to the year in which the redevelopment project area is designated.

Factor 2

The area consists of one or more unused quarries, mines, or strip mine ponds.

Factor 3

The area consists of unused rail yards, rail tracks, or railroad right-of-way.

Factor 4

The area prior to its designation is subject to chronic flooding that adversely impacts on real property in the area which is included in or (is) in proximity to any improvement on real property which has been in existence for at least 5 years and which substantially contributes to such flooding.

Factor 5

The area consists of an unused or illegal disposal site, containing earth, stone, building debris or similar material, which was removed from construction, demolition, excavation or dredge sites.

Factor 6

The area is not less than 50 nor more than 100 acres, and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in the TIF Act, and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that purpose.

Factor 7

The area qualified as a blighted improved area immediately prior to becoming vacant.

Findings from the Eligibility Survey and Analysis under the TIF Act

Using the blighting factors listed in the TIF Act as a guide, the Project Site was analyzed to determine whether and the extent to which any of the factors are present. Under the TIF Act, property is evaluated on a tax parcel basis. In this case, the Project Site consists of three tax parcels, identified as Parcels 17-27-102-001-0000, 17-27-102-013-0000, and 17-27-102-024-0000 (the "Vacant Parcels"). Surveys and analyses of the Project Site included a physical inspection of the Project Site and a review of the draft A.L.T.A./A.C.S.M. Land Title Survey.

Vacant Blighted Area

Using the TIF Act blighting criteria as a reference and guide, an analysis of the Project Site under the vacant blighted area criteria rendered the following results:

VACANT LAND FACTOR 1 – Combination of Two Sub-Factors

In order to find the presence of Vacant Land Factor 1, the TIF Act would require the presence of a combination of two or more of the following sub-factors: (a) obsolete platting of the vacant land; (b) diversity of ownership of such land; (c) tax and special assessment delinquencies on such land; (d) deterioration of structures or site improvements in neighboring area adjacent to the vacant land; (e) existence of remediation costs incurred due to Illinois Environmental Protection Agency or United States Environmental Protection Agency standards; and (f) the decline of the equalized assessed value of the property for 3 of the last 5 calendar year prior to the year in which the redevelopment project area was designated. Each of these sub-factors as it relates to the Project Site is discussed below.

A. Obsolete Platting

In order to find this sub-factor present under the TIF Act, the vacant parcels in their current configuration must exhibit irregular sizes and shapes that will make it difficult to develop the redevelopment project area in a manner that is compatible with contemporary standards and requirements.

The American Institute of Real Estate Appraisers (the "Appraisal Institute") defines obsolescence as follows: "One of the causes of depreciation. An impairment of desirability and usefulness caused by



new inventions, current changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external [economical].”

Conclusion for Obsolete Platting – Not Present

B. Analysis of Diversity of Ownership

All parcels are currently owned by one entity.

Conclusion for Diversity of Ownership – Not Present

C. Analysis of Tax and Special Assessment Delinquencies Exist

All taxes and assessments are currently up to date with respect to payment.

Conclusion for Tax and Special Assessment Delinquencies – Not Present

D. Analysis of Deterioration of structures or site improvements in neighboring areas

The area surrounding the Vacant Parcels are surrounded by severely deteriorated and vacant buildings to the south and severely deteriorated buildings to the east. The buildings to the south are severely deteriorated as evidence by severely cracking tuck-pointing and exterior bricks, broken and boarded up windows, boarded up entrance doors, garbage strewn all of the sidewalks, overgrown weeds around the base of the building, severely cracking concrete façade of the building, graffiti on the sides of the building, rusted and broken utility pipes, broken and cracked foundational slab, and broken lighting all around the structure. The buildings to the east exhibits severely cracked exterior bricks, a severely cracked parking lot with rubble and other building materials in the broken areas of the pavement, a severely rusted and dented fence, severely rusted entrance doors, and garbage strewn about the property.

Conclusion for Deterioration of Structures in Neighboring Areas – Present

E. Analysis of Illinois Environmental Protection Agency Remediation Costs Incurred – Historical Environmental Investigations and Remediation Activities Conducted by Historic Owners in the Surrounding Area

Although the Phase I environmental report has noted some anomalies in the ground that appear to be former gasoline tanks, there is not sufficient data to conclude that this factor is present at this time.

Conclusion – Not Present

F. The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years

Year	Hotel Site EAV	Percentage Annual Change
2009	\$412,628	
2010	\$404,036	-2.08%

2011	\$363,703	-9.98%
2012	\$288,993	-20.54%
2013	\$274,212	-5.11%
2014	\$280,722	2.37%

5-Year Change -31.97%

Conclusion – Present. The EAV has declined on this property 4 of the last 5 years.

Overall Conclusion for Vacant Land Blighting Factor 1 – Present.

VACANT LAND FACTOR 2 – Unused Quarries or Mines

This factor analyzes whether the Project Site consists of one or more unused quarries, mines, or strip mine ponds.

Analysis

There are no quarries, mines, or strip mine ponds present.

Conclusion for Vacant Land Blighting Factor 2 - Not Present

VACANT LAND CRITERIA 3 – Unused Rail

This factor analyzes whether the Vacant Parcels consists of unused rail yards, rail tracks, or railroad right-of-way.

Analysis

Insufficient information exists as to whether the Vacant Parcels were used for rail purposes. As discussed below, building debris exists on the Vacant Parcels, but the physical inspection did not reveal the presence of former rail improvements, and none are identified on the Survey.

Conclusion for Vacant Land Blighting Factor 3 – Not Present

VACANT LAND FACTOR 4 – Chronic Flooding

This factor analyzes whether the Vacant Parcels are subject to chronic flooding that adversely impacts real property in the area which is included in or (is) in proximity to any improvement on real property which has been in existence for at least 5 years and which substantially contributes to such flooding.

Conclusion for Vacant Land Blighting Factor 4 – Not Present

VACANT LAND FACTOR 5 – Unused Disposal Site

This factor analyzes whether the Vacant Parcels consist of an unused or illegal disposal site, as defined by the TIF Act, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites.

Analysis

The Vacant Parcels consist of vacant land that has various building materials throughout the site. This site consists of a former paved lot that is broken and cracked all throughout, with sections of the pavement missing. As such, the site contains piles of broken asphalt evenly distributed throughout, gravel, earth and other types of wood strewn throughout the site, old broken concrete light pylons, metal light poles that are broken, large foundational concrete slabs, metal slabs, old unused concrete foundational concrete is on the site, unused bricks are buried in places in the soil and concrete dividing barriers are dumped on the site.

Conclusion for Vacant Land Building Factor 5 – Present

VACANT LAND FACTOR 6 – Vacancy

This factor analyzes whether the area is not less than 50 nor more than 100 acres, and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in the TIF Act, and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that purpose.

Conclusion – Not Present

VACANT LAND FACTOR 7 – Former Improved Blighted Area

This factor analyzes whether the area qualified as a blighted improved area immediately prior to becoming vacant.

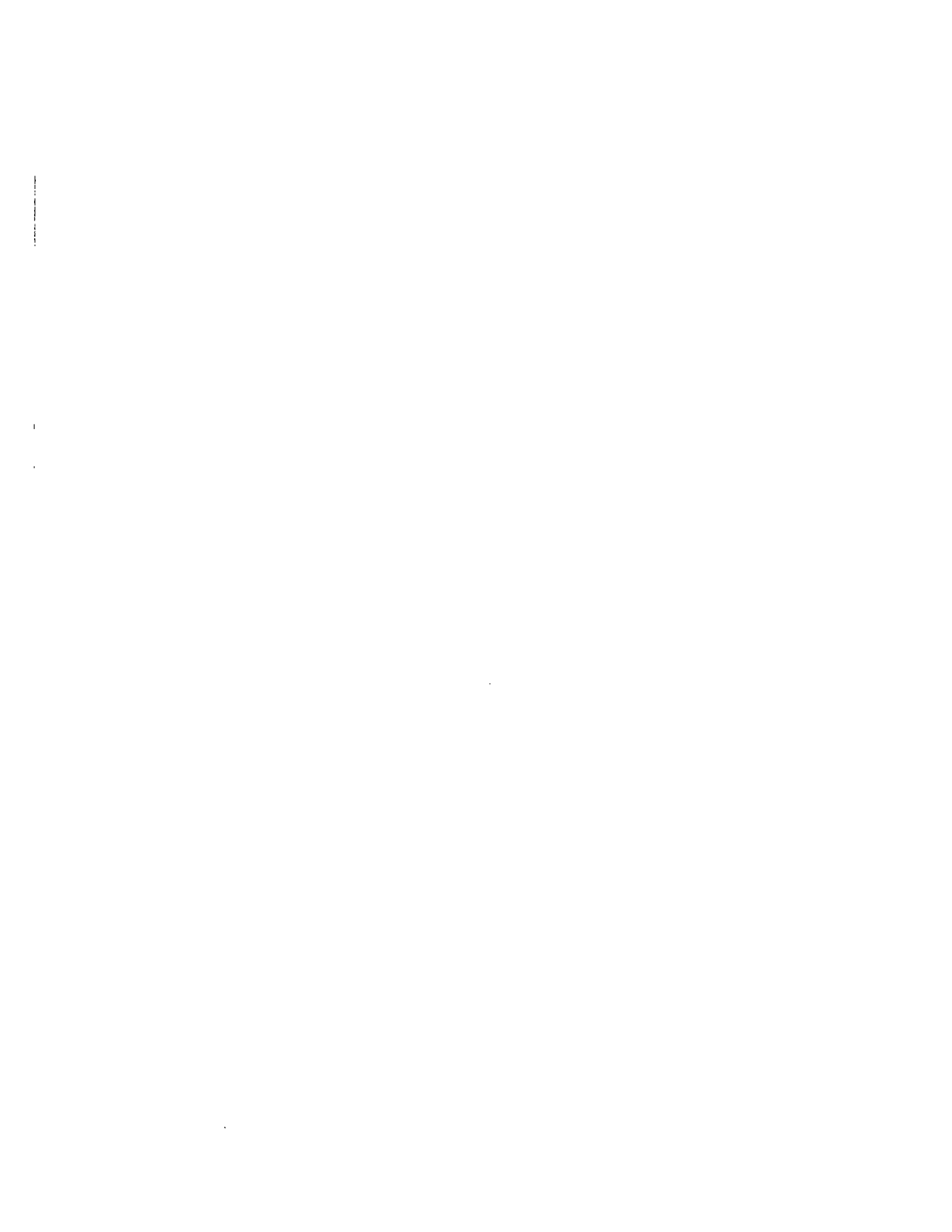
Analysis

The City declared this as a blighted site via the adoption of the original designation ordinances for the establishment Michigan and Cermak Redevelopment Project Area. The original eligibility report finds this as a blighted area under the definition of the TIF Act.

Conclusion – Present

Analysis

The Vacant Parcels are currently within a TIF District, that qualified as a blighted area, as adopted by the Chicago City Council. Moreover, if the Project Site were to be studied today for



designation as a vacant blighted area under the TIF Act, it would qualify as a blighted area in its current condition. The Project Site exhibits three (3) of the seven (7) factors. Therefore, it is our conclusion this area is a blighted area and meets the definition of blight as defined in the 7b ordinance.

CRITERIA USED FOR IMPROVED PARCEL BLIGHTING ANALYSIS

(This section applies to Parcel 17-27-102-002-0000.)

Parcel 17-27-102-002-0000 (the "Improved Parcel") currently consists of old industrial/warehousing buildings. We are evaluating the Improved Parcel under the objective standard of the improved land blighting criteria under the TIF Act. Although the blight analysis under the 7(b) standards is not restricted to the criteria set forth in the TIF Act, it is important to note that the Site would qualify as a "blighted area" under the TIF Act standards in its current condition, which is a qualifying consideration under the ordinance.

In order to constitute a "blighted area" under the improved land blighting criteria of the Act, five (5) of the following thirteen (13) factors must be present:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies
7. Lack of ventilation, light, or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land-use or layout
11. Environmental clean-up
12. Lack of community planning
13. The total equalized assessed value of the proposed redevelopment project area has declined 3 of the last 5 years.

As noted further below, we have found 8 of these factors to be present.

1. Dilapidation

Dilapidation refers to an advanced state of disrepair of buildings or improvements or the neglect of necessary repair, suffering the building or improvements to fall into a state of decay. Dilapidation as a factor, then, should be based upon the documented presence and reasonable distribution of buildings and improvements that are in an advanced state of disrepair. Reasonable and defensible criteria should be developed to be used in determining the comparative quality of all buildings and improvements in the proposed project area, including a specific showing of those found in an advanced state of disrepair.

Building components examined were of two types:

Basic Structural -- Includes the basic elements of a building: foundation walls, load bearing walls and columns, floor structure, roof and roof structure.

Structural Components – Includes normal additions to structures such as porches and steps, window and window units, doors and door units, chimneys, and gutters and downspouts

Conclusion – Not Present

2. Obsolescence

Obsolete buildings are characterized by conditions indicating that they are not readily adaptable for modern uses. In this case, the buildings are evaluated based on modern industry standards.

Obsolescence can be broken into the following two categories.

Functional Obsolescence

Functional obsolescence occurs when buildings can no longer perform their intended function in an efficient manner. For example, buildings are obsolete when they contain characteristics or deficiencies which limit the use and marketability of such buildings. In manufacturing for example, buildings may become obsolete over time due to changes in manufacturing methods or changes in industry standards.

Economic Obsolescence

Economic obsolescence occurs when the values of buildings decline due to market conditions, vacancies, neighborhood decline, property location within a community, or other factors which affect the economic value of buildings. These factors are generally beyond the owners' control.

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

Conclusion – Present

Economic Obsolescence - The building on the site is completely vacant and unused. The location of the Improved Parcel as an industrial building site is outdated and limited by the traffic congestion along Michigan and McCormick Place to the east. Properties in this area have suffered from property value decline over the past few years due to the stagnant economy and the lack of investment in this area. The Project Site is not configured to be an effective industrial site due to its geometry, poor ingress/egress, and outdated building standards. Therefore, it is not easily adaptable for continued use of this type, which is evidenced by the vacancy.

Functional Obsolescence – Vehicular ingress/egress to the site is from Cermak and is very narrow. Additionally, the close proximity of the building to Michigan Avenue and adjacent buildings prevents appropriate ingress/egress onto the main thoroughfare. These conditions significantly impair reuse of the building for manufacturing/warehousing purposes based on today's standards.

As a result, the economic value of these current buildings has significantly declined as they exist in their current state over their original use. Therefore, the Project Site demonstrates both functional and economic obsolescence .

3. Deterioration

Deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. This would include buildings with major defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.), and major defects in primary building components (e.g., foundations, frames, roofs, etc.).

The condition of roadways, alleys, curbs gutters, sidewalks, off-street parking and surface areas may also evidence deterioration, as well as surface cracking, crumbling, potholes; depressions, loose paving materials, weeds/grasses protruding through the concrete and asphalt surfaces, and conditions of general property maintenance.

Conclusion – Present

The Project Site contains a good deal of deterioration as evidenced by the following:

- Cracked curbs along the perimeter of the property
- Severely cracked sidewalk along the front of the property
- The masonry in between the bricks is severely cracked and missing in places
- The metal framing along the loading dock doors on the southeast portion of the building are severely rusted, coating (paint) is severely weathered and missing, and they are dented and bent in places
- Windows are broken and boarded up in many places, including the whole first floor.
- There is graffiti on the walls of the building
- The gates to the fence are severely rusted and dented.
- The access ways as well as the parking lots are severely cracked and have significant potholes.
- The doors on the front portion of the building have severely chipped paint and are in a state of disrepair.
- Portions of the walls exhibit water damage
- Sections of bricks along the back portion of the building are severely cracked and exhibit significant efflorescence

As a result of all these conditions, we have concluded that the Parcel 002 exhibits deterioration.

4. Presence of structures below minimum code standards

This includes all structures which do not meet the standards of zoning, subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are to require building to be constructed in such a way as to sustain the safety of certain loads expected from these types of occupancy, to be safe for occupancy against fire and similar hazards, and to establish minimum standards essential for safe and sanitary habitation. Structures below

minimum code standards are characterized by defects or deficiencies, which threaten the health and safety of its inhabitants.

Conclusion – Not Present

5. Illegal Use of Individual Structures

This factor applies to the use of structures in violation of applicable national, state, or local laws, and not to legal, nonconforming uses. Some examples of such illegal use include the conduct of any illegal vice activities such as drug manufacture or dealing and prostitution sale, or uses in violation of national, state, or local environmental and occupational safety and health regulations.

Conclusion – Not Present

6. Excessive Vacancies

This refers to the presence of buildings or sites which are unoccupied or underutilized and which represent an adverse influence on the area because of the frequency, extent, or duration of such vacancies. It includes properties which evidence no apparent effort directed toward their occupancy, utilization and vacancies within buildings.

Conclusion – Present

The building on the Improved Parcel is completely vacant and unused.

Therefore, this building exhibits excessive vacancies.

7. Lack of ventilation, light, or sanitary facilities

This refers to substandard conditions which adversely affect the health and welfare of building occupants, (e.g., residents, employees, or visitors.)

Conclusion – Present

From our observations various windows are boarded up, various windows are broken, the electric utilities at the back (north side) of the building are in a severe state of disrepair, and the HVAC on the top of the building appear to be severely rusted and not in a operable state. The building has no plumbing and the gas is off. Most of the electrical wiring has been removed. This building is not inhabitable without substantial rehabilitation.

8. Inadequate utilities

This refers to deficiencies in the capacity or condition of all overhead and underground utilities including, but not limited to, storm drainage, water supply, electrical power, telephone, sanitary sewers, gas, and electricity. Inadequate utilities include those which are:

1. of sufficient capacity to serve the uses in the redevelopment project and surrounding areas,
2. deteriorated, antiquated, obsolete, or in disrepair, or
3. lacking.

Conclusion – Present

According to Citywide data, the underground utilities, particularly the water mains and sewer lines, have reached the end of their 100-year useful service lives. Additionally, other additions and replacements are needed to the water mains and sewer lines due to insufficient size to comply with modern capacity requirements. Relative to the building, it is completely vacant and lack the utilities necessary for human habitation. It lacks the appropriate water, sanitary and HVAC for the building to be occupiable.

9. Excessive land coverage and overcrowding of structures and community facilities

This refers to the over-intensive use of property and the crowding of buildings and accessory facilities to the site. Problem conditions include buildings either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety, and multiple buildings on a single parcel.

Conclusion – Present

The building is situated on the southern end of the site with a very small parking field to the north. The building comes up to the eastern and western edges of the site right up to the sidewalks and to the south it is connected to the adjacent building. Additionally, the cars or trucks turning in parking area can't make the turn easily due to the close proximity of the building and fence-line to the sidewalk and to the adjacent rights of way. Due to the excessive site coverage that leads to the improper ingress/egress, it is clearly not up to modern day standards. Therefore, we find this factor to be present.

10. Deleterious Land-Use or Layout

This includes evidence of incompatible land-use relating to the mix of building types, improper platting, inadequate street system, parcels of irregular size or shape, or improper layout of the buildings.

Conclusion – Present

This former industrial building, now vacant, is laid out on the site in a manner that is not consistent with current planning principles. It has very poor ingress and egress to the site due to its close proximity to Michigan to the west and Cermak to the north. The building shares a structural wall with the building to the south and there is no room inbetween the buildings for access or anything else. The building to the south directly adjacent to parcel 002 is boarded up and vacant as well. The size and layout of the building on the site overcrowds the site and provides for very limited reuses of the current building.

Therefore, we find that this site evidences deleterious land use or lay-out.

11. Environmental clean-up

This refers to the remediation costs incurred for, or studies 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.

Conclusion – Not Present

12. Lack of community planning

This indicates the area as a whole was developed without the benefit or guidance of overall community planning. Most of the properties within the study area were originally platted and developed on a parcel-by-parcel and building-by-building basis with little evidence of coordination and planning among building and activities. The lack of community planning at the time of the original development is one of several factors which have contributed to the problem conditions previously cited.

Conclusion – Present

Although the development of an industrial facility and related parking along Michigan Avenue may have coincided with the community planning in a previous era, the total area lacks coordination with the entertainment and convention uses to the east and the planned Motor Row entertainment district. The proximity of the building to Michigan and Cermak does not allow for adequate traffic flow for former use, industrial. Additionally, this building is directly south of a residential neighborhood. These types of heavy industrial uses lack overall coordination with a largely commercial, entertainment and residential neighborhood.

13. The total equalized assessed value of the proposed redevelopment area has declined 3 of the last 5 years

The total equalized assessed value of the proposed redevelopment project area has declined for three of the last five calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for three of the last five calendar years for which information is available or is increasing at an annual rate less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three of the last five calendar years prior to the year in which the redevelopment project area is designated.

Conclusion – Not Present

<u>Year</u>	<u>Parcel 002 EAV</u>	<u>Percentage Annual Change</u>
2009	\$35,742	
2010	\$35,752	0%
2011	\$35,752	0%

2012	\$35,752	0%
2013	\$35,752	0%
2014	\$0	-100%

Year	City EAV	Percentage Annual Change
2009	\$84,586,807,689	
2010	\$82,087,170,063	-2.96%
2011	\$75,122,913,910	-8.48%
2012	\$65,250,387,267	-13.14%
2013	\$62,363,875,664	-4.42%
2014	\$63,908,056,690	2.48%

Summary of Findings

We have concluded that the Project Site is blighted under the improve land standard under the TIF Act as it exhibits 8 of 13 factors. The most frequent conditions were:

- Deterioration
- Obsolescence
- Excessive Vacancies
- Lack of Ventilation, Light and Sanitary Facilities
- Inadequate Utilities
- Excessive Land Coverage
- Deleterious Land Use
- Lack of Community Planning

Unless corrected, these conditions will persist and continue to delay future economic development on the Project Site.

CONCLUSION

The Project Site has been declared blighted by the Chicago City Council, pursuant to the TIF Act and reaffirmed by State Legislature upon the authorization to extend this Redevelopment Project Area to 35-years. Despite this designation, the Project Site remains vacant and undeveloped. Although the blight analysis under the 7b ordinance is not restricted to the criteria set forth under the TIF Act, the Project Site would qualify as a "blighted area" under the TIF Act standards in its current condition. Therefore, it is our conclusion that a finding of blight can be made by City Council as well as by Cook County under the criteria for qualification under the 7b ordinance.

