



Very truly yours,

**AN ORDINANCE OF THE CITY OF CHICAGO, ILLINOIS
APPROVING A REDEVELOPMENT PLAN FOR THE
51ST AND LAKE PARK REDEVELOPMENT PROJECT AREA**

WHEREAS, it is desirable and in the best interest of the citizens of the City of Chicago, Illinois (the "City") for the City to implement tax increment allocation financing ("Tax Increment Allocation Financing") pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et. seq., as amended (the "Act"), for a proposed redevelopment project area to be known as the 51st and Lake Park Redevelopment Project Area (the "Area") described in Section 2 of this ordinance, to be redeveloped pursuant to a proposed redevelopment plan and project attached hereto as Exhibit A (the "Plan"); and

WHEREAS, by authority of the Mayor and the City Council of the City (the "City Council," referred to herein collectively with the Mayor as the "Corporate Authorities") and pursuant to Section 5/11-74.4-5(a) of the Act, the City's Department of Housing and Economic Development established an interested parties registry and, on July 2, 2012, published in a newspaper of general circulation within the City a notice that interested persons may register in order to receive information on the proposed designation of the Area or the approval of the Plan; and

WHEREAS, the Plan (including the related eligibility report attached thereto as an exhibit and, if applicable, the feasibility study and the housing impact study) was made available for public inspection and review pursuant to Section 5/11-74.4-5(a) of the Act since June 29, 2012, being a date not less than 10 days before the meeting of the Community Development Commission of the City ("Commission") at which the Commission adopted Resolution 12-CDC-28 on July 10, 2012 fixing the time and place for a public hearing ("Hearing"), at the offices of the City Clerk and the City's Department of Housing and Economic Development; and

WHEREAS, pursuant to Section 5/11-74.4-5(a) of the Act, notice of the availability of the Plan (including the related eligibility report attached thereto as an exhibit and, if applicable, the feasibility study and the housing impact study) was sent by mail on July 19, 2012, which is within a reasonable time after the adoption by the Commission of Resolution 12-CDC-28 to: (a) all residential addresses that, after a good faith effort, were determined to be (i) located within the Area and (ii) located within 750 feet of the boundaries of the Area (or, if applicable, were determined to be the 750 residential addresses that were closest to the boundaries of the Area); and (b) organizations and residents that were registered interested parties for such Area; and

WHEREAS, due notice of the Hearing was given pursuant to Section 5/11-74.4-6 of the Act, said notice being given to all taxing districts having property within the Area and to the Department of Commerce and Economic Opportunity of the State of Illinois by certified mail on July 17, 2012, by publication in the Chicago Sun-Times or Chicago Tribune on August 22, 2012 and August 29, 2012, by certified mail to taxpayers within the Area on August 23, 2012; and

WHEREAS, a meeting of the joint review board established pursuant to Section 5/11-74.4-5(b) of the

Act (the "Board") was convened upon the provision of due notice on August 3, 2012 at 10:00 a.m., to review the matters properly coming before the Board and to allow it to provide its advisory recommendation regarding the approval of the Plan, designation of the Area

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as a redevelopment project area pursuant to the Act and adoption of Tax Increment Allocation Financing within the Area, and other matters, if any, properly before it; and

WHEREAS, pursuant to Sections 5/11-74.4-4 and 5/11-74.4-5 of the Act, the Commission held the Hearing concerning approval of the Plan, designation of the Area as a redevelopment project area pursuant to the Act and adoption of Tax Increment Allocation Financing within the Area pursuant to the Act on September 11, 2012; and

WHEREAS, the Commission has forwarded to the City Council a copy of its Resolution 12-CDC- 31 attached hereto as Exhibit B, adopted on September 11, 2012, recommending to the City Council approval of the Plan, among other related matters; and

WHEREAS, the Corporate Authorities have reviewed the Plan (including the related eligibility report attached thereto as an exhibit and, if applicable, the feasibility study and the housing impact study), testimony from the Public Meeting and the Hearing, if any, the recommendation of the Board, if any, the recommendation of the Commission and such other matters or studies as the Corporate Authorities have deemed necessary or appropriate to make the findings set forth herein, and are generally informed of the conditions existing in the Area; now, therefore,

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

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

Section 2. The Area. The Area is legally described in Exhibit C attached hereto and incorporated herein. The street location (as near as practicable) for the Area is described in Exhibit D attached hereto and incorporated herein. The map of the Area is depicted on Exhibit E attached hereto and incorporated herein.

Section 3. Findings. The Corporate Authorities hereby make the following findings as required pursuant to Section 5/11-74.4-3(n) of the Act:

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

b. The Plan:

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

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

c. The Plan meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the Plan, the estimated date of completion of the projects described therein and retirement of all obligations issued to finance redevelopment project costs is

not later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted, and, as required pursuant to Section 5/11-74.4-7 of the Act, no such obligation shall have a maturity date greater than 20 years.

Section 4. Approval of the Plan. The City hereby approves the Plan pursuant to Section 5/11-74.4-4 of the Act.

Section 5. Powers of Eminent Domain. In compliance with Section 5/11-74.4-4(c) of the Act and with the Plan, the Corporation Counsel is authorized to negotiate for the acquisition by the City of parcels contained within the Area. In the event the Corporation Counsel is unable to acquire any of said parcels through negotiation, the Corporation Counsel is authorized to institute eminent domain proceedings to acquire such parcels. Nothing herein shall be in derogation of any proper authority.

Section 6. Invalidity of Any Section. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance.

Section 7. Supersedes All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

Section 8. Effective Date. This ordinance shall be in full force and effect immediately upon its passage.

List of Attachments

- Exhibit A: The Plan
- Exhibit B: CDC Resolution recommending to City Council approval of a redevelopment plan, designation of a redevelopment project area and adoption of tax increment allocation financing
- Exhibit C: Legal description of the Area
- Exhibit D: Street location of the Area
- Exhibit E: Map of the Area

4

51 ST AND LAKE PARK TAX INCREMENT FINANCING REDEVELOPMENT AREA PROJECT AND PLAN

City of Chicago, Illinois

September 10, 2012

City of Chicago Rahm Emanuel, Mayor

Department of Housing and Economic Development Andrew J. Mooney,
Commissioner

Prepared by:

Johnson Research Group Inc. 343 South Dearborn Street, Suite
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TABLE OF CONTENTS

I.	INTRODUCTION..:	1
	A. 51 st and Lake Park Tax Increment Financing Redevelopment Project Area	1
	B. Tax Increment Financing	5
	C. The Redevelopment Plan for the 51 st and Lake Park Tax Increment Financing C. Redevelopment Project Area	5
II.	LEGAL DESCRIPTION AND PROJECT BOUNDARY	8
III.	ELIGIBILITY CONDITIONS	9
	A. Summary of Project Area Eligibility	9
	B. Surveys and Analyses Conducted	9
IV.	REDEVELOPMENT GOALS AND OBJECTIVES	11
	A. General Goals	11
	B. Redevelopment Objectives	11
V.	REDEVELOPMENT PROJECT	13
	A. Land Use Plan	13
	B. Redevelopment Goals and Objectives	13
	C. Redevelopment Improvements and Activities	15
	D. Redevelopment Project Costs	17
	E. Sources of Funds to Pay Redevelopment Project Costs	22
	F. Issuance of Obligations	22
	G. Valuation of the Project Area	23
VI.	LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE	24
VII.	FINANCIAL IMPACT	25
VIII.	DEMAND ON TAXING DISTRICT SERVICES	26

A. Impact of the Redevelopment Project	27
B. Program to Address Increased Demand for Services or Capital Improvements	28
IX. CONFORMITY OF THE REDEVELOPMENT PLAN FOR THE PROJECT AREA TO LAND USES APPROVED BY THE PLANNING COMMISSION OF THE CITY	30
X. PHASING AND SCHEDULING	31
XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN	32
XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN	33
XIII. HOUSING IMPACT	34

TABLES

Table 1. Estimated Redevelopment Project Costs	21
Table 2.2011 EAV by PIN	23

FIGURES

Redevelopment Plan Figure 1. Community Context Map	35
Redevelopment Plan Figure 2. Project Area Boundary	36
Redevelopment Plan Figure 3. land Use Plan	37
Redevelopment Plan Figure 4. Community Facilities Map	38

EXHIBITS

EXHIBIT I: 51ST AND LAKE PARK TAX INCREMENT FINANCING ELIGIBILITY REPORT

I. INTRODUCTION

This document is to serve as the redevelopment plan (the "Redevelopment Plan") for an area located on the South Side of the City of Chicago (the "City") approximately six miles south of the City's central business district (the "Loop"). The area is generally bounded by Hyde Park Boulevard (also known as 51st Street) on the north; Lake Park Avenue on the east; the southern boundary line of tax parcels 20-11-405-008-0000 and 20-11-405-009-0000 on the south; and the west side of Harper Avenue on the west. The area includes frontage along both Hyde Park Boulevard and Lake Park Avenue, both key commercial/mixed use corridors of in the Hyde Park Community Area. This area is referred to in this document as the 51st and Lake Park Tax Increment Financing Redevelopment Project Area (the "Project Area"). For a map depicting the location of the Project Area with the City of Chicago, Redevelopment Plan Figure 1. Community Context Map.

In conjunction with the City's strategy to encourage managed growth and stimulate private investment within

the Project Area, Johnson Research Group, Inc. ("JRG" or the "Consultant") was engaged to study whether the Project Area of approximately 2.25 acres qualifies as a "conservation area," a "blighted area," or a combination of both blighted areas and conservation areas 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 accompanying 51st and Lake Park Tax Increment Financing Eligibility Report (the "Eligibility Report"), has not been subject to growth and development through investment by private enterprise and is not reasonably expected to be developed without public intervention and leadership by the City.

The Redevelopment Plan summarizes the analyses and findings of the Consultant's work, which, unless otherwise noted, is the responsibility of JRG. The City is entitled to rely on the findings and conclusions of this Redevelopment Plan in designating the Project Area as a redevelopment project area under the Act. The Consultant has prepared this Redevelopment Plan and the related Eligibility Report with the understanding that the City would rely: 1) on the findings and conclusions of the Redevelopment Plan and the related Eligibility Report in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Redevelopment Plan, and 2) on the fact that the Consultant has obtained the necessary information so that the Redevelopment Plan and the related Eligibility Report will comply with the Act.

A. 51st and Lake Park Tax Increment Financing Redevelopment Project Area

The 51st and Lake Park Project Area is situated in the Hyde Park Community Area. Approximately 2.25 acres in size, the Project Area includes two (2) tax parcels within one tax block.

The Project Area consists of two improved tax parcels with commercial buildings and a portion of Harper Avenue right-of-way for a length of 200 feet. The Project Area's three buildings were built in the 1960s as the community was undergoing redevelopment guided by urban renewal plans.

There are three buildings in the Project Area: one three-story office building, a one-story multi-tenant retail building located on the northern portion of the Project Area (the "North Retail Building") and a one-story single-tenant retail building, occupied by Village Foods grocery, located on the southern portion of the Project Area (the "South Retail Building"). The North Retail Building was previously occupied by a pancake restaurant, a real estate brokerage office, and a small pizza restaurant. The pizza restaurant is the only remaining tenant other than the property

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

owner's maintenance operations in the basement. The third floor of the 3-story office building is characterized by severe damage to the ceilings, walls, floors and HVAC system and has not been occupied since the mid-1990s. Portions of the first and second floor are also vacant and the building's overall vacancy is over 77%. The remainder of the Project Area consists of the Harper Avenue right-of-way and an insufficiently-sized parking lot that serves the users of these three buildings described above.

For a map depicting the Project Area boundaries, see Redevelopment Plan Figure 2. Project Area Boundary. A legal description of the Project Area is included in Section II, Legal Description and Project Area Boundary.

Hyde Park Community Area

The Project Area lies within the Hyde Park community area and occupies the northernmost (approximately two-thirds of the physical block bounded by Hyde Park Boulevard on the north, Lake Park Avenue on the east, the south line of parcels 20-11-405-008-0000 and 20-11-405-009-0000 on the south, and Harper Avenue on the west. The Hyde Park Community area extends from Lake Michigan on the east to Cottage Grove on the west, and from 51st Street on the north to 60th Street on the south.

Geographic Context

53rd Street (one block south of the Project Area) serves as the "main street" of the Hyde Park community. Lake Park Avenue is the main link between 53rd Street and Hyde Park's other retail streets. There is a concentration of retail uses along 53rd Street, at the intersection of 53rd Street and Lake Park Avenue, and north of 53rd Street along Lake Park Avenue. These commercial corridors are cohesive by providing a complete range of retail, commercial, service and institutional uses to area residents and visitors. In order to remain part of a viable commercial and mixed use corridor, it is critical that the Project Area be redeveloped in a way that successfully blends with adjacent properties and streetscaping in the corridor, provides additional shopping and parking options, and presents an aesthetically strong gateway entrance to the community.

Historical Context

Settlement of the Hyde Park community began in the 1850s with the subdivision of land and the construction of an Illinois Central Railroad Station at Lake Park Avenue and 53rd Street. Hyde Park Township was incorporated in 1861, and during the 1860s further subdivision took place and a water works and gas plant were established. Further development in the area was spurred by the creation of Jackson and Washington parks, and by 1880, the Village of Hyde Park had reached a population of 15,000. The Village of Hyde Park was annexed to the City in 1889 and in the next decade Hyde Park experienced major growth due to the Columbian Exposition and the University of Chicago, which opened in 1892. Residential areas south of 55th Street and east of the campus were developed for University faculty and staff while apartment hotels and rooming houses were built in anticipation of the fair. The central business district was located along 55th Street and the primary shopping area developed on 57th Street and Kimbark. The population of Hyde Park continued to grow, reaching 37,000 in 1920 and 48,000 by 1930. During the Depression, compartmentalizing of large homes and conversion of apartments took place in order to accommodate the increased population.

Between 1930 and 1950, approximately 3,000 new apartment units were constructed. The community's historic peak in population was 55,000 in 1950. However, the deterioration of buildings constructed during the Columbian Exposition era required rehabilitation or demolition and the housing shortage became acute. There was much turnover in the 1950s and the Hyde

51^s and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

Park Kenwood Community Conference was formed to halt urban decay and encourage racial integration. The South East Chicago Commission was formed in 1952 to reduce crime, eliminate the unlawful substruction of apartments, and to help develop a strong commercial base. In 1955, urban renewal in Hyde Park began with significant demolition on 55th Street from Lake Park to Kenwood Avenues and in 1957, the City Council of Chicago approved a \$20,000,000 redevelopment project for 55th Street from Lake Park to Dorchester Avenue.

The total population dropped by 12,000 during the 1960s from 45,577 to 33,559 and housing overcrowding was reduced, despite the fact that the number of housing units declined by more than twenty percent during that decade. This trend continued through 1990, although the decline was much more gradual after 1970. The total population in 1990 was 28,630. The community actually experienced a small growth in 2000 to 29,920, but has since declined another 14% to a population of 25,681 in 2010 (most recent Census data).

In spite of hopeful signs of residential and commercial development in the Hyde Park area as a whole, the area is in need of investment from the private sector and physical rehabilitation of public and institutional uses. There is substantial evidence of physical decay along with issues of competitiveness and functionality. A coordinated redevelopment strategy is needed to improve the appearance and functionality of the Project Area within this diverse urban community. This plan represents an effort to help attract new investment to the Project Area and create an important pillar of strength in a location that serves as a key gateway into the Hyde Park community..

In the Project Area and surrounding blocks, purely private real estate investment interest has rarely been sufficient incentive for construction of new property, even during the recent decade-plus real estate boom in

the City that ended in 2008. The University of Chicago serves as a critical anchor of the community and has steadily attempted to support and encourage property development and business attraction efforts, with the Harper Court development to the south of the Project Area representing its latest major project.

The current owner of the properties within the Project Area has explored private redevelopment of the property, but the impediments to the area's development have made the project infeasible. Nonetheless, some positive improvements have taken place in the residential areas both to the north and south of the Project Area. The City implemented the 53rd Street Redevelopment Project Area Tax Increment Financing District (the "53rd Street TIF District") to the south and east of the Project Area in 2001 and, through the TIF program, the area has experienced gradual but steady progress towards improving the overall area's appearance and enhanced the strength of local businesses. In the neighborhoods north of the Project Area, the number of new, private residential developments increased in the last several years of the City-wide building boom, though such development stopped in tandem with the nationwide real estate slump that began in 2008. The Harper Court development, currently under construction after years of planning, will be a pivotal achievement of that TIF District, but it would not have been possible without significant TIF funding and an extraordinary long-term commitment by the University of Chicago to lease a large block of office space in the project.

The Project Area is conveniently located less than 6 miles from the Loop with close proximity to the Metra Electric District commuter rail line and multiple bus routes. Within one mile of the Project Area stands some of the most attractive and solidly built housing stock in the City, including large amounts of both single family and multi-family buildings, many dating back to the turn of the 20th Century. There are no Chicago Landmarks in the Project Area.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

The Project Area includes a number of other physical assets:

- Convenient access to and from Lake Shore Drive at 47th Street.
- Excellent public transportation options include three Chicago Transit Authority ("CTA") express bus routes to/from downtown Chicago, as well multiple bus routes running east/west along 51st Street and north/south routes running along Lake Park Avenue. All of these bus routes have stops within one or two blocks of the Project Area. The nearest CTA elevated line stop is the Green Line stop at 51st Street and Calumet Avenue which is about two miles west of the Project Area (accessible via bus routes 15 and 51).
- The Project Area is well served by the Metra Electric District commuter rail line with the 51st/53rd Street (Hyde Park) station located across the street (east side of Lake Park Avenue) from the Project Area.
- The lakefront parks are located just two blocks to the east of the Project Area, and Kenwood Park, a large community scale park with tennis courts, baseball diamonds, walking paths, and playgrounds, is just four blocks northwest of the Project Area at 50th Street and Dorchester Avenue.
- Jackson Park, a regional park of 543 acres, is located five blocks south of the Project Area. Part of a parks and boulevard system designed by Frederick Law Olmsted and Calvert Vaux, Jackson Park was the site of the World's Columbian Exposition of 1893. Jackson Park features the Japanese style Osaka Garden, three harbors, a golf course and multiple indoor and outdoor recreational facilities. Further away is Washington Park, located two miles west of the Project Area. Washington Park is the western division of the park and boulevard system and is connected to Jackson Park by the Midway Plaisance. It is a regional scale park with multiple indoor and outdoor facilities, natatorium, walking trails, and the DuSable Museum of African American History.
- Other nearby assets include the Museum of Science and Industry at 57th and Lake Shore Drive, less than one mile southeast of the Project Area, as well as the University of Chicago campus and medical center.

Despite these assets and other nearby strengths, the Project Area as a whole has not been subject to growth and development through investment exclusively by the private sector. The Project Area is characterized by

the presence of aging and deteriorated buildings and site conditions, chronic vacancies, insufficient parking, and declining property values.

Evidence of this lack of growth and development is detailed in Section VI and summarized below.

- The population of Hyde Park has declined from by 53% since its peak of 55,000 in 1950 to 25,681 in 2010, and has declined by 14% just in the last decade (2000 to 2010).
- No new development or investment has occurred in the Project Area in the last 5 years, as evidenced by the issuance of only one building permit between 2006 and April 2012 (which was for interior demolition).
- No new residential units have been constructed in Hyde Park in nearly 20 years (excluding dormitory or University related housing).
- The Project Area is predominated by deteriorating structures with dilapidated conditions present in the largest of the three buildings.
- Declining property values in the Project Area, as evidenced by the declining EAV compared to the rest of the City. The EAV of the Project Area has decreased by 26% from 2005 to 2011, while over the same period the City's EAV increased by over 26%.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

These declining physical and economic conditions 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 Equalized Assessed Valuation ("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 to arrive at the Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, the City may issue obligations secured by Incremental Property Taxes to be generated within the redevelopment project area. In addition, the City 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 City; (c) the full faith and credit of the City; (d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the City may lawfully pledge.

Tax increment financing does not generate tax revenues. This financing mechanism allows the City to capture, for a certain number of years, the new tax revenues produced by the enhanced valuation of properties resulting from -the City's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. This revenue, is then reinvested in the area through rehabilitation, developer subsidies, public improvements and other eligible redevelopment activities. 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 51st and Lake Park 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 on a comprehensive and coordinated basis without the use of TIF.

JRG has prepared the Redevelopment Plan and the related Eligibility Report with the understanding that the City would rely on (i) the findings and conclusions of the Redevelopment Plan and the related Eligibility Report in proceeding with the designation of the Project Area as a Redevelopment Project Area under the Act and adoption of the Redevelopment Plan, and (ii) the

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

fact that JRG has obtained the necessary information so that the Redevelopment Plan and the related Eligibility Report 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 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 conservation area factors 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 can become a stable environment that will attract new private¹ 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 and undertake other redevelopment project activities authorized under the Act 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 criteria that 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 conservation area conditions which have limited development of the Project Area by the private sector on a comprehensive and area-wide basis.

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:

- Elimination of problem conditions in the Project Area and a strengthened tax base for affected taxing districts arising from new commercial and mixed use development;

51^{s1} and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

Increased opportunities for market-rate and affordable rental and for-sale housing within the Project Area; and

Improved and expanded off street parking facilities to adequately serve the Project Area's uses.

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 Redevelopment Plan Figure 1. Project Area Boundary, and are generally described below:

The area is generally bounded by Hyde Park Boulevard (also known as 51st Street) on the north; Lake Park Avenue on the east; the southern boundary line of tax parcels 20-11-405-008-0000 and 20-11-405-009-0000 on the south; and the west side of Harper Avenue on the west.

The legal description of the Project Area is provided as follows:

ALL THAT PART OF THE EAST $\frac{1}{2}$ OF THE SOUTHEAST Y* OF SECTION 11, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 10 IN CORNELL'S RESUBDIVISION OF BLOCKS 15 AND 16 OF HYDE PARK, A SUBDIVISION OF THE EAST HALF OF THE SOUTHEAST QUARTER AND THE EAST HALF OF THE NORTHEAST FRACTIONAL QUARTER OF SECTION 11, AND THE NORTH PART OF THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 12 AND THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, ALL IN TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG THE NORTH LINE OF LOT 10 AND ALONG THE NORTH LINE OF LOT 5 AND THE EASTERLY EXTENSION OF THE NORTH LINE OF LOT 5 IN CORNELL'S RESUBDIVISION AFORESAID TO THE EASTERLY LINE OF VACATED SOUTH LAKE PARK AVENUE VACATED BY ORDINANCE PASSED BY THE CITY COUNCIL OF THE CITY OF CHICAGO ON AUGUST 25, 1966;

THENCE NORTHERLY ALONG THE EASTERLY LINE OF VACATED SOUTH LAKE PARK AVENUE AFORESAID TO THE SOUTH LINE OF HYDE PARK BOULEVARD AS WIDENED;

THENCE WEST ALONG THE SOUTH LINE OF HYDE PARK BOULEVARD AS WIDENED TO THE EAST LINE OF SOUTH HARPER AVENUE;

THENCE SOUTH ALONG THE EAST LINE OF SOUTH HARPER AVENUE TO THE INTERSECTION WITH THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 2 IN BLOCK 14 IN AFORESAID HYDE PARK;

THENCE WEST ALONG THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 2 AFORESAID TO THE SOUTHEAST CORNER OF LOT 2 IN BLOCK 14 IN AFORESAID HYDE PARK;

THENCE SOUTH ALONG THE WEST LINE OF HARPER AVENUE TO THE POINT OF INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 10 IN CORNELL'S RESUBDIVISION AFORESAID;

THENCE EAST ALONG THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 10 IN CORNELL'S

RESUBDIVISION AFORESAID TO THE NORTHWEST CORNER OF LOT 10 BEING THE POINT OF BEGINNING;

ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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 area factors in the Project Area. The report, prepared by JRG is entitled "51st and Lake Park Tax Increment Financing Eligibility Report," (the "Eligibility Report") and is attached as EXHIBIT II to this Redevelopment Plan.

A. Summary of Project Area Eligibility

Based upon surveys, inspections and analyses of the Project Area, the Project Area qualifies under the applicable criteria as a conservation area within the requirements of the Act.

Project Area

The Project Area meets the required age condition for a conservation area which requires that 50% or more of the buildings must be 35 years of age or older. The Project Area is characterized by the presence of a combination of three or more of the factors listed in the Act, rendering the Project Area detrimental to the public safety, health and welfare of the citizens of the City and if left unchecked, may allow the Project Area to become a blighted area. Specifically,

- Of the three buildings in the Project Area, three, or 100%, are 35 years of age or older.
- Of the 13 factors set forth in the Act, six (6) factors are found to be present to a meaningful extent and reasonably distributed throughout the Project Area. These factors include: dilapidation; deterioration; presence of structures below minimum code standards; excessive vacancies; inadequate utilities; and declining or lagging equalized assessed valuation (EAV). Only three (3) factors are required for eligibility as a conservation area.

As a whole, the Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

B. Surveys and Analyses Conducted

The conditions documented in the Project Area are based upon surveys and analyses conducted by JRG. The surveys and analyses conducted for the Project Area include:

1. Exterior survey of the condition and use of all buildings and sites;
2. Interior survey of the condition and use of all buildings in the Project Area;
3. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences, and general property maintenance;
4. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
5. Comparison of current land use to current zoning ordinance and the current zoning map;
6. Analysis of original platting and current parcel size and layout;
7. Analysis of vacant buildings;
8. Analysis of building floor area and site coverage;
9. Review of previously prepared plans, studies and data;

10. Analysis of .City of Chicago building permit data and building code violation data for the period from January 2006 through April 2012;

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

11. **Analysis of storm, sanitary sewer lines and water supply lines within the Project Area via existing infrastructure maps provided by the City of Chicago's Department of Water Management;**
12. **Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area for assessment years 2006 to 2011; and**
13. **Review of Cook County Treasurer records for collection years 2009, 2010 and 2011.**

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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 that will foster an improved quality of life and contribute more positively to the health, safety and general welfare of the Project Area and the surrounding community.
2. Elimination of the factors that qualified the Project Area as a conservation area.
3. Provide the mechanisms necessary to establish the Project Area as an active and vibrant mixed-use commercial area that provides a comprehensive range of commercial and retail uses to the surrounding residential community.
4. Stimulate new commercial and mixed use development opportunities that will increase the real estate tax base of the City and other taxing districts having jurisdiction over the Project Area.
5. Increased employment and business opportunities for community residents.

B. Redevelopment Objectives

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

1. Create an environment with a high quality and vitality of place that will nurture development of human capital, business, and real estate investment.
2. Strengthen the economic well being of the Project Area and surrounding area by facilitating the redevelopment of the Project Area property.
3. Strengthen the commercial corridor of Lake Park Avenue by encouraging new and prominent commercial and/or mixed use development in the Project Area.
4. Facilitate and encourage the development of new housing units, including for sale and/or rental units at market rate and affordable prices..
5. Encourage visually attractive buildings, rights-of-way, and site development that reinforces an urban design framework.
6. Incorporate transit oriented planning principles into development design and encourage mixed use communities that provide opportunities for residents to work, live, learn and shop in close. proximity to transportation facilities.
7. Improve quantity, access to, and visual appearance of off-street parking to be consistent with modern,

urban standards for commercial and residential development.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

8. Upgrade public utilities, infrastructure and streets, including lighting, streetscape and beautification that reinforces area identity, enhances safety and encourages pedestrian activity, as appropriate.
9. Create new job opportunities for City residents utilizing the most current hiring programs and appropriate job training programs.
10. Provide opportunities for women-owned, minority-owned and local businesses and local residents to share in the redevelopment of the Project Area.
11. Encourage improvements in accessibility for people with disabilities.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by other public and private entities on behalf of the City in furtherance of this Redevelopment Plan. The Redevelopment Project, as outlined in this section conforms to the plans and policies in place within the Project Area including the 53rd Street TIF Plan, A Vision for the Hyde Park Retail District (March 2000), A Plan for Economic Growth and Jobs (February 2012), Planned Development Number 1174, and the Chicago Zoning Ordinance.

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

A. Land Use Plan

The land uses within the Project Area and their recommended uses within those land uses are listed and described below. The Land Use Plan is intended to direct TIF eligible expenditures and does not affect the zoning currently in place within the Project Area. The land uses proposed for the Project Area are described below and illustrated in Redevelopment Plan Figure 2. Land Use Plan.

Commercial and Mixed-Use (Residential/Commercial or Residential/Institutional)

The entire Project Area is designated as residential/commercial mixed use developments consistent with the underlying zoning designation as a planned development. Commercial and retail/service uses are intended to provide office space or goods and services for the nearby residential neighborhoods and surrounding community. Commercial and mixed use developments should be designed with good vehicular accessibility, parking and visibility.

Commercial and mixed use developments should be compatible with adjacent commercial and residential uses and be consistent with the City Zoning Ordinance. Underutilized and severely deteriorated properties should be considered for high quality new development. Off-street parking should be maximized to complement the Project Area's uses.

New developments should be pedestrian oriented and accommodate a mix of uses that serve and support employees, businesses and residents within the larger community. Multi-family residential or office uses, would be encouraged in upper floors and as permitted in the City Zoning Ordinance.

All development should comply with the Redevelopment Plan objectives set forth in Section IV, the Chicago Zoning Ordinance and applicable Planned .Development for the Project Area ("PD 1174"), and all other relevant City ordinances and development guidelines.

B. Redevelopment Goals and Objectives

Listed below are the specific redevelopment goals and 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.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

The Development and Design Objectives are intended to enhance and attract desirable uses such as new

commercial development or new mixed use development; foster developments consistent and coordinated with other nearby uses; and revitalize the overall identity of the Project Area.

a) **Land Use**

- Strengthen the commercial base of the Project Area to provide local shopping and employment opportunities for community residents and improve the area's image as a well-planned, sustainable and cohesive urban neighborhood.
- Encourage new business and commercial development to provide the goods and services necessary to sustain a thriving and vibrant community.
- Encourage comprehensive housing options that can serve homeowners and renters at market and affordable levels.

b) **Building and Site Development**

- Maintain the City's traditional neighborhood design that is characterized by a grid pattern of streets, buildings oriented toward the street, and a human scale that is attractive and inviting to pedestrians.
- Maintain the cohesive character of the larger community by encouraging new developments that reflect designs consistent with the surrounding neighborhoods, including street orientation of buildings; alleys; adequate off street parking with visually pleasing exterior design; and limited curb cuts.
- Encourage architectural styles that would be complementary with the surrounding neighborhood.
- Ensure that private development improvements to sites and streetscapes are consistent with public improvement goals and plans.
- Strive to attain a minimum of LEED Silver certification in all buildings consistent with PD 1174, the City's Green Building Agenda.

c) **Transportation, Circulation and Infrastructure**

- Promote improved signage to the nearby public transportation facilities and other community assets.
- Improve the street surface, curb and gutter conditions, street lighting, and traffic signalization.
- Major pedestrian routes, such as Harper Avenue, should be improved with better lighting and directional signage to enhance the street's attractiveness and convenience as a connection to and from the neighboring retail district.
- Upgrade public utilities and infrastructure as required.
- Ensure that provision of off-street parking meets or exceeds the minimum requirements of the City using high quality urban design standards that complement and contribute to the pedestrian environment.
- Minimize curb cuts for ingress and egress to buildings or parking lots to reduce disruption of pedestrian flow.
- Explore the opportunities for improved or additional on-street parking, where possible.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

d) **Urban Design, Landscaping, and Open Space**

- Ensure that any open spaces are designed, landscaped and lit to achieve a high level of public safety and security.
- Provide new pedestrian-scale lighting where appropriate.

- Encourage streetscape features within the Project Area including parkway trees.
- Promote high quality and harmonious architectural, landscape and streetscape design that contributes to and complements the surrounding neighborhoods.
- Ensure that all landscaping and design materials comply with the City's Landscape Ordinance or applicable Planned Development and reflect the character of the neighborhood.

C. 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 for 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 required to set aside 20 percent of the units as affordable units. For-sale housing must be affordable to households earning no more than 100 percent of the area median income, as defined by the US Department of Housing and Urban Development ("HUD"). Rental units must be affordable to households earning no more than 60 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, through the Tax Reactivation Program or other programs 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

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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 acquire any historic structure (whether a designated City or State landmark on, or eligible for nomination to, the National Register of Historic Places) and (a) demolish any non-historic feature of such structure; (b) demolish all or 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 (c) incorporate any historic structure or historic feature into a development on the subject property or adjoining property.

2. Relocation

Relocation assistance may be provided to facilitate redevelopment of portions of the Project Area and to meet other City objectives. Business or households legally occupying properties that may be acquired by the City subsequent to this Redevelopment Plan may be provided with relocation advisory and financial assistance as determined by the City.

3. Provision of Public Works or Improvements

The City may provide (or assist other public bodies in providing) 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 construction or reconstruction, may be undertaken.

b) ***Parking and Transportation***

Improvements to existing or construction of new public infrastructure and transportation enhancements including bus shelters, directional signage and other transportation improvements, off-street parking sites and/or facilities and on-street parking improvements to ensure coordinated vehicular movement and access.

4. Rehabilitation of Existing Buildings

The City will encourage the rehabilitation of public and private buildings that are basically sound and/or historically or architecturally significant. This includes properties individually designated as Chicago Landmarks, contributing properties to Chicago Landmark Districts, properties individually listed to the National Register of Historic Places, contributing properties to National Register of Historic Places-listed historic districts, and properties identified as either "orange" or "red" in the Chicago Historic Resources Survey.

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 or institutions.

57th and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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 developers for a portion of interest costs incurred by a developer 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

developer 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 total: (i) cost 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) the cost limits set forth in subparagraphs (b) and (d) above shall be modified to permit payment of up to 75 percent of interest costs incurred by a developer 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 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.

D. 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").

57th and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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 Project 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 Project Area and such
 - . proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the Project Area and surrounding community;
 - 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 City 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 City 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.C.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

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

- leading directly to employment, incurred by one or more taxing districts, provided that such costs: (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Project Area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the 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 developer 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 developer for such 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
 5. The cost limits set forth in paragraphs 2 and 4 above may be modified to permit payment of up to 75 percent of the interest cost incurred by a developer 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) Instead of the eligible costs provided for in (e) 2,3 and 5 above, the City may pay 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

51st and Lake Pan\ Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10,2012

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 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 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 Table 1. Estimated Redevelopment Project Costs. All estimates are based on 2012 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Redevelopment Plan at the City's discretion.

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 Redevelopment Project Costs under the Redevelopment Plan to the extent permitted by the Act. In the event of such amendment(s) to the Act, the City may add any new eligible redevelopment project costs as a line item in Table 1 or otherwise adjust the line items in Table 1 without amendments to this 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.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois-September 10, 2012

Table 1. Estimated Redevelopment Project Costs

ELIGIBLE EXPENSE	ESTIMATED COST
Analysis, Administration, Studies, Surveys, Legal, Marketing etc. \$2,700,000 Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation \$6,800,000	
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation costs	\$19,200,000
Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) ¹¹¹	\$4,100,000
Relocation Costs x	\$1,400,000
Job Training, Retraining, Welfare-to-Work	\$700,000
Day Care Services	\$700,000
<u>Interest Subsidy</u>	<u>\$8,200,000</u>
TOTAL REDEVELOPMENT COSTS^{21131 [4]}	\$43,800,000

¹¹¹ 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.

¹²¹ 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.

¹³¹ 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.

¹⁴¹ Increases in estimated Total Redevelopment Project Costs of more than five percent, after adjustment for inflation from the date of the Redevelopment Plan adoption, are subject to the Redevelopment 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.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois -September 10, 2012

E. 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 for 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 Project Area is contiguous to the 53rd Street Redevelopment Project Area 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 Table 1. Estimated Redevelopment Project Costs.

F. 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

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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., December 31, 2036, assuming City Council approval of the Project Area and Redevelopment Plan in 2012). 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 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.

G. Valuation of the Project Area

1. Most Recent EAV of Properties in the Project Area ,

The purpose of identifying the most recent 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 2011 EAV of all taxable parcels in the Project Area is approximately \$2,320,971. This total EAV amount by PIN is summarized in Table 2. 2011 EAV by PIN. 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.

Table 2. 2011 EAV by PIN

PIN	2011 EAV
20-11-405-008-0000	1,165,268
20-11-405-009-0000	1,155,703
Total Project Area EAV:	2,320,971

2. Anticipated Equalized Assessed Valuation

By the tax year 2035 (collection year 2036) and following the substantial completion of the Redevelopment Project, the EAV of the Project Area is estimated at approximately \$55,000,000. The estimate is based on several assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2)

approximately 200 new residential units will be constructed in the Project Area between 2013 and 2018; 3) approximately 150,000 square feet of new commercial space; 4) an estimated annual inflation rate in EAV of 3.0 percent through 2035, realized in triennial reassessment years only (9.27 percent per triennial reassessment period); and 5) the most recent state equalization factor of 2.9706 (2011 value) is used in all years to calculate estimated EAV.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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 area factors, and these factors are reasonably distributed throughout the Project Area. Conservation area 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:

- The community area of Hyde Park has steadily lost population over the last six decades for which census data is available. Between its peak in 1950 (at 55,000) and 2010 (at 25,681), the area experienced a combined decrease of 53%, or over half its population. This trend appears to continue, with a population decline of 14% in the most recent ten years (2000 to 2010).
- Between January 2006 and April 2012, there was only one (1) building permit issued in the Project Area, which was for purposes of interior demolition. The estimated value of this permit is \$120,000. This demonstrates a total lack of private investment in the Project Area over the last six years.
- The area is characterized by aging and deteriorated commercial buildings, built in the 1960s. Owners of the buildings in the Project Area have been unable to invest in major renovation or new construction due to the minimal or negative returns expected from such investment.
- No new residential units have been constructed in Hyde Park in nearly 20 years (excluding dormitory or University related housing).
- The equalized assessed value of the Project Area has declined from \$3,135,749 in 2005 to \$2,320,971 in 2011, a decline of 26% over six years while the City EAV has grown by over 26% and general consumer price inflation has risen by over 15% during this period.

In summary, the Project Area qualifies under the Act as a conservation area on the basis that 1) it meets the age threshold and exhibits the meaningful presence and reasonable distribution of 6 of the 13 criteria listed in the Act for a conservation area. Therefore, the Project Area as a whole is eligible under the TIF Act as a redevelopment project area, with the meaningful presence and reasonable distribution of conservation area conditions that are detrimental to the public safety, health, and welfare.

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 on a comprehensive and coordinated basis without the adoption of this Redevelopment Plan for the Project Area.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois- September 10, 2012

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 area 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 privately and publicly-funded new construction or rehabilitation of buildings 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. There are no Forest Preserve District facilities located within the boundaries of the Project Area.

Metropolitan Water Reclamation District of Greater Chicago. This district provides the main trunk lines for the collection of wastewater 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.

City of Chicago Library Fund. General responsibilities of the Library Fund include the provision, maintenance and operation of the City's library facilities. There are no public library facilities within the Project Area but the Blackstone branch library facility is located two blocks to the north at 4904 S. Lake Park Avenue as indicated in Redevelopment Plan Figure 3. Community Facilities.

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.

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operation of educational facilities and the provision of educational services for kindergarten through twelfth grade. There are no public school facilities located in the Project Area, although the Kenwood Academy High School and Canter Middle School are located immediately adjacent to the north of the Project Area.

In addition to the nearby Kenwood Academy and Canter Middle School, the Beulah Shoemith Elementary School and the Phillip Murray School are also located within approximately 1/2 mile of the Project Area as indicated in Redevelopment Plan Figure 3. Community Facilities.

Chicago Park District and Chicago Park District Aquarium & Museum Bonds. 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. There are no public parks in the Project Area, but there are several park facilities located within approximately 1/2 mile of the Project Area as indicated in Redevelopment Plan Figure 3. Community Facilities.

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

All public facilities located within the Project Area as well as those facilities located within 1/2 mile of the Project Area are identified in Redevelopment Plan Figure 3. Community 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 Project Area 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, commercial, 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 is 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 replacement or rehabilitation of underutilized properties with new residential development is likely to increase the demand for services and programs provided by the Board of Education. It is anticipated that the nearby schools will be able to accommodate any increased demand caused by new residential units and school age children in the Project Area.

Chicago Park District. The replacement or rehabilitation of underutilized properties with residential, commercial, business and other development is likely to increase the demand for services, programs and capital improvements provided by the Chicago Park District near 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. There are no public parks located within the Project Area.

City of Chicago Library Fund. The replacement or rehabilitation of underutilized properties with residential, commercial, business and other development is likely to increase the demand for services, programs and capital improvements provided by the City of Chicago Library Fund. There is no library facility located within the Project Area boundaries.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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.

- Metropolitan Water Reclamation District of Greater Chicago. It is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately served 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.

- City of Chicago. 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.
- Board of Education. It is expected that new residential development or the redevelopment of vacant, underutilized or non-residential property to residential and/or mixed-use will result in an increase in demand for services provided by the Board of Education. The amount and type of new development is not known at this time but will be closely monitored by the City of Chicago. Due to the size of the Project Area and zoning restrictions, a maximum of 200 residential units is expected to be accommodated by new development within the Project Area.

With the decline in population and housing units within the community area over several decades, there has been a corresponding decrease in the number of school age students attending public school facilities near the Project Area. Each of the elementary school facilities near the Project Area is operating under capacity.

Due to the mobility of high school age children, capacity issues at the high school level are not considered as critical as elementary schools. It is anticipated that new high school age children resulting from new development in the Project Area can be accommodated by the city-wide school system but may require, over time, new or expanded school facilities.

It is not anticipated that new development within the Project Area will exceed the current facilities provided by the Board of Education. The City and the Board of Education will monitor development in the Project Area to ensure that residents are adequately served and any increased demand for services and capital improvements provided by the Board of Education are addressed.

Other Taxing Districts. It is expected that any increase in demand for Chicago Park District, Chicago Library Fund, Cook County, Cook County Forest Preserve District, and Chicago Community College District 508's services and programs associated with the Project Area can be adequately served by existing services and programs maintained and operated by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts.

The City's program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Project

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

occurring as anticipated in this Redevelopment Plan, (ii) the Redevelopment Project resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs; and (iii) the generation of sufficient Incremental Property Taxes to pay for the Redevelopment Project Costs (identified in Table 1. Estimated Redevelopment Project Costs). In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise its program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

57th and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

**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.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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 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., December 31, 2036, assuming City Council approval of the Project Area and Redevelopment Plan in 2012).

51st and Lake Pan\ Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN

This Redevelopment Plan may be amended pursuant to the Act.

51st and Lake Pan\ Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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 24 percent Minority Business Enterprises and 4 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 any applicable 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.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

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 6r more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and the City is unable to certify that no displacement will occur, the City must prepare a housing impact study and incorporate the study in the redevelopment project and plan.

The Redevelopment Project Area does not contain any inhabited residential units. As a result, it is not possible that the implementation of this Redevelopment Plan will directly cause any displacement of residents.

51st and Lake Park Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - September 10, 2012

Redevelopment Plan Figure 1: Community Context Map

51st and Lake Park Tax Increment Financing District

NORTH

Prepared by: Johnson Research Group 06.12

50TH ST

Legend

tnProject Area Boundary U Improved Area

i n r"ft t i

Redevelopment Plan Figure 2: Project Area Boundary

51st and Lake Park Tax Increment Financing District

north

Prepared by: Johnson Research Group 06.12

Redevelopment Plan Figure 3: Land Use Plan north 51st and Lake Park Tax Increment Financing District Prepared by: Johnson Research Group 06.12

o o o

49TH

MADISON AVENUE

HYDE PARK

52ND

53RD

-N]CHOLS,(JOHN feQUNTAIN)

MURRAY ELEMENTARY

54TH

=55IH

ROCHDALE

Redevelopment Plan Figure 4: Community Facilities Map north 51st and Lake Park Tax

Increment Financing District prepared by: Johnson Research Group06.12

EXHIBIT I: 51st and Lake Park Tax Increment Financing Eligibility Report

51 AND LAKE PARK TAX INCREMENT FINANCING ELIGIBILITY REPORT

City of Chicago, Illinois

June 29, 2012

City of Chicago Rahm Emanuel, Mayor

Department of Housing and Economic Development Andrew J. Mooney, Commissioner

Prepared by:

Johnson Research Group Inc. 343 South Dearborn Street, Suite 404 Chicago, Illinois 60604

TABLE OF CONTENTS

	INTRODUCTION	1
I.	BASIS FOR REDEVELOPMENT	3
II.	ELIGIBILITY SURVEY AND ANALYSIS	5
III.	PROJECT AREA ELIGIBILITY FACTORS	6

A. Dilapidation	6	
B. Obsolescence	8	
C. Deterioration	9	
D. Presence of Structures Below Minimum Code Standards	10	
E. Illegal Use of Individual Structures	11	
F. Excessive Vacancies	11	
G. Lack of Ventilation, Light, or Sanitary Facilities	11	
H. Inadequate Utilities	12	
I. Excessive Land Coverage & Overcrowding of Structures and Community Facilities		12
J. Deleterious Land Use or Layout	12	
K. Lack of Community Planning	13	
L. Environmental Remediation	13	
M. Declining or Lagging Equalized Assessed Valuation	13	
IV. DETERMINATION OF PROJECT AREA ELIGIBILITY	15	

FIGURES AND TABLES

Eligibility Report Figure 1. Project Area Boundary	17
Eligibility Report Figure 2. Age	18
Eligibility Report Figure 3. Existing Land Use	19
Eligibility Report Figure 4. Dilapidation	20
Eligibility Report Figure 5. Deterioration	21
Eligibility Report Figure 6. Buildings Below Minimum Code Standards	22
Eligibility Report Figure 7. Excessive Vacancies	23
Eligibility Report Figure 8. Inadequate Utilities	24
Eligibility Report Figure 9. Declining or Lagging EAV	25
Table 1. Growth of Project Area vs. Remainder of City of Chicago	14
Table 2. Distribution of Conservation Area Factors	15

INTRODUCTION

The purpose of this report, entitled the 51st and Lake Park Tax Increment Financing Eligibility Report (the "Eligibility Report"), is to determine whether approximately 2.25 acres of land located on the south side of the City of Chicago (the "City") qualifies for designation as a redevelopment project area based on findings for a "conservation area," and/or a "blighted 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 area examined in this Eligibility Report is generally bounded by Hyde Park Boulevard (also known as 51st Street) on the north; Lake Park Avenue on the east; the southern boundary line of tax parcels 20-11-405-008-0000 and 20-11-405-009-0000 on the south; and the west side of Harper Avenue on the west. This area is referred to in this document as the 51st and Lake Park Tax Increment Financing Redevelopment Project Area (the "Project Area"). The boundaries of the Project Area are shown on Eligibility Report Figure 1, Project Area Boundary.

The findings and conclusions presented in this report are based on surveys, documentation, and analyses conducted by Johnson Research Group ("JRG" or the "Consultant") for the Project Area. The Eligibility Report summarizes the analyses and findings of JRG's work, which is the responsibility of JRG. The City of Chicago is entitled to rely on the findings and conclusions of this Eligibility Report in designating the Project Area as a redevelopment project area under the Act. JRG has prepared this Eligibility Report and the related Redevelopment Project and Plan with the understanding that the City would rely on (i) the findings and conclusions of this Eligibility Report and the related Redevelopment Plan, and (ii) the fact that JRG has obtained the necessary information so that the Eligibility Report and related Redevelopment Plan will comply with the Act. The determination of whether the Project Area qualifies for designation as redevelopment project area based on findings of the area as a conservation area, or a blighted area, or a combination of both, pursuant to the Act is made by the City of Chicago after careful review and consideration of the conclusions contained in this Eligibility Report.

The Project Area

The Project Area is located approximately six miles south of the central business district of the City. The Project Area sits at the southwest corner of the intersection of Hyde Park Boulevard and Lake Park Avenue, which serves as a gateway into the Hyde Park community. It is adjacent to the existing 53rd Street Tax Increment Financing District. The 51st/53rd Street Metra station of the Metra Electric District commuter rail line is located directly across the street from the Project Area.

The Project Area contains three buildings on two tax parcels within one tax block in the Hyde Park Community Area, with total land area of approximately 2.25 acres. There are no vacant parcels in the Project Area, so the entire Project Area is considered an "improved area." Also included in the Project Area is the right of way along a portion of Harper Avenue adjacent to the taxable parcels.

The Project Area consists of exclusively commercial uses - two one-story retail buildings and a 3-story office building. The retail building located on the northern portion of the Project Area (the "North Retail Building") is currently 72% vacant. The retail building located on the southern portion of the Project Area (the "South Retail Building") is fully occupied by a single tenant, Village Foods, and the 3-story office building located in the southeast portion of the Project Area (the "Office

51st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois-June 29, 2012

Building") is currently over 77% vacant. The overall vacancy rate of the three buildings combined is over 60%. The area surrounding the Project Area is characterized by a mixture of commercial and residential uses, with adjacent uses including a gas station to the south, retail and residential developments to the west, Kenwood Academy High School to the north and the Metra railroad tracks to the east. The Project Area is located in the highest density portion of Hyde Park which generally suffers from a widespread lack of sufficient parking. The Harper Court development project (retail, office, hotel, and parking) is currently under construction one block to the south of the Project Area. (Existing land use in the Project Area is illustrated in Eligibility Report Figure 2. Existing Land Use.)

The Project Area is physically characterized by aging and deteriorating commercial buildings as well as deteriorating site conditions, creating visual blight. Two of the three buildings (the Office Building and the South Retail Building) in the Project Area exhibit advanced deterioration, functional obsolescence, excessive vacancies, and conditions below minimal City building codes, and a lack of sufficient parking. Although the

aggregate vacancy of all three buildings in the Project Area is over 60%, full occupancy, if achievable, would create new obstacles due to limited or no opportunities to provide additional off-street parking. Furthermore, an interior survey of the Office Building revealed extensive damage and deterioration to walls, ceilings, and floors on the entire third floor, the renovation or repair of which would be prohibitively expensive. In other words, renovation costs would far exceed the post-renovation value of the Office Building. These conditions create a negative impact on the Project Area and the surrounding area, and without intervention, the Project Area will continue to decline and deteriorate.

Summary of Project Area Eligibility

For TIF designation, an improved redevelopment project area must qualify for classification as a conservation area, a blighted area, or a combination of both blighted and conservation areas as set forth in the Act. Surveys and analyses documented in this report indicate that the Project Area is eligible as a conservation area within the requirements of the Act.

The Project Area qualifies as a conservation area under the "Improved Area" property criteria as set forth in the Act. Specifically,

- One hundred percent (100%) of the buildings are 35 years of age or older;
- Six conservation area factors are present to a meaningful extent and reasonably distributed throughout the entire Project Area. These include:
 1. Dilapidation
 2. Deterioration
 3. Presence of Structures Below Minimum Code Standards
 4. Excessive Vacancies
 5. Inadequate Utilities
 6. Declining or Lagging Equalized Assessed Valuation ("EAV")

Finally, the Project Area includes only real property and improvements that would be substantially benefited by the proposed redevelopment project improvements.

51st and Lake Pan\ Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

I. BASIS FOR REDEVELOPMENT

The Illinois General Assembly made these key findings in adopting the Act:

1. That there exists in many municipalities within the state blighted and conservation areas;
2. That as a result of the existence of blighted areas and areas requiring conservation, there is an excessive and disproportionate expenditure of public funds, inadequate public and private investment, unmarketability of property, growth in delinquencies and crime, and housing and zoning law violations in such areas together with an abnormal exodus of families and businesses so that the decline of these areas impairs the value of private investments and threatens the sound growth and the tax base of taxing districts in such areas, and threatens the health, safety, morals, and welfare of the public; and
3. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest.

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 area 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).

Blighted areas are defined as: 1) any improved area in which buildings or improvements are detrimental to the public safety, health or welfare because of a combination of 5 or more of the thirteen (13) improved area eligibility factors set forth in the Act; and 2) any vacant area in which its sound growth is impaired by the presence of 1 or more of 7 eligibility criteria set forth in the Act.

Conservation areas are defined in the Act as any improved area in which 50% or more the structures have an age of 35 years and the improved area exhibits the presence of a combination of 3 or more of the thirteen (13) improved area eligibility factors set forth in the Act. Such an area is not yet a blighted area but if left unchecked, the presence of 3 or more such factors which are detrimental to the public safety, health or welfare, such an area may become a blighted area.

Improved Area Eligibility Criteria

Section 11-74.4.3 of the Act defines the thirteen (13) eligibility factors for improved areas. To support a designation as a blighted or conservation area each qualifying factor must be: (i) present to a meaningful extent and that presence documented so that the City may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the Project Area.

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Illegal use of individual structures
5. Presence of structures below minimum code standards
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. **Lack of community planning**
12. **Environmental remediation costs have been incurred or are required**
13. **Declining or lagging rate of growth of total EAV**

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

51st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

ELIGIBILITY SURVEY AND ANALYSIS

An analysis was made of each of the factors listed in the Act for conservation areas and blighted areas to determine whether each or any factors are present in the Project Area, and if so, to what extent and in what location(s). Surveys and analyses conducted by JRG included:

1. Exterior survey of the condition and use of all buildings and sites;
2. Interior survey of the three buildings in the Project Area;
3. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences, and general property maintenance;
4. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
5. Comparison of current land use to current zoning ordinance and the current zoning map;
6. Analysis of original platting and current parcel size and layout;

7. Analysis of vacant buildings;
8. Analysis of building floor area and site coverage;
9. Review of previously prepared plans, studies and data;
10. Analysis of City of Chicago building permit data and building code violation data for the period from January 2006 through April 2012;
11. Analysis of storm, sanitary sewer lines and water supply lines within the Project Area via existing infrastructure maps provided by the City of Chicago's Department of Water Management;
12. Analysis of Cook County Assessor records for assessed valuations and equalization factors for tax parcels in the Project Area for assessment years 2005 to 2011; and
13. Review of Cook County Treasurer property tax payment records for collection years 2009, 2010 and 2011.

A statement of findings is presented for each 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 condition is limited. Finally, a factor noted as present to a meaningful extent indicates that conditions exist which document that the factor is present throughout major portions of the Project Area and that the presence of such conditions have a major adverse impact or influence on the Project Area as well as adjacent and nearby development.

The following is the summary evaluation of the eligibility factors for the Project Area, presented in the order in which they appear in the Act.

III. PROJECT AREA ELIGIBILITY FACTORS

The following is the summary evaluation of the eligibility factors for the Project Area presented in the order in which they appear in the Act.

Age

Age is a primary and threshold criterion 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 an extended 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.

All three of the buildings in the Project Area were built in the 1960's, so 100% of the structures in the Project Area are 35 years of age or more. See Eligibility Report Figure 3. Age.

Conclusion: The Project Area meets the required age test for designation as a conservation area. One hundred percent (100%) of the buildings within the Project Area exceed 35 years in age.

A. Dilapidation

Section 11-74.4-3 of the Act defines Dilapidation: 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 Building Conditions Survey Manual. The Building Conditions Manual, with updates to current standards, has been in use for over 40 years and is used by Midwest planning consultants. The original manual was developed by staff involved in field surveys and analysis, providing a consistent method of evaluating buildings necessary for the background findings for the planning profession since the days of assessing properties during the 1960's urban renewal years.

The building condition analysis is based on a thorough exterior and interior inspection of the buildings and sites conducted in May 2012. 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, porches and steps, chimneys, and gutters and downspouts.

51st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

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 no minor defects.

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- one or more component with a minor defect, but no major defect.

Major- one or more major defects in one of the primary components or in the combined secondary components, but no critical defect.

Substandard

Structurally substandard buildings contain defects that are so serious and so extensive that the building must be removed or major components substantially repaired and/or

57st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

replaced. 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 and Interior Surveys

The conditions of the buildings within the Project Area were determined based on observable components. JRG conducted exterior and interior surveys of each building within the Project Area to determine its condition. Based on the results of these surveys, JRG identified the Office Building as dilapidated. Dilapidation in this building is evidenced by critical defects in the exterior building components including portions of roof, windows, and gutters and other secondary components. The interior survey of this building revealed additional major defects: a) major water damage to interior ceilings, walls, and windows caused by chronic rain leakage through numerous points in the roof as well as through the walls around the window areas; b) the entire 3rd floor of the building exhibits non-functioning HVAC systems, holes in interior walls throughout, water damage, extensive damage to roof insulation and ceiling systems and bathrooms in need of total replacement, and c) the building's elevator system will need replacement or major repairs within the next two years to meet new building codes.

Due to the prohibitive costs of renovation, the third floor has not been in use since the mid 1990's. Of the three buildings in the Project Area, the Office Building (representing 70% of total leasable building space in the Project Area) was classified as structurally substandard (dilapidated), and the North Retail Building and South Retail Building (30% of total leasable building space) were classified as major deficient (deteriorating). Deterioration conditions are described in more detail in Section III.C. Deterioration.

The Office Building is classified as dilapidated and, since it represents 70% of the building space in the Project Area, it has a significant impact on the adjoining property and the entire Project Area. See Eligibility Report Figure 4, Dilapidation.

Conclusion: Dilapidation (structurally substandard buildings) is present to a meaningful extent and reasonably distributed throughout the Project Area.

B. Obsolescence

Section 11-74.4-3 of the Act defines Obsolescence: The condition or process of falling into disuse. Structures have become ill suited for the original use.

In making findings with respect to buildings, it is important to distinguish between functional obsolescence, which relates to the physical utility of a structure, and economic obsolescence, which relates to a property's ability to compete in the market place.

Functional Obsolescence

Historically, structures have been built for specific uses or purposes. The design, location, height, and space arrangement are intended for a specific occupant at a given time. Buildings become obsolete when they contain characteristics or deficiencies which limit their use and marketability after the original use ceases. The characteristics may include loss in value to a property resulting from an inherent deficiency existing from poor design or layout, the improper orientation of the building on its site, etc., which detracts from the overall usefulness or desirability of a property.

Economic Obsolescence

Economic obsolescence is normally a result of adverse conditions which cause some degree of market rejection and, hence, depreciation in market values.

51st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

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, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of obsolescence may include inadequate utility capacities, outdated building designs, etc.

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 to a limited extent in two of the three structures in the Project Area- the Office Building and the South Retail Building. These buildings were built in the 1960s and reflect an outmoded site design evidenced by insufficient off-street parking and lack of space separating the two buildings. There are only 95 parking spaces plus 6 handicapped parking spaces in the Project Area, whereas modern standards would generally require over 180 spaces to accommodate the three buildings' users at full occupancy.

Conclusion: The analysis indicates that obsolescence is present, but only to a limited extent in the Project Area.

C. Deterioration

Section 11-74.4-3 of the Act defines Deterioration: 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, that 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.

57th and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

Deterioration of Site Conditions

As part of the survey, JRG documented site conditions that include extensive broken and crumbling pavement in the parking area, walkways and rear loading areas surrounding the three structures, as well as an uneven parking area surface.

Deterioration of Buildings

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." As detailed above, the conditions of the buildings within the Project Area were determined based on observable components. JRG conducted exterior and interior surveys of each building within the Project Area to determine its condition. Based on these surveys, conducted in May 2012, all three buildings within the Project Area (100%) are classified as deteriorating. These buildings suffer from loose or falling bricks, warping in some of the interior walls, leaking windows and roofs, broken gutters, and water damage. The deterioration exhibited by these buildings significantly impacts the appearance and marketability of the Project Area as a whole. See Eligibility Report Figure 5, Deterioration.

Conclusion: Deterioration is present to a meaningful extent in all three buildings and therefore is present to a meaningful extent and reasonably distributed throughout the Project Area.

D. Presence of Structures Below Minimum Code Standards

Section 11-74.4-3 of the Act defines the presence of structures below minimum code standards: 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.

Building Code Violations that occurred in the Project Area in the period from 2006 through April 2012 were analyzed in an effort to document the presence of this factor or lack thereof. A total of fifteen violations were found in this time period, occurring in two of the three Project Area buildings-the Office Building and the South

Retail Building. The interior survey revealed that one third (33%) of the Office Building is not usable due to non-functioning HVAC systems, and thus below minimum code standards.

In addition to the code violations identified above, the three buildings in the Project Area do not meet current standards of the Chicago Building Code for fire safety and accessibility. The buildings are equipped with a fire alarm system but none of the buildings have fire suppression sprinkler systems in accordance with current code standards. None of the three buildings interiors are handicap accessible (i.e. bathrooms, doorways, fixtures, etc). Finally, the elevator in the Office Building will require replacement or major system repairs within the next two years in order to meet building code requirements. See Eligibility Report Figure 6. Buildings Below Minimum Code Standards.

51st and Lake Pan\ Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

Conclusion: Structures below minimum code standards is present to a meaningful extent and reasonably distributed throughout the Project Area.

E. Illegal Use of Individual Structures

Section 11-74.4-3 of the Act defines illegal use of individual structures: 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.

Illegal uses of individual structures has not been documented as part of the surveys and analyses.

Conclusion: Illegal uses of individual structures is not present in the Project Area.

F. Excessive Vacancies

Section 11-74.4-3 of the Act defines excessive vacancies: The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence, on the redevelopment project area because of the frequency, extent, or duration of the vacancies.

Vacancies can be present as individual units within buildings as well as entirely vacant buildings. For purposes of this report a building was characterized as exhibiting "excessive vacancies" if more than 20% of its leasable space was vacant, and the block itself was characterized as having "excessive vacancies" if more than 20% of the buildings on the block exhibited "excessive vacancies". Vacancies result in the loss of income and corresponding difficulty with building maintenance and improvement, which are necessary to compete with fully occupied buildings.

Using these definitions, two of the three buildings, or 67% of the structures in the Project Area and therefore the block, exhibit excessive vacancies. As mentioned in the introduction above, the North Retail Building is 72% vacant, the South Retail Building is fully occupied, and the Office Building is over 77% vacant. Furthermore, the overall vacancy rate of the leasable space in the three buildings combined is over 60%. Individually and collectively, these vacancy rates far exceed healthy commercial vacancy rates of 5% to 8%. See Eligibility Report Figure 7, Excessive Vacancies.

Conclusion: Excessive vacancies is present to a meaningful extent and is reasonably distributed throughout the Project Area.

G. Lack of Ventilation, Light, or Sanitary Facilities

Section 11-74.4-3 of the Act defines lack of ventilation, light, or sanitary facilities: 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.

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

Conclusion: Lack of ventilation, light, or sanitary facilities is not present in the Project Area.

51st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

Inadequate Utilities

Section 11-74.4-3 of the Act defines inadequate utilities: 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.

Existing sewer and water supply lines throughout the City were largely put in place 50 to 100 years ago and many are undersized. These aging and/or undersized lines are obsolete by today's development standards and inadequate to accommodate new development.

Review and analysis of the City's water and sewer atlases indicate that the existing lines have exceeded their intended life (expected water and sewer lifetimes are approximately 100 years) and negatively impact the Project Area. Most of the water and sewer lines in the Project Area were installed between the years 1890 and 1900, prior to the development of the Project Area and surrounding area into its current intensive land usage. Many of these water and sewer lines will require replacement or repair over the next 5 to 20 years. See Eligibility Report Figure 8. Inadequate Utilities.

Conclusion: Inadequate Utilities impacts all property in the Project Area and is present to a meaningful extent and reasonably distributed throughout the Project Area.

I. , Excessive Land Coverage & Overcrowding of Structures and Community Facilities

Section 11-74.4-3 of the Act defines excessive land coverage and overcrowding of structures and community facilities: 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 not present in the Project Area. Although there is insufficient off-street parking; to satisfy fully occupied buildings, the site coverage ratios are appropriate by modern standards.

Conclusion: Excessive land coverage and overcrowding of structures and community facilities is not present in the Project Area.

J. Deleterious Land Use or Layout

Section 11-74.4-3 of the Act defines deleterious land-use or layout: 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.

The Project Area contains three commercial use buildings (retail and office uses) and these uses are compatible with surrounding and adjacent uses.

Conclusion: Deleterious land-use or layout is not present in the Project Area.

51st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

K. Lack of Community Planning

Section 11-74.4-3 of the Act defines lack of community planning: 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 City of Chicago developed over many years. Starting with adoption of the Burnham Plan in 1909, the City followed a pattern of streets laid out on a grid system with residential, commercial and confined industrial areas separated by major rail lines, commercial corridors and the parks connected by green boulevards. Development of the Project Area took place in the 1960s as part of the urban renewal movement, and was therefore guided by an overall comprehensive planning process or vision.

Conclusion: Lack of community planning is not present in the Project Area. L.

Environmental Remediation

Section 11-74.4-3 of the Act defines environmental remediation: 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.

No condition pertaining to a need for environmental remediation has been documented as part of the surveys and analyses undertaken within the Project Area.

Conclusion: Environmental remediation is not present in the Project Area. M.

Declining or Lagging Equalized Assessed Valuation

Section 11-74.4-3 of the Act defines declining or lagging equalized assessed valuation: 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 2006 to 2011, the growth rate of the total equalized assessed valuation (EAV) of the Project Area has lagged behind that of the balance of the City of Chicago in three of those years. These figures are shown below in Table 1. Growth of Project Area vs. Remainder of City of Chicago, and graphically illustrated in Eligibility Report Figure 9. Declining or Lagging EAV.

51st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

Table 1. Growth of Project Area vs. Remainder of City of Chicago

Assessment Year	Project Area EAV	Growth	Remainder of City EAV	Growth [2]	Lagging City?
2003, 13 ^r 59 ⁻	69,5				
	17.2				
2007 2008 2009	2,717,466 3.72 3,065,301:12.80		73,642,598,571	5.95 9.96	YES NO YES
	2,759,7370]-9.98 3,117,929 j		80,974,477,719	4.46 ' ' -2.96	NO YES
	12.99 2,320,9711 -25.56		84,584,048,319		
			82,084,052,134		
2011			75,120,592,939 ! -8.48		
EAV Growth 2005 to 2011 -25.98%				26.68%	

[1] 2006 to 2011 is the most recent five year period for which data is available for the Project Area and the City as a whole.

[2] Percent Change reflects the annual growth in EAV from the prior year (e.g. 5.95% change in Total EAV of City of Chicago for Year 2007 represents the growth in EAV from 2006 to 2007).

Conclusion: Declining or Lagging EAV is meaningfully present and reasonably distributed throughout the Project Area.

51st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

DETERMINATION OF PROJECT AREA ELIGIBILITY

The Project Area meets the requirements of the Act for designation as a conservation area.

Conservation Area:

Age is a prerequisite factor for designation of an improved area as a conservation area. One hundred percent (100%) of the buildings are 35 years of age or more, exceeding the 50% minimum threshold required under the Act. The meaningful presence and reasonable distribution of a minimum of three of the thirteen factors set forth in the Act are required for an improved area to qualify for designation as a conservation area. The analysis of the Project Area found a meaningful presence and a reasonable distribution of six (6) factors throughout the Project Area, including:

1. Dilapidation
2. Deterioration
3. Presence of Structures Below Minimum Code Standards
4. Excessive Vacancies
5. Inadequate Utilities
6. Declining or Lagging EAV

The summary of conservation area factors is documented in Table 2: Distribution of Conservation Area Factors.

Table 2. Distribution of Conservation Area Factors

North Retail Building	X	0	0	X	X	0	X	0	X	0	0	0	0	X
South Retail Building	X	0	X	X	X	0	0	0	X	0	0	0	0	X
Office Building	X	X	X	X	X	0	X	0	X	0	T>	0	0	X
Buildings with Factor % of Total Buildings	3 100%	1 33%	2 67%	3 100%	3 100%	0 0%	2 67%	0 0%	3 100%	0 0%	0 0%	0 0%	0 0%	3 100%

* Inadequate Utilities and Declining or Lagging EAV were calculated on an aggregate basis for the Project Area as a whole.

- 1) "X" signifies that the factor is present in the building.
- 2) "0" signifies that the factor is not present in the building.

51st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

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 buildings that are advancing in obsolescence and deterioration. Existing vacancies, inadequate utilities, building deterioration and dilapidation, obsolescence, insufficient off-street parking, inadequate loading and service areas, and 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 developed without public action.

51st and Lake Park Tax Increment Financing Eligibility Report City of Chicago, Illinois - June 29, 2012

**Eligibility Report Figure V. Project Area Boundary
51st and Lake Park Tax Increment Financing District**

Prepared by: Johnson Research Group 06.12

Legend

^,1 Project Area Boundary tiQ- Buildings

north

Existing Land Use

jfpl Commercial

Q:

Eligibility Report Figure 2: Existing Land Use 51st and Lake Park Tax Increment Financing District

north

Prepared by: Johnson Research Group 06.12
50TH ST

Legend

t!SProject Area Boundary £p Buildings ID Age

L
1-

Eligibility Report Figure 3: Age 51st and Lake Park Tax Increment Financing District

north

Prepared by: Johnson Research Group 06.12

50TH PL

HYDE PARK BLVD

Legend

Project Area Boundary Buildings fH Dilapidation

X

Eligibility Report Figure 4: Dilapidation 51st and Lake Park Tax Increment Financing District

NORTH

Prepared by: Johnson Research Group Q6.12

Eligibility Report Figure 5: Deterioration 51st and Lake Park Tax Increment Financing District

Prepared by: Johnson Research Group 06.12
BOTH ST

Legend

t*Project Area Boundary Buildings
i Structures Below Minimum Code

**Eligibility Report Figure 6: Structures Below Minimum Code
51st and Lake Park Tax Increment Financing District**

Prepared by: Johnson Research Group 06.12

50TH PL

Legend

(^Project Area Boundary
Buildings fra^i Excessive Vacancies

1 1

Eligibility Report Figure 7: Excessive Vacancies nokw 51st and Lake Park Tax Increment
Financing District prepared by: Johnson Research Group 06.12

**Eligibility Report Figure 8: Inadequate Utilities 51st and Lake Park Tax Increment
Financing District**

Prepared by: Johnson Research Group 06.12

**Eligibility Report Figure 9: Declining or Lagging EAV north
51st and Lake Park Tax Increment Financing District
Research Group 06.12**

prepared by: Johnson

STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

CERTIFICATE

I, Robert Wolf, the duly authorized and qualified Assistant Secretary of the Community Development Commission of the City of Chicago, and the custodian of the records thereof, do hereby certify that I have compared the attached copy of a Resolution adopted by the Community Development Commission of the City of Chicago at a Regular Meeting held on the 11th Day of September 2012 with the original resolution adopted at said meeting and noted in the minutes of the Commission, and do hereby certify that said copy is a true, correct and complete transcript of said Resolution.

ASSISTANT SECRETARY Robert Wolf

Dated this 11th Day of September 2012

12-CDC-31

TIF Area Designation- CDC Form2b-recomm111904

COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO

RESOLUTION 12-CDC- 3 j

**RECOMMENDING TO THE CITY COUNCIL OF THE CITY
OF CHICAGO FOR THE PROPOSED 51st/LAKE PARK
REDEVELOPMENT PROJECT AREA:**

**APPROVAL OF THE REDEVELOPMENT PLAN, DESIGNATION AS A
REDEVELOPMENT PROJECT AREA AND ADOPTION OF TAX INCREMENT**

ALLOCATION FINANCING

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council ("City Council," referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11 -74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act"); and

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

WHEREAS, staff of the City's Department of Housing and Economic Development has conducted or caused to be conducted certain investigations, studies and surveys of the 51st / Lake Park area, the street boundaries of which are described on Exhibit A hereto (the "Area"), to determine the eligibility of the Area as a redevelopment project area as defined in the Act (a "Redevelopment Project Area") and for tax increment allocation financing pursuant to the Act ("Tax Increment Allocation Financing"), and previously has presented the following documents to the Commission for its review:

1

TIF Area Designation: CDC Form2b-recomm111904

51st / Lake Park Tax Increment Financing Redevelopment Area Project and Plan (the "Plan"); and

the 51st / Lake Park Tax Increment Financing Eligibility Report (the "Report")

WHEREAS, the Commission has heretofore passed Resolution 12-CDC-28 on July 10, 2012 that contains the information required by Section 5/11 -74.4-4.16(a) of the Act to be included therein and that provides for the preparation of a feasibility study on designation of the Area as a Redevelopment Project Area and requires that such feasibility study include the preparation of the housing impact study set forth in Section 5/11 -74.4-3(n)(5) of the Act, all as required by Section 5/11 -74.4-4.1 (b) of the Act, which has resulted in the preparation of the Report and the Plan being presented to the Commission; and

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

WHEREAS, the Report and Plan were made available for public inspection and review since being a date not less than 10 days before the Commission meeting at which the Commission adopted Resolution 12-CDC-28 on June 29, 2012, fixing the time and place for the Hearing, at City Hall, 121 North LaSalle Street, Chicago,

Illinois, in the following offices: City Clerk, Room 107 and Department of Housing and Economic Development, Room 1000; and

WHEREAS, notice of the availability of the Report and Plan, including how to obtain this information, were sent by mail on July which is within a reasonable time after the adoption by the Commission of Resolution 12-CDC-28 to: (a) all residential addresses that, after a good faith effort, were determined to be (i) located within the Area and (ii) located outside the proposed Area and within 750 feet of the boundaries of the Area (or, if applicable, were determined to be the 750 residential addresses that were outside the proposed Area and closest to the boundaries of the Area); and (b) organizations and residents that were registered interested parties for such Area; and

WHEREAS, notice of the Hearing by publication was given at least twice, the first publication being on August 22, 2012, a date which is not more than 30 nor less than 10 days prior to the Hearing, and the second publication being on August 29, 2012, both in the Chicago Sun-Times or the Chicago Tribune, being newspapers of general circulation within the taxing districts having property in the Area; and

2

TIF Area Designation: CDC Form2b-recomm111904

WHEREAS, notice of the Hearing was given by mail to taxpayers by depositing such notice in the United States mail by certified mail addressed to the persons in whose names the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the Area, on August 23, 2012, being a date not less than 10 days prior to the date set for the Hearing; and where taxes for the last preceding year were not paid, notice was also mailed to the persons last listed on the tax rolls as the owners of such property within the preceding three years; and

WHEREAS, notice of the Hearing was given by mail to the Illinois Department of Commerce and Economic Opportunity ("DCEO") and members of the Board (including notice of the convening of the Board), by depositing such notice in the United States mail by certified mail addressed to DCEO and all Board members, on July 13, 2012, being a date not less than 45 days prior to the date set for the Hearing; and

WHEREAS, notice of the Hearing and copies of the Report and Plan were sent by mail to taxing districts having taxable property in the Area, by depositing such notice and documents in the United States mail by certified mail addressed to all taxing districts having taxable property within the Area, on July 13, 2012, being a date not less than 45 days prior to the date set for the Hearing; and

WHEREAS, the Hearing was held on September 11, 2012 at 1:00 p.m. at City Hall, Room 200, 121 North LaSalle Street, Chicago, Illinois, as the official public hearing, and testimony was heard from all interested persons or representatives of any affected taxing district present at the Hearing and wishing to testify, concerning the Commission's recommendation to City Council regarding approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; and

WHEREAS, the Board meeting was convened on August -3, 2012 at 10:00 A.M. (being a date at least 14 days

but not more than 28 days after the date of the mailing of the notice to the taxing districts on July 13, 2012) in Room 1003A, City Hall, 121 North LaSalle Street, Chicago, Illinois, to review the matters properly coming before the Board to allow it to provide its advisory recommendation regarding the approval of the Plan, designation of the Area as a Redevelopment Project Area, adoption of Tax Increment Allocation Financing within the Area and other matters, if any, properly before it, all in accordance with Section 5/11-74.4-5(b) of the Act; and

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

3

TIF Area Designation: CDC Form2b-recomm111904

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

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

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

a. The Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be expected to be developed without the adoption of the P3an;

b. The Plan:

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

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

c. The Plan meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the Plan, the estimated date of completion of the projects described therein and retirement of all obligations issued to finance redevelopment project costs is not later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 5/11-74.4-8 of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year of the adoption of the ordinance approving the designation Of the Area as a redevelopment project area and, as required pursuant to Section 5/11-74.4-7 of the Act, no such obligation shall have a maturity date greater than 20 years;

d. To the extent required by Section 5/11-74.4-3(n) (6) of the Act, the Plan incorporates the housing impact study, if such study is required by Section 5/11-74.4-3 (n)(5) of the Act;

c. The Plan will not result in displacement of residents from inhabited units.

f. The Area includes only those contiguous parcels of real property and improvements thereon that are to be substantially benefitted by proposed Plan improvements, as required pursuant to Section 5/11-74.4-4(a) of the Act;

g. As required pursuant to Section 5/11-74.4-3(p) of the Act:

4

TIF Area Designation: CDC Form2b-recomm 111904

i) The Area is not less, in the aggregate, than one and one-half acres in size; and

ii) Conditions exist in the Area that cause the Area to qualify for designation as a redevelopment project area and a conservation area as defined in the Act;

h. If the Area is qualified as a "blighted area", whether improved or vacant, each of the factors necessary to qualify the Area as a Redevelopment Project Area on that basis is (i) present, with that presence documented to a meaningful extent so that it may be reasonably found that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part or vacant part, as applicable, of the Area as required pursuant to Section 5/11-74.4-3(a) of the Act;

i. If the Area is qualified as a "conservation area," the combination of the factors necessary to qualify the Area as a redevelopment project area on that basis is detrimental to the public health, safety, morals or welfare, and the Area may become a blighted area; [and]

Section 3. The Commission recommends that the City Council approve the Plan pursuant to Section 5/11-74.4-4 of the Act.

Section 4. The Commission recommends that the City Council designate the Area as a Redevelopment Project Area pursuant to Section 5/11-74.4-4 of the Act.

Section 5. The Commission recommends that the City Council adopt Tax Increment Allocation Financing within the Area.

Section 6. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.

Section 7. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 8. This resolution shall be effective as of the date of its adoption.

Section 9. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: // - ,2012

5

TIF Area Designation- CDC Form2b-recomm111904

List of Attachments:

Exhibit A: Street Boundary Description of the Area

EXHIBIT A

Street Boundary Description of the 51st/ Lake Park Tax Increment Financing Redevelopment Project Area

The Area is bounded approximately by 51st Street on the north, the property line on the south, Lake Park Avenue on the east and west side of Harper Avenue on the west.

6

Exhibit C

Legal Description of the Area

ALL THAT PART OF THE EAST $\frac{1}{2}$ OF THE SOUTHEAST $\frac{1}{4}$ OF SECTION 11, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 10 IN CORNELL'S RESUBDIVISION OF BLOCKS 15 AND 16 OF HYDE PARK, A SUBDIVISION OF THE EAST HALF OF THE SOUTHEAST QUARTER AND THE EAST HALF OF THE NORTHEAST FRACTIONAL QUARTER OF SECTION 11, AND THE NORTH PART OF THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 12 AND THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, ALL IN TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG THE NORTH LINE OF LOT 10 AND ALONG THE NORTH LINE OF LOT 5 AND THE EASTERLY EXTENSION OF THE NORTH LINE OF LOT 5 IN CORNELL'S RESUBDIVISION AFORESAID TO THE EASTERLY LINE OF VACATED SOUTH LAKE PARK AVENUE VACATED BY ORDINANCE PASSED BY THE CITY COUNCIL OF THE CITY OF CHICAGO ON AUGUST 25, 1966;

THENCE NORTHERLY ALONG THE EASTERLY LINE OF VACATED SOUTH LAKE PARK AVENUE AFORESAID TO THE SOUTH LINE OF HYDE PARK BOULEVARD AS WIDENED;

THENCE WEST ALONG THE SOUTH LINE OF HYDE PARK BOULEVARD AS WIDENED TO THE EAST LINE OF SOUTH HARPER AVENUE;

THENCE SOUTH ALONG THE EAST LINE OF SOUTH HARPER AVENUE TO THE INTERSECTION WITH THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 2 IN BLOCK 14 IN AFORESAID HYDE PARK;

THENCE WEST ALONG THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 2 AFORESAID TO THE SOUTHEAST CORNER OF LOT 2 IN BLOCK 14 IN AFORESAID HYDE PARK;

THENCE SOUTH ALONG THE WEST LINE OF HARPER AVENUE TO THE POINT OF INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 10 IN CORNELL'S RESUBDIVISION AFORESAID;

THENCE EAST ALONG THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 10 IN CORNELL'S RESUBDIVISION AFORESAID TO THE NORTHWEST CORNER OF LOT 10 BEING THE POINT OF BEGINNING;

ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

Exhibit D

Street Location of the Area

The area is generally bounded by Hyde Park Boulevard (also known as 51st Street) on the north; Lake Park Avenue on the east; the southern boundary line of tax parcels 20-11-405-008-0000 and 20-11-405-009-0000 on the south; and the west side of Harper Avenue on the west.