



# Office of the City Clerk

City Hall  
121 N. LaSalle St.  
Room 107  
Chicago, IL 60602  
www.chicityclerk.com

## Legislation Details (With Text)

**File #:** F2018-72  
**Type:** Communication **Status:** Placed on File  
**File created:** 12/12/2018 **In control:** City Council  
**Final action:** 12/12/2018  
**Title:** Notice of Proposed Cortland and Chicago River Redevelopment Area, Project, Plan and Tax Increment Financing (TIF) Eligibility Report  
**Sponsors:** Dept./Agency  
**Indexes:** Miscellaneous  
**Attachments:** 1. F2018-72.pdf

Date	Ver.	Action By	Action	Result
12/12/2018	1	City Council	Placed on File	

Department of Law city of chicago

November 30, 2018

CD  
~D  
3S  
CO  
RO

Ms. Andrea M. Valencia City Clerk  
City of Chicago 121 North LaSalle  
Street Chicago, Illinois 60602

**Re:** Cortland and Chicago River Redevelopment Plan and Project for  
the proposed Cortland and Chicago River Redevelopment Project Area (Tax  
Increment Financing)

Dear Ms. Valencia:

I enclose the Cortland and Chicago River Tax Increment Financing Redevelopment Area Plan and Project for the proposed Cortland and Chicago River Redevelopment Project Area, Chicago, Illinois, dated November 30, 2018.

Please make the Plan available in your office as of this date for public inspection in accordance with the requirements of Section 5/11-74.4-5(a) of the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended. If you have any questions with respect to this matter, please call me at 744-1745.

Sincerely,

Senior Counsel

Enclosure

cc: M. Susan Lopez Tim Jeffries

121 NORTH LASALLE STREET, ROOM 600, CHICAGO, ILLINOIS 60602

## **CORTLAND AND CHICAGO RIVER TAX INCREMENT FINANCING REDEVELOPMENT AREA PROJECT AND PLAN**

City of Chicago, Illinois

November 30, 2018

City of Chicago Rahm Emanuel, Mayor

Department of Planning and Development David Reifman, Commissioner

## **CORTLAND AND CHICAGO RIVER TAX INCREMENT FINANCING REDEVELOPMENT AREA PROJECT AND PLAN**

City of Chicago Rahm Emanuel, Mayor

Department of Planning and Development David Reifman, Commissioner

Prepared by:

Johnson Research Group Inc. 914 South Wabash Avenue  
Chicago, Illinois 60605

**TABLE OF CONTENTS**

I.	INTRODUCTION	1
A.	Cortland and Chicago River Tax Increment Financing Redevelopment Project Area	1
B.	Tax Increment Financing	5
C.	The Redevelopment Plan for the Cortland and Chicago River Tax Increment Financing	
C.	Redevelopment Project Area	6
II.	LEGAL DESCRIPTION AND PROJECT BOUNDARY	8
III.	ELIGIBILITY CONDITIONS	12
A.	Summary of Project Area Eligibility	12
B.	Surveys and Analyses Conducted	12
IV.	REDEVELOPMENT GOALS AND OBJECTIVES	14
A.	General Goals	14
B.	Redevelopment Objectives	14
V.	REDEVELOPMENT PROJECT	16
A.	Land Use Plan	16
B.	Redevelopment Goals and Objectives	17
C.	Redevelopment Improvements and Activities	19
D.	Redevelopment Project Costs	21
E.	Sources of Funds to Pay Redevelopment Project Costs	25
F.	Issuance of Obligations	26
G.	Valuation of the Project Area	26
VI.	LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE	28
VII.	FINANCIAL IMPACT	29
VIII.	DEMAND ON TAXING DISTRICT SERVICES	30
A.	Impact of the Redevelopment Project	31

B. Program to Address Increased Demand for Services or Capital Improvements	32
IX. CONFORMITY OF THE REDEVELOPMENT PLAN FOR THE PROJECT AREA TO LAND USES	
IX. APPROVED BY THE PLANNING COMMISSION OF THE CITY	33
X. PHASING AND SCHEDULING	34
XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN	35
XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN	36
XIII. HOUSING IMPACT	37

## TABLES

Table 1. Estimated Redevelopment Project Costs	24
--	----

## FIGURES

Redevelopment Plan Figure 1. Community Context Map	38
Redevelopment Plan Figure 2. Project Area Boundary	39
Redevelopment Plan Figure 3. Land Use Plan	40
Redevelopment Plan Figure 4. Community Facilities Map	41

EXHIBIT I: EXHIBIT II:

## EXHIBITS

2017 EAV by PIN

Cortland and Chicago River 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 North Side of the City of Chicago (the "City") approximately 2.5 miles northwest of the City's central business district (the "Loop"). The area is generally bounded by Webster Avenue on the north; Clybourn Avenue on the east; North Avenue on the south; and Elston Avenue and Besly Court on the west. This area is referred to in this document as the Cortland and Chicago River Tax Increment Financing Redevelopment Project Area (the "Project Area"). For a map depicting the location of the Project Area within the City of Chicago, see 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 168 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 Cortland and Chicago River Tax Increment Financing Eligibility Report (the "Eligibility Report"), on the whole 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. Cortland and Chicago River Tax Increment Financing Redevelopment Project Area**

The Cortland and Chicago River Project Area is situated along the North Branch of the Chicago River, just north of Goose Island. The Project Area is an historically industrial area with limited commercial and office uses located along Clybourn Avenue as a buffer zone between heavy industrial uses west of Clybourn Avenue and residential neighborhoods east of Clybourn Avenue. The Project Area is approximately 168 acres in size, comprised of 56 acres of vacant land and 56 acres of land improved with buildings and 56 acres of public infrastructure or rights-of-way. The Project Area includes 315 tax parcels within 30 full and partial tax blocks.

##### **Improved Area**

The improved area consists of 210 tax parcels and includes 88 buildings (the "Improved Area"). The Improved Area is made up of small industrial enterprises that once dominated the area. Some industries, such as Horween Leather or General Iron, have origins in the Project Area that date back to the 19<sup>th</sup> century industrial heyday while others were established later, like Ozinga (concrete manufacturer). Buildings within the Improved Area are typically one and two-story brick

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan  
Chicago, Illinois-November 30, 2018*

*Page 1*

structures built more than 100 years ago. A handful of 4 to 5 story industrial office buildings are located on Mendell Street north of Cortland Street. Within the Improved Area, there remain a few sites with outdoor industrial activities that involve crane operations, conveyor belt equipment, and material storage.

##### **Vacant Area**

The vacant area consists of 105 parcels on fifteen full and partial tax blocks (the "Vacant Area"), and, for purposes of analysis, consists of two subareas. Both subareas were originally developed in a piecemeal manner by heavy industrial operations taking early advantage of river access, multiple train lines and major truck routes. The convergence of these multiple modes of transport combined with piecemeal establishment of industries resulted in obsolete platting characterized by streets and parcels of irregular size and shape, dead end streets and abandoned rail lines and rail spurs.

Vacant Subarea 1 consists of 83 parcels located in the center of the Project Area on both sides of the river and both sides of Cortland Avenue. Vacant Subarea 1 is largely comprised of the former A. Finkl & Sons steel site that was in operation until 2014, when it relocated to a site on Chicago's Southeast Side. The industrial buildings were demolished in 2016 and 2017. A number of other former industrial properties that operated in this subarea included Sipi Metals, Gutmann Tannery, and A. Lakin & Sons. As historically industrial sites for more than 100 years, recent phase I and phase II environmental studies indicate the presence of a number of recognized environmental conditions, underground storage tanks and various chemicals that exceed Illinois EPA thresholds.

Vacant Subarea 2 consists of 22 parcels in the south and southeast portion of the Project Area, bounded by Ada Street, North Avenue and Kingsbury Street. This area includes a former industrial site and was the former site of Peoples Gas and Coke Company before being sold to General Iron and demolished. Almost half (10 of 22) of the parcels in Vacant Subarea 2 have no access to any street right-of-way.

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

### **Community Context**

The Project Area lies at the nexus of three community areas: West Town, Logan Square and Lincoln Park. The North Branch of the Chicago River winds through the center of the Project Area just north of Goose Island. Immediately west of the Project Area is Interstate 90/94 with full interchanges at both North and Armitage avenues. The Project Area is located within walking distance of the Union Pacific North and Northwest commuter lines via the Clybourn train station located just outside the Project Area at Armitage Avenue, just west of Ashland Avenue. Additional public transportation options located in proximity to the Project Area include multiple Chicago Transit Authority (CTA) train lines with access to Chicago's Loop and beyond. The Armitage station for the Brown and Purple lines and the North/Clybourn station for the Red Line are located within walking distance. The CTA Blue Line providing access to O'Hare Airport and the Loop, has two stations approximately one mile from the Project Area at Damen Avenue and Division Street.

### **Historical Context**

Chicago's early growth and success as a thriving metropolis is due in large part to the steel industry that started before the Civil War. With transit advantages of rail, river and the Great

, Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan  
Chicago, Illinois - November 30, 2018

Page 2

Lakes, Chicago was well positioned to take the lead in industrial development. The Chicago River, in particular, served a crucial role in trade and shipping throughout the Midwest and down the Mississippi River. Early industries that located along the river included lumber yards, brickyards, tanneries, foundries and steel mills. By the middle of the 19<sup>th</sup> century, Chicago was home to a number of independent iron foundries making products such as stoves or boilers. The expansion of the railroad systems across the country marked a pivotal time in the steel industry with the Project Area situated at the heart of it. In 1857, the North Chicago Rolling Mill Company built a major rail rolling operation along the North Branch of the Chicago River at North Avenue becoming one of the city's leading enterprises at the time. Similar iron and steel industries followed, including A. Finkl & Sons, which moved their company to a site on Crooked Street in 1902. Over the next several decades A. Finkl & Sons built and acquired adjacent factories and foundries forming an industrial campus that extended from the bend of the North Branch of the Chicago River to McLean Avenue. Other steel mills and industrial companies that located to the Project Area included A. Lakin & Sons, General Iron, Standard Oil Storage and Distribution, Hough Mechanical Hoist Company and many others, creating a concentration of industries that thrived throughout the 19<sup>th</sup> century and the first half of the 20<sup>th</sup> century.

The early 20<sup>th</sup> century was marked by labor conflicts, industry reforms and unionization but the steel industry continued to prosper into the 1960s providing living wages for tens of thousands of workers. Those fortunes changed very quickly in the decades that followed<sup>1</sup>. By the 1970s and 1980s, a decline in steel demand coupled with the rise of international competition resulted in massive layoffs and factory closures throughout the city. Major steel operations such as Wisconsin Steel, Republic Steel, Inland Steel and South Works Industrial either downsized significantly or closed completely. Between 1979 and 1986, about 16,000 Chicago-area steelworkers lost their jobs. By the end of the 20<sup>th</sup> century, Chicago's steel industry was characterized by small scale operations using sophisticated machinery to recycle scrap metal.<sup>2</sup>

At the same time, demographics and development patterns within the three adjacent community areas were changing. As industrial jobs were leaving Chicago, the number of young urban professionals moving into the city was on the rise. Neighborhoods of Lincoln Park, Wicker Park, and Bucktown saw an influx of new residents matched by a dramatic uptick in new residential and commercial development to meet the demand. As these residential neighborhoods grew and

flourished, development pressures moved toward the industrial areas. Commercial development has particularly expanded just east of the Project Area along North Avenue. Newer commercial areas include North & Sheffield Commons, North Avenue Collection, Weed Street District and New City at North and Clybourn avenues. An increasing amount of traffic from these expanding commercial areas and denser residential development are tunneled along limited capacity collector streets, and antiquated, two-lane bridges creating bottlenecks and significant traffic congestion.

Despite the residential and commercial market pressures felt from neighboring areas, the City of Chicago recognized the importance of industrial businesses as an important economic engine and job provider. In an effort to preserve and protect this concentration of industrial uses and the jobs associated with them, the city enacted protective zoning measures named Planned Manufacturing Districts ("PMD") for the North Branch Industrial Corridor and other industrial areas in the City. The North Branch Industrial Corridor, which generally straddles the Chicago River from Wrightwood Avenue on the north to Kinzie Street on the south, consists of four PMDs-Clybourn Corridor

<sup>1</sup> "Planned Manufacturing District Review: North Branch Framework Implementation" July 20, 2017 Chicago Plan Commission

<sup>2</sup> The Encyclopedia of Chicago 2004 University of Chicago Press Iron and Steel pp 425-427

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

**PMD, Elston Corridor PMD, Goose Island PMD, and Chicago Halsted PMD. The North Branch Industrial Corridor is generally bounded by Interstate 90/94 and the Union Pacific railroad on the west, Clybourn Avenue, Kingsbury Street, and the North Branch of the Chicago River on the east, a point 1000 feet north of Fullerton Avenue on the north, and Kinzie Street on the south. The Clybourn Corridor PMD, which included most of the A. Finkl & Sons site, was adopted in 1988 and the Elston PMD which encompassed most of the remaining portion of the Project Area was adopted in 1989.**

Despite the protective measures ensured by the PMD zoning, land uses within the North Branch Industrial Corridor and particularly, the Project Area, have shifted away dramatically from heavy industry since 1990. Heavy industry and manufacturing uses have decreased from 73 percent of PMD land use to 20 percent between 1990 and 2016<sup>3</sup>. In that same timeframe, eight major industrial businesses within the Project Area have relocated or closed. Between 2002 and 2014 North Branch employment in manufacturing jobs has decreased by 37 percent. While traditional heavy industrial manufacturing jobs across the United States decline, there is a significant rise in professional, scientific and technical service industries that are on the rise. Locally, in the North Branch PMDs, business service employment increased by 210 percent between 2002 and 2014. An in-depth analysis of the job trends in the North Branch Industrial Corridor indicate a trend away from traditional industrial jobs and toward information technology and business-to-business job categories that are oriented toward advanced manufacturing<sup>4</sup>, innovation and high tech offices, research, and other services.

In an effort to grow and support existing manufacturers as well as accommodate new and innovative industries that generate jobs and economic growth, the City has updated its industrial land use policies to address the changing character of modern manufacturing, technology-focused employment, freight related growth and traditional manufacturing. In July 2017, the Chicago Plan Commission adopted the North Branch Framework Plan and Design Guidelines to address the land use, transportation and natural resources components that are critical to successful modernization of the North Branch Industrial Corridor. In July 2017 the Chicago City Council adopted zoning changes that repealed portions of the Clybourn Corridor and Elston PMDs and returned land uses to their pre-PMD zoning district classification (manufacturing). With the removal of the restrictive PMD zoning, City Council will be able to consider future zoning amendments that provide for a more dynamic mix of uses that are more consistent with innovation districts and high tech industrial environments which include office, commercial and residential uses.

The market pressures on the Project Area pose both an opportunity and a challenge- in this changing industrial environment. As traditionally heavy industrial uses in this area give way to more market driven development, including a transition toward innovative and technology-oriented businesses, a progressive approach to redevelopment is required so that the Project Area remains a vital economic job center for the city for many decades to come. Innovation districts, as envisioned for the Project Area thrive in a collaborative, mixed-use environment that relies heavily

<sup>3</sup> Mayor Emanuel's Industrial Corridor Modernization North Branch Community Meeting Presentation. City of Chicago December 13, 2016, pg 12 -

"Advanced manufacturing is a family of activities that (a) depend on the use and coordination of information, automation, computation, software, sensing, and networking, and/or (b) make use of cutting edge materials and emerging capabilities enabled by the physical and biological sciences, for example nanotechnology, chemistry, and biology. It involves both new ways to manufacture existing products, and the manufacture of new products emerging from new advanced technologies. President's Council of Advisors on Science and Technology. Report to the President on Ensuring American Leadership in Advanced Manufacturing. June 2011. [https://www.whitehouse.gov/sites/default/files/microsites/ostp/pcast-advaiKed-inaiiifacuturiig-jiine2\(\)^](https://www.whitehouse.gov/sites/default/files/microsites/ostp/pcast-advaiKed-inaiiifacuturiig-jiine2()^) <[https://www.whitehouse.gov/sites/default/files/microsites/ostp/pcast-advaiKed-inaiiifacuturiig-jiine2\(\)^](https://www.whitehouse.gov/sites/default/files/microsites/ostp/pcast-advaiKed-inaiiifacuturiig-jiine2()^) 1.pdf

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois- November 30, 2018*

on an amenity-rich urban setting to attract businesses and talent. Making the transition from a century-old, heavy industrial district to a modern business corridor on the North Branch of the Chicago River requires massive public improvements to strategically accommodate non-industrial land uses, upgrade and expand capacity of aging and deteriorated infrastructure, address environmental issues and smoothly connect the Project Area to the central business district and its neighboring communities.

The Project Area is characterized by the presence of aging and obsolescent buildings and site conditions, overcrowding, inadequate utilities, and an exodus of businesses. Evidence indicating that the Project Area as a whole has not been subject to growth and development through investment by private enterprise is detailed in Section VI and summarized below.

- An Improved Area that exhibits the presence of five eligibility factors: obsolescence, deterioration, excessive land coverage and overcrowding of structures, inadequate utilities, and lagging equalized assessed values (EAV).
- Manufacturing and industrial uses in the North Branch Industrial Corridor decreased from 73 percent of the corridor area in 1990 to 20 percent by 2016.
- Between 1990 and 2015, at least 12 businesses, representing more than 1600 jobs in the North Branch Industrial Corridor, have been lost to closure or migrated to other areas of the city, including A. Finkl & Sons, which relocated to an industrial area on the southeast side of Chicago.
- Multiple environmentally hazardous conditions are present throughout the Vacant Subareas including an EPA recognized Superfund site as well as several leaking underground storage tanks and three former industrial sites (Finkl, Lakin, and Sipi) with documented environmentally hazardous conditions present and in need of remediation.
- Inadequate and aging infrastructure includes sewer lines most of which were built more than 100 years ago, deterioration of Cortland Avenue bridge, and abandoned rail spurs.
- Obsolete platting is present throughout the area, characterized by an inadequate street system of narrow, dead end streets, narrow bridge crossings, and a lack of through streets connecting to the City's grid system.

The exodus of traditional, heavy-industrial businesses from the Project Area, despite a protective, industrially zoned environment, is indicative of how the area has become ill-suited for such industrial uses. As trucks replaced rail as the primary mode of industrial transit and higher density residential and retail developments steadily encroached on the industrial area, traffic congestion and conflicting land use became increasingly problematic. A. Finkl & Sons relocated from the Project Area to a location on the southeast side of Chicago, in an area more conducive to heavy industrial use. The Project Area has become increasingly unattractive for heavy industrial development compared to other parts of the City that offer larger sites with less traffic congestion and fewer conflicts with nearby residential and retail land uses. Without the intervention of the City and the adoption of Tax Increment Financing and this Redevelopment Plan, the Project Area as envisioned in the North Branch Framework Plan 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



*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois- November30, 2018*

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 by applying the tax rate to 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. Incremental Property Taxes are reinvested in the area through rehabilitation, developer subsidies, public improvements and other eligible redevelopment activities.

All taxing districts continue to receive property taxes levied on the Certified Initial EAV 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 have been paid. Taxing districts also benefit from the increased property tax base after the expiration or termination of the redevelopment project area.

### **C. The Redevelopment Plan for the Cortland and Chicago River Tax Increment Financing Redevelopment Project Area**

As part of the City's initiative to reinforce the existing manufacturing sector and encourage the development of a modernized industrial job center, the city has developed the North Branch Framework Plan, which serves as the basis for the Cortland and Chicago River Redevelopment Plan. The City has long recognized the critical role that manufacturing and related sub-sectors serve in maintaining a diverse economy, introducing PMDs in the late 1980s as a tool to preserve these important sectors. Manufacturing and employment trends both nationally and locally have evolved since that time, creating new sub-sectors and changing needs for industrial businesses. Despite the utilization of protective PMD zoning districts, the PMD has not been able to thrive as a traditional industrial district. As evidenced by the closing and relocation of increasing numbers of industrial businesses and declining industrial employment, policies enacted to protect and stabilize the area for industrial and manufacturing uses have not been able to overcome larger economic forces and industrial market trends to sustain continued industrial growth and development by private enterprise. 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 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 economic growth and private investment in the Project Area in a manner that is consistent with the goals of the City. The goal of the City, through implementation of this Redevelopment Plan, is that the entire Project Area be redeveloped 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;

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois- November30, 2018*

2. On a reasonable, comprehensive and integrated basis to ensure that blight 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 that will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan will enable the implementation of a comprehensive public infrastructure program that will attract coordinated and sustainable

private investment. Without public investment in transformative public infrastructure, transportation and open space improvements, the comprehensive redevelopment and modernization of the Project Area as an economic engine and vital job center would not be expected to be realized by the private sector alone.

**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 or intergovernmental agreements with private entities or public entities to construct, rehabilitate, renovate or restore private or public 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 "blighted area" as defined in the Act.

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 blight conditions in the Project Area;
- A stable and predictable environment that promotes economic growth and job creation;
- Integration of multiple land uses that contain a mix of work, live, and play options in a walkable environment;
- Alleviate physical isolation and transportation inefficiencies to and from the Project Area and the Loop as well as neighboring communities; and
- Utilize and develop the unique natural and recreational assets for the benefit of the Project Area uses and the public.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago. Illinois - November 30, 2018*

## II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

The boundaries of the Project Area have been drawn to include only those contiguous parcels of real property and improvements substantially benefited by the proposed Redevelopment Project to be undertaken as part of this Redevelopment Plan. The boundaries of the Project Area are shown in Figure 2. Project Area Boundary, and legally described below:

THAT PART OF SECTIONS 31 AND 32, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, AND ALSO PART OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF CHICAGO, COOK COUNTY ILLINOIS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 41 IN BLOCK 2 IN W.F. DOMINICK'S SUBDIVISION OF LOTS 1, 2 & 3 OF BLOCK 14 OF SHEFFIELD'S ADDITION TO CHICAGO IN SECTIONS 29, 31, 32 & 33, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ALSO BEING ON THE NORTH RIGHT OF WAY

LINE OF SHAKESPEARE AVENUE;

THENCE WEST ALONG THE NORTH RIGHT OF WAY LINE OF SHAKESPEARE AVENUE AND ITS WESTERLY EXTENSION TO THE WESTERLY RIGHT OF WAY LINE OF DOMINICK STREET;

THENCE SOUTHERLY ALONG THE WESTERLY RIGHT OF WAY LINE OF DOMINICK STREET TO A POINT OF INTERSECTION WITH THE SOUTH LINE OF THE NORTH HALF OF LOT 7 IN BLOCK 6 IN W.F. DOMINICK'S SUBDIVISION AFORESAID;

THENCE WEST ALONG THE SOUTH LINE OF THE NORTH HALF OF LOT 7 IN BLOCK 6 IN W.F. DOMINICK'S SUBDIVISION AFORESAID TO THE WEST LINE OF SAID LOT 7 ALSO BEING THE EASTERLY LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER;

THENCE NORTHERLY ALONG THE EASTERLY LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER AND CONTINUING ALONG THE EXISTING DOCK LINE OF THE EASTERLY BANK OF THE CHICAGO RIVER TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY LINE OF WEBSTER AVENUE;

THENCE WEST ALONG THE NORTH RIGHT OF WAY LINE OF WEBSTER AVENUE TO THE POINT OF INTERSECTION WITH THE WESTERLY RIGHT OF WAY LINE OF ASHLAND AVENUE;

THENCE SOUTHERLY ALONG THE SOUTHERLY EXTENSION OF THE WESTERLY RIGHT OF WAY LINE OF ASHLAND AVENUE TO AN ANGLE POINT BEING THE POINT OF INTERSECTION WITH THE NORTHERLY EXTENSION OF THE WEST RIGHT OF WAY LINE OF ASHLAND AVENUE;

THENCE SOUTHERLY ALONG SAID NORTHERLY EXTENSION OF THE WESTERLY RIGHT OF WAY LINE OF ASHLAND AVENUE TO A POINT OF INTERSECTION WITH THE- NORTHWESTERLY EXTENSION OF THE EASTERLY LINE OF BLOCK 3 IN QUENTIN'S SUBDIVISION OF BLOCK 22 AND LOTS 1 & 2 OF BLOCK 16 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID, ALSO BEING THE NORTHWESTERLY EXTENSION OF THE WESTERLY RIGHT OF WAY LINE OF ELSTON AVENUE;

THENCE SOUTHEASTERLY ALONG THE NORTHWESTERLY EXTENSION OF THE WESTERLY RIGHT OF WAY LINE OF ELSTON AVENUE AFORESAID TO A POINT OF INTERSECTION WITH THE SOUTHWESTERLY EXTENSION OF THE SOUTHERLY LINE OF LOT 5 IN BLOCK 17 IN SUBDIVISION OF BLOCKS 17, 18, 20, 21 (EXCEPT LOTS 1, 6 & 12 IN SAID BLOCK 21), 23, 28, 29, 30, 31, 32 (EXCEPT LOTS 1, 2, 3, 6 & 7), 33, 38, 39, 40, 41 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID;

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

THENCE NORTHEASTERLY ALONG THE SOUTHWESTERLY EXTENSION OF THE SOUTHERLY LINE OF LOT 5 IN BLOCK 17 IN SUBDIVISION OF BLOCKS 17, 18, 20, 21 (EXCEPT LOTS 1, 6 & 12 IN SAID BLOCK 21), 23, 28, 29, 30, 31, 32 (EXCEPT LOTS 1, 2, 3, 6 & 7), 33, 38, 39, 40, 41 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID, TO THE SOUTHEASTERLY CORNER OF SAID LOT 5, THE EASTERLY LINE OF LOT 5 ALSO BEING THE SOUTHWESTERLY LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER;

THENCE SOUTHEASTERLY ALONG THE SOUTHERLY LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER FOLLOWING ALONG THE EASTERLY LINE OF LOT 6 AND THE NORTHERLY LINES OF LOTS 21, 13 AND 14 TO THE NORTHEAST CORNER OF LOT 14 IN BLOCK 17 IN SUBDIVISION OF BLOCKS 17, 18, 20, 21 (EXCEPT LOTS 1, 6 & 12 IN SAID BLOCK 21), 23, 28, 29, 30, 31, 32 (EXCEPT LOTS 1, 2, 3, 6 & 7), 33, 38, 39, 40, 41 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID;

THENCE SOUTHERLY ALONG THE EASTERLY LINE OF LOT 14 IN BLOCK 17 AFORESAID A DISTANCE OF 70 FEET TO AN ANGLE POINT;

THENCE SOUTHEASTERLY ALONG THE EASTERLY LINE OF SAID LOT 14 A DISTANCE OF 160 FEET TO THE SOUTHEAST CORNER OF SAID LOT 14 ALSO BEING THE NORTHERLY RIGHT OF WAY LINE OF WILLOW STREET;

THENCE SOUTHWESTERLY ALONG THE NORTHERLY RIGHT OF WAY LINE OF WILLOW STREET TO THE POINT OF INTERSECTION WITH THE WESTERLY RIGHT OF WAY LINE OF ELSTON AVENUE;

THENCE SOUTHEASTERLY ALONG THE WESTERLY RIGHT OF WAY LINE OF ELSTON AVENUE TO A POINT OF INTERSECTION WITH THE NORTHERLY RIGHT OF WAY LINE OF WABANSIA AVENUE;

THENCE SOUTHWESTERLY ALONG THE NORTHERLY RIGHT OF WAY LINE OF WABANSIA AVENUE TO A POINT OF INTERSECTION WITH THE WESTERLY RIGHT OF WAY LINE OF BESLEY COURT;

THENCE SOUTHEASTERLY ALONG THE WESTERLY RIGHT OF WAY LINE OF BESLEY COURT TO A POINT OF INTERSECTION WITH THE SOUTH RIGHT OF WAY LINE OF NORTH AVENUE;

THENCE EAST ALONG THE SOUTH RIGHT OF WAY LINE OF NORTH AVENUE TO A POINT OF INTERSECTION WITH THE SOUTHERLY EXTENSION OF THE EAST RIGHT OF WAY LINE OF THROOP STREET;

THENCE NORTH ALONG THE SOUTHERLY EXTENSION OF THE EAST RIGHT OF WAY LINE OF THROOP STREET BEING ALSO THE WEST LINE OF LOTS 7 TO 11 IN BLOCK 2 IN SUBDIVISION OF BLOCKS 17, 18, 20, 21 (EXCEPT LOTS 1, 6 & 12 IN SAID BLOCK 21), 23, 28, 29, 30, 31, 32 (EXCEPT LOTS 1, 2, 3, 6 & 7), 33, 38, 39, 40, 41 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID AND THE WEST LINE OF BLOCK 1 IN ILLINOIS STEEL COMPANY'S NORTH WORKS ADDITION TO CHICAGO BEING A PART OF SECTION 32 AFORESAID, A DISTANCE OF 633.10 FEET TO A POINT BEING 5.40 FEET SOUTH OF THE BEND POINT IN SAID EASTERLY LINE, SAID POINT BEING 290.10 FEET NORTH OF THE SOUTHWEST CORNER OF SAID BLOCK 1;

THENCE NORTH 62 DEGREES 38 MINUTES 53 SECONDS EAST 267.30 FEET;

THENCE SOUTHEASTERLY TO A POINT OF INTERSECTION WITH THE WESTERLY RIGHT OF WAY LINE OF MAGNOLIA AVENUE AND THE MOST EASTERLY SOUTH LINE OF BLOCK 1 IN ILLINOIS STEEL COMPANY'S NORTH WORKS ADDITION TO CHICAGO AFORESAID;

THENCE SOUTHERLY ALONG THE WESTERLY RIGHT OF WAY LINE OF MAGNOLIA AVENUE A DISTANCE OF 32.40 FEET;

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois- November 30, 2018*

THENCE NORTH 62 DEGREES 37 MINUTES 31 SECONDS EAST TO A POINT OF INTERSECTION WITH THE MOST EASTERLY SOUTH LINE OF BLOCK 1 IN ILLINOIS STEEL COMPANY'S NORTH WORKS ADDITION TO CHICAGO AFORESAID;

THENCE EAST ALONG THE MOST EASTERLY SOUTH LINE OF BLOCK 1 IN ILLINOIS STEEL COMPANY'S NORTH WORKS ADDITION TO CHICAGO AFORESAID TO A POINT ON THE WESTERLY DOCK LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER AS ESTABLISHED BY CITY ORDINANCE ON APR. 4, 1912;

THENCE SOUTHEASTERLY ALONG SAID WESTERLY DOCK LINE TO A POINT BEING APPROXIMATELY 273.50 FEET NORTHERLY OF THE NORTH RIGHT OF WAY LINE OF NORTH AVENUE, SAID POINT BEING THE NORTHWESTERLY CORNER OF A TRACT OF LAND DEDICATED BY THE CITY OF CHICAGO BY DOC. 6035274 RECORDED ON JAN. 22, 1917;

THENCE SOUTHEASTERLY ALONG THE WESTERLY LINE OF THE TRACT OF LAND DEDICATED BY THE CITY OF CHICAGO BY DOC. 6035274 A DISTANCE OF 273.50 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF NORTH AVENUE SAID POINT BEING 44.11 FEET WEST OF THE WESTERLY DOCK LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER;

THENCE CONTINUING SOUTHEASTERLY ALONG SAID COURSE TO THE POINT OF INTERSECTION WITH THE SOUTH RIGHT OF WAY LINE OF NORTH AVENUE;

THENCE EAST ALONG THE SOUTH RIGHT OF WAY LINE OF NORTH AVENUE TO A POINT OF INTERSECTION WITH THE SOUTHERLY EXTENSION OF THE EAST LINE OF A 20 FOOT STRIP OF LAND CONVEYED TO THE CHICAGO AND PACIFIC RAILROAD BY DEED RECORDED NOV. 25, 1872 AS DOC. 70276, SAID EAST LINE OF THE 20 FOOT STRIP OF LAND BEING APPROXIMATELY 321.30 FEET WEST OF THE SOUTHEAST CORNER OF LOT 1 IN BLOCK 1 IN THE SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 8 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID;

THENCE NORTH ALONG THE SOUTHERLY EXTENSION OF THE EAST LINE OF A 20 FOOT STRIP OF LAND AFORESAID TO THE INTERSECTION WITH THE NORTH LINE OF LOT 1 IN BLOCK 1 IN THE SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 8 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID;

THENCE EAST ALONG THE NORTH LINE OF LOT 1 IN BLOCK 1 IN THE SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 8 OF

SHEFFIELD'S ADDITION TO CHICAGO AFORESAID TO THE EAST RIGHT OF WAY LINE OF THE CHICAGO AND PACIFIC RAILROAD (NOW THE CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD);

THENCE NORTH ALONG THE EAST RIGHT OF WAY LINE OF SAID RAILROAD TO THE NORTH LINE OF LOT 4 IN BLOCK 1 IN THE SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 8 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID;

THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 4 AND ITS EASTERLY EXTENSION TO THE EASTERLY RIGHT OF WAY LINE OF KINGSBURY STREET;

THENCE NORTHWESTERLY ALONG THE EASTERLY RIGHT OF WAY LINE OF KINGSBURY STREET TO A POINT OF INTERSECTION WITH THE SOUTHERLY RIGHT OF WAY LINE OF WISCONSIN STREET;

THENCE EASTERLY ALONG THE SOUTHERLY RIGHT OF WAY LINE OF WISCONSIN STREET TO A POINT OF INTERSECTION WITH THE SOUTHEASTERLY EXTENSION OF THE EASTERLY RIGHT OF WAY LINE OF MARCEY STREET;

THENCE NORTHWESTERLY ALONG THE SOUTHEASTERLY EXTENSION OF THE EASTERLY RIGHT OF WAY LINE OF MARCEY STREET TO THE NORTHWEST CORNER OF LOT 4 IN BLOCK 5 IN SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 8 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID;

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

THENCE EASTERLY ALONG THE NORTHERLY LINE OF LOT 4 AFORESAID TO THE NORTHEAST CORNER OF SAID LOT 4;

THENCE EASTERLY ALONG THE NORTHERLY LINE OF LOT 25 IN BLOCK 5 IN SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 8 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID TO THE NORTHEAST CORNER OF SAID LOT 25;

THENCE NORTHEASTERLY TO THE NORTHWEST CORNER OF LOT 34 IN SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 8 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID ALSO BEING A POINT ON THE EASTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE,

THENCE NORTHWESTERLY ALONG THE EASTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE TO A POINT OF INTERSECTION WITH THE EAST RIGHT OF WAY LINE OF RACINE AVENUE;

THENCE NORTH ALONG THE EAST RIGHT OF WAY LINE OF RACINE AVENUE TO A POINT OF INTERSECTION WITH THE EASTERLY EXTENSION OF THE NORTH RIGHT OF WAY LINE OF CORTLAND AVENUE;

THENCE WEST ALONG THE EASTERLY EXTENSION OF THE NORTH RIGHT OF WAY LINE OF CORTLAND AVENUE TO A POINT OF INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND 215.84 FEET SOUTHWESTERLY FROM (MEASURED PERPENDICULARLY) THE WESTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE;

THENCE NORTHWESTERLY ALONG A LINE DRAWN PARALLEL WITH AND 215.84 FEET SOUTHWESTERLY FROM (MEASURED PERPENDICULARLY) THE WESTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE TO THE EASTERLY RIGHT OF WAY LINE OF MAGNOLIA AVENUE;

THENCE NORTHEASTERLY ALONG THE EASTERLY RIGHT OF WAY LINE OF MAGNOLIA AVENUE TO THE EASTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE;

THENCE NORTHWESTERLY ALONG THE EASTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE TO A POINT OF INTERSECTION WITH THE EASTERLY EXTENSION OF THE NORTH RIGHT OF WAY LINE OF SHAKESPEARE AVENUE;

THENCE WEST ALONG THE EASTERLY EXTENSION OF THE NORTH RIGHT OF WAY LINE OF SHAKESPEARE AVENUE TO THE SOUTHEAST CORNER OF LOT 41 IN BLOCK 2 IN W.F. DOMINICK'S SUBDIVISION OF LOTS 1, 2 & 3 OF BLOCK 14 OF SHEFFIELD'S ADDITION TO CHICAGO AFORESAID, ALSO BEING THE POINT OF BEGINNING.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

### 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 blighted area factors in the Project Area. The report, prepared by JRG is entitled "Cortland and Chicago River 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 combination of an improved blighted area and a vacant blighted area within the requirements of the Act.

##### ***Blighted Improved Area:***

The meaningful presence and reasonable distribution of five of the thirteen factors set forth in the Act are required for an improved area to qualify for designation as a blighted area. The analysis of the Improved Area found a meaningful presence and a reasonable distribution of five (5) factors throughout the Improved Area, including:

1. Obsolescence
2. Deterioration
3. Excessive Land Coverage
4. Inadequate Utilities
5. Declining or Lagging EAV

##### ***Blighted Vacant Area:***

The Act defines two sets of eligibility criteria under which a vacant area may qualify as a blighted area. The Vacant Area qualifies under the first set of criteria for designation as a blighted vacant area in which a combination of two or more of some 6 factors are meaningfully present and reasonably distributed within the vacant land. Qualification under only one criterion is required.

Both vacant subareas exhibit the following combination of factors:

- a. Obsolete platting
- b. Environmental remediation costs have been incurred or are required
- c. Deterioration of structures or site improvements in adjacent areas
- d. Declining or lagging growth of total EAV

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;

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences, and general property maintenance;
3. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
4. Comparison of current land use to current zoning ordinance and the current zoning map; .
5. Analysis of original platting and current parcel size and layout;
6. Analysis of vacant parcels and buildings;
7. Analysis of building floor area and site coverage, as well as off-street parking and loading and service areas;
8. Review and analysis of available Phase I and Phase II Environmental Site Assessments and the U.S. Environmental Protection Agency's (US EPA) web site regarding Superfund sites;
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 2011 through August 2018;
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 2012 to 2017; and
13. Review of Cook County Treasurer property tax payment records for collection years 2016, 2017 and 2018.

## 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. 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. Maintain the Project Area as an important economic engine and vital job center within the North Branch Industrial Corridor and the City of Chicago.
2. Provide better access for all transportation modes.
3. Build upon the Project Area's unique natural and built environment.

### B. Redevelopment Objectives

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

1. Upgrade public utilities, infrastructure and streets, including lighting, streetscape and beautification that reinforces area identity, enhances safety and encourages pedestrian activity, as appropriate.
2. Upgrade transportation infrastructure to sufficiently accommodate greater densities, of workers and residents living and working within and traveling through the Project Area.
3. Improve safety and ease of pedestrian access to/from transit stations with minimal conflicts with vehicular traffic.
4. Facilitate the transformation of the Project Area to a modern center for employment through mixed-use development, transportation improvements, and open space amenities with provisions for market rate and affordable housing.
5. Facilitate the expansion or shifting of industrial businesses to more advantageous and appropriate locations within Chicago's city-wide industrial corridor system.
6. Support a well-designed urban environment through comprehensive design guidelines that attract technology, research, and advanced manufacturing companies.
7. Support density and height to encourage mixed-use developments that provide high-quality and publicly accessible open spaces for both passive and active recreational use as well as paths for walking and biking.
8. Promote job readiness programs for the next generation of manufacturing workers with particular attention to information and technology, manufacturing and wholesale trade sectors.
9. Enhance local waterways for people and wildlife through strategic habitat restoration and creation efforts.

10. Provide opportunities for women-owned, minority-owned and local businesses and local residents to share in the redevelopment of the Project Area.



## **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: North Branch Framework (2017), Chicago Sustainable Industries (2013), Planned Manufacturing District Study (2013), 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 Use Plan is intended to direct Redevelopment Project Costs that support the comprehensive redevelopment of the Project Area into a modern innovation and urban business corridor. By ordinance adopted July 26, 2017, the City repealed the PMD for the Project Area to pre-PMD zoning (predominantly manufacturing zoning districts) to allow existing manufacturing uses to remain while accommodating the flexibility to consider a broader mix of land uses through the zoning amendment and planned development processes. The North Branch Framework Plan and the Chicago Zoning Ordinance form the primary basis for this land use plan and further define the guidelines for considering future development projects.

The Land Use Plan for the Project Area includes land uses that have been approved by the planning commission of the City as set forth in the North Branch Framework Plan and the Chicago Zoning Ordinance. The land uses are intended to reflect the long-term objectives of the Redevelopment Plan and support the redevelopment of vacant and underutilized industrial properties to a new mix of uses that are consistent with the needs of a contemporary, urban business corridor.

*A summary description of the future land uses to be considered within the Project Area are described below and illustrated in Figure 3. Land Use Plan.*

### *Potential New Mixed Use Development*

The entire Project Area should accommodate a dynamic mix of uses including office, commercial, residential and open space. Improvements in the Project Area should ensure fluid connections to neighboring residential neighborhoods and commercial areas. Improvements and redevelopment activity should be designed with good vehicular, bicycle and pedestrian accessibility, as well as open space amenities. Shared and cooperative off-street parking solutions should be explored to enhance traffic management within and through the Project Area.

### *Transitional Overlay District*

Despite the overall decline in manufacturing and industrial uses within the Project Area, a few heavy industrial uses remain active, primarily located in the northwest corner of the Project Area, north of Cortland Street and west of the Chicago River. Truck and heavy equipment circulate within a stressed street system characterized by dead end and narrow streets, parking

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

constraints and limited space for loading and service. To support the industrial operations of these existing uses the City enacted a Transitional Overlay District which maintains the industrial land use with clear residential restrictions. In the short term, while industrial uses predominate, residential land use in this area should be prohibited to prevent conflicts with activities that include heavy commercial traffic, service, and loading as well as outdoor work and storage related activities.

While the Overlay District recognizes the importance of these businesses, the expectation is that land uses will and should change to be more consistent with the Mixed-Use business district vision for the North Branch Industrial Corridor. The restrictive overlay covenants should be reviewed periodically as business climate and operations change or look to relocate.

All development should comply with the Redevelopment Plan objectives set forth in Section IV, the North Branch Framework Plan, Chicago Zoning Ordinance and applicable Planned Development(s) for the Project Area, 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.

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**

- Allow mixed-use development in appropriate locations with provisions for affordable housing.
- Support higher density and height in new developments that also provide publicly accessible open spaces for passive and recreational use through the planned development process.

**b) Building and Site Development**

- Leverage the corridor's unique urban authenticity by integrating industrial structures and historic buildings, where possible, with new development.
- The extension of local streets and construction of new streets should maintain or connect to the City's existing grid pattern of streets and at a human scale that is attractive and inviting to pedestrians.
- Orient buildings along front property lines with primary facades and entrances abutting sidewalks, where appropriate.
- Locate parking areas, loading and vehicular circulation along the alleys or side street to minimize their visibility along the building's front facade.
- Encourage outdoor activation of sidewalks in pedestrian-oriented locations with wider sidewalks.
- Large development parcels should be subdivided into a network of blocks that are pedestrian-scaled and walkable.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

- Strive to attain high standards of environmentally sustainable design in all buildings consistent with the City's sustainability policies.

**c) Transportation, Circulation and Infrastructure**

- Improve traffic circulation for existing and new uses through strategic roadway reconfiguration projects.
- Establish a clear hierarchy of streets that include arterial, collector and neighborhood-oriented streets with new north/south and east/west multimodal corridors and river crossings.
- Assess the feasibility of a north/south transitway to increase connectivity with the central business district as well as other transit modes.
- Expand access to transit facilities by providing pedestrian- and bike-friendly river crossings in proximity to transit stations and facilities.
- Improve connectivity and the experience for walking, biking and public transit to the existing transit network.
- Ensure that in the transition to a mixed-use environment, street function and character should be designed in accordance with Chicago Department of Transportation's Complete Streets Chicago and Sustainable Urban Infrastructure Policies and Guidelines.
- Minimize curb cuts for ingress and egress to buildings or parking lots to reduce disruption of pedestrian flow.
- Promote private partnerships to coordinate traffic management including cooperative or shared parking facilities and expanded water taxi services.

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

- Design buildings that encourage waterfront access and public activities by workers, neighbors and visitors.
- Create continuous river trail that accommodates diverse passive and active recreational uses with pedestrian access from public streets or right-of-way.
- Connect the river trail to the 606 trail at Ashland Avenue (which is currently the eastern endpoint of the 606 trail) and ensure connections to other existing trails where possible.
- Ensure that river trail access points are highly visible and strategically located near highly-trafficked multi-modal areas such as transit stops, parking areas, building entrances, and other pedestrian walks and trails.
- Explore strategic locations for lookouts and gathering spaces within the river trail system for active recreation or quiet overlooks.
- Provide new pedestrian-scale lighting where appropriate.
- Encourage streetscape features including parkway trees.
- Ensure that all landscaping and design materials comply with the City's Landscape Ordinance or applicable Planned Development.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago. Illinois - November 30, 2018*

### **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 private entities or public entities to construct, rehabilitate, renovate or restore improvements on one or several parcels. 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.

The City requires that developers who receive TIF assistance for market rate housing set aside 20 percent of the units to meet affordability criteria established by the City's Department of Planning and Development or any successor agency. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 100 percent of the area median income, and affordable rental units should be affordable to persons earning no more than 60 percent of the area median income.

#### **1. Property Assembly**

To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program 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 property as may be

authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan.

## **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 to be acquired by the City 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

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago Illinois - November 30, 2018*

Redevelopment Plan and the comprehensive plan for development of the City as a whole. Public improvements and facilities may include, but are not limited to, the following:

### **a) Streets and Utilities**

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

### **b) Parking and Transportation**

Improvements to existing or construction of new public infrastructure and transportation enhancements including commuter train station improvements, bicycle paths, 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.

### **c) Parks and Open Space**

The development and construction of a range of new park and open space amenities that can include passive and active recreation spaces, river trail and river walk amenities,

## **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. Currently, one structure, the Cortland Street Drawbridge located at 1440 West Cortland is identified as an historic site within the Project Area.

## **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.

## **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, subject to the limitations outlined in the next section.

## **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.

## **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").

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 5/11-74.4-3(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.

### **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;

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

- 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; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;

- e) Costs of the construction of public works or improvements including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification 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;
- 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) An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
- j) Relocation costs to the extent that the 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);
- k) Payment in lieu of taxes, as defined in the Act; >
- l) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs: (i) are related to the establishment and maintenance of additional job training', advanced vocational education or career education programs for persons employed or to be employed by employers located in 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;

- m) Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
  - 1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
  - 2. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
  - 3. if there are not sufficient funds available in the special tax allocation fund to make the payment

pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;

4. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total:
    - (i) cost paid or incurred by the redeveloper for such redevelopment project, plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and
  5. The cost limits set forth in paragraphs 2 and 4 above shall be modified to permit payment of up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
- n) Instead of the eligible costs provided for in (m) 2, 4 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 households, only the low- and very low-income units shall be eligible for benefits under the Act;
  - o) 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 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;
  - p) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;
  - q) 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 Project Area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.-

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

## 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 2018 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.

**Table 1. Estimated Redevelopment Project Costs**

<u>TIF EXPENSE CATEGORY</u>	<u>ESTIMATED COST</u>
Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	
Analysis, Administration, Studies, Surveys, Legal, Marketing, etc.	\$25,000,000
	\$25,000,000



Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities)<sup>11</sup>

\$20,000,000

\$800,000,000

Relocation Costs \$2,500,000 Job Training, Retraining, Welfare-to-Work \$20,000,000 Dare Care Services \$2,500,000 Interest

Costs \$5,000,000

**TOTAL ESTIMATED COSTS<sup>12</sup> <sup>13</sup> \$900,000,000**

<sup>11</sup> 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 Plan.

<sup>12</sup> In addition to the costs listed in the table above, Total Redevelopment Project Costs shall include an estimated total of \$400 million in additional financing costs, including without limitation interest expense, capitalized interest and costs

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan  
Chicago, Illinois - November 30, 2018*

*Page 24*

associated with optional redemptions. Total Redevelopment Project Costs represent an upper limit on expenditures that are to be funded using tax increment revenues. Within this limit, adjustments may be made in line items without amendment to this Plan, to the extent permitted by the Act.

<sup>13</sup> 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.

<sup>14</sup> All costs are in 2019 dollars and may be increased by five percent (5%) after adjusting for inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U S. Department of Labor

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.

**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 three TIF districts: North Branch (North) Redevelopment Project Area, North Branch (South) Redevelopment Project Area, and the Red and Purple Modernization (RPM) Phase One Project Redevelopment Project Area. The Project Area 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 (except for the RPM Phase One Project Redevelopment Project Area which only allows funds to be ported in). 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, and vice versa (except for

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

***the RPM Phase One Project Redevelopment Project Area which only allows funds to be ported in). 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**

i

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

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., December 31, 2043, assuming City Council approval of the Project Area and Redevelopment Plan in 2019). Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.

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

#### **G. Valuation of the Project Area**

##### ***1. Most Recent EA V 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 2017 EAV of all taxable parcels in the Project Area is approximately \$87,416,481. This total EAV amount by PIN is summarized in Exhibit I. 2017 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. The Plan has utilized the EAVs for the 2017 tax year. If the 2018 EAV shall become available prior to the date of the adoption of the Plan by the City Council, the City may update the Plan by replacing the 2017 EAV with the 2018 EAV.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois-November 30, 2018*

## **2. Anticipated Equalized Assessed Valuation**

By the tax year 2042 (collection year 2043) and following the substantial completion of the Redevelopment Project, the anticipated EAV of the Project Area is estimated at approximately \$2.5 billion. The estimate is based on several assumptions, including: 1) redevelopment of the Project Area will occur steadily over the next 15 to 20 years; 2) using floor area ratios of up to 6.5 applied to the vacant and underutilized sites, upwards of 16 million square feet of new development will be constructed in the Project Area, including a broad mix of residential, office, retail and hospitality uses; 3) an estimated annual inflation rate in EAV of 2.0 percent through 2042, realized in triennial reassessment years only (6.12 percent per triennial reassessment period); and 5) the most recent state equalization factor of 2.9627 (2017 value) is used in all years to calculate estimated EAV.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago. Illinois - November 30, 2018*

## **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 blighted area factors, and these factors are reasonably distributed throughout the Project Area. The presence of blighted area factors within the Project Area represent the continuous decline and functional obsolescence of this once bustling area and leave behind major impediments to sound growth and development as a modern job center with diverse needs.

The lack of growth and development of the Project Area and its subsequent decline as an economic engine is evidenced by the following:

- An Improved Area that exhibits the presence of 5 eligibility factors: obsolescence, deterioration, excessive land coverage and overcrowding of structures, inadequate utilities, and lagging equalized assessed values (EAV).
- The limited presence of one additional contributing factor, excessive vacancies that, while limited in its distribution, is evidence of a lack of investment.
- Manufacturing and industrial uses in the North Branch Industrial Corridor decreased from 73 percent of the corridor area in 1990 to 27% by 2016.
- Between 1990 and 2015, at least 12 businesses in the North Branch Industrial Corridor representing more than 1600 jobs, were lost to closure or migrated to other areas of the city, including A. Finkl & Sons, which relocated its facilities to an industrial area on the southeast side of Chicago.
- The presence of multiple environmentally hazardous conditions throughout the Vacant Subareas including an EPA recognized Superfund site as well as several leaking underground storage tanks and three former industrial sites (Finkl, Lakin, and Sipi) with documented environmentally hazardous conditions present and in need of remediation.
- Inadequate and aging infrastructure that includes sewer lines built more than 100 years ago, major deterioration of the Cortland Avenue bridge, and abandoned rail spurs.
- Obsolete platting is characterized by an inadequate street system of narrow, dead end streets, narrow bridge crossings, and a lack of through streets connecting to the City's grid system.

The Project Area qualifies under the Act as a combination of an improved blighted area and vacant blighted area on the basis that:

- 1) The Improved Area exhibits the meaningful presence and reasonable distribution of 5 of the 13 criteria listed in the Act for a blighted area; and
- 2) The Vacant Area exhibits the presence of a combination of 4 of 6 factors.

Therefore, the Project Area qualifies as eligible under the TIF Act as a redevelopment project area, with blighted area conditions in both improved and vacant areas that are detrimental to sound growth of the taxing districts.

The Project Area on the whole would not reasonably be anticipated to be redeveloped in a comprehensive manner that is consistent with the goals of the City, including without limitation the North Branch Framework Plan, without the adoption of this Redevelopment Plan.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

## **VII. FINANCIAL IMPACT**

The Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Redevelopment Plan and the use of TIF. In the absence of City-sponsored redevelopment initiatives, there is a prospect that blighted area factors will continue to exist and spread, and the Project Area on the whole and adjacent properties will languish or deteriorate further. 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 a long-term endeavor staged in phases and 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 of infrastructure, or rehabilitation of buildings on a scale sufficient to eliminate problem conditions and to transition the area to a long-term sound and sustainable environment as a modern business corridor.

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 can be expected to benefit from the enhanced tax base that results from the increase in EAV caused by the Redevelopment Projects.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois-November 30, 2018*

## **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.

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 within the Project Area.

*School facilities located outside the Project Area but located within approximately 1/2 mile of the Project Area include Burr Elementary and Lozano Bilingual Elementary and are illustrated in Figure 4. Community Facilities Map.*

*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 within the Project Area, but there are several park facilities located within approximately 1/2 mile of the Project Area as indicated in Figure 4. Community Facilities Map.*

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 Figure 4. Community Facilities Map.*

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

The Act requires 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 Redevelopment Project represents major changes to multiple public systems including the introduction of uses in the Project Area that had not previously required certain public services. The replacement of vacant and underutilized industrial properties with business, commercial, residential, open space and other development is expected to cause

increased demand for services and/or capital improvements to be provided by the various taxing districts with jurisdiction over the Project Area. The estimated nature of these increased demands for services on the impacted taxing districts is described below.

Metropolitan Water Reclamation District of Greater Chicago. The rehabilitation of or replacement of underutilized industrial 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 redevelopment of underutilized properties with new mixed-use development is expected to increase the demand for services and programs provided by the City, including police protection, fire protection, water services, sanitary collection, recycling, etc.

Board of Education. As stated above, vacant and underutilized properties are redeveloped in accordance with the North Branch Framework Plan, up to 5,000 new residential units may be built in the area, generating approximately 247 elementary age school children and 123 high school age school children.

It is anticipated that the number of school age children which may be generated by redevelopment within the Project Area is likely to have an impact on existing 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.

Chicago Park District. The Redevelopment Plan calls for the strategic use of open space and recreational area in both the public and private realm. Additionally, activation and habitat restoration of the riverfront is expected to create new areas of municipal and/or park property. The addition of new park properties is expected to increase the demand for services, programs and capital improvements provided by the Chicago Park District within the Project Area.

The redevelopment of vacant and underutilized industrial properties with a new mix and density of uses is expected to increase the demand for services, programs and capital improvements provided by other taxing districts that could include the Cook County, Community College District 508, and the City of Chicago Library Fund.

Page 31

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

The City's program to address increased demand for services and capital improvements is included in the North Branch Industrial Corridor Framework Plan, which involved comprehensive study of the changing needs and economic demands of the Project Area and the larger industrial district in which it is located. The City has and will continue to develop the specific redevelopment activities that are necessary to implement the transition from 19<sup>th</sup> century industrial district to a 21<sup>st</sup> century, globally competitive, urban business corridor.

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. 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. As stated above, if vacant and underutilized properties are redeveloped in accordance with the North Branch Framework Plan, up to 5,000 new residential units may be built in the area, generating approximately 247 elementary age school children and 123 high school age school children.

It is anticipated that the number of school age children which may be generated by redevelopment within the Project Area is likely to have an impact on existing 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 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 Tab/e 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.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

## **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 have been adopted by the Chicago Plan Commission, as set forth in the North Branch Framework Plan and the Chicago Zoning Ordinance.



*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois-November30. 2018*

## **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, 2043, assuming City Council approval of the Project Area and Redevelopment Plan in 2019).

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

## **XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN**

This Redevelopment Plan may be amended pursuant to the Act.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois- November30, 2018*

## **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 26 percent Minority Business Enterprises and 6 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.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois-November30. 2018*

### **XIII. HOUSING IMPACT**

As set forth in the Act, if the redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and the City is unable to certify that such displacement will not result from the Redevelopment Plan, the City must prepare a housing impact study and incorporate the study in the redevelopment project and plan.

The Project Area contains zero residential units.

Based on the assessment above, the City certifies that no displacement of residents will occur as a result of the Redevelopment Plan. Therefore, a full housing impact study has not been undertaken as part of this Redevelopment Plan.

*Cortland and Chicago River Tax Increment Financing Redevelopment Area Project and Plan Chicago, Illinois - November 30, 2018*

Figure 1. Community Context

Cortland/Chicago River TIF

Prepared by Johnson Research Group Inc. 11.18

NORTH

Project Area i | Blocks/Parcels

FIGURE 2. Project Area Boundary

Cortland/Chicago River TIF

Prepared by Johnson Research Group, Inc. 11.18

NORTH

FIGURE 4. Community Facilities

Cortland/Chicago River TIF

Prepared by: Johnson Research Group Inc. 11.18

NORTH

## EXHIBIT I: 2017 EAV by PIN

980'6f2

U6'f8

018'f8

f0Z'f8

986'f

Z02'682'1

Z48'Z9f

99Z'Z99

Z06'E81 809>9

911 gZ9

fZ9'Z92

6S9'881-

680'Z1-

680 Z1

920' f02

Z9f'8E1

EZf'f1f

Z9f'8Et

Z6Z'8Z

f69'8f

Wf'8S

04fZ6

wg'eei

gis'esz

996'1Z1



l22'fI  
l22'fI  
l22'fI  
f06'6ft  
926'Ut  
9£fI9  
9£I9E  
696'££  
IOZ'99  
ZZZ'8t  
l22'f t  
l22'f t  
l22'f t  
8l0'££  
fZf£8l  
££8'9E  
9EI9E  
9£t9£  
990'9£  
lOE'ZI  
Zl8'2l6'2  
0f9'£f2'L  
OfZ'169  
209'f2E'2  
Z6Z'££  
Z66'fl  
Z66'fl  
(ZtOZ) AV3

0000-100-9EI 0000-610-9EI 0000-810-9EI 0000-910-9EI 0000-910-9EI 0000-f 10-9EI 0000-EIO-9EI 0000-900-9EI 0000-900-9EL-0000-f00-9£l-0000-EOO-9EI 0000-200-9EI-0000-100-9EI-0000-910-2E l-0000-flO-2Et-0000-U0-2EI-0000-600-2EI-0000-800-2EI-0000-ZOO-2EI-0000-900-2EI-0000-f00-2£l-0000-E00-2EI-0000-100-2EI OOOO" 110" IE l-0000-600-IE l-0000-800" IE l-0000-900-IE l-0000-f 00- IE l--0000-EOO-IEl-0000-200-t£t-0000-tOO-l£t-0000-ZZO-OEl-0000-920-OEl-0000-920-OEl-0000-E20-OEl-0000-220-OEl-0000-L20-OEl-0000-020-OEl-0000-610-OE L-0000-810-OE l-0000-ZIO-OEt-0000-910-OEl-0000-910-OE t-0000-flO-OEl-0000-EtO-OEl-0000-210-OEl-0000-UO-OEl-0000-010-OE t-0000-600-OEl-0000-800-OEt -OOOO-ZOO-OEl-0000-900-OEt-0000-900-OEl-0000-fOO-OEl-0000-EOO-OEl-0000-ZOO-OEl-0000-100-OEl-0000-0E0-8ZI-0000-6ZO-8ZI-0000-8ZO-8ZI" 0000-ZZO-8ZI-0000-9ZO-82l -0000-9ZO-8ZI-0000-fZO-8ZI-

**Nld**

2E-f l ■Z£-f l ■ZE-f l 2E-f l 2E-f l 2E-f l 2E-f l 2£-fl 2£-f t 2£-ft 2£-f t 2£-f l ZE-f l 2E-f t 2E-f l 2E-f l 2E-f t 2E-f l 2E-f l ZE-f l 2£-f l 2£-f l 2E-fl ZE-f t •Z£-fl 2£-fl 2£-ft 2£-ft 2E-f t 2E-f t 2£-f l ZE-f l ZE-f l ZE-f l ZE-f l 2£-f t ZE-f t Z£-f t ZE-f l ZE-ft 2E-ft ZE-ft ZE-f l Z£-fl ZE-f L ZE-f L ZE-f l ZE-f l ZE-f l 2E-f t 2E-f l 2E\*f t 2£-f l 2£-f l 2£-f t 2£-f L 2£-f t 2£-f t ZE-ft ZE-ft ZE-ft 2E-ft 2E-ft 2E-ft 2E-ft

82l  
Z2t  
9Zt  
92l  
f2t  
£2t  
22l  
t2t  
02l  
61l  
81l  
ZU  
91l  
91l  
fit  
£U  
2U  
lit  
Oil  
60l  
80l  
ZOt  
90l  
90l  
fOl  
EOt  
20l  
l0l  
00l  
66  
86  
Z6  
96  
96

f6  
£6  
Z6  
16  
06  
68  
88  
Z8  
98  
98  
f8  
£8  
Z8  
18  
08  
6Z  
8Z  
ZZ  
9Z  
9Z  
fZ  
EZ  
ZZ  
IZ  
OZ  
69  
89  
Z9  
99  
99  
**ON**  
IZO'91  
EOO'91  
88ZEZE  
689'68f  
£20'62f  
gos'£2g  
ZZ2'E£9  
22Z'g22  
66Z'f£2  
f69'l£6  
998 '89E  
129'OOf  
80l't£  
80l't£  
80l'IE  
2f9'ggi  
801'IE

g8£'Z£E  
g8E'2£E  
98£'2££  
98£'2EE  
g8£'2EE  
98£'2£E  
98E'2E£  
98£'2£E  
8Z6'6££  
E60'f9t  
££f'9f I  
££t'l£t  
££t'l£t  
2tf'££t  
f9f£92  
98Z'222  
Z68'92£  
Z68'92£  
t89'69  
£09'ZE6  
99E'0££1  
998'f If  
ZZ£'g08





[illegible]

*Cortland and Chicago River TIF*

Exhibit II. Cortland and Chicago River Tax Increment Financing Eligibility Report

# CORTLAND AND CHICAGO RIVER TAX INCREMENT FINANCING ELIGIBILITY REPORT

City of Chicago, Illinois

November 30, 2018

City of Chicago Rahm Emanuel, Mayor

Department of Planning and Development David L. Reifman, Commissioner

## **CORTLAND AND CHICAGO RIVER TAX INCREMENT FINANCING ELIGIBILITY REPORT**

City of Chicago Rahm Emanuel, Mayor

Department of Planning and Development David L. Reifman, Commissioner

Prepared by:

Johnson Research Group Inc. 914 South Wabash Avenue Chicago, Illinois 60605

### **TABLE OF CONTENTS**

<b>INTRODUCTION</b>	<b>1</b>
<b>I. BASIS FOR REDEVELOPMENT</b>	<b>5</b>
<b>II. ELIGIBILITY SURVEY AND ANALYSIS</b>	<b>7</b>
<b>III. IMPROVED AREA ELIGIBILITY FACTORS</b>	<b>8</b>
A. Dilapidation	8
B. Obsolescence	10
C. Deterioration	11
D. Presence of Structures Below Minimum Code Standards	12
E. Illegal Use of Individual Structures	12
F. Excessive Vacancies	12
G. Lack of Ventilation, Light, or Sanitary Facilities	12
H. Inadequate Utilities	13
I. Excessive Land Coverage & Overcrowding of Structures & Community Facilities	13
J. Deleterious Land Use or Layout	14

K. Environmental Clean-Up	14
L. Lack of Community Planning	15
M. Declining or Lagging Equalized Assessed Valuation	15
N. Summary of Improved Area Criteria	16
IV. <b>VACANT AREA ELIGIBILITY FACTORS</b>	<b>17</b>
V. <b>DETERMINATION OF PROJECT AREA ELIGIBILITY</b>	<b>22</b>

#### FIGURES

Figure 1. Project Area Boundary	25
Figure 2. Existing Land Use ;	26
Figure 3. Improved Area Factor-Obsolescence	27
Figure 4. Improved Area Factor-Deterioration	28
Figure 5. Improved Area Factor-Inadequate Utilities	29
Figure 6. Improved Area Factor-Excessive Land Coverage/Overcrowding of Community Facilities <sup>30</sup>	
Figure 7. Vacant Area Eligibility Factors	31

#### TABLES

Table 1. Growth of Improved Area vs. City of Chicago	16
Table 2. Growth of Vacant Area vs. City of Chicago	20
Table 3. Distribution of Blighted Improved Area Factors	23
Table 4. Distribution of Blighted Vacant Area Factors	24

## INTRODUCTION

The purpose of this report entitled, the Cortland and Chicago River Tax Increment Financing Eligibility Report, (the "Eligibility Report") is to determine whether approximately 168 acres of land located on the north side of the City of Chicago (the "City") qualifies for designation as 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 irregularly shaped area examined in this Eligibility Report is generally bounded by Webster Avenue on the north; Clybourn Avenue on the east; North Avenue on the south; and Elston Avenue and Besly Court on the west. This area is referred to in this document as the Cortland and Chicago River Tax Increment Financing Redevelopment Project Area (the "Project Area"). The boundaries of the Project Area are shown on a map entitled 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 in proceeding with the designation of the Project Area as a redevelopment project area under the Act, and (ii) the fact that JRG has obtained the necessary information to conclude that the Project Area can be designated as a redevelopment project area under 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 2.5 miles northwest of the Central Loop of the City of Chicago. The Project Area straddles the three community areas of Logan Square, Lincoln Park, and West Town. The North Branch of the Chicago River serves as a dividing line between these areas, with Lincoln Park on the east side of the river, Logan Square located northwest and West Town located southwest. The Project Area has historically been an industrial area and remains dominated by industrial uses, but large portions of the area have become vacant land after the demolition of industrial facilities. The majority of these vacant areas consists of i) the former A. Finkl & Sons and A. Lakin & Sons industrial sites, which are approximately 26 acres on the east side of the river, located both north and south of Cortland Street, ii) the former site of Sipi Metals, comprising of 4.56 acres on the west side of the river south of Cortland, iii) the 18-acre former site of the City's Fleet and Facilities Management truck repair buildings, and iv) the 5.8 acre site owned by General Iron Industries in the southeast corner of the Project Area.

The trend in surrounding areas of residential and retail development has been continuing

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago. Illinois - November 30, 2018*

for several decades, creating increasing pressure on properties in the Project Area to also be used for residential and/or retail development. Commercial development has particularly expanded just east of the Project Area along North Avenue.

Despite the market pressures, the City of Chicago recognized the importance of these industrial concentrations as important economic engines. In an effort to preserve and protect this concentration of industrial uses and the jobs associated with them, the city enacted protective zoning measures named Planned Manufacturing Districts ("PMD") for the industrial areas in the City. The Clybourn Corridor PMD, which included most of the A. Finkl & Sons site, was adopted in 1988 and the Elston PMD which encompassed most of the remaining portion of the Project Area was adopted in 1989.

The City of Chicago's Department of Planning and Development recently conducted a comprehensive examination and public review process of manufacturing and industrial land use policies. A review of PMD uses found that heavy industrial land uses have dramatically decreased from 75 percent of PMD land use to 27 percent between 1990 and 2016. In that same timeframe, eight major industrial businesses within the Project Area have relocated or closed, including A. Finkl & Sons. Between 2002 and 2014 employment in manufacturing jobs decreased by 37 percent in the North Branch Industrial Corridor. The North Branch Industrial Corridor generally straddles the Chicago River and is generally bounded by Interstate 90/94 and the Union Pacific railroad on the west, Clybourn Avenue, Kingsbury Street, and the North Branch of the Chicago River on the east, a point 1000 feet north of Fullerton Avenue on the north, and Kinzie Street on the south. An analysis of job trends in the North Branch Industrial Corridor indicate a trend away from traditional industrial jobs and toward information technology and business-to-business job categories that are oriented toward advanced manufacturing, innovation and high tech offices, research, and other services.

In an effort to grow and support existing manufacturers as well as accommodate the next generation of high-technology jobs and economic growth the City has updated its industrial land use policies to address the changing character of modern manufacturing, technology-focused employment, freight related growth and traditional manufacturing. In July 2017, the Chicago Plan Commission adopted the North Branch Framework Plan and Design Guidelines to address the land use, transportation and natural resources components that are critical to successful modernization of the North Branch Industrial Corridor. In July 2017 the Chicago City Council adopted zoning changes that repealed portions of the Clybourn Corridor and Elston PMDs and returned land uses to their pre-PMD zoning district classification (manufacturing). With the removal of the restrictive PMD zoning, City Council will be able to consider future zoning amendments that provide for a more dynamic mix of uses that are more consistent with high tech industrial environments and may include office, commercial and residential uses.

The Project Area contains 88 buildings on 315 parcels within 30 tax blocks, with total land area of 168 acres. For

purposes of the eligibility analysis, the Project Area is divided into a vacant area (56 acres), an improved area (56 acres), and rights-of-way (56 acres). The vacant area consists of 105 parcels on fifteen tax blocks (the "Vacant Area"), and for purposes of analysis, consists of two subareas. Vacant subarea 1 consists of 83 parcels located in the center of the Project Area on both the east and west sides of the river and both sides of Cortland Street ("Vacant Subarea 1"). Vacant subarea 2 consists of 22 parcels in the south and southeast portions of the Project Area, generally bounded by Ada Street, North Avenue and Kingsbury Street ("Vacant Subarea

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

2"). The improved area consists of 88 buildings on 209 parcels in 23 tax blocks (the "Improved Area"). The remainder of the Project Area is dedicated to streets, railroad and other public rights-of-way. Eight of the tax blocks with vacant parcels also contain improved parcels, so these blocks contain both vacant and improved areas (see Figure 1 block numbers 123, 128, 132, 302, 303, 311, 317 and 404).

***The Project Area is predominantly an industrial area in terms of land use. The northwest portion of the Project Area contains a large leather tannery (Horween Leather) operating throughout several old buildings, a large cement manufacturer (Ozinga) that serves major real estate construction projects in the City, and several small industrial uses. The southwest portion of the Project Area consists of the 18-acre former City of Chicago Fleet and Facility Management ("2FM") site along the river, and numerous old small scale light industrial buildings, many of which have been adapted and converted for commercial uses. The area along the east side of the river, south of Cortland Street is dominated by a vacated industrial building (Lakin & Sons) and a major scrap metal recycling facility (General Iron Industries) with significant trucking operations that cause frequent traffic congestion along Kingsbury Street. The northeast portion of the Project Area consists mainly of the vacant areas, strewn with debris from the demolished former industrial sites of A. Finkl & Sons and Lakin & Sons. The portion of the Project Area fronting on Clybourn Avenue, however, consists of mostly commercial/retail uses. Existing land uses in the Project Area are illustrated in Figure 2. Existing Land Use.***

The Project Area as a whole is physically characterized by aging and deteriorating industrial and commercial property on improved parcels, with debris, weeds, and environmental contamination on vacant parcels. The Improved Area includes deteriorated sites, infrastructure and buildings, as well as numerous obsolete industrial buildings that lack sufficient off-street parking, loading areas, and HVAC systems, collectively creating a negative impact on the Project Area.

The Vacant Area parcels have poor street access, are of inappropriate size and shape for contemporary residential and commercial development, and are covered with weeds and demolition debris. Significant environmental contamination has been found within both Vacant Subareas and any redevelopment will require significant remediation costs. Several environmental studies have been conducted documenting the environmental contamination and potential cleanup costs in Vacant Subarea 1, including the former sites of A. Finkl & Sons, Lakin and Sons, and Sipi Metals. Vacant Subarea 2 contains a large U.S. EPA Superfund site that has experienced some remediation attempts but has not been fully remediated. The site formerly contained a Peoples Gas manufactured gas plant (MGP), where processes used to produce the gas also produced waste and byproducts such as tars, purifier waste, oils, sludges and acidic waste. Disposal of waste and spills and leaks resulted in contaminated soil and ground water.

The Project Area is also characterized by numerous underutilized properties and obsolete conversions of former small industrial buildings. For example, there are multiple dog boarding and grooming businesses in converted industrial spaces, presumably due to modest rents and proximity to affluent areas of Lincoln Park, Bucktown, and Wicker Park. Due to the PMD designation and insufficient industrial user interest, the mostly residential and commercial building boom that the City experienced from the early 1990s through 2008 yielded no new developments in the Project Area. The numerous conversions and the lack of new developments provide evidence that the area is relatively unattractive for new industrial developments, compared to other industrial

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

areas in the City and the metropolitan region that have experienced greater levels of new investment over the last thirty years.

### **Summary of Project Area Eligibility**

For TIF designation, a 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 combination of improved and vacant blighted areas within the requirements of the Act.

The Improved Area qualifies as a blighted area under the improved property criteria as set forth in the Act. Specifically, an improved area qualifies as a blighted area if industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of 13 blighting factors listed in the Act, each of which is present to a meaningful extent and reasonably distributed throughout the improved part of the project area.

Each of the following five factors is present to a meaningful extent and reasonably distributed throughout the Improved Area:

1. Obsolescence
2. Deterioration
3. Excessive Land Coverage and Overcrowding of Structures and Community Facilities
4. Inadequate Utilities
5. Declining or Lagging Equalized Assessed Value ("EAV")

One additional factor, Excessive Vacancies, is present to a meaningful extent and impacts the Improved Area, but is not present throughout the improved portion of the Project Area so is not considered "reasonably" distributed throughout the Improved Area.

The Vacant Area qualifies as a blighted area under one of the two sets of criteria set forth in the Act for vacant areas (only one is required). Specifically, under the first set of criteria, a vacant area qualifies as a vacant blighted area if the sound growth of the project area is impaired by a combination of 2 or more of 6 blighting factors, each of which is present to a meaningful extent and reasonably distributed throughout the vacant part of the project area.

Each of the following four factors is present to a meaningful extent and reasonably distributed throughout the Vacant Area:

- A. Obsolete Platting
- B. Environmental Remediation Costs Are Required or Have Been Incurred
- C. Deterioration of Structures or Site Improvements in Adjacent Areas
- D. Declining or Lagging EAV

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

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

## **I. BASIS FOR REDEVELOPMENT**

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

1. That there exist 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 each area within a prospective redevelopment project area qualifies either as a "blighted area" or as a "conservation area" as defined in the Act (Section 11-74.4-3).

Under the Act a "blighted area" is: (1) an improved area if industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of 13 blighting factors listed in the Act, each of which is present to a meaningful extent and reasonably distributed throughout the improved part of the project area; or (2) a vacant area if the sound growth of the project area is impaired by a minimum number of blighting factors included in two alternative sets of criteria, with each factor present to a meaningful extent and reasonably distributed throughout the vacant part of the project area.

Under the Act a "conservation area" is any improved area in which 50 percent or more the structures have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the 13 improved area blighting factors is detrimental to the public safety, health, morals or welfare and may become a blighted area.

### ***Improved Area Eligibility Criteria***

Under Section 11-74.4-3 of the Act, an improved area qualifies as a blighted area if industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following 13 factors, each of which is (i) present, with that presence documented, to a meaningful extent 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:

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies
7. Lack of ventilation, light, or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land use or layout
11. Environmental remediation costs have been incurred or are required
12. Lack of community planning
13. Declining or lagging rate of growth of total equalized assessed valuation

As long as a factor is present to a meaningful extent and reasonably distributed throughout the improved part of the Project Area, it is not required that the factor apply to every parcel within the Project Area.

### ***Vacant Area Eligibility Criteria***

Section 11-74.4.3 of the Act includes two sets of eligibility criteria for vacant areas.

Under the first set of criteria, described in Section 11-74.4.3(a)(2) of the Act, a vacant area qualifies as a blighted area if the sound growth of the redevelopment project area is impaired by a combination of 2 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent 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 vacant part of the



redevelopment project area:

- a) Obsolete platting of the vacant land
- b) Diversity of ownership
- c) Tax and special assessment delinquencies or the subject of tax sales
- d) Deterioration of structures or site improvements in adjacent areas
- e) Environmental remediation costs have been incurred or are required
- f) Declining or lagging rate of growth of total equalized assessed valuation

Under the second set of criteria, described in Section 11-74.4.3(a)(3) of the Act, a vacant area qualifies as a blighted area if the sound growth of the redevelopment project area is impaired by one of the following factors that (i) is present, with that presence documented, to a meaningful extent so that the City may reasonably find that the factor is clearly present within the intent of the Act and (ii) is reasonably distributed throughout the vacant part of the redevelopment project area:

- a) The area consists of one or more unused quarries, mines or strip mine ponds.
- b) The area consists of unused railyards, rail tracks or railroad rights-of-way.
- c) The area is subject to chronic flooding.
- d) The area consists of an unused or illegal disposal site.
- e) The area had been designated as a town or village center and not developed as such.
- f) The area qualified as a blighted improved area immediately prior to becoming vacant.

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

## II. 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 any factors are present in the Project Area, and if so, to what extent and in what locations. Surveys and analyses conducted by JRG included:

1. Exterior survey of the condition and use of all buildings and sites;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences, and general property maintenance;
3. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
4. Comparison of current land use to current zoning ordinance and the current zoning map;
5. Analysis of original platting and current parcel size and layout;
6. Analysis of vacant parcels and buildings;
7. Analysis of building floor area and site coverage, as well as off-street parking and loading and service areas;
8. Review of previously prepared plans, studies and data;
9. Review and analysis of available Phase I and Phase II Environmental Site Assessments and the U.S. EPA's web site regarding Superfund sites;
10. Analysis of City of Chicago building permit data and building code violation data for the period from January 2011 through August 2018;
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 2012 to 2017; and
13. Review of Cook County Treasurer property tax payment records for collection years 2016, 2017, and 2018.

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 block.

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

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

### III. IMPROVED AREA ELIGIBILITY FACTORS

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

#### A. Dilapidation

*Section 11-74.4-3(a)(1)(A) of the Act: "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 building condition analysis is based on a thorough exterior inspection of the buildings and sites conducted in October 2017 and updated in August 2018. 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 Components

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.

#### *Criteria for Classifying Defects for Building Components*

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

#### *Building Component Classifications*

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

##### Sound

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

##### Deficient - Requiring Minor Repair

Building components containing defects (loose or missing material or holes and cracks over a limited area) which

often may be corrected through the course of normal maintenance. Minor defects are not considered in rating a building as structurally substandard.

Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018 <sup>1</sup>

#### 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 severe 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 building is unsafe or unsuitable for occupancy.

#### *Final Building Rating*

After completion of the exterior 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.

#### Deteriorated

Deteriorated buildings contain defects that, collectively, are not easily correctable and cannot be accomplished in the course of normal maintenance. To be classified as deteriorated, the following conditions must be found to be present:

- one or more minor defects in the primary structural components, and/or
- one or more major defects in the secondary components; and/or
- one major defect in one of the primary structural components, and
- no critical defects in any primary structural component. Substandard/Dilapidated

Structurally substandard buildings contain defects that are so serious and so extensive that the building must be removed or two or more of the primary structural components must be substantially repaired and/or replaced. Buildings classified as structurally substandard have two or more major defects in the primary structural components, and/or one or more critical defects in the primary structural building components including exterior walls, roof, and foundations, etc.

"Substandard" buildings are the same as "dilapidated" buildings as defined in the Act. The words "building" and "structure" are presumed to be interchangeable.

#### *Exterior Survey*

The conditions of the buildings within the Project Area were determined based on observable components. JRG conducted an exterior survey of each building within the Project Area to determine its condition. Of the 90 buildings in the Project Area:

48 buildings (54.5%) were classified as structurally sound; 40 buildings (45.5%) were classified as deteriorated; 0 No buildings were classified as structurally substandard (dilapidated).

Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018

*Conclusion: Dilapidation (structurally substandard buildings) as a factor is not present in the Improved Area. Therefore, this factor is not a supporting factor for Improved Area eligibility.*

## B. Obsolescence

*Section 11-74.4-3(a)(1)(B) of the Act: "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.

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 if these improvements do not meet contemporary development standards. Factors of obsolescence may include inadequate utility capacities, outdated building designs, etc.

### *Obsolete Building Types*

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

Obsolescence is present in 47 of the 88 structures, meaningfully present in 17 of the 23 tax blocks in the Improved Area, and present to a limited extent in 1 tax block. These structures are characterized by conditions that limit their efficient or economic use according to contemporary standards.

Obsolete buildings are found throughout the Improved Area, 50 percent of which are industrial buildings built prior to 1930 that reflect outmoded building and site design for current industrial uses. These obsolete industrial buildings lack sufficient loading docks, truck bays, on-site space for vehicle movement, and off-street parking areas. The remaining 50 percent of obsolete buildings are commercial buildings and are generally considered obsolete due to their age, inadequate or irregularly shaped space to accommodate modern commercial tenants, and lack of sufficient off-street parking. Some of the obsolete commercial buildings are the result of conversions. For example, a gas station was converted to strip retail use, and several industrial buildings were converted for use as dog boarding/grooming businesses. Evidence of other obsolete buildings in the Improved Area includes several buildings of limited size or single

*Cortland and Chicago River Tax Increment Financing Eligibility Report. City of Chicago, Illinois - November 30, 2018*

***purpose design, making it difficult for expansion or alteration for another future use. See Figure 3. Improved Area Factor-Obsolescence.***

***Conclusion: The analysis indicates that obsolescence is present to a meaningful extent and reasonably distributed throughout the Improved Area, with meaningful presence documented in 17 of 23 improved tax blocks.***

## C. Deterioration

*Section 11-74.4-3(a)(1)(C) of the Act: "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 physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." Deterioration found present in the Project Area is described below.

### ***Deterioration of Buildings***

***A total of 40 of the 88 buildings within the Project Area (45.5 percent), are classified as deteriorated. These buildings suffer from cracked, loose or falling bricks, boarded up windows, deteriorating and rusting doors and loading berths in varying degrees. The most common building defect in the Project Area is insufficiently maintained walls, most of which are brick and require thorough but straightforward tuckpointing repairs. The lack of maintenance of buildings' walls indicates insufficient building income to justify proper maintenance costs. The deterioration exhibited by the Improved Area buildings significantly impacts the appearance and marketability of the Project Area as a whole. See Figure 4. Improved Area Factor-Deterioration.***

### ***Deterioration of Sites and Infrastructure***

As part of the survey JRG documented site conditions that include broken pavement, and gravel surfaces within parking areas, sidewalks, and alleys. Based on the field survey of streets and alleys within the Project Area, deterioration of pavement, curb and gutters, and sidewalks was noted in various locations throughout the Project Area. The most notable problem in this regard is the deteriorated condition of Kingsbury Avenue from Mclean Avenue all the way to North Avenue. An unused/abandoned railroad line runs through the middle of the street in all but the northernmost block of Kingsbury Street, and the northern half of the street is full of significant cracks, partially repaired potholes, and lacks curbs and gutters. Nonetheless, Kingsbury is still being used by the few heavy industrial users remaining in this corridor. Also notable is Mendell Street, which is in decent condition but the curbs at each intersection (with Cortland, Homer, Armitage, and Mclean) are cracked, crumbling or broken.

***Conclusion: Deterioration is present to a meaningful extent in 16 of the 23 tax blocks and therefore is present to a meaningful extent and reasonably distributed throughout the Improved Area.***

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

### **D. Presence of Structures Below Minimum Code Standards**

***Section 11-74.4-3(a)(1)(D) of the Act: "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."***

***Conclusion: No condition pertaining to structures below minimum code standards has been documented in the Improved Area. Therefore, this factor is not a supporting factor for Improved Area eligibility.***

### **E. Illegal Use of Individual Structures**

***Section 11-74.4-3(a)(1)(E) of the Act: "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."***

***Conclusion: No condition pertaining to illegal uses of individual structures has been documented as part of the exterior surveys and analyses undertaken within the Improved Area. This factor is not a supporting factor for Improved Area eligibility.***

### **F. Excessive Vacancies**

***Section 11-74.4-3(a)(1)(F) of the Act: "Excessive vacancies. The presence of buildings that are unoccupied or underutilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies."***

Vacancies are present as individual units within buildings as well as entirely vacant buildings. Nineteen (19) buildings

with excessive vacancies were documented in the Improved Area, representing 21.6 percent of the buildings. Of these 19 vacant buildings, 14 were entirely vacant.

Excessive vacancies are found in some portions of the Improved Area, though to a limited extent in a few blocks. Vacancies include both commercial (11) and industrial (8) buildings. Excessive vacancies result in the loss of income and corresponding difficulty with building maintenance and improvement, which are necessary to compete with fully occupied buildings. Excessive Vacancies as a factor is present in 19 (21.6 percent) buildings and impacts 8 of the 23 tax blocks in the Improved Area.

*Conclusion: Excessive vacancies as a factor is present to a meaningful extent in 8 of the 23 tax blocks but is not reasonably distributed throughout the Improved Area. This factor is not a supporting factor for Improved Area eligibility.*

#### **G. Lack of Ventilation, Light, or Sanitary Facilities**

*Section 11-74.4-3(a)(1)(G) of the Act: "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 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*

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

*and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building."*

*Conclusion: No condition pertaining to a lack of ventilation, light, or sanitary facilities has been documented as part of the exterior surveys and analyses undertaken within the Improved Area. This factor is not a supporting factor for Improved Area eligibility.*

#### **H. Inadequate Utilities**

*Section 11-74.4-3(a)(1)(H) of the Act: "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 140 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. This is particularly true in the Project Area, as the area's long term development is expected to attract much more intense (multi-story residential and office buildings) usage and densities than current or historical intensities.

***The City Department of Water Management projects the useful service life of underground sewer lines to be 100 years. Review and analysis of the City's water and sewer atlases indicate that many of the existing sewer lines have or will have exceeded their intended life within 10 years. The majority of the sewer lines in the Project Area were installed between the years 1874 and 1911. The newest of these is over 106 years old, and would be over 130 years old before the TIF would expire. Many of these sewer lines will require replacement or repair over the next 20 years. The oldest of these sewer lines service the bulk of the Project Area running north south along Southport Avenue, Clybourn Avenue, Dominick Street, Mendell Street, Elston Avenue, Besly Court, Ada Street, and Throop Street, and running east west along North Avenue, Concord Place, Wabansia Avenue, Willow Street, Cortland Street, Mclean Avenue, Dickens Avenue, and Shakespeare Avenue. Most of the water lines in the Project Area, however, were installed more recently and should be in good condition for the foreseeable future. See Figure 5. Improved Area Factor-Inadequate Utilities.***

*Conclusion: Inadequate Utilities, as a factor, is present to a meaningful extent in 17 of the 23 tax blocks in the Improved Area, and is present to a meaningful extent and reasonably distributed throughout the Improved Area.*

#### **I. Excessive Land Coverage & Overcrowding of Structures & Community**

## Facilities

Section 11-74.4-3(a)(1)(I) of the Act: "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: (i) 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 (ii) the presence of multiple buildings on a single parcel. For there

Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018

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 reasonably required off-street parking, or inadequate provision for loading and service."

**Excessive land coverage and overcrowding of structures and community facilities is present in 59 parcels and 18 of the 23 tax blocks in the Improved Area. Conversions of industrial and residential buildings to commercial use, as well as obsolete building development standards present in the original building and site designs have resulted in the condition of excessive land coverage/overcrowding. Many of the industrial and commercial buildings cover most or all of the parcels upon which they are situated, lack reasonably required off-street parking, and have inadequate provision for loading and service areas. When businesses situated on such parcels load a vehicle for delivery or accept a large delivery, the street is often all or partially blocked by the delivery vehicle, causing unnecessary traffic congestion and delays. Most of the development of this area occurred when vehicle ownership and usage was far lower than today, resulting in severe shortages of off-street parking. See Figure 6. Improved Area Factor-Excessive Land Coverage/Overcrowding of Structures and Community Facilities.**

**Conclusion:** Excessive land coverage and overcrowding of structures and community facilities is present to a meaningful extent in 18 of the 23 tax blocks in the Improved Area, and therefore is present to a meaningful extent and reasonably distributed throughout the Improved Area.

## J. Deleterious Land Use or Layout

Section 11-74.4-3(a)(1)(J) of the Act: "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 Improved Area contains very few buildings where incompatible land uses are present. Therefore, this factor is not meaningfully present in the Project Area.

**Conclusion:** Deleterious land-use or layout has not been documented as meaningfully present in the Improved Area. Consequently this factor is not a supporting factor for Improved Area eligibility.

## K. Environmental Clean-Up

Section 11-74.4-3(a)(1)(K) of the Act: Environmental clean-up. The proposed redevelopment project 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."

**Conclusion:** No condition pertaining to a need for environmental remediation has been documented as part of the surveys and analyses undertaken within the Improved Area. Therefore, this factor is not a supporting factor for Improved Area eligibility.

**L. Lack of Community Planning**

*Section 11-74.4-3(a)(1)(L) of the Act: "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.

Industrial and commercial development of the Project Area began during the 1800s and early 1900's to serve the emerging steel mill and related industrial activity. The development of the area was rapid and properties were developed on a parcel by parcel basis without sufficient emphasis on compatibility or compliance with guidelines that the City of Chicago had in place at the time. Nonetheless, the Project Area has been maintained as a dedicated industrial corridor for many decades with the guidance of several planning efforts. The Project Area has benefited from the ongoing guidance of community planning efforts throughout the last century to the extent possible.

*Conclusion: Lack of community planning has not been documented as meaningfully present in the Improved Area. Therefore, this factor is not a supporting factor for Improved Area eligibility.*

**M. Declining or Lagging Equalized Assessed Valuation**

*Section 11-74.4-3(a)(1)(M) of the Act: "The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated."*

***Over the period from 2012 to 2017, the growth rate of the total equalized assessed valuation (EAV) of the Improved Area has lagged behind that of the balance of the City of Chicago and behind that of the CPI in three of those years. These figures are shown below in Table 1. Growth of Improved Area vs. City of Chicago.***

Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018

Table 1. Growth of Improved Area vs. City of Chicago

Year	Total EAV of City of Chicago, minus		Percent Improved Area Change	Total EAV - Percent rate less than the		City?
	Improved Area EAV	Change		Improved Area Change		
2012	65,190,718,558	59,668,709				



2013	62,313,941,719	-4.4%	56,263,369	-5.7%	YES
2014	64,857,230,931	4.1%	56,542,840	0.5%	YES
2015	70,902,119,024	9.3%	61,169,944	8.2%	YES
2016	73,949,620,929	4.3%	66,885,422	9.3%	NO
2017	76,693,153,337	3.7%	72,149,199	7.9%	NO

2012 to 2017 is the most recent five year period for which data is available for the Project Area and the City as a whole.

Percent Change reflects the annual growth in EAV from the prior year (e.g 4.1% change in Total EAV of City of Chicago for Year 2014 represents the growth in EAV from 2013 to 2014)

*Conclusion: Declining or Lagging Equalized Assessed Valuation as a factor is present to a meaningful extent and reasonably distributed throughout the" Improved Area.*

## N. Summary of Improved Area Criteria

### Blighted Improved Area Criteria

The Improved Area exhibits the presence of 5 of the 13 factors listed in the Act for qualification as a blighted improved area. These factors include:

Obsolescence Deterioration  
Excessive Land Coverage Inadequate Utilities Declining or  
Lagging EAV

Each factor is present to a meaningful extent and reasonably distributed throughout the improved part of the Project Area.

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

## VACANT AREA ELIGIBILITY FACTORS

The Vacant Area encompasses 105 parcels of land in the Project Area and has been divided into two vacant subareas. Vacant Subarea 1, located in the central and northern parts of the Project Area, consists of 83 parcels in 12 partial or whole tax blocks. Vacant Subarea 2 is located in the center and the southeast corner of the Project Area and consists of 22 parcels in three partial tax blocks. The Vacant Areas and Improved Area are shown in Figure 1. Project Area Boundary and the Vacant Area criteria presented below are illustrated in Figure 7. Vacant Area Eligibility Factors. The following is the evaluation of the eligibility criteria for the Vacant Area.

## Multi-Factor Criterion: Two or More Factors Impair the Sound Growth of the Project Area

The vacant portion of the Project Area must exhibit a combination of 2 or more of the 6 factors listed below for qualification as a blighted area under the first set of criteria set forth in the Act.

**a) *Obsolete Platting Of The Vacant Land***

Section 11-74.4-3(a)(2)(A) of the Act: "Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities."

Obsolete platting is found throughout the Vacant Area. Numerous parcels in both Vacant Subareas 1 and 2 are of irregular sizes and shapes that make redevelopment very difficult or impossible without consolidation of multiple adjacent parcels. These obsolete parcels have varying degrees of insufficient width, depth, and/or layout for contemporary development standards and requirements. Nearly half (10 of 22) of the parcels in Vacant Subarea 2 have no access to any street right-of-way. Several street rights of way have been partially or wholly vacated. The former Crooked Street is now inaccessible and indistinguishable from the remainder of the demolished A. Finkl & Sons site. Obsolete platting is present to a meaningful extent in 11 of the 15 blocks of the vacant subareas.

*Conclusion: Obsolete Platting is present to a meaningful extent and reasonably distributed throughout the Vacant Area.*

**b) *Diversity Of Ownership***

Section 11-74.4-3(a)(2)(B) of the Act: "Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development."

*Conclusion: Diversity of Ownership is not present in the Vacant Area.*

**(c) *Tax and Special Assessment Delinquencies Or The Subject Of Tax Sales***

Section 11-74.4-3(a)(2)(C) of the Act: "Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last 5 years."

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

*Conclusion: Tax and Special Assessment Delinquencies has not been documented and is not present in the Vacant Area.*

**(d) *Deterioration of Adjacent Improvements***

Section 11-74.4-3(a)(2)(D) of the Act: "Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land."

As discussed in III.C. above, deterioration of structures is present in 40 of the 88 buildings, and in 16 of the 23 blocks of the Improved Area, which are adjacent to the Vacant Areas. Fourteen of the fifteen blocks of the Vacant Area are adjacent to blocks with documented meaningful presence of deteriorated structures. The criteria used for evaluating deterioration of structures and site improvements in neighboring areas is presented in detail in Section III.A. of this Eligibility Report.

*Conclusion: Deterioration of Adjacent Improvements is present to a meaningful extent and reasonably distributed throughout the Vacant Area.*

**(e) *Environmental Remediation Costs Have Been Incurred Or Are Required***

Section 11-74.4-3(a)(2)(E) of the Act: "The area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area."

The Illinois Environmental Protection Agency provides a database of known leaking underground storage tanks (LUSTs). A search of this database revealed that there are eleven separate LUSTs located within the Project Area. In addition, several environmental studies have been conducted, on properties constituting over 80 percent of the land in Vacant

Subarea 1, by independent consultants with expertise in environmental remediation, that have determined the need for the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law.

In February 2016, V3 Companies (V3) conducted studies of the 22-acre former A. Finkl & Sons site. In a report dated February 10, 2016, V3 prepared a summary report of the findings of Phase I and Phase II Environmental Site Assessments completed in February 2016. V3 identified the presence of thirteen separate recognized environmental conditions (RECs) throughout the 22-acre site.

In April 2016, V3 conducted a Phase II Environmental Site Assessment (ESA 2) on the former Sims Metal property located at 1509 West Cortland Street, which is a 4.56-acre site at the southwest corner of Cortland and the Chicago River, in Vacant Subarea 1. In a letter dated April 20, 2016, V3 presented a summary of the findings of the ESA 2, including the presence of site-wide PNAs (Polynuclear Aromatic Hydrocarbons) and metals; as well as limited presence of volatile organic compounds (VOCs) and elevated TPH (total petroleum hydrocarbons) and PCB (polychlorinated biphenyls) concentrations.

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

In November 2016, V3 provided a summary report of the environmental conditions of the 3.8-acre former Lakin property at 2044 North Dominick Street, based on a Phase I ESA prepared in May 2015 by Environmental Group Services, Limited (EGSL) and a Phase II Subsurface Soil and Groundwater Investigation in April 2015, also by EGSL. The summary report documented the presence of at least three underground storage tanks, and various chemicals that exceeded multiple Illinois EPA Tier 1 Soil and Groundwater Remediation objectives. The chemicals found present included arsenic, lead, cadmium, and very low-level mercury.

**Remediation Cost Estimates.** In a memorandum dated March 16, 2016, V3 estimated the cost of remediation of the Lakin and A. Finkl & Sons sites at \$2,607,250, and the current property owner estimates the full cost of remediating this site at approximately \$4.4 million after including environmental design and contingency costs. For the Sims Metals property, the estimated cost of remediation is \$9.6 million, assuming removal and disposal of the top eight feet of hazardous soil.<sup>1</sup> These known and unknown remediation costs, as well as the time delays caused by remediation processes and certifications, represent a material impediment to redevelopment of Vacant Subarea 1.

Vacant Subarea 2 is a U.S. EPA Superfund site, due to the site's history as a Manufactured Gas Plant (MGP) owned and operated by the utility Peoples Gas Light and Coke Company (Peoples Gas). People's Gas' MGP properties in Chicago are adjacent to the river as it provided a transportation route when the manufactured gas plants operated. The facility produced gas from coal from the mid-19th through the mid-20th centuries. After World War II, coal gas was phased out and replaced with natural gas for cooking and heating. Waste from these operations often included tar, oil, cinders and coke (coal residue). The material also usually contains polynuclear aromatic hydrocarbons (PAHs) volatile organic compounds (VOCs) and heavy metals such as arsenic and lead. These MGP-related contaminants are found in the soil and groundwater at these sites. According to the U.S. EPA, some remediation has taken place but contaminants have not yet been fully resolved. The following excerpt is taken from the USEPA web site regarding the Peoples Gas Willow St Station MGP site:

"What is the Current Site Status? Peoples Gas (later Integrys) conducted site investigations at the site from 2002 to 2004. A small area of PCB-impacted soil was excavated in April 2004. More comprehensive remedial operations at the site from 2004 to 2006 involved excavation to a maximum depth of 20 feet below ground surface and off-site disposal of about 130,600 tons of impacted material. During this effort, tar was observed along the sheetpile wall that separates the site from the river. Impacted materials were left in place at the limits of the excavations.

In 2007, EPA and Integrys entered into an Administrative Order on Consent (AOC) for engineering evaluations and cost analyses (EE/CAs) at the 11 Chicago MGP sites. In 2008, EPA and Integrys entered into an AOC that converted the EE/CA AOC for the 11 Chicago MGP sites to a remedial investigation and feasibility study (RI/FS) AOC.

Since RI fieldwork began in December 2012, five rounds of ground water and three rounds of soil vapor sampling have been completed. Sediment sampling also finished in October 2013. EPA expects submittal of a draft RI Report for review by December 2015."

' Alloy Property Company, LLC owns both of these sites and provided the environmental studies and cost estimates for this report.

Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018

**As of the date of this Study, no further information was provided by the USEPA regarding the expected December 2015 report. Additionally no information was available as to any estimated costs of remediation for Vacant Subarea 2.**

**The long history of contamination, the ongoing Superfund status, and the unknown remediation costs in both time and money represent a material impediment to redevelopment of Vacant Subarea 2.**

**Environmental Remediation Costs are meaningfully present in both Vacant Subarea 1 and Vacant Subarea 2. Therefore, the factor is considered to be reasonably distributed throughout the Vacant Area.**

*Conclusion: Environmental Remediation Costs as a factor is meaningfully present and reasonably distributed throughout the Vacant Area.*

**(f) Declining Or Lagging Rate Of Growth Of Total Equalized Assessed Valuation**

*Section 11-74.4-3(a)(2)(F) of the Act: "The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated."*

**Table 2. Growth of Vacant Area vs. City of Chicago**

	Chicago, minus Vacant Year Area EAV	Percent Total EAV - Vacant change	Total EAV of City of Area	Percent rate less than the change City?	Area growing at a
2012	65,235,808,192		14,579,075		
2013	<b>62,358,068,548</b>	<b>-4.4%</b>	<b>12,136,540</b>	<b>-16.8%</b>	<b>YES</b>
2014	<b>64,902,091,301</b>	<b>4.1%</b>	<b>11,682,470</b>	<b>-3.7%</b>	<b>YES</b>
2015	<b>70,949,329,316</b>	<b>9.3%</b>	<b>13,959,652</b>	<b>19.5%</b>	<b>NO</b>
2016	<b>74,002,744,587</b>	<b>4.3%</b>	<b>13,761,764</b>	<b>-1.4%</b>	<b>YES</b>
2017	76,750,035,254	3.7%	15,267,282	10.9%	NO

Percent Change reflects the annual growth in EAV from the prior year (e.g. 9.3% change in Total EAV of City of Chicago for Year 2015 represents the growth in EAV from 2014 to 2015)

*Conclusion: As indicated in Table 2, the rate of Growth of the EAV for the Vacant Area increased at a rate that is less than the balance of the City of Chicago in the years ending 2013, 2014, and 2016. Therefore, Declining or Lagging Equalized Assessed Valuation as a factor is present to a meaningful extent and reasonably distributed throughout the Vacant Area.*

Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018

### Summary of Vacant Area Criteria

The Vacant Area exhibits the presence of 4 of the 6 factors listed in Section 11-74.4-3(a)(2) of the Act for qualification as a blighted vacant area. Two are required for qualification as a vacant blighted area. These factors include:

- Obsolete Platting
- Environmental Remediation Costs Have Been Incurred/Are Required
- Deterioration of Structures and Site Improvements in Adjacent Areas
- Declining or lagging EAV

Each of these is present to a meaningful extent and is reasonably distributed throughout the vacant part of the Project Area.

Insufficient documentation was available to determine whether the Vacant Area exhibited the presence of any of the factors described in Section 11-74.4.3(a)(3) of the Act, an alternative set of criteria for qualification as a blighted vacant area.

**Vacant Area eligibility is illustrated in Figure 7. Vacant Area Eligibility Factors.**

*Cortland and Chicago River Tax Increment Financing Eligibility Report City of Chicago, Illinois - November 30, 2018*

### DETERMINATION OF PROJECT AREA ELIGIBILITY

The Project Area meets the requirements of the Act for designation as a combination of a blighted improved area and a

blighted vacant area.

**Blighted Improved Area**

The Improved Area qualifies as an blighted improved area described in Section 11-74.4.3(a)(1) of the Act because each of the following 5 factors is (i) present, with that presence documented, to a meaningful extent 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. Obsolescence
2. Deterioration
3. Excessive Land Coverage
4. Inadequate Utilities
5. Declining or Lagging EAV

***The summary of blighted area factors is documented on a block-by-block basis in Table 3: Distribution of Blighted Improved Area Factors.***

**Blighted Vacant Area**

The Vacant Area qualifies as a blighted vacant area described in Section 11-74.4.3(a)(2) of the Act since the sound growth of the Project Area is impaired by a combination of the following 4 factors, each of which is (i) present, with that presence documented, to a meaningful extent 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 vacant part of the Project Area:

- a. Obsolete Platting;
- b. Environmental Remediation Costs Have Been Incurred/Are Required;
- c. Deterioration of Structures and Site Improvements in Adjacent Areas;
- d. Declining or Lagging EAV

***A summary of vacant blighted area factors within the Project Area is documented on a block-by-block basis in Table 4: Distribution of Blighted Vacant Area Factors.***

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 on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of a redevelopment plan.

a c  
c E  
x  
a  
  
o o  
-d c a -a c a  
o

FIGURE 2. Existing Land Use  
Cortland/Chicago River TIF

Prepared by Johnson Research Group, Inc. 1118

Prepared by Johnson Research Group, Inc. 11.18

NORTH

FIGURE 3. Improved Area Factor-Obsolescence  
Cortland/Chicago River TIF

Prepared by: Johnson Research Group, Inc. 1118

NORTH

FIGURE 4. Improved Area Factor- Deterioration  
Cortland/Chicago River TIF

Prepared by Johnson Research Group, Inc. 11.18

NORTH

FIGURE 5. Improved Area Factor- Inadequate Utilities  
Cortland/Chicago River TIF

Prepared by Johnson Research Group, Inc. 11.18

NORTH

Prepared by: Johnson Research Group, Inc. 1118

NORTH

FIGURE 6. Improved Area Factor-Excessive Land Coverage/Overcrowding of Buildings and Community Facilities  
Cortland/Chicago River TIF

**FIGURE 7. Vacant Area Eligibility Factors**  
Cortland/Chicago River TIF

Prepared by: Johnson Research Group, Inc. 11.18

NORTH