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**1998 Annual Report**

**Central Loop  
Redevelopment Project Area**



**Pursuant to Mayor's  
Executive Order 97-2**

*JUNE 30, 1999*

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City of Chicago  
Richard M. Daley, Mayor

Department of Planning  
and Development

Christopher R. Hill  
Commissioner

121 North LaSalle Street  
Chicago, Illinois 60602  
(312) 744-4190  
(312) 744-2271 (FAX)

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June 30, 1999

The Honorable Mayor Richard M. Daley, Members  
of the City Council, and Citizens of the City of Chicago  
City of Chicago  
121 N. LaSalle Street  
Chicago, Illinois 60602

Ladies and Gentlemen:

The attached information for the Central Loop Redevelopment Project Area, along with 63 other individual reports, is presented pursuant to the Mayoral Executive Order 97-2 (Executive Order) regarding annual reporting on the City's tax increment financing (TIF) districts. The City's TIF program has been used to finance neighborhood and downtown improvements, leverage private investment, and create and retain jobs throughout Chicago.

Pursuant to the Executive Order, the Annual Report, presented in the form of the attached, will be filed with the City Clerk for transmittal to the City Council and be distributed in accordance with the Executive Order.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hill".

Christopher R. Hill  
Commissioner  
Department of Planning and Development

A handwritten signature in black ink, appearing to read "Walter Knorr".

Walter K. Knorr  
Chief Financial Officer

NEIGHBORHOODS



June 30, 1999

Mr. Christopher R. Hill  
Commissioner  
Department of Planning and Development  
121 N. LaSalle St.  
Chicago, Illinois 60602

Commissioner Hill:

Enclosed is the required annual report for the Central Loop Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to the Mayor's Executive Order 97-2. The contents are based on information provided to us by the Chicago Departments of Planning and Development, Finance, and Law Department. We have not audited, verified, or applied agreed upon procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

The report includes the City's data methodology and interpretation of Executive Order 97-2 in addition to required information. The tables in this report use the same lettering system as the Executive Order in order to allow the reader to locate needed information quickly.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City departments.

Very truly yours,

*Ernst & Young LLP*

Ernst & Young LLP

# Central Loop Redevelopment Project Area 1998 Annual Report

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# **Central Loop Redevelopment Project Area**

## **1998 Annual Report**

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### **Purpose of Report:**

The purpose of the Annual Report for the Central Loop Redevelopment Project Area (Report) is to provide information regarding the City of Chicago (City) tax increment financing (TIF) districts in existence on December 31, 1998, as required by the Mayor's Executive Order 97-2 (Executive Order). This Report covers the Central Loop Redevelopment Project Area (Project Area).

### **Methodology:**

In the process of providing information about the Project Area, care was taken to follow the organization of the Executive Order to allow the reader to locate needed information in an efficient manner. The Report reflects only TIF economic activity during 1998, also referred to in this report as "the prior calendar year." As outlined below, several assumptions were made concerning certain required information.

#### **(a) General Description**

The general boundaries of the Project Area are described and illustrated in a map. However, in order to provide ease of reading, only major boundary streets are identified. For exact boundaries, the interested reader should consult the legal description of the Project Area boundaries found in the Redevelopment Plan (Attachment).

#### **(b) Date of Designation and Termination**

For purposes of this Report, the date of termination is assumed to occur 23 years from the date of designation, the maximum duration currently allowed under the Tax Increment Allocation Redevelopment Act.

#### **(c) Copy of Redevelopment Plan**

The Redevelopment Plan, as amended (if applicable), for the Project Area is provided as the Attachment at the end of the Report.

## Central Loop Redevelopment Project Area 1998 Annual Report

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### (d) Description of Intergovernmental and Redevelopment Agreements

Table D describes agreements related to the Project Area which are either intergovernmental agreements between the City and another public entity or redevelopment agreements between the City and private sector entities interested in redeveloping all or a portion of the Project Area. The date of recording of agreements executed by the City in 1998 and filed with the Cook County Recorder of Deeds is included in Table D (if applicable).

### (e) Description of TIF Projects

Table E describes each TIF project in the Project Area that has already received approval by the Community Development Commission, and which received TIF financing during 1998. Those projects in discussion, pre-proposal stage with a developer, or being reviewed by Community Development Commission staff are not "projects" for purposes of the Report. The amount budgeted for project costs and the estimated timetable were obtained from the Project Area's intergovernmental or redevelopment agreements, if such agreements exist. Table E specifically notes:

- 1) the nature of the project;
- 2) the budgeted project cost and the amount of TIF assistance allocated to the project;
- 3) the estimated timetable and a statement of any change in the estimate during the prior calendar year;
- 4) total City tax increment project expenditures during the prior calendar year and total City tax increment project expenditures to date;
- 5) a description of all TIF financing, including type, date, terms, amount, project recipient, and purpose of project financing.

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### (f) Description of all TIF Debt Instruments

Table F describes all TIF debt instruments related to the Project Area in 1998. It should be noted that debt instruments issued without a security pledge of incremental taxes or direct payments from incremental taxes for principal and interest are not included in Table F, as such instruments do not qualify as TIF debt instruments as defined by the Executive Order. Table F includes:

- 1) the principal dollar amount of TIF debt instruments;
- 2) the date, dollar amount, interest rate, and security of each sale of TIF debt instruments and type of instrument sold;
- 3) the underwriters and trustees of each sale;
- 4) the amount of interest paid from tax increment during the prior calendar year (1998);
- 5) the amount of principal paid from tax increment during the prior calendar year (1998).

### (g) Description of City Contracts

Table G provides a description of City contracts related to the Project Area, executed or in effect during 1998 and paid with incremental tax revenues. In addition, the date, names of all contracting parties, purpose, amount of compensation, and percentage of compensation paid is included in the table. Table G does not apply to any contract or contract expenditure reported under (e)(5) of Section 4 of the Executive Order.

City contracts related to the Project Area are defined as those contracts paid from TIF funds, not related to a specific TIF project, and not elsewhere reported. Items include, but are not limited to, payments for work done to acquire, dispose of, or lease property within a Project Area, or payments to appraisers, surveyors, consultants, marketing agents, and other professionals. These services may affect more than one project in a Project Area and are not otherwise reported. Table G does not report such noncontractual cost items as Recorder of Deeds filing fees, postage, telephone service, etc. City contracts include term agreements which are city-wide, multi-year contracts that provide goods or services for various City departments.

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### (h) Summary of Private and Public Investment Activity

Table H describes each TIF project in the Project Area that has been executed through an intergovernmental or redevelopment agreement in 1998, or that has been approved by the Community Development Commission in 1998.

To the extent this information is available to the Commissioner of Planning and Development on a completed project basis, the table provides a summary of private investment activity, job creation, and job retention within the Project Area and a summary for each TIF project within the Project Area.

Table H contains the final ratio of private/public investment for each TIF project. The private investment activity reported includes data from the intergovernmental or redevelopment agreement(s) and any additional data available to the Commissioner of Planning and Development. Other private investment activity is estimated based on the best information available to the Commissioner of Planning and Development.

### (i) Description of Property Transactions

Information regarding property transactions is provided in Table I to the extent the City took or divested title to real property or was a lessor or lessee of real property within the Project Area. Specifically, the Executive Order requires descriptions of the following property transactions occurring within the Project Area during 1998:

- 1) every property acquisition by the City through expenditure of TIF funds, including the location, type and size of property, name of the transferor, date of transaction, the compensation paid, and a statement whether the property was acquired by purchase or by eminent domain;
- 2) every property transfer by the City as part of the redevelopment plan for the Project Area, including the location, type and size of property, name of the transferee, date of transaction, and the compensation paid;
- 3) every lease of real property to the City if the rental payments are to be made from TIF funds. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental, and the rental amount;



## Central Loop Redevelopment Project Area 1998 Annual Report

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- 4) every lease of real property by the City to any other person as part of the redevelopment plan for the Project Area. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental, and the rental amount.

### (j) Financial Summary Prepared by the City Comptroller

Section (j) provides a 1998 financial summary for the Project Area audited by an independent certified public accounting firm. These statements were prepared in accordance with generally accepted accounting principles. These statements include:

- 1) the balance in the fund for the Project Area at the beginning of the prior calendar year;
- 2) cash receipts by source and transfers deposited into the fund during the prior calendar year;
- 3) transfer credits into the fund for the Project Area during the prior calendar year;
- 4) expenditures and transfers from the fund, by statutory category, for the Project Area during the prior calendar year;
- 5) the balance in the fund for the Project Area at the conclusion of the prior calendar year.

### (k) Description of Tax Receipts and Assessment Increments

Table K provides the required statement of tax receipts and assessment increments for the Project Area as outlined in the Executive Order. The amount of incremental property tax equals the incremental EAV from the prior year multiplied by the applicable property tax rates. Actual receipts may vary due to delinquencies, sale of prior years' taxes, and payment of delinquencies. See the financial report for actual receipts. Table K provides the following information:

- 1) for a sales tax Project Area, the municipal sales tax increment and state sales tax increment deposited in the fund during the prior calendar year;

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- 2) for a utility tax Project Area, the municipal utility tax increment and the net state utility tax increment amount deposited in the special allocation fund during the prior calendar year;
- 3) for a property tax Project Area, (A) the total initial equalized assessed value of property within the Project Area as of the date of designation of the area, and (B) the total equalized assessed value of property within the Project Area as of the most recent property tax year;
- 4) the dollar amount of property taxes on property within the Project Area attributable to the difference between items (3)(A) and (3)(B) above.

All terms used in Table K relating to increment amounts and equalized assessed value (EAV) are construed as in Section 9 of the Illinois Tax Increment Allocation and Redevelopment Act or the Illinois Industrial Jobs Recovery Law. Unless otherwise noted, the EAV and property tax information were obtained from the Cook County Clerk's Office. All sales tax information was obtained from the City of Chicago.

### (l) Certain Contracts of TIF Consultants

Table L provides information about contracts, if any, between the TIF consultant who was paid by the City for assisting to establish the Project Area and paid by any entity that has received or is currently receiving payments financed by tax increment revenues from the Project Area. The contents of Table L are based on responses to a mail survey. This survey was sent to every consultant who has prepared at least one redevelopment plan for the establishment of a redevelopment project area within the City in 1998. The Executive Order specifically applies to contracts that the City's tax increment advisors or consultants, if any, have entered into with any entity that has received or is receiving payments financed by tax revenues produced by the same Project Area.

### (m) Compliance Statement Prepared by an Independent Public Accountant

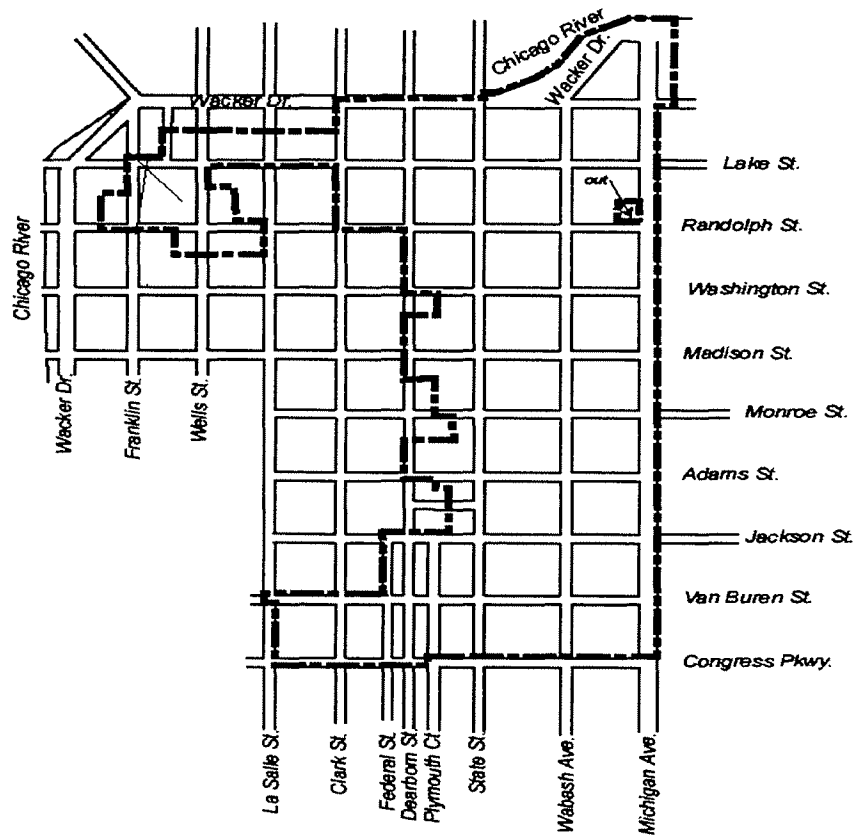
As part of the audit procedures performed by independent accountants, certain compliance tests were performed related to the Project Area. Included in the Annual Report is an audit opinion indicating compliance or non-compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate. Section (m) provides this statement.

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## (a) GENERAL DESCRIPTION

The Project Area is generally bounded by Wacker Drive on the north, Michigan Avenue on the east, Congress Parkway on the south, and Dearborn, LaSalle, and North Franklin streets on the west. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan (Attachment).



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### (b) DATE OF DESIGNATION AND TERMINATION

The Project Area was designated by the Chicago City Council on June 20, 1984 as "North Loop," and amended on February 7, 1997 as "Central Loop." The Project Area may be terminated no later than June 20, 2007.

### (c) COPY OF REDEVELOPMENT PLAN

The Redevelopment Plan for the Project Area, as amended (if applicable), is contained in this Report (Attachment).

### (d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS

TABLE D  
INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS

PARTIES TO AGREEMENT WITH CITY	DATE OF AUTHORIZATION BY CITY COUNCIL	DATE OF EXECUTION	DATE OF RECORDING IN RECORDER OF DEEDS OFFICE (if applicable)
American Youth Hostels-Chicago, Inc.	12/2/98	12/30/98	12/31/98
Canal Street Hotel, LLC	6/10/98	7/14/98	7/16/98
Chicago Theater Group d/b/a The Goodman Theater	10/28/97	4/17/98	2/2/99
Palmet Venture, LLC	12/10/97	3/6/98	3/9/98

## Central Loop Redevelopment Project Area 1998 Annual Report

### (e) DESCRIPTION OF TIF PROJECT(S)

**TABLE E  
DESCRIPTION OF TIF PROJECTS APPROVED BY THE COMMUNITY DEVELOPMENT COMMISSION WITH EXPENDITURES  
DURING THE PRIOR CALENDAR YEAR**

NATURE OF PROJECT	BUDGETED PROJECT COST	TIF ASSISTANCE ALLOCATED TO THE PROJECT	ESTIMATED TIME TABLE	PRIOR YEAR CHANGES IN TIME TABLE	TOTAL CITY TAX INCREMENT DURING 1998	TOTAL CITY TAX INCREMENT TO DATE	TYPE OF TIF FINANCING	DATE OF TIF FINANCING	TERM OF TIF FINANCING	PRINCIPAL AMOUNT OF TIF FINANCING	PROJECT RECIPIENT	PURPOSE OF PROJECT FINANCING
Rehabilitation	\$14,000,000	\$3,530,000	12/98-5/00	NA (2)	\$667,000	\$667,000	1997 Bonds	11/1/97	9 years	\$91 million	American Youth Hostels-Chicago, Inc.	Rehabilitation
Rehabilitation	NA (2)	\$17,600,000	2/98/10/99	NA (2)	\$11,000,000	\$11,000,000	1997 Bonds	11/1/97	9 years	\$91 million	Palmel Venture, LLC	Rehabilitation
Rehabilitation	\$32,000,000 (2)	\$13,500,000	NA (2)	NA (2)	\$9,000,000	\$19,120,954	Incremental Revenue	NA (1)	NA (1)	NA (1)	Livent, Inc.	Rehabilitation

(1) NA - not applicable.

(2) NA - not available.

(3) Budgeted project cost is equal to \$32,000,000 plus the cost of the Oliver building.

# Central Loop Redevelopment Project Area 1998 Annual Report

## (f) DESCRIPTION OF TIF DEBT INSTRUMENTS

TABLE F  
DESCRIPTION OF TIF DEBT INSTRUMENTS RELATED TO THE PROJECT AREA - TERMS

<u>NAME OF DEBT INSTRUMENT</u>	<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>SECURITY</u>	<u>TYPE</u>	<u>UNDERWRITERS</u>	<u>TRUSTEES</u>	<u>INTEREST PAID DURING 1998</u>	<u>PRINCIPAL PAID DURING 1998</u>
City of Chicago, Tax Increment Allocation Bonds (Central Loop Redevelopment Project Series 1997A & B)	11/1/97	\$187,000,000	4.5% to 6.38%	Incremental Taxes & Reserve and Redemption Account	Tax Increment Allocation Bond	Mesirow Financial, Inc. ABNN AMRO Chicago Corporation Dougherty Summit Securities LLC Melvin Securities Corporation Artemis Captial Group, Inc. Harris Trust & Savings Samuel A. Ramirez & Co., Inc. Siebert Brandford Shank & Co., LLC Dain Bosworth Incorporated Principal Financial Securities SBK - Brooks Investment Corp.	Cole Taylor Bank	\$11,248,169	\$0

**Central Loop Redevelopment Project Area  
1998 Annual Report**

**(g) DESCRIPTION OF CITY CONTRACTS**

**TABLE G  
DESCRIPTION OF CITY CONTRACTS RELATED TO THE PROJECT AREA**

<u>CONTRACTING PARTIES WITH THE CITY OF CHICAGO</u>	<u>DATE OF EXECUTION</u>	<u>PURPOSE</u>	<u>AMOUNT OF COMPENSATION PAID IN 1998</u>	<u>PERCENT OF COMPENSATION PAID TO DATE</u>
Earl L. Neal & Associates	1998	Property Assembly Costs	\$128,712	100%
Cook County Treasurer	1998	Property Assembly Costs	\$542,000	100%
Golden P Corporation	1998	Cost of Relocation	\$150,000	100%
Linberger & Co.	1998	Property Assembly Costs	\$5,940	100%
Real Estate Analysis Corp.	1998	Property Assembly Costs	\$500	100%
Clarion Associates	1998	Property Assembly Costs	\$46,200	100%
Millenium Properties	1998	Property Assembly Costs	\$2,350	100%
Earl L. Neal & Associates	1998	Property Assembly Costs	\$165,875	100%
Lambert Group	Term Agreement	Costs of Studies	\$3,230	100%
Lambert Group	Term Agreement	Costs of Studies	\$1,336	100%
S.B. Friedman & Co.	Term Agreement	Costs of Studies	\$2,235	100%
Real Estate Analysis Corp.	Term Agreement	Costs of Studies	\$8,750	100%
William A. McCann & Assoc.	Term Agreement	Costs of Studies	\$12,000	100%
Trkla, Pettigrew, Allen & Payne	Term Agreement	Costs of Studies	\$9,075	100%
S.B. Friedman & Co.	Term Agreement	Costs of Studies	\$13,825	100%

**Central Loop Redevelopment Project Area  
1998 Annual Report**

<u>CONTRACTING PARTIES WITH THE CITY OF CHICAGO</u>	<u>DATE OF EXECUTION</u>	<u>PURPOSE</u>	<u>AMOUNT OF COMPENSATION PAID IN 1998</u>	<u>PERCENT OF COMPENSATION PAID TO DATE</u>
U.S. Equities Development, Inc.	1998	Costs of Studies	\$638,483	77%
Careerworks	1998	Costs of Job Training	\$19,500	33%
Burke, Warren & MacKay	1998	Costs of Studies	\$56,586	100%
William A. McCann & Assoc.	1998	Costs of Studies	\$1,583	100%
Deloitte & Touche	1998	Costs of Studies	\$12,900	100%
Bauer Latzoa Studio	1998	Costs of Studies	\$25,024	100%
S.B. Friedman & Co.	Term Agreement	Costs of Studies	\$8,348	100%
S.B. Friedman & Co.	Term Agreement	Costs of Studies	\$4,500	100%
S.B. Friedman & Co.	Term Agreement	Costs of Studies	\$6,990	100%
Lambert Group	Term Agreement	Costs of Studies	\$40,712	100%
Lambert Group	Term Agreement	Costs of Studies	\$5,921	100%
Gibbons & Gibbons	Term Agreement	Costs of Studies	\$5,000	100%
Nakawatase, Wyns, & Assoc.	Term Agreement	Costs of Studies	\$9,108	100%
Brandenburg Industrial Co.	Term Agreement	Property Assembly Costs	\$323,050	100%
Chicago Sun-Times	Term Agreement	Costs of Studies	\$341	100%
Ernst & Young	Term Agreement	Costs of Studies	\$7,692	100%
HNTB	Term Agreement	Costs of Construction of Public Works	\$44,759	95%
Daniel P. Coffey & Assoc.	Term Agreement	Costs of Construction of Public Works	1,159	100%



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<u>CONTRACTING PARTIES WITH THE CITY OF CHICAGO</u>	<u>DATE OF EXECUTION</u>	<u>PURPOSE</u>	<u>AMOUNT OF COMPENSATION PAID IN 1998</u>	<u>PERCENT OF COMPENSATION PAID TO DATE</u>
Walsh Construction Company	1998	Costs of Construction of Public Works	\$41,203	95%
Walsh Construction Company	1998	Costs of Construction of Public Works	\$292,487	95%
Walsh Construction Company	1998	Costs of Construction of Public Works	\$15,962	100%
Baker Heavy & Highway, Inc.	1998	Costs of Construction of Public Works	\$1,317,247	100%
Chicago Dept. of Transportation	1998	Costs of Construction of Public Works	\$117,667	100%
Chicago Dept. of Transportation	1998	Costs of Construction of Public Works	\$18,491	100%
Mecor Industries, Ltd.	1998	Costs of Construction of Public Works	\$317,064	59%
Professional Service Industries, Inc.	Term Agreement	Costs of Construction of Public Works	\$525	100%
The Gordian Group	1998	Costs of Construction of Public Works	\$960	100%
D'Escoto, Inc.	Term Agreement	Costs of Construction of Public Works	\$61,277	95%
Nakawtase, Wyns, & Assoc.	Term Agreement	Costs of Construction of Public Works	\$151,030	95%
Ciorba Group, Inc.	Term Agreement	Costs of Construction of Public Works	\$64,522	95%
E.A. Cox Company	1998	Costs of Construction of Public Works	\$4,977,046	95%
Material Testing Laboratories	1998	Costs of Construction of Public Works	\$2,970	95%

## Central Loop Redevelopment Project Area 1998 Annual Report

CONTRACTING PARTIES WITH THE CITY OF CHICAGO	DATE OF EXECUTION	PURPOSE	AMOUNT OF COMPENSATION PAID IN 1998	PERCENT OF COMPENSATION PAID TO DATE
Engineers International, Inc.	Term Agreement	Costs of Construction of Public Works	\$665	100%
Consoer Townsend Envirodyne	Term Agreement	Costs of Construction of Public Works	\$67,244	95%
Copelin Commercial Photography	Term Agreement	Costs of Construction of Public Works	\$7,824	95%
The Gordian Group, Inc.	Term Agreement	Costs of Construction of Public Works	\$6,699	100%
Chicago Dept. of Transportation	1998	Costs of Construction of Public Works	\$631,614	95%
City of Chicago Bureau of Electricity	1998	Costs of Construction of Public Works	\$1,356	95%
Lee Lumber	Term Agreement	Costs of Construction of Public Works	\$8,077	100%
G.F. Structures	Term Agreement	Costs of Construction of Public Works	\$102,784	100%
Midwestern Steel	Term Agreement	Costs of Construction of Public Works	\$86,431	100%
Concrete Clinic, Inc.	Term Agreement	Costs of Construction of Public Works	\$1,950	100%
P/F Materials, Inc.	Term Agreement	Costs of Construction of Public Works	\$404	100%
Ozinga Brothers	Term Agreement	Costs of Construction of Public Works	\$22,033	100%
Johnson PIP	Term Agreement	Costs of Construction of Public Works	\$930	100%
Production Dynamics	Term Agreement	Costs of Construction of Public Works	\$1,555	100%

## Central Loop Redevelopment Project Area 1998 Annual Report

<u>CONTRACTING PARTIES WITH THE CITY OF CHICAGO</u>	<u>DATE OF EXECUTION</u>	<u>PURPOSE</u>	<u>AMOUNT OF COMPENSATION PAID IN 1998</u>	<u>PERCENT OF COMPENSATION PAID TO DATE</u>
Shred All Recycling	Term Agreement	Costs of Construction of Public Works	\$43,360	100%
AAA Saw	Term Agreement	Costs of Construction of Public Works	\$167	100%
Builders Chicago	Term Agreement	Costs of Construction of Public Works	\$936	100%
Will Rent	Term Agreement	Costs of Construction of Public Works	\$6,800	100%
W.W. Grainger, Inc.	Term Agreement	Costs of Construction of Public Works	\$365	100%
Lance Construction Supplies	Term Agreement	Costs of Construction of Public Works	\$2,265	100%
Rae Production & Chemicals Corp.	Term Agreement	Costs of Construction of Public Works	\$9,221	100%
Mecor Industries Ltd.	1998	Costs of Construction of Public Works	\$200,970	100%
City of Chicago Dept. of Transportation	1998	Costs of Construction of Public Works	\$73,594	95%
Copelin Commercial Photography	Term Agreement	Costs of Construction of Public Works	\$5,831	100%
Consoer Townsend Envirodyne	Term Agreement	Costs of Construction of Public Works	\$243,284	100%
Engineers International, Inc.	Term Agreement	Costs of Construction of Public Works	\$1,180	100%
Professional Service Industries, Inc.	Term Agreement	Costs of Construction of Public Works	\$2,422	100%
Robert W. Hunt Company	Term Agreement	Costs of Construction of Public Works	\$461	100%

## Central Loop Redevelopment Project Area 1998 Annual Report

CONTRACTING PARTIES WITH THE CITY OF CHICAGO	DATE OF EXECUTION	PURPOSE	AMOUNT OF COMPENSATION PAID IN 1998	PERCENT OF COMPENSATION PAID TO DATE
Material Testing Laboratories	Term Agreement	Costs of Construction of Public Works	\$11,364	100%
Baker Heavy & Highway, Inc.	1998	Costs of Construction of Public Works	\$564,300	95%
E.A. Cox Company	1998	Costs of Construction of Public Works	\$1,442,255	95%
Sargent & Lundy Engineers, Ltd.	Term Agreement	Costs of Construction of Public Works	\$34,115	95%
McDonough Associates, Inc.	Term Agreement	Costs of Construction of Public Works	\$30,776	95%
Material Testing Laboratories	Term Agreement	Costs of Construction of Public Works	\$2,449	95%
D'Escoto, Inc.	Term Agreement	Costs of Construction of Public Works	\$15,877	95%
Shah Engineering	Term Agreement	Costs of Construction of Public Works	\$48,780	95%
McDonough Associates, Inc.	Term Agreement	Costs of Construction of Public Works	\$233,158	95%
Baker Heavy & Highway, Inc.	1998	Costs of Construction of Public Works	\$4,872,986	95%
Chicago Dept. of Transportation	1998	Costs of Construction of Public Works	\$47,504	95%
Parsons Brinckehoff	Term Agreement	Costs of Construction of Public Works	\$670,755	95%
Consoer Townsend Envirodyne	Term Agreement	Costs of Construction of Public Works	\$777,334	95%
Chicago Dept. of Transportation	1998	Costs of Construction of Public Works	\$127,693	95%

## Central Loop Redevelopment Project Area 1998 Annual Report

<b>CONTRACTING PARTIES WITH THE CITY OF CHICAGO</b>	<b>DATE OF EXECUTION</b>	<b>PURPOSE</b>	<b>AMOUNT OF COMPENSATION PAID IN 1998</b>	<b>PERCENT OF COMPENSATION PAID TO DATE</b>
E.A. Cox Company	1998	Costs of Construction of Public Works	\$75,554	95%
Consoer Townsend Environdyne	Term Agreement	Costs of Construction of Public Works	\$1,978,469	10%
Cook County Treasurer	1998	Property Assembly Costs	\$2,000,000	100%
Cook County Treasurer	1998	Property Assembly Costs	\$2,431	100%
Cook County Treasurer	1998	Property Assembly Costs	\$1,356,645	100%
Cook County Collector	1998	Property Assembly Costs	\$49,447	100%
Joseph A. Renzi & Associates	1998	Costs of Studies	\$4,000	100%
Recorder of Deeds	1998	Costs of Studies	\$22	100%
Friedman Properties	1998	Costs of Studies	\$2,972	100%
Real Estate Index	1998	Costs of Studies	\$48	100%
Federal Express	1998	Costs of Studies	\$19	100%
Peoples Gas	1998	Property Assembly Costs	\$982	100%
Page Boiler & Repair	1998	Property Assembly Costs	\$10,861	100%
High Efficiency	1998	Property Assembly Costs	\$1,200	100%
J.M. Brennan & Co.	1998	Property Assembly Costs	\$1,920	100%
White Way Sign	1998	Property Assembly Costs	\$1,600	100%
Advertising Flag Co.	1998	Property Assembly Costs	\$13,064	100%

## Central Loop Redevelopment Project Area 1998 Annual Report

<u>CONTRACTING PARTIES WITH THE CITY OF CHICAGO</u>	<u>DATE OF EXECUTION</u>	<u>PURPOSE</u>	<u>AMOUNT OF COMPENSATION PAID IN 1998</u>	<u>PERCENT OF COMPENSATION PAID TO DATE</u>
Overhead Door Service	1998	Property Assembly Costs	\$234	100%
Galvin Security	1998	Property Assembly Costs	\$86	100%
Intercon Security	1998	Property Assembly Costs	\$600	100%
Ameritech	1998	Property Assembly Costs	\$150	100%
Reed Illinois	1998	Property Assembly Costs	\$4,136	100%
Chicago Dept. of Transportation	1998	Costs of Construction of Public Works	\$1,427	100%
Hallett Movers	1998	Costs of Relocation	\$5,555	100%
Reo Movers & Van Lines	1998	Costs of Relocation	\$6,400	100%
Altamirano D/B/A/ Nizea Enterprises	1999	Costs of Relocation	\$15,000	100%
Renee's Custom Bridal	1998	Costs of Relocation	\$18,000	100%
Bazzoni & Associates	1998	Costs of Relocation	\$28,000	100%
Bindya, Inc.	1998	Costs of Relocation	\$11,500	100%
Chicago Akido Academy	1999	Costs of Relocation	\$27,000	100%
Chicago Sun-Times	1998	Costs of Studies	\$154	100%
Chicago Transit Authority	1998	Costs of Construction of Public Works	\$23,955	100%
Donna Ann Harris	1998	Costs of Studies	\$2,262	100%
Leslie Schwartz	1998	Costs of Studies	\$2,049	100%
Chicago Title Insurance	1998	Property Assembly Costs	\$400	100%

**Central Loop Redevelopment Project Area  
1998 Annual Report**

<u>CONTRACTING PARTIES WITH THE CITY OF CHICAGO</u>	<u>DATE OF EXECUTION</u>	<u>PURPOSE</u>	<u>AMOUNT OF COMPENSATION PAID IN 1998</u>	<u>PERCENT OF COMPENSATION PAID TO DATE</u>
Art Resources	1999	Costs of Job Training	\$728	100%
Columbia College	1999	Costs of Job Training	\$3,584	100%
School of Art Institute	1999	Costs of Job Training	\$7,903	100%
Chicago Moving Co.	1999	Costs of Relocation	\$601	100%
Lookingglass Theater	1999	Costs of Job Training	\$713	100%
Friends of Parks, Inc.	1999	Costs of Job Training	\$1,600	100%
Youth Service Project	1999	Costs of Job Training	\$1,200	100%
City TIF Program Administration	1998	Costs of Studies	\$1,247,352	100%
E.E. Bailey Building Material & Supply Company	1998	Costs of Construction of Public Works	\$1,542	100%
Chicago Dept. of Transportation	1998	Costs of Construction of Public Works	\$5,409	100%
Fitch IBCA, Inc.	1998	Costs of Financing	\$10,000	100%
Standard & Poor's	1998	Costs of Financing	\$20,000	100%
Katten Muchin Zavis	1998	Costs of Financing	\$1,305	100%

**Central Loop Redevelopment Project Area  
1998 Annual Report**

<u>CONTRACTING PARTIES WITH THE CITY OF CHICAGO</u>	<u>DATE OF EXECUTION</u>	<u>PURPOSE</u>	<u>AMOUNT OF COMPENSATION PAID IN 1998</u>	<u>PERCENT OF COMPENSATION PAID TO DATE</u>
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City TIF Program Administration	1998	Costs of Studies	\$1,247,352	100%
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Standard & Poor's	1998	Costs of Financing	\$20,000	100%
Katten Muchin Zavis	1998	Costs of Financing	\$1,305	100%



# Central Loop Redevelopment Project Area

## 1998 Annual Report

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### (h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY

TABLE H  
 DESCRIPTION OF PRIVATE INVESTMENT ACTIVITY, JOB RETENTION, JOB CREATION,  
 AND RATIO OF PRIVATE TO PUBLIC INVESTMENT IN THE PROJECT AREA

<u>NAME OF TIF PROJECT</u>	<u>JOB CREATION</u>	<u>JOB RETENTION</u>	<u>PRIVATE INVESTMENT ACTIVITY</u>	<u>PUBLIC INVESTMENT</u>	<u>RATIO OF PRIVATE/PUBLIC INVESTMENT</u>
Fisher Building	10	0	\$27,280,973	\$6,600,000	4.13
330 S. Michigan	0	400	\$21,308,030	\$2,030,000	10.50
American Youth Hostels	25	0	\$10,470,000	\$3,530,000	2.97
Oxford House	80	0	\$25,800,000	\$1,700,000	15.18

# Central Loop Redevelopment Project Area 1998 Annual Report

## (i) DESCRIPTION OF PROPERTY TRANSACTIONS

TABLE I  
DESCRIPTION OF PROPERTY TRANSACTIONS OCCURRING  
WITHIN THE PROJECT AREA

	<u>LOCATION</u>	<u>TYPE OF PROPERTY</u>	<u>SIZE OF PROPERTY</u>	<u>NAME OF TRANSFEROR/ LESSOR</u>	<u>DATE OF TRANS.</u>	<u>COMPENSATION PAID FOR PROPERTY</u>	<u>PURCHASED OR</u>		<u>DURATION OF LEASE</u>	<u>PURPOSE OF RENTAL</u>
							<u>RENTAL AMOUNT</u>	<u>EMINENT DOMAIN</u>		
PROPERTY AQUISITION BY THE CITY THROUGH THE EXPENDITURE OF TIF FUNDS	6 W. Randolph	commercial	N.A. (2)	D&I Partners	4-13-98	\$2.02 mill	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)
	70 E. Randolph	commercial	N.A. (2)	First United Bank t/u/t 1718	5-8-98	\$1.36 mill	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)
PROPERTY TRANSFERRED BY THE CITY THROUGH THE REDEVELOPMENT PLAN FOR THE PROJECT AREA	6-10 W. Randolph 156-162 N. State (5 parcels)	commercial	N.A. (2)	Art Institute of Chicago	12/30/98	\$3.42 mill	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)

# Central Loop Redevelopment Project Area 1998 Annual Report

TABLE I  
DESCRIPTION OF PROPERTY TRANSACTIONS OCCURRING  
WITHIN THE PROJECT AREA

	<u>LOCATION</u>	<u>TYPE OF PROPERTY</u>	<u>SIZE OF RENTAL PROPERTY</u>	<u>NAME OF TRANSFEROR/ LESSOR</u>	<u>DATE OF TRANS.</u>	<u>COMPENSATION PAID FOR PROPERTY</u>	<u>PURCHASED OR EMINENT DOMAIN</u>		<u>DURATION OF LEASE</u>	<u>PURPOSE OF RENTAL</u>
							<u>RENTAL AMOUNT</u>			
LEASES OF REAL PROPERTY FROM THE CITY AS PART OF THE REDEVELOPMENT PLAN	60-64 W. Randolph	commercial	5 stories	Garrick Garage Corp.	4-1-94	N.A. (1)	\$10,000	N.A. (1)	month to monrh	commercial
	160 N. State	commercial	4 stories	Royal Remption Center, Inc.	1-1-86	N.A. (1)	\$1,400	N.A. (1)	month to month	commercial
	156 N. State	commercial	3 stories	J.B. Merchandise Co.	1-9-95	N.A. (1)	\$3,700	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Chicago Akido	10-1-97	N.A. (1)	\$600	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Zenaida V. Altamirano	10-1-97	N.A. (1)	\$300	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Rence Vuoung	10-1-97	N.A. (1)	\$400	N.A. (1)	month to month	commercial

# Central Loop Redevelopment Project Area 1998 Annual Report

TABLE I  
DESCRIPTION OF PROPERTY TRANSACTIONS  
OCCURRING  
WITHIN THE PROJECT AREA

	<u>LOCATION</u>	<u>TYPE OF PROPERTY</u>	<u>SIZE OF RENTAL PROPERTY</u>	<u>NAME OF TRANSFEROR/ LESSOR</u>	<u>DATE OF TRANS.</u>	<u>COMPENSATION PAID FOR PROPERTY</u>	<u>RENTAL AMOUNT</u>	<u>OR EMINENT DOMAIN</u>	<u>DURATION OF LEASE</u>	<u>PURCHASED PURPOSE OF RENTAL</u>
LEASES OF REAL PROPERTY FROM THE CITY AS PART OF THE REDEVELOPMENT PLAN (CONTINUED)	162 N. State	commercial	16 stories	Johnathon Blackwell	10-1-97	N.A. (1)	\$400	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Donya Williams	10-1-97	N.A. (1)	\$250	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Bart's Bar & Grill	10-1-97	N.A. (1)	\$2,000	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Marshall Photographies	10-1-97	N.A. (1)	\$3,000	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	James Adekola	10-1-97	N.A. (1)	\$550	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Joseph Bazzoni	10-1-97	N.A. (1)	\$500	N.A. (1)	month to month	commercial

TABLE I

## Central Loop Redevelopment Project Area 1998 Annual Report

### DESCRIPTION OF PROPERTY TRANSACTIONS OCCURRING WITHIN THE PROJECT AREA

	<u>LOCATION</u>	<u>TYPE OF PROPERTY</u>	<u>SIZE OF RENTAL PROPERTY</u>	<u>NAME OF TRANSFEROR/ LESSOR</u>	<u>DATE OF TRANS.</u>	<u>COMPENSATION PAID FOR PROPERTY</u>	<u>RENTAL AMOUNT</u>	<u>PURCHASED OR EMINENT DOMAIN</u>	<u>DURATION OF LEASE</u>	<u>PURPOSE OF RENTAL</u>
LEASES OF REAL PROPERTY FROM THE CITY AS PART OF THE REDEVELOPMENT PLAN (CONTINUED)	162 N. State	commercial	16 stories	Bhupendra & Mira Shah	10-1-97	N.A. (1)	\$525	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Fashion Nails, Inc.	10-1-97	N.A. (1)	\$3,200	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Carrie Carter & Otis Taylor d/b/a Soul by the Pound	10-1-97	N.A. (1)	\$3,200	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Carrie Carter d/b/a Vanity Box Beauty	10-1-97	N.A. (1)	\$675	N.A. (1)	month to month	commercial
	162 N. State	commercial	16 stories	Larry H. Necheles	10-1-97	N.A. (1)	\$250	N.A. (1)	month to month	commercial

(1) N.A. - not applicable

(2) N.A. not available.

**Central Loop Redevelopment Project Area  
1998 Annual Report**

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**(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER**



*City of Chicago, Illinois  
Central Loop Redevelopment  
Project (Formerly Known as  
North Loop Redevelopment  
Project)*

*Financial Statements and Required  
Supplementary and Additional Information for the  
Years Ended December 31, 1998 and 1997 and  
Independent Auditors' Report*

# CITY OF CHICAGO, ILLINOIS

## CENTRAL LOOP REDEVELOPMENT PROJECT (Formerly Known as North Loop Redevelopment Project)

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Richard M. Daley, Mayor, and  
Members of the City Council  
City of Chicago, Illinois

We have audited the accompanying combined balance sheet of the City of Chicago, Illinois' Central Loop Redevelopment Project (Project) (formerly known as North Loop Redevelopment Project) as of December 31, 1998, and the related combined statements of revenues, expenditures and changes in fund balance for the years ended December 31, 1998 and 1997. These combined financial statements are the responsibility of the management of the City of Chicago, Illinois. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of the Project as of December 31, 1998, and the results of its operations for the years ended December 31, 1998 and 1997 in conformity with generally accepted accounting principles.

As discussed in Note 1 to the combined financial statements, effective January 1, 1997, the Project adopted Statement No. 31 of the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 31 resulted in investments being carried at fair value.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The additional information, which is also the responsibility of the City's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such additional information (pages 11 and 12) has been subjected to the auditing procedures applied in our audits of the combined financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the combined financial statements taken as a whole.

The Year 2000 Readiness Disclosure on pages 9 and 10 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the Year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the Project is or will become Year 2000 compliant, that the Project's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Project does business are or will become Year 2000 compliant.

*Deloitte & Touche LLP*

June 21, 1999

CITY OF CHICAGO, ILLINOIS

**CENTRAL LOOP REDEVELOPMENT PROJECT**  
**(Formerly Known as North Loop Redevelopment Project)**

**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 1998, WITH COMPARATIVE TOTALS FOR 1997**

	1998			Totals (Memorandum Only)	
	Governmental Funds	Agency Fund	General Long-Term Debt Account Group	1998	1997
<b>ASSETS:</b>					
Cash and cash equivalents (Note 2)	\$ 147,735,937	\$ 989,211		\$ 148,725,148	\$ 202,203,527
Investments (Note 2)	67,877,917	2,006,092		69,884,009	38,252,065
Property tax receivable	37,161,000			37,161,000	33,339,927
Due from other funds	56,581			56,581	41,243,277
Accrued interest receivable	1,657,063	4,034		1,661,097	1,251,280
<b>OTHER DEBITS:</b>					
Amount available for debt service			\$ 43,769,256	43,769,256	28,585,872
Amount to be provided for retirement of long-term debt			143,230,744	143,230,744	158,414,128
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 254,488,498</b>	<b>\$ 2,999,337</b>	<b>\$ 187,000,000</b>	<b>\$ 444,487,835</b>	<b>\$ 503,290,076</b>
<b>LIABILITIES AND FUND BALANCE:</b>					
Vouchers payable	\$ 3,147,520			\$ 3,147,520	\$ 2,481,002
Accrued liabilities		\$ 2,999,337		2,999,337	2,851,786
Due to other funds	1,393,924			1,393,924	2,690,041
Accrued interest payable	894,085			894,085	1,730,487
Deferred revenue	37,161,000			37,161,000	33,339,927
Bonds payable (Note 3)			\$ 187,000,000	187,000,000	187,000,000
<b>Total liabilities</b>	<b>42,596,529</b>	<b>2,999,337</b>	<b>187,000,000</b>	<b>232,595,866</b>	<b>230,093,243</b>
<b>Fund balance:</b>					
Reserved for debt service	43,769,256			43,769,256	28,585,872
Reserved for encumbrances (Note 5)	13,652,898			13,652,898	4,990,777
Unreserved	154,469,815			154,469,815	239,620,184
<b>Total fund balance</b>	<b>211,891,969</b>			<b>211,891,969</b>	<b>273,196,833</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 254,488,498</b>	<b>\$ 2,999,337</b>	<b>\$ 187,000,000</b>	<b>\$ 444,487,835</b>	<b>\$ 503,290,076</b>

See notes to combined financial statements.

**CITY OF CHICAGO, ILLINOIS**

**CENTRAL LOOP REDEVELOPMENT PROJECT  
(Formerly Known as North Loop Redevelopment Project)**

**COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES  
YEARS ENDED DECEMBER 31, 1998 AND 1997**

	1998	1997
REVENUES:		
Property taxes	\$ 36,846,876	\$ 31,673,240
Investment income	<u>11,467,010</u>	<u>4,165,232</u>
Total revenues	48,313,886	35,838,472
EXPENDITURES:		
Capital projects	47,706,984	33,563,548
Interest expense	<u>10,411,766</u>	<u>778,719</u>
Total expenditures	<u>58,118,750</u>	<u>34,342,267</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,804,864)	1,496,205
OTHER FINANCING SOURCES (USES):		
Proceeds of debt, net of original discount		188,350,441
Operating transfers out (Note 4)	<u>(51,500,000)</u>	<u>(24,258,006)</u>
Total other financing sources (uses)	<u>(51,500,000)</u>	<u>164,092,435</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(61,304,864)	165,588,640
FUND BALANCE, BEGINNING OF YEAR	<u>273,196,833</u>	<u>107,608,193</u>
FUND BALANCE, END OF YEAR	<u>\$ 211,891,969</u>	<u>\$273,196,833</u>

See notes to combined financial statements.

# CITY OF CHICAGO, ILLINOIS

## CENTRAL LOOP REDEVELOPMENT PROJECT (Formerly Known as North Loop Redevelopment Project)

### NOTES TO COMBINED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1998 AND 1997

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#### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of Project** - The Central Loop Redevelopment Project (Project) was established as a Tax Increment Financing (TIF) district by the City of Chicago, Illinois (City) in 1997. The Project is an extension of the North Loop Redevelopment Project established in 1986. The area has been established to finance improvements, leverage private investment, and create and retain jobs. Reimbursements, if any, are made to the developer for Project costs as public improvements are completed and pass City inspection.

**Fund Accounting** - The Project uses fund accounting to organize its accounts on the basis of funds and account groups, each of which is a separate accounting entity, with a separate set of self-balancing accounts as follows:

- **Governmental Funds** - The Project is accounted for within the capital projects, debt service and special revenue funds of the City. Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities. Debt service funds account for the accumulation of resources for, and the payment of, general long-term debt and related costs. Special revenue funds account for the proceeds of specific revenue sources requiring separate accounting because of legal, grant or regulatory provisions or administrative action. These funds are presented herein on a combined basis.
- **Agency Fund** - An agency fund accounts for assets held by the Project in a trustee capacity for a developer deposit. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.
- **General Long-Term Debt Account Group** - The general long-term debt account group accounts for all long-term obligations of the Project.

**Basis of Accounting** - Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting with only current assets and current liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

**Management's Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Encumbrances** - Encumbrances are purchase orders, contracts and other commitments for expenditures of funds and are recorded to reserve that portion of the applicable appropriation. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities.

**Cash, Cash Equivalents and Investments** - The bond proceeds and incremental taxes associated with the Project are deposited with the City Treasurer or a trust account. The Municipal Code of Chicago (Code) permits deposits only to City Council approved depositories, which must be regularly organized state or national banks and federal and state savings and loan associations, located within the City, whose deposits are federally insured.

Investments authorized by the Code include interest-bearing general obligations of the City, State of Illinois (State), and U.S. Government; U.S. treasury bills and other non-interest bearing general obligations of the U.S. Government purchased in the open market below face value; domestic money market funds regulated and in good standing with the Securities and Exchange Commission; and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval.

On January 1, 1997, the Project adopted GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investments Pools." Accordingly, the Project values its investments at fair value or amortized cost.

Investments, generally, may not have a maturity in excess of one year from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of the applicable bond ordinance.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

**Property Taxes** - Property taxes are recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end.

**Fixed Assets** - Fixed assets are not capitalized in the general operating funds but, instead, are charged as current expenditures when purchased. The General Fixed Asset Account Group of the City includes the capital assets, if any, of the Project.

**Total Columns** - Total Columns used on the balance sheet are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present the financial position of the Project in conformity with generally accepted accounting principles, and, thus, are not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

*Deposits* - Certain deposits with the City Treasurer are commingled and invested by the Treasurer with deposits from other City funds; accordingly, it is not practical to disclose the related bank balance of such cash deposits for the Project. Of the City Treasurer's total bank balances at December 31, 1998, \$237.7 million, or 99.1 percent, was either insured or collateralized with securities held by City agents in the City's name. The remaining balances were uninsured and uncollateralized.

*Investments* - Investments are categorized to give an indication of the level of credit risk. Category 1 includes investments that are insured or registered in the City's name or the securities were held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or its agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or counterparty, or by its trust department or agent, but not in the City's name. Pooled funds include primarily money market accounts. The following table provides a summary for all Project funds at December 31, 1998:

Description	Risk Category	
U.S. Government obligations	1	\$ 80,368,528
Noncategorized - pooled funds		<u>85,390,865</u>
Total		<u>\$165,759,393</u>

The following reconciles the fair value of investments to the financial statements at December 31, 1998:

Investments	\$ 69,884,009
Investments included in cash and cash equivalents	<u>95,875,384</u>
Total	<u>\$165,759,393</u>

**3. BONDS PAYABLE**

In November 1997, the City authorized and issued the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project) \$96,000,000 Series 1997A and \$91,000,000 Taxable Series 1997B. The bonds have interest rates ranging from 4.5 percent to 6.375 percent and have maturity dates ranging from June 1, 1999 to June 1, 2007. Certain net proceeds (\$166,623,000) are to be used to finance redevelopment of the TIF district. The amount outstanding is recorded in the City's general long-term debt account group.

The following summarizes debt service requirements as of December 31, 1998:

<b>Year Ending December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
1999	\$ 15,600,000	\$ 9,914,925	\$ 25,514,925
2000	16,800,000	8,932,425	25,732,425
2001	18,100,000	7,852,300	25,952,300
2002	18,600,000	6,705,425	25,305,425
2003	20,100,000	5,483,487	25,583,487
2004-2007	<u>97,800,000</u>	<u>10,270,950</u>	<u>108,070,950</u>
Total	<u>\$ 187,000,000</u>	<u>\$ 49,159,512</u>	<u>\$ 236,159,512</u>

**4. OPERATING TRANSFERS OUT**

During 1998 and 1997, in accordance with State statutes, the Project transferred \$10,500,000 and \$24,258,006, respectively, to the contiguous River South Redevelopment Project for the construction of the District 1 Police Station and other public improvements. Also during 1998, the Project transferred \$41,000,000 to the City's General Fund relating to initial start-up costs funded by the City.

**5. COMMITMENTS**

As of December 31, 1998, the Project has entered into contracts for approximately \$13,650,000 for services and construction projects.

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# CITY OF CHICAGO, ILLINOIS

## CENTRAL LOOP REDEVELOPMENT PROJECT (Formerly Known as North Loop Redevelopment Project)

### YEAR 2000 READINESS DISCLOSURE (UNAUDITED)

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The City's operations, like those of many other business entities, may be impacted by the inability of certain computer programs and electronic systems with embedded microprocessor chips to recognize calendar dates beyond the year 1999. Unless such programs and microprocessors are modified or replaced prior to the year 2000, they may not function properly after 1999.

The City formed an executive committee in May 1998 to oversee possible City-wide year 2000 impacts. The Department of Business and Information Services has been charged with managing the City's year 2000 project. The year 2000 issue is covered within the scope of the City's year 2000 project. The year 2000 project is divided into stages as follows:

**Awareness** - Establishing a budget and project plan for dealing with the year 2000 issues.

**Assessment Stage** - Identifying the mission critical systems, equipment and individual components for which year 2000 compliance is needed.

**Remediation Stage** - Making changes to systems and equipment.

**Validation/testing stage** - Validating and testing the changes that were made during the remediation stage.

The City committed approximately \$28.2 million and \$32.0 million in 1998 and 1999, respectively, for the repair and replacement of year 2000 compromised systems. As of December 31, 1998, the City entered into contracts for approximately \$17.7 million for the test plan development, audit stages and upgrade of certain software programs.

#### *Mission Critical Applications*

The City has identified one computer application, the Chicago Accounting and Purchasing System, as critical to conducting the operations for year 2000 compliance. As of December 31, 1998, the City completed the awareness and assessment stages, and the remediation stage was in process for the above mission critical component. This mission critical component is still subject to the validation/testing stage. The City-wide completion of all stages is scheduled for September 1999.

#### *Embedded Systems*

The awareness stage, including an inventory of embedded systems, has been completed. Baseline assessment of mission critical functions involving embedded systems was substantially completed by the end of the first quarter of 1999. The City has retained outside consultants to manage and implement completion of this aspect of the year 2000 project, by the end of September 1999.

*Other Considerations*

The City also initiated an assessment of mission critical vendors, which is being performed by a consultant with oversight from the executive committee to plan for continuity in the City's supply chain. Contingency planning for mission critical systems and other elements of the year 2000 project is scheduled to be completed by the end of September 1999.

The above description of the stages of work to address the year 2000 issues is not a guarantee those systems will be year 2000 compliant. Although the City is currently on schedule to meet its objectives for year 2000 compliance, there is no assurance that compliance will be achieved in a timely manner. Further, if the City successfully addresses its year 2000 issues, there is no assurance that any other entity or governmental agency (including governmental organizations or entities that provide essential infrastructure) with which the City electronically interacts will be year 2000 compliant. At this time, the City cannot determine the potential impact of such non-compliance on the business and financial condition or the results of its operations.

**CITY OF CHICAGO, ILLINOIS**

**CENTRAL LOOP REDEVELOPMENT PROJECT  
(Formerly Known as North Loop Redevelopment Project)**

**SCHEDULES OF CASH ACTIVITIES  
YEARS ENDED DECEMBER 31, 1998 AND 1997**

	1998	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Property taxes received	\$ 37,033,572	\$ 29,554,304
Payments for capital projects	(48,305,277)	(24,429,023)
Transactions with other contiguous TIF districts	(10,500,000)	(24,258,006)
Interest received	<u>10,913,748</u>	<u>4,104,323</u>
Net cash flows from operating activities	(10,857,957)	(15,028,402)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of debt		188,350,441
Bond issue and related costs	(31,305)	(2,893,445)
Interest paid	<u>(11,248,169)</u>	
Net cash flows from financing activities	<u>(11,279,474)</u>	<u>185,456,996</u>
INCREASE (DECREASE) IN CASH AND INVESTMENTS	(22,137,431)	170,428,594
CASH AND INVESTMENTS - GOVERNMENTAL FUNDS, BEGINNING OF YEAR	<u>237,751,285</u>	<u>67,322,691</u>
CASH AND INVESTMENTS - GOVERNMENTAL FUNDS, END OF YEAR	<u>\$215,613,854</u>	<u>\$237,751,285</u>
<b>RECONCILIATION OF EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Excess (deficiency) of revenues over expenditures	\$ (9,804,864)	\$ 1,496,205
Adjustments to reconcile:		
Amount provided to River South TIF	(10,500,000)	(24,258,006)
Payments for interest and bond issue and related costs	11,279,474	2,893,445
Changes in assets and liabilities:		
Increase in property tax receivable	(3,821,073)	(2,118,991)
Decrease (increase) in due from other funds	186,696	(243,277)
Increase in interest receivable	(553,262)	(60,909)
Increase in vouchers payable	666,518	826,263
(Decrease) increase in due to other funds	(1,296,117)	2,587,390
(Decrease) increase in accrued interest payable	(836,402)	1,730,487
Increase in deferred revenue	<u>3,821,073</u>	<u>2,118,991</u>
CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (10,857,957)</u>	<u>\$ (15,028,402)</u>

CITY OF CHICAGO, ILLINOIS

**CENTRAL LOOP REDEVELOPMENT PROJECT  
(Formerly Known as North Loop Redevelopment Project)**

**SCHEDULES OF EXPENDITURES BY STATUTORY CODE  
YEARS ENDED DECEMBER 31, 1998 AND 1997**

	1998	1997
EXPENDITURES:		
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 and marketing	\$ 2,132,517	\$ 1,265,227
Cost of Property assembly, including but not limited to acquisition of land and other property, real or personal, or rights and interests therein, demolition of buildings, and the clearing and grading of land	4,658,383	4,872,424
Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures	20,667,000	4,849,878
Costs of the construction of public works or improvements	19,920,495	19,114,153
Costs of job training and retraining projects	35,228	496,320
Cost of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	10,443,071	3,672,164
Costs of relocation to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law	<u>262,056</u>	<u>72,101</u>
Total expenditures	<u>\$58,118,750</u>	<u>\$34,342,267</u>

**Central Loop Redevelopment Project Area  
1998 Annual Report**

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**(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS**

**TABLE K  
DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS**

<u>YEAR</u>	<u>MUNICIPAL SALES TAX INCREMENT</u>	<u>STATE SALES TAX INCREMENT</u>	<u>MUNICIPAL UTILITY TAX INCREMENT</u>	<u>NET STATE UTILITY TAX INCREMENT</u>	<u>INITIAL EAV</u>	<u>TOTAL 1997 EAV</u>	<u>TOTAL INCREMENTAL PROPERTY TAXES 1997</u>
1998	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)	\$988,298,550	\$1,379,439,511	\$37,161,841

(1) N.A. -not applicable.

# Central Loop Redevelopment Project Area 1998 Annual Report

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## (I) CERTAIN CONTRACTS OF TIF CONSULTANTS

<u>NAME OF CITY TIF CONSULTANT OR ADVISOR</u>	<u>CLIENT RECEIVING TIF ASSISTANCE</u>	<u>NATURE OF SERVICE PROVIDED TO CLIENT</u>
Trkla, Pettigrew, Allen, Payne, Inc.	Sears Roebuck & Co.	Preparation of TIF benefits analysis
Trkla, Pettigrew, Allen, Payne, Inc.	Hostelling International/American Youth Hostels - Chicago, Inc.	Preparation of application for TIF Assistance
Trkla, Pettigrew, Allen, Payne, Inc.	Freed Associates	Preparation of TIF benefits analysis

**Central Loop Redevelopment Project Area  
1998 Annual Report**

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**(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC  
ACCOUNTANT**



**INDEPENDENT AUDITORS' REPORT**

To the Honorable Richard M. Daley, Mayor, and  
Members of the City Council  
City of Chicago, Illinois

We have audited, in accordance with generally accepted auditing standards, the combined balance sheet of the City of Chicago, Illinois' Central Loop Redevelopment Project (Project) (formerly known as North Loop Redevelopment Project) as of December 31, 1998, and the related combined statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated June 21, 1999.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions of Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act insofar as they relate to financial and accounting matters. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such subsection.

This report is intended solely for the information and use of the management of the City of Chicago, the Project and the State of Illinois, and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

June 21, 1999



**Central Loop Redevelopment Project Area  
1998 Annual Report**

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**ATTACHMENT  
REDEVELOPMENT PLAN**

**CENTRAL LOOP  
TAX INCREMENT FINANCING  
REDEVELOPMENT PROJECT AND PLAN**

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City of Chicago, Illinois

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

January 13, 1997

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**APPENDIX**

<b>Exhibit I:</b>	<b>Original Redevelopment Plan</b>
<b>Exhibit II:</b>	<b>Central Loop Added Project Area Tax Increment Financing Eligibility Study</b>

## INTRODUCTION

The City of Chicago, Illinois (the "City") has historically been the premier midwestern location for education, commerce, law, finance, insurance, retail and culture. Nowhere is this historical dominance more noteworthy than the 35-block area within the City's Central Business District circumscribed by the elevated commuter rail facility known as the "El." This area is bounded on the north by Lake Street; on the south by Van Buren Street; on the east by Wabash Street; and on the west by Wells Street and is referred to as the "Loop."

In the early 1970s, City leaders recognized the need for City intervention within obsolete areas in and around the Loop and began exploring and planning for new redevelopment opportunities. In 1973, the City identified redevelopment opportunities for an approximately 9-block area generally bounded on the north by the Chicago River; on the south by Randolph Street; on the east by Wabash Street; and on the west by Clark Street; as well as the block bounded by Randolph, Washington, State and Dearborn Streets (the "North Loop"). In 1973, the City's *Chicago 21 Plan* identified a critical need for the North Loop to be revitalized in order for it to contribute to the overall strength and long-term viability of the Central Business District. Moreover, the *Chicago 21 Plan* noted the opportunity for major redevelopment of all or portions of blocks contained in the North Loop. Concurrently with the *Chicago 21 Plan* in 1973, the City designated the North Loop Renewal Study Area. Later, in March 1979, the Commercial District Development Commission ("CDDC") and the City of Chicago designated the North Loop Renewal Study Area as a Blighted Commercial Area pursuant to Chapter 15.1 of the Chicago Municipal Code. Additionally, the City adopted a redevelopment plan for the study area and later amended this redevelopment plan in October 1982.

In 1981, the CDDC published the *North Loop Guidelines for Conservation and Redevelopment* (the "North Loop Guidelines") to guide the redevelopment of the North Loop and encourage conformity with the CDDC's vision for the North Loop. The North Loop Guidelines established the basis for detailed parcel development plans in the North Loop, and included goals, objectives and guidelines for conservation, preservation, space use, circulation, densities and space allocation. Following public hearings, the Chicago Plan Commission adopted resolutions approving amendments to the North Loop Guidelines in May 1981. The City Council then adopted an Ordinance approving the North Loop Guidelines in October 1981. Following additional public hearings, the City Council adopted an ordinance on October 27, 1982, approving further amendments to the North Loop Guidelines.

In a further effort to eliminate adverse conditions, obsolescence and other blighting factors and to stimulate private investment in new construction and rehabilitation of existing buildings in the North Loop, the City enacted the following ordinances on June 20, 1984: (i) an *Ordinance Approving the North Loop Tax Increment Redevelopment Plan and Redevelopment Project*; (ii) an *Ordinance Designating the North Loop Tax Increment Redevelopment Project Area*; and (iii) an *Ordinance Adopting Tax Increment Financing For the North Loop Redevelopment Project Area*.

The redevelopment project area and the redevelopment plan and project enacted by these ordinances and as revised in September 1987 are hereinafter referred to as the "Original Project Area" and the "Original Redevelopment Plan," respectively. The Original Redevelopment Plan is attached as Exhibit I to this Central Loop Redevelopment Plan (defined herein).

Many of the major redevelopment projects identified in the Original Redevelopment Plan have been successfully implemented. New buildings and facilities have replaced the many deteriorated and obsolete buildings that led to the designation of the Original Project Area. Private investment in new development is evident in several buildings, including 203 North LaSalle, 77 West Wacker, 201 North Clark, 200 North Dearborn, Leo Burnett, Chicago Title and Trust Company, the Renaissance Hotel and two new parking facilities. In addition, rehabilitation of the Chicago Theater and Page Brothers buildings and the ABC Building is complete, and rehabilitation of the Harris/Selwyn Theaters, the Oriental Theater and the Reliance Building has been initiated.

City sponsored initiatives and incentives to stimulate private investment in the Original Project Area are noteworthy and clearly successful when judged by most standards of performance, although development is still underway in parts of the area. According to the North Loop Guidelines and the Original Redevelopment Plan, the City expected the presence of these public and private investments within the North Loop and the Original Project Area to stimulate additional private investments outside of the Original Project Area. However, these successful developments have not stimulated private investment outside of the Original Project Area in an amount, type or scale which was originally anticipated by the City, particularly within areas located west, east and south of the Original Project Area which contain some of the oldest buildings in the Loop.

As part of a strategy to encourage managed growth and stimulate private investment in new construction and maintenance and improvement of existing buildings in the areas located adjacent to the Original Project Area, the City engaged Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") to study whether an approximately 38 block area qualifies as a "conservation area" under the Illinois Tax Increment Allocation Redevelopment Act. This area, located in and adjacent to the historical Loop, consists of two subareas which are collectively referred to as the "Added Project Area." Subarea 1 is generally located west of the Original Project Area and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. Subarea 2 is generally located east and south of the Original Project Area and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the South. A map depicting the boundaries of the Added Area is contained in Part A, Section II of this plan.

This plan, entitled the *Central Loop Tax Increment Financing Redevelopment Project and Plan*, consists of three parts (A, B and C) which present the comprehensive plan of the City for redevelopment of the Added Project Area and the Original Project Area. Summarized below are the contents of Parts A, B and C.

Part A hereof supplements the Original Redevelopment Plan for the Added Project Area being added to the Original Project Area. The addition of the Added Project Area to the Original Project Area creates an expanded redevelopment project area referred to herein as the "Central Loop Redevelopment Project Area."

Part B hereof amends the Original Redevelopment Plan in order to harmonize the Original Project Plan with the redevelopment plan and project for the Added Project Area set forth in Part A.

Part C hereof sets forth estimated Redevelopment Project Costs for the Central Loop Redevelopment Project Area.

Included as exhibits hereto are the Original Redevelopment Plan (Exhibit I) and the Central Loop Added Project Area Tax Increment Financing Eligibility Study (Exhibit II).

The Original Redevelopment Plan as supplemented by Part A and as amended by Part B together with Part C is hereinafter referred to as the "Central Loop Redevelopment Plan."

**SUPPLEMENT TO ORIGINAL  
REDEVELOPMENT PLAN**

**PART A:**



## I. GENERAL

The Added Project Area is comprised of two subareas. Subarea 1 consists of 1 full and 6 partial blocks and is located west of the Original Project Area. Subarea 1 is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. Subarea 1 also includes buildings located at 304 and 308 West Randolph and the buildings fronting the west side of Franklin Street between Randolph Street and Couch Place.

Subarea 2 is located south and east of the Original Project Area and consists of 23 full and 8 partial blocks and is located south and west of the Original Project Area. Subarea 2 is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the South. Subarea 2 also includes the buildings along the east side of Michigan Avenue between Wacker Place and Wacker Drive; the Monadnock Building (53 West Jackson Boulevard); and the three block area bounded by LaSalle Street on the west, Van Buren Street on the north, Dearborn Street on the east and Congress Parkway on the south. Excluded from Subarea 2 are several buildings along the periphery of the Added Project Area which have been constructed since the 1960s or significantly rehabilitated within the last few years and which are in good condition.

For a legal description and map depicting the boundaries of the Added Project Area, see Section II, *Legal Description*.

The Added Project Area contains 213 buildings and approximately 138.9 acres and consists of various uses, including office, retail, service commercial, professional, governmental, cultural and educational. A portion of the Added Project Area is a part of the City's historic Loop and contains many of the City's oldest office and retail buildings as well as a wide variety of local, state and federal landmarks.

The Added Project Area includes a total of 57 "competitive" (defined as having more than 100,000 square feet of rentable space) office buildings containing more than 15.9 million square feet of office space, or approximately 14.6 percent of the total downtown market. Several classes of buildings exist within the Added Project Area. Class A space typically includes the most prestigious buildings with the highest quality standard finishes and mechanical systems. These buildings compete for premier office users. Only one building in the Added Project Area is considered to be Class A - The Chicago Bar Association Building. Class B buildings compete for a wide range of users. Building finishes are fair to good, and mechanical systems are adequate. Fourteen buildings in the Added Project Area are classified as Class B buildings, 10 of which were built in the early 1900s and substantially rehabbed to bring them up to Class B standards. Seven of these rehabbed buildings, including the Santa Fe Building, Peoples Gas Building, and Britannica Center, are located along Michigan Avenue. The remaining 42 office buildings in the Added

Project Area are Class C quality, meaning that the tenants they attract require functional space at rents that are typically below the average for the area. These buildings often do not have modern mechanical systems and offer few of the amenities associated with modern office buildings.

As of June 1996, the overall occupancy rate for Class A buildings in the downtown market was more than 90 percent, the occupancy rate for Class B buildings was slightly more than 80 percent, and the Class C occupancy rate was approximately 73 percent. Approximately 44 percent of the Class C office buildings in the downtown are located within the Added Project Area. The East Loop submarket, which includes most of the competitive office buildings in the Added Project Area, has the lowest occupancy rate in the downtown market.

The Class A and B buildings in the Added Project Area had a combined occupancy rate of 91 percent in 1988. The rate has fallen steadily to 81 percent in 1995, approximately 1 percentage point less than the downtown average of 82 percent. Occupancy trends for Class C buildings in the Added Project Area show an even more troubling trend. In 1988, the occupancy rate in these Class C buildings was 84 percent. By 1995, the rate had fallen to 71 percent, more than 11 percentage points less than the downtown average of 82 percent. Nearly one third of the space in these buildings stands vacant. Ten Class C buildings in the Added Project Area currently have occupancy rates of 50 percent or less. In contrast, in 1988 only one building was less than 50 percent occupied.

Consistent with falling occupancy rates, absorption of space has been negative for the buildings in the Added Project Area for every year since 1988. Absorption, which measures the net change in occupied square feet, is the best indicator of demand for space. Negative absorption indicates that more tenants are leaving the area than are moving into it. In 1995, absorption in the Added Project Area was **negative** 85,349 square feet, while absorption for the downtown was **positive** 679,602 square feet. In 1994, absorption in the Added Project Area was **negative** 166,768 square feet, while absorption for the downtown was **positive** 2,914,042 square feet.

The rental rates in the Class C office buildings are extremely low. According to BOMA/Chicago's 1996 Rent Barometer, the average net effective rent for Class C buildings in downtown Chicago is \$3.57 per square foot. The actual return to the landlord, when amortized over the term of the lease, averages \$2.47 per square foot. These low returns make it difficult for landlords to pay taxes and adequately maintain their properties, much less finance significant improvements to their buildings. The downward occupancy and rental rate trends that have occurred in recent years for many existing office buildings in the Added Project Area are likely to continue, despite generally improving conditions in the overall office market.

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

- Numerous buildings show signs of obsolescence, deterioration, building code violations, excessive vacancies, and an overall depreciation of physical maintenance.
- Major development sites have remained vacant for more than 10 years.
- During the past 10 years, new construction within the Added Project Area has been limited to 3 structures: a public library, a quasi-public office building and a Commonwealth Edison cooling plant.
- During the past 5 years, building renovations have occurred in only a limited number of non-public buildings.
- Absorption of office space in the Added Project Area has been negative in every year since 1988.
- The overall office vacancy rate in the Added Project Area is more than 7 percent higher than the overall vacancy rate of downtown.
- Average gross rents per square foot of Class B and C office buildings in the Added Project Area are lower than the average gross rents per square foot of Class B and C office buildings in the downtown as a whole.
- More than 75 small retail, office and commercial service buildings contain several vacant or substantially vacant floors at or above the ground floor.
- Several department stores have closed since the early 1980s, including Sears, Montgomery Wards, Goldblatts, Rothschilds and Wiebolt's
- Between 1991 and 1995, the equalized assessed valuation (the "EAV") of the Added Project Area decreased by approximately \$43,370,000, while the EAV of the Loop and the City as a whole increased.
- In spite of a higher overall tax rate and State equalization factor in 1995 as compared to 1991, property tax revenues generated in the Added Project Area were \$3,700,000 lower in 1995 than in 1991.

Without a substantial, visible and comprehensive effort by the City to promote investment throughout the Added Project Area, the Added Project Area will not likely be subject to additional growth through private investment. Additionally, the Added Project Area would likely continue to be characterized by obsolescence, deterioration, structures below minimum code standards, excessive vacancies, deferred maintenance, foreclosures and declining assessed valuations. The Added Project Area, while not yet a blighted area, may continue to decline and deteriorate and, without the intervention of the City, may become a blighted area. Finally, the Added Project Area would not reasonably be anticipated to develop without the intervention of the City and the adoption of this redevelopment project and plan for the Added Project Area.

#### **A. TAX INCREMENT FINANCING**

In January 1977, Tax Increment Financing "TIF" was made possible by the Illinois General Assembly through passage of the *Tax Increment Allocation Redevelopment Act*, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the "Act"). The Act provides a means for municipalities, after the

approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current EAV of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate which results in Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

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

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

## ***B. THE REDEVELOPMENT PLAN FOR THE ADDED PROJECT AREA***

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

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

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

The redevelopment of the Added Project Area will constitute one of the largest of its kind in the United States, and presents challenges and opportunities commensurate with its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government. The adoption of this Part A will make possible the implementation of a comprehensive program for the redevelopment of the Added Project Area. By means of public investment, the Added Project Area will become a stable environment that will again attract private investment. Public investment will set the stage for redeveloping the Added Project Area through private investment. Through this Part A, the City will serve as the central force for directing assets and energies of the private sector for a unified cooperative public-private redevelopment effort.

This Part A sets forth the overall "Redevelopment Project" to be undertaken to accomplish the above-stated goal. During the Redevelopment Project implementation, the City may, from time to time, (i) undertake or cause to be undertaken public improvements and activities and (ii) enter into redevelopment agreements with private entities to construct, rehabilitate, renovate or restore private improvements on one or several parcels (collectively referred to as "Redevelopment Projects").

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

Successful implementation of this Part A requires that the City utilize Incremental Property Taxes and other resources in accordance with the Act and work cooperatively with the private sector and other governmental agencies. Incremental Property Taxes and other resources will be utilized to stimulate the comprehensive and coordinated development of the Added Project Area. Only through the utilization of TIF will the Added Project Area develop on a comprehensive and coordinated basis, thereby eliminating the conservation area conditions and the threatened blight which have precluded its comprehensive and coordinated development by the private sector.

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

### **A Commitment to Maintaining a Healthy and Viable Downtown and City**

- Demonstrates a commitment to the downtown.
- Reinforces the Loop's role as a regional employment and retail center.
- Improves and enhances the City's reputation as a world-class business, cultural, institutional and entertainment destination.
- Expands cultural, educational and entertainment opportunities.
- Strengthens the lakefront cultural/convention corridor by enhancing institutions and improving connections between facilities.

### **An Improved Business Climate in the Added Project Area**

- Reduces physical deterioration and obsolescence.
- Improves and upgrades the image and appearance of the area.
- Stimulates private investment in building rehabilitation and new development.
- Enhances the City's central business district as a vibrant area throughout the day and night.
- Promotes additional pedestrian traffic.
- Increases the residential population in the Loop.
- Protects historic buildings and districts.

### **Increased Employment and Retail Opportunities for the City's Residents**

- Stabilizes and expands the City's employment base.
- Promotes a wider range of goods and services for the residents of the City.
- Provides additional employment and retail opportunities in an area which is well-served by public transportation and easily accessible from many of the City's neighborhoods.

### **Stabilized and Expanded Tax Revenues Generated within the Added Project Area**

- Strengthens the non-residential property tax base of the City.
- Strengthens the sales tax base of the City through increased business activity.
- Reverses the decline of assessed values in the Added Project Area.
- Maintains a healthy balance between the property tax burden borne by homeowners and non-residential properties.

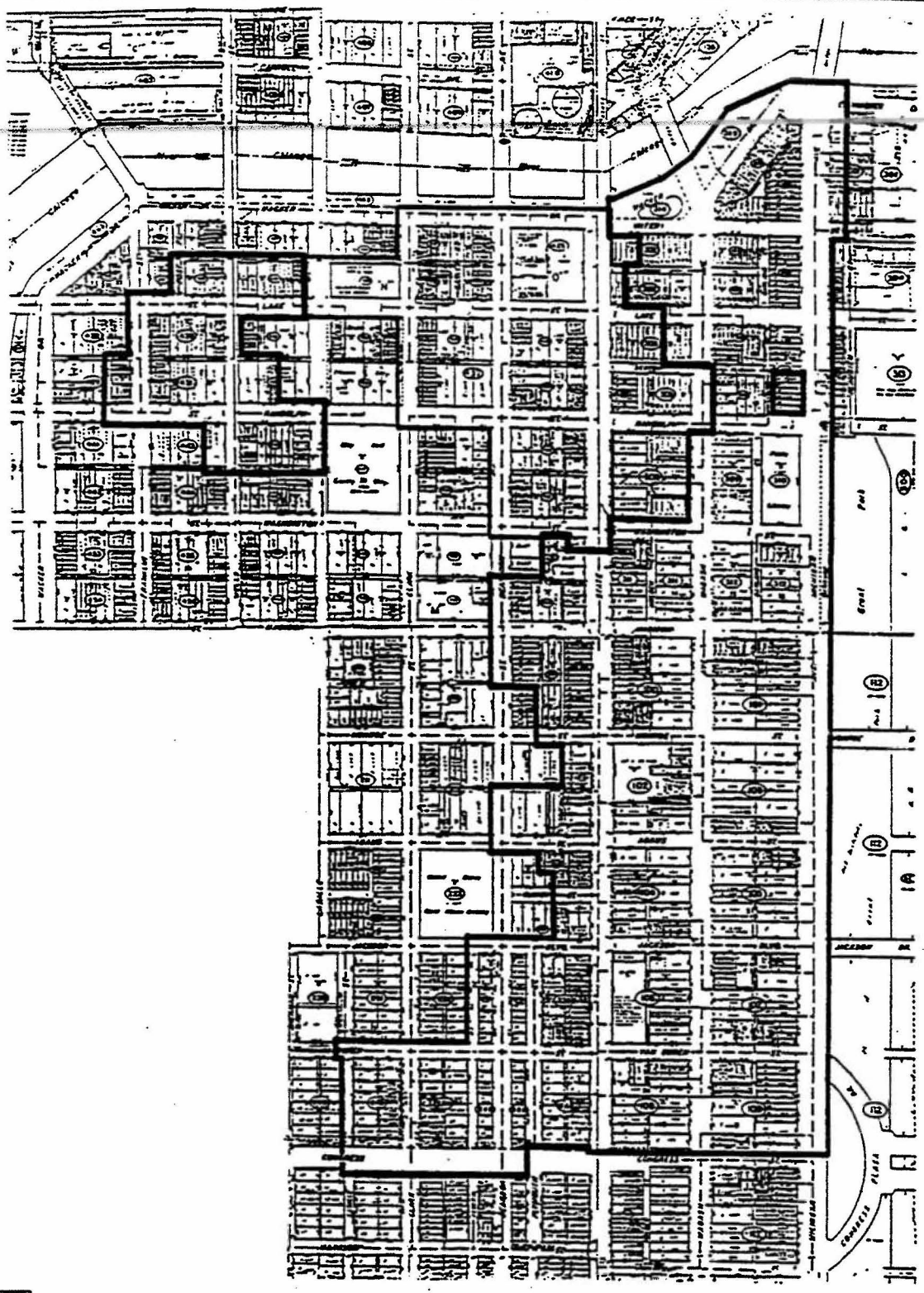
## II. LEGAL DESCRIPTION

The boundaries of the Added 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 Part A. The boundaries of the Added Project Area are shown in Figure 1, *Boundary Map*, and are generally described below:

The Added Project Area is comprised of two subareas. Subarea 1 consists of 1 full and 5 partial blocks and is located west of the Original Project Area. Subarea 1 is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. Subarea 1 also includes buildings located at 304 and 308 West Randolph and the buildings fronting the west side of Franklin Street between Randolph Street and Couch Place.

Subarea 2 is located south and east of the Original Project Area and consists of 23 full and 8 partial blocks and is located south and west of the Original Project Area. Subarea 2 is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the South. Subarea 2 also includes the buildings along the east side of Michigan Avenue between Wacker Place and Wacker Drive; the Monadnock Building (53 West Jackson Boulevard); and the three block area bounded by LaSalle Street on the west, Van Buren Street on the north, Dearborn Street on the east and Congress Parkway on the south.

Buildings excluded from the general boundaries of the Added Project Area described above include the following: 225 W. Wacker Building, 180 N. LaSalle Building and the parking structure to its west, State of Illinois Building (150 N. LaSalle Street), 225 W. Randolph Building, United of America Building (1 E. Wacker Drive), Stone Container Building (150 N. Michigan Avenue), Marshall Field's department store, Inland Steel Building (30 W. Monroe Street), 33 West Monroe Building, 33 North Dearborn Building and the Dirksen Federal Building. These buildings represent buildings along the periphery of the Added Project Area which have been constructed since the 1960s or have been significantly rehabilitated within the last few years and which are in good condition.






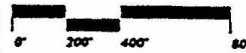
-  ORIGINAL PROJECT AREA
-  ADDED AREA
-  BLOCK NUMBER


Figure 1  
Boundary Map

rev. 9.27.96  
5.96

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



0 200 400 800  
scale



north



The boundaries of the Added Project Area are legally described as follows:

**Subarea 1**

**A TRACT OF LAND COMPRISED OF ALL OR PARTS OF BLOCKS 19, 20, 31, 32, 33, 40 AND 41 IN THE ORIGINAL TOWN OF CHICAGO, TOGETHER WITH PARTS OF STREETS AND ALLEYS ADJOINING SAID BLOCKS, IN THE SOUTH HALF OF SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, WHICH TRACT IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:**

**BEGINNING AT THE INTERSECTION OF THE WEST LINE OF NORTH LaSALLE STREET AS WIDENED WITH THE NORTH LINE OF BLOCK 33;**

**THENCE WEST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST LAKE STREET) TO THE WEST LINE OF SAID BLOCK;**

**THENCE SOUTH ALONG SAID WEST LINE (BEING ALSO THE EAST LINE OF NORTH WELLS STREET) TO THE NORTH LINE OF WEST COUCH PLACE;**

**THENCE EAST ALONG SAID NORTH LINE TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF LOT 7 IN BLOCK 33;**

**THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID WEST LINE, TO THE SOUTH LINE OF SAID BLOCK;**

**THENCE EAST ALONG SAID SOUTH LINE (BEING ALSO THE NORTH LINE OF WEST RANDOLPH STREET) AND ALONG THE EASTWARD EXTENSION OF SAID SOUTH LINE, TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF BLOCK 39 IN ORIGINAL TOWN OF CHICAGO;**

**THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID WEST LINE (BEING ALSO THE EAST LINE OF NORTH LaSALLE STREET) TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE SOUTH LINE OF WEST COURT PLACE;**

**THENCE WEST ALONG SAID EXTENSION AND ALONG SAID SOUTH LINE TO THE WEST LINE OF BLOCK 40 AFORESAID;**

**THENCE WEST, CROSSING NORTH WELLS STREET, TO THE NORTHEAST CORNER OF LOT 8 IN BLOCK 41 AFORESAID;**

**THENCE WEST ALONG THE NORTH LINE OF SAID LOT TO AN INTERSECTION WITH THE SOUTHWARD EXTENSION OF THE WEST LINE OF LOT 1 IN SAID BLOCK;**

**THENCE NORTH ALONG SAID EXTENSION AND ALONG SAID WEST LINE, TO THE NORTH LINE OF BLOCK 41;**

**THENCE WEST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST RANDOLPH STREET) TO THE NORTHWEST CORNER OF SAID BLOCK;**

**THENCE WEST, CROSSING NORTH FRANKLIN STREET, TO THE NORTHEAST CORNER OF BLOCK 42 IN ORIGINAL TOWN OF CHICAGO;**

**THENCE WEST ALONG THE NORTH LINE OF SAID BLOCK 1 (BEING ALSO THE SOUTH LINE OF WEST RANDOLPH STREET) TO AN INTERSECTION WITH THE SOUTHWARD EXTENSION OF THE WEST LINE OF THE EAST 20 FEET OF LOT 7 IN BLOCK 31 AFORESAID;**

**THENCE NORTH ALONG SAID EXTENSION AND ALONG SAID WEST LINE, TO THE NORTH LINE OF WEST COUCH PLACE;**

**THENCE EAST ALONG SAID NORTH LINE TO THE EAST LINE OF BLOCK 31;  
THENCE NORTH ALONG SAID EAST LINE (BEING ALSO THE WEST LINE OF  
NORTH FRANKLIN STREET) AND ALONG THE NORTHWARD EXTENSION OF SAID  
EAST LINE TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE  
SOUTH LINE OF BLOCK 20 AFORESAID;**

**THENCE EAST ALONG SAID EXTENSION, AND ALONG SAID SOUTH LINE  
(BEING ALSO THE NORTH LINE OF WEST LAKE STREET) TO THE WEST LINE OF  
NORTH POST PLACE;**

**THENCE NORTH ALONG SAID WEST LINE AND ALONG THE NORTHWARD  
EXTENSION THEREOF, TO AN INTERSECTION WITH THE WESTWARD EXTENSION  
OF THE NORTH LINE OF WEST HADDOCK PLACE;**

**THENCE EAST ALONG SAID EXTENSION AND ALONG SAID NORTH LINE TO  
THE EAST LINE OF BLOCK 20;**

**THENCE EAST, CROSSING NORTH WELLS STREET, TO THE INTERSECTION OF  
THE WEST LINE OF BLOCK 19 AFORESAID WITH THE NORTH LINE OF WEST  
HADDOCK PLACE;**

**THENCE EAST ALONG SAID NORTH LINE TO AN INTERSECTION WITH THE  
WEST LINE OF NORTH LaSALLE STREET AS WIDENED;**

**THENCE SOUTH ALONG SAID WEST LINE TO THE SOUTH LINE OF BLOCK 19;  
THENCE SOUTH, CROSSING WEST LAKE STREET, TO THE POINT OF  
BEGINNING;**

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

#### **Subarea 2**

**A TRACT OF LAND COMPRISED OF PART OF BLOCK 58 AND PARTS OF  
ADJACENT STREETS AND ALLEYS IN THE ORIGINAL TOWN OF CHICAGO IN  
SECTION 9, TOGETHER WITH ALL OR PARTS OF BLOCKS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11,  
12, 14 AND 15 AND PARTS OF ADJACENT STREETS AND ALLEYS IN FORT DEARBORN  
ADDITION TO CHICAGO IN SECTION 10, AND ALL OR PARTS OF BLOCKS 1 THRU 10,  
AND ALL OR PARTS OF BLOCKS 1 THRU 10 INCLUSIVE AND PARTS OF ADJACENT  
STREETS AND ALLEYS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO, AND  
ALL OR PARTS OF BLOCKS 113, 114, 120, 122, 123, 124, 137, 138, 139, 140, 141 AND 142 IN  
SCHOOL SECTION ADDITION TO CHICAGO, ALL IN TOWNSHIP 39 NORTH, RANGE 14  
EAST OF THE THIRD PRINCIPAL MERIDIAN, WHICH TRACT OF LAND IS MORE  
PARTICULARLY DESCRIBED AS FOLLOWS:**

**BEGINNING AT THE NORTHWEST CORNER OF BLOCK 8 IN FORT DEARBORN  
ADDITION TO CHICAGO IN SECTION 10 AFORESAID;**

**THENCE EAST ALONG THE NORTH LINE OF SAID BLOCK (BEING ALSO THE  
SOUTH LINE OF EAST WACKER DRIVE) TO THE NORTHEAST CORNER OF LOT 6 IN  
SAID BLOCK;**

**THENCE SOUTH ALONG THE EAST LINE OF SAID LOT TO THE NORTH LINE  
OF EAST HADDOCK PLACE;**

**THENCE WEST ALONG SAID NORTH LINE TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF LOT 28 IN BLOCK 8;**

**THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID EAST LINE, TO THE SOUTH LINE OF SAID BLOCK;**

**THENCE EAST ALONG SAID SOUTH LINE (BEING ALSO THE NORTH LINE OF EAST LAKE STREET) TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF LOT 10 IN BLOCK 9 OF FORT DEARBORN ADDITION TO CHICAGO;**

**THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID EAST LINE TO THE NORTH LINE OF EAST BENTON PLACE;**

**THENCE EAST ALONG SAID NORTH LINE, AND ALONG THE EASTWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF THE SOUTH PART OF BLOCK 10 IN FORT DEARBORN ADDITION TO CHICAGO;**

**THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID WEST LINE (BEING ALSO THE EAST LINE OF NORTH WABASH AVENUE) AND ALONG THE SOUTHWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE NORTH LINE OF BLOCK 13 IN SAID FORT DEARBORN ADDITION;**

**THENCE WEST ALONG SAID EXTENSION TO THE NORTHEAST CORNER OF SAID BLOCK 13;**

**THENCE SOUTH ALONG THE EAST LINE OF SAID BLOCK (BEING ALSO THE WEST LINE OF NORTH WABASH AVENUE) TO THE SOUTHEAST CORNER OF SAID BLOCK;**

**THENCE WEST ALONG THE SOUTH LINE OF SAID BLOCK (BEING ALSO THE NORTH LINE OF EAST WASHINGTON STREET) TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF BLOCK 14 IN FORT DEARBORN ADDITION;**

**THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID WEST LINE (BEING ALSO THE EAST LINE OF NORTH STATE STREET) TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE SOUTH LINE OF LOT 1 IN ASSESSOR'S RESUBDIVISION OF SUB-LOTS 1 TO 5 OF ASSESSOR'S DIVISION OF LOTS 1, 2, 3, 4 AND 5 OF BLOCK 58 IN ORIGINAL TOWN OF CHICAGO AFORESAID;**

**THENCE WEST ALONG SAID EXTENSION, CROSSING NORTH STATE STREET AND ENTERING SECTION 9 AFORESAID, AND CONTINUING ALONG SAID SOUTH LINE OF SAID LOT 1, TO THE SOUTHWEST CORNER OF SAID LOT;**

**THENCE NORTH ALONG THE WEST LINE OF SAID LOT TO THE NORTH LINE OF BLOCK 58;**

**THENCE WEST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST WASHINGTON STREET) TO THE NORTHWEST CORNER OF LOT 7 IN ASSESSOR'S DIVISION OF LOTS 1, 2, 3, 4 AND 5 OF BLOCK 58;**

**THENCE SOUTH ALONG THE WEST LINE OF SAID LOT TO THE NORTH LINE OF WEST CALHOUN PLACE;**

THENCE WEST ALONG SAID NORTH LINE, AND ALONG THE WESTWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF THE SOUTH PART OF BLOCK 57 IN ORIGINAL TOWN OF CHICAGO AFORESAID;

THENCE SOUTH ALONG SAID EXTENSION AND ALONG SAID EAST LINE (BEING ALSO THE WEST LINE OF NORTH DEARBORN STREET) AND ALONG THE SOUTHWARD EXTENSION OF SAID EAST LINE TO THE SOUTHEAST CORNER OF SAID BLOCK 57;

THENCE SOUTHWARD, CROSSING WEST MADISON STREET AND ENTERING SECTION 16, TO THE NORTHEAST CORNER OF BLOCK 119 IN SCHOOL SECTION ADDITION AFORESAID;

THENCE SOUTH ALONG THE EAST LINE OF SAID BLOCK (BEING ALSO THE WEST LINE OF SOUTH DEARBORN STREET) TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE NORTH LINE OF LOT 20 IN THE SUBDIVISION OF BLOCK 142 IN SAID SCHOOL SECTION ADDITION;

THENCE EAST ALONG SAID EXTENSION, AND ALONG SAID NORTH LINE, TO THE NORTHEAST CORNER OF SAID LOT;

THENCE SOUTH ALONG THE EAST LINE OF LOTS 20 THRU 27 INCLUSIVE IN SAID SUBDIVISION, AND ALONG THE SOUTHWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTH LINE OF BLOCK 141 IN SCHOOL SECTION SUBDIVISION AFORESAID;

THENCE EAST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST MONROE STREET) TO THE NORTHWEST CORNER OF THE EAST HALF OF LOT 3 IN SAID BLOCK 141;

THENCE SOUTH ALONG THE WEST LINE OF THE EAST HALF OF SAID LOT TO THE NORTH LINE OF WEST MARBLE (HYDRAULIC) PLACE;

THENCE WEST ALONG SAID NORTH LINE, AND THE WESTWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF LOT 20 IN COUNTY CLERK'S DIVISION OF BLOCK 120 IN SCHOOL SECTION ADDITION;

THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID EAST LINE (BEING ALSO THE WEST LINE OF SOUTH DEARBORN STREET) AND ALONG THE SOUTHWARD EXTENSION OF SAID EAST LINE, TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE NORTH LINE OF BLOCK 140 IN SCHOOL SECTION ADDITION;

THENCE EAST ALONG SAID EXTENSION AND ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST ADAMS STREET) TO AN INTERSECTION WITH THE WEST LINE OF THE EAST 25 FEET OF LOT 5 IN THE SUBDIVISION OF BLOCKS 83, 92 AND 140 IN SCHOOL SECTION ADDITION;

THENCE SOUTH ALONG SAID WEST LINE TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF THE ALLEY IN THE SUBDIVISION OF LOTS 3 AND 4 IN SAID BLOCK 140;

THENCE EAST ALONG SAID EXTENSION AND ALONG SAID SOUTH LINE TO AN ANGLE POINT;

**THENCE SOUTHEASTWARDLY ALONG A SOUTHWESTERLY LINE OF SAID ALLEY TO AN ANGLE POINT;**

**THENCE SOUTH ALONG A WEST LINE OF SAID ALLEY AND ALONG THE SOUTHWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTH LINE OF LOT 13 IN THE AFOREMENTIONED SUBDIVISION OF BLOCKS 83, 92 AND 140;**

**THENCE EAST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST QUINCY STREET) TO THE NORTHEAST CORNER OF SAID LOT 13;**

**THENCE SOUTH ALONG THE EAST LINE OF SAID LOT TO THE SOUTH LINE OF BLOCK 140;**

**THENCE WEST ALONG SAID SOUTH LINE (BEING ALSO THE NORTH LINE OF WEST JACKSON BOULEVARD) AND ALONG THE WESTWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF LOTS 1, 4, 8, 11, 14, 17, 20 AND 23 IN WRIGHT'S SUBDIVISION OF BLOCK 122 IN SCHOOL SECTION ADDITION;**

**THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID EAST LINE (BEING ALSO THE WEST LINE OF SOUTH FEDERAL STREET) TO THE SOUTHEAST CORNER OF SAID LOT 23;**

**THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 23 AND THE WESTWARD EXTENSION THEREOF, AND ALONG THE SOUTH LINE OF LOT 22 IN WRIGHT'S SUBDIVISION (BEING ALSO THE NORTH LINE OF WEST VAN BUREN STREET) TO THE SOUTHWEST CORNER OF SAID LOT 22;**

**THENCE WEST, CROSSING SOUTH CLARK STREET, TO THE SOUTHEAST CORNER OF LOT 22 IN THE SUBDIVISION OF BLOCK 115 OF SCHOOL SECTION ADDITION AFORESAID;**

**THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 22 AND LOT 23 (BEING ALSO THE NORTH LINE OF WEST VAN BUREN STREET) TO THE SOUTHWEST CORNER OF SAID LOT 23;**

**THENCE WEST, CROSSING SOUTH LaSALLE STREET, TO THE SOUTHEAST CORNER OF THAT PART OF SAID STREET VACATED BY ORDINANCE PASSED FEBRUARY 29, 1980, AND RECORDED AUGUST 12, 1980, AS DOCUMENT NUMBER 25545766;**

**THENCE SOUTH ALONG THE SOUTHWARD EXTENSION OF THE EAST LINE OF SAID VACATION TO AN INTERSECTION WITH THE NORTH LINE OF LOT 3 IN THE SUBDIVISION OF BLOCK 114 OF SCHOOL SECTION ADDITION;**

**THENCE EAST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST VAN BUREN STREET) TO THE NORTHEAST CORNER OF SAID LOT;**

**THENCE SOUTH ALONG THE EAST LINE OF LOTS 3, 4, 9, 10, 15, 16, 21 AND 22 (BEING ALSO THE WEST LINE OF SOUTH LaSALLE STREET) TO THE SOUTHEAST CORNER OF SAID LOT 22;**

**THENCE SOUTH, CROSSING WEST CONGRESS PARKWAY AS SAID EXPRESSWAY IS DEFINED BY THE GENERAL ORDINANCE PASSED OCTOBER 31, 1940, TO THE INTERSECTION OF THE EAST LINE OF LOT 6 IN T.G. WRIGHT'S SUBDIVISION OF BLOCK 113 IN SCHOOL SECTION ADDITION WITH THE SOUTH LINE OF SAID WEST CONGRESS PARKWAY;**

THENCE EAST ALONG SAID SOUTH LINE TO AN INTERSECTION WITH THE EAST LINE OF LOT 9 (SAID EAST LINE BEING ALSO THE WEST LINE OF SOUTH PLYMOUTH COURT) IN C.L. AND I. HARMON'S SUBDIVISION OF BLOCK 137 IN SCHOOL SECTION ADDITION;

THENCE NORTH, CROSSING WEST CONGRESS PARKWAY, TO THE INTERSECTION OF THE EAST LINE OF LOT 24 IN T.G. WRIGHT'S SUBDIVISION OF BLOCK 138 IN SCHOOL SECTION ADDITION WITH THE NORTH LINE OF SAID EXPRESSWAY;

THENCE EAST ALONG THE NORTH LINE OF SAID WEST CONGRESS PARKWAY, AND ALONG THE NORTH LINE OF EAST CONGRESS PARKWAY, ENTERING INTO SECTION 15 AFORESAID, TO AN INTERSECTION WITH THE WEST LINE OF SUB-LOT 2 OF LOT 10 IN CANAL TRUSTEE'S SUBDIVISION OF BLOCK 10 OF FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE SOUTH ALONG SAID WEST LINE TO SAID NORTH LINE OF EAST CONGRESS PARKWAY;

THENCE EAST ALONG SAID NORTH LINE TO THE EAST LINE OF SOUTH MICHIGAN AVENUE AS WIDENED;

THENCE NORTH ALONG SAID WIDENED LINE, ENTERING SECTION 10 AFORESAID, TO AN INTERSECTION WITH THE NORTH LINE OF BLOCK 6 IN FORT DEARBORN ADDITION AFORESAID;

THENCE EAST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF EAST SOUTH WATER STREET) TO AN INTERSECTION WITH THE SOUTHWARD EXTENSION OF THE EAST LINE OF LOT 6 IN DYER'S SUBDIVISION OF LOTS 6, 7, 8, 9, 10 AND 11 IN BLOCK 5 OF FORT DEARBORN ADDITION TO CHICAGO;

THENCE NORTH ALONG SAID EXTENSION, AND ALONG SAID EAST LINE, TO THE NORTHEAST CORNER OF SAID LOT;

THENCE NORTH, CROSSING A 20 FOOT WIDE ALLEY, TO A POINT ON THE SOUTH LINE OF LOT 11 IN DYER'S SUBDIVISION WHICH IS 124.00 FEET EAST OF THE SOUTHWEST CORNER OF SAID LOT;

THENCE NORTH ALONG A LINE 124.00 FEET EAST FROM, AND PARALLEL WITH, THE WEST LINE OF AFOREMENTIONED BLOCK 5, TO AN INTERSECTION WITH THE SOUTH LINE OF LOT 5 IN SAID BLOCK;

THENCE NORTH TO A POINT ON THE NORTH LINE OF LOT 1 IN SAID BLOCK WHICH IS 121.18 FEET EAST FROM THE NORTHWEST CORNER OF SAID LOT;

THENCE CONTINUING NORTH ALONG A NORTHWARD EXTENSION OF THE LAST DESCRIBED LINE TO AN INTERSECTION WITH THE NORTHERLY LINE OF EAST WACKER DRIVE (RIVER STREET) AS WIDENED;

THENCE WESTWARDLY, SOUTHWESTWARDLY, NORTH AND SOUTHWESTWARDLY ALONG SAID NORTHERLY LINE, AND ALONG THE SOUTHERLY DOCK LINE OF THE CHICAGO RIVER TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF BLOCK 8 OF FORT DEARBORN ADDITION AFORESAID;

THENCE SOUTH ALONG SAID EXTENSION TO THE POINT OF BEGINNING; EXCEPTING FROM THE ABOVE DESCRIBED TRACT LOTS 19 THRU 25, INCLUSIVE, IN BLOCK 10 IN FORT DEARBORN ADDITION TO CHICAGO;

IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

### III. ELIGIBILITY CONDITIONS

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

- Of the 213 buildings in the Added Project Area, 192 (90.1 percent) are 35 years of age or older.
- Of the 14 factors for conservation areas set forth in the Act, 7 are found to be present in the Added Project Area. Six factors are present to a major extent and 1 factor is present to a minor extent.
- These factors are reasonably distributed throughout the entire Added Project Area.
- The entire Added Project Area is impacted by and shows the presence of these factors.
- The Added Project Area includes only real property and improvements substantially benefited by the Redevelopment Program and potential Redevelopment Projects.

A detailed report concerning the definition, application and extent of the conservation factors in the Added Project Area is contained in a report prepared by TPAP entitled "Central Loop Added Project Area Tax Increment Redevelopment Project Area Eligibility Study," which is attached as Exhibit II to this Central Loop Redevelopment Plan.

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

1. Exterior survey of the condition and use of each building;
2. Interior building surveys of 70 buildings;
3. Examination of commercially prepared guides to the Chicago real estate market;
4. Examination of assessment year 1994 Cook County Board of Appeal files;
5. Analysis of building permits issued for the Added Project Area from 1991 through 1995;
6. Analysis of existing uses and their relationships;

7. Site conditions survey of streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
8. Comparison of current land use to the current zoning ordinance and the current zoning map;
9. Comparison of interior and exterior building conditions to property maintenance codes of the City;
10. Comparison of the Added Project Area's existing platting, building sizes and land use layout with present-day platting, building and land use layout standards;
11. Analysis of building floor area and site coverage; and
12. Review of previously prepared plans, studies and data.



## **IV. GOALS AND OBJECTIVES**

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

The Act encourages public and private sectors to work together to address and solve the problems associated with urban growth and development. The joint effort between the City and the private sector to redevelop the Added Project Area will receive significant support from the financing methods made available by the Act.

This section identifies the goals and objectives adopted by the City for the Added Project Area. Section V identifies redevelopment objectives and redevelopment activities the City plans to undertake to achieve the redevelopment goals and objectives contained in this Part A.

### **A. GENERAL GOALS**

Listed below are the general goals of this Part A. These goals provide the overall framework for guiding decisions during the implementation phases.

1. An improved quality of life in the Added Project Area, the Loop and the City by eliminating the influences and manifestations of physical and economic deterioration and obsolescence within the Added Project Area.
2. An environment within the Added Project Area which will contribute more positively to the health, safety and general welfare of the City, and preserve or enhance the value of properties adjacent to the Added Project Area.
3. An increased real estate and sales tax base for the City and other taxing districts having jurisdiction over the Added Project Area.

### **B. DEVELOPMENT AND DESIGN OBJECTIVES**

Listed below are development and design objectives of this Part A which will assist the City in directing and coordinating public improvements and activities with private investment in order to achieve the goals and objectives stated in this Part A.

1. Expand and improve cultural, educational and entertainment opportunities in the Added Project Area.
2. Encourage developments which increase pedestrian traffic throughout the day and evening.
3. Reinforce and increase the appeal of the Added Project Area to tourists and other visitors as well as residents of the City.
4. Expand the residential population of the Added Project Area and encourage housing that accommodates a diverse economic mix of residents.
5. Provide new development that complements other new and recently renovated existing development in terms of size, scale, intensity and appearance, and is integrated both functionally and aesthetically with the surrounding neighborhood.
6. Reinforce the architectural and historical characteristics of the Added Project Area.
7. Strengthen the lakefront cultural/convention corridor by improving transit and pedestrian connections and by retaining and expanding corridor institutions and facilities.
8. Concentrate the development of new, large retail centers along and as extensions to the existing State-Wabash or North Michigan Avenue retail districts.
9. Protect the most significant buildings and districts through landmark designation and, as appropriate, restoration, rehabilitation, renovation and adaptive reuse.
10. Reinforce the distinctive identity of areas by encouraging well-designed "in-fill" development.
11. Protect existing view corridors, while creating new view corridors in developing areas.
12. Ensure that all open space is usable and accessible.
13. Manage the existing street system so that inappropriate uses are eliminated.
14. Ensure that all streets allow efficient pedestrian movement.
15. Build and improve critical connections in the underground pedway system. Discourage above-street skywalks.
16. Preserve existing alleys and build new ones.
17. Encourage coordinated development of parcels and structures to achieve efficient building design, internal pedestrian connections and unified off-street parking, trucking and service facilities.
18. Encourage a continuous, attractive and interesting street-level pedestrian environment by discouraging such things as blank walls, vacant lots and arcaded sidewalks.

## V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by private entities on behalf of the City in furtherance of Part A. The Redevelopment Project contained in this Part A and pursuant to the Act includes redevelopment objectives, a description of redevelopment improvements and activities, a general land use plan, estimated redevelopment project costs, a description of sources of funds to pay estimated redevelopment project costs, a description of obligations that may be issued, identification of the most recent EAV of properties in the Added Project Area, and an estimate of future EAV.

### A. REDEVELOPMENT OBJECTIVES

Listed below are objectives which guide planning decisions to achieve the goals and objectives contained in this Part A.

1. Reduce or eliminate those conditions which qualify the Added Project Area as a conservation area. Section III, Eligibility Conditions, describes these conditions.
2. Encourage a high-quality appearance of buildings, rights-of-way, and open spaces and encourage high standards of design.
3. Strengthen the economic well-being of the Added Project Area and the City by increasing taxable values.
4. Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Part A and contemporary development needs and standards.
5. Create an environment which stimulates private investment in appropriate new construction and rehabilitation.
6. Provide needed improvements or facilities in proper relationship to the projected demand for such facilities and in accordance with present-day design standards for such facilities.
7. Provide needed incentives to encourage a broad range of improvements in preservation, rehabilitation and new development.

8. Provide opportunities for women and minority businesses to share in the redevelopment of the Added Project Area.

## **B. REDEVELOPMENT IMPROVEMENTS AND ACTIVITIES**

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

The City may enter into redevelopment agreements with public or private entities for the furtherance of this Part A. Such redevelopment agreements may be for the assemblage of land, construction of improvements or facilities, the provision of services or any other lawful purpose. Redevelopment agreements may contain terms and provisions which are more specific than the general principles set forth in this Part A.

### **1. Property Acquisition, Site Preparation, Demolition and Relocation**

Property acquisition and land assembly by the private sector in accordance with this Part A will be encouraged by the City. Additionally, the City may encourage the preservation of buildings that are basically sound and are located so as not to impede the overall redevelopment of the Added Project Area. To meet the goals, policies or objectives of this Part A, the City may acquire and assemble property throughout the Added Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease or eminent domain 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 redevelopment.

The City may demolish improvements, remove and grade soils and prepare sites with soils and materials suitable for new construction. Clearance and demolition will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of

clearance activities may be minimized. Additionally, the City contemplates the protection/relocation of existing utilities and freight tunnels.

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

**2. Relocation**

Active businesses and other occupants that are displaced by the public acquisition of property may be relocated and may be provided with financial assistance and advisory services. Relocation services in conjunction with property acquisition will be provided in accordance with City policy.

**3. Provision of Public Works or Improvements**

The City may provide public improvements and facilities that are necessary to service the Added Project Area in accordance with this Part A 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) Roadways, Utilities and Related improvements*

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

*b) Streetscape and Related Improvements*

Landscape/buffer improvements, street lighting and general beautification improvements may be provided.

*c) Pedestrian Walkway Improvements*

The existing underground pedestrian walkway may be improved or expanded and new developments may be linked to the underground pedestrian walkway.

*d) Parks and Open Space Improvements*

Improvements to existing or future parks, open spaces and public and private plazas may be provided.

*e) Transit Improvements*

Public transit stations, such as subway stations and CTA "elevated" stations in the Added Project Area may be expanded, improved or consolidated.

**4. Building Rehabilitation**

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

**5. Job Training and Related Educational Programs**

Separate or combined programs designed to increase the skills of the labor force to take advantage of the employment opportunities within the Added Project Area may be implemented.

**6. Interest Subsidies**

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

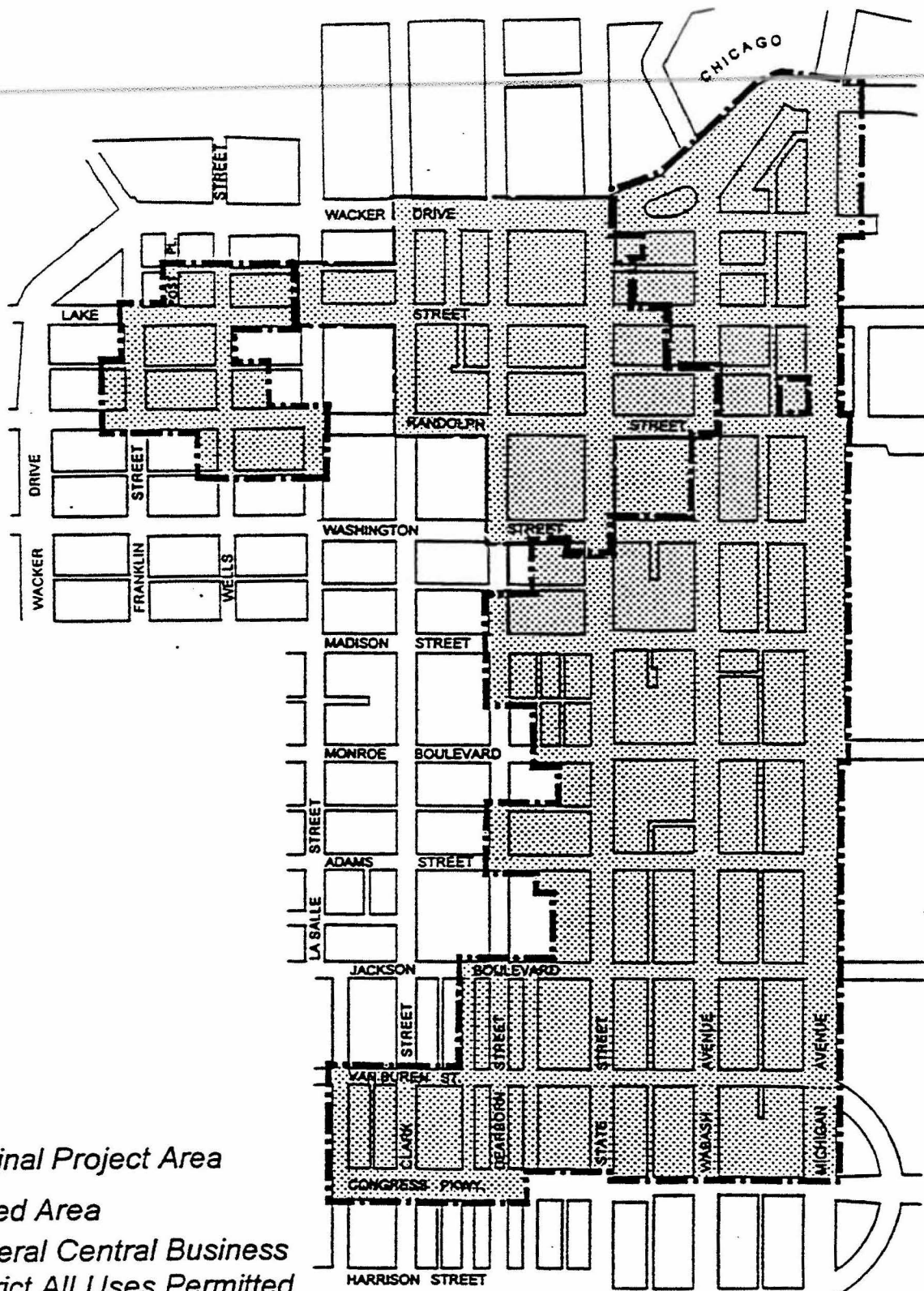
- (a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act; and
- (b) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year;
- (c) if there are not sufficient funds available in the special tax allocation fund to make the payment, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
- (d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total (i) costs paid or incurred by a redeveloper for a redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act.

**7. Analysis, Administration, Studies, Surveys, Legal, etc.**

The City 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 Part A.

**C. GENERAL LAND-USE**

Figure 2, *Land-Use Plan*, identifies the land-use to be in effect upon adoption of the Central Loop Redevelopment Plan.



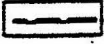
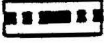

-  Original Project Area
-  Added Area
-  General Central Business District All Uses Permitted

Figure 2  
Land Use Plan

9.27.96



# Central Loop

City of Chicago, Illinois

Tax Increment Financing Redevelopment Project

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

Redevelopment, to the extent possible, will occur on the existing pattern of the grid framework. Certain familiar and desirable patterns of use will be retained: the retail corridor along State Street and the office, cultural and institutional uses along Michigan Avenue, for example. New patterns of uses can be established: hotel and residential uses along Wacker Drive and Michigan Avenue; entertainment and cultural facilities between Lake and Randolph Streets and in the vicinity of the Auditorium Theater and Orchestra Hall; educational facilities in the southeastern portion of the Added Project Area; and service/retail uses opening off pedestrian circulation facilities at various levels throughout the area.

The following land-use provisions are established for the Added Project Area. Permitted uses will be those allowed in the Central Business District general classification in the Chicago Zoning Ordinance.

- Retail Uses

Retail uses will be developed with a strong relationship to pedestrian circulation facilities in the Added Project Area.

- Office Uses

Office uses are permitted throughout the Added Project Area.

- Hotel Uses

Hotel uses are permitted throughout the Added Project Area and are encouraged on the blocks with frontage on Wacker Drive, State Street and Michigan Avenue.

- Institutional Uses

Institutional uses are permitted anywhere in the Added Project Area.

- Cultural and Entertainment Uses

Cultural and entertainment uses are permitted throughout the Added Project Area but should be encouraged in proximity to the Chicago Theater, the Oriental Theater and the Selwyn/Harris Theaters and along Michigan Avenue in proximity to the Art Institute, Orchestra Hall and Auditorium Theater. Related retail uses, such as restaurants and pubs, should be located among and in proximity to cultural and entertainment destinations.



- Residential Uses

Residential uses above the first floor are permitted anywhere in the Added Project Area.

#### **D. REDEVELOPMENT PROJECT COSTS**

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

##### **1. Eligible Redevelopment Project Costs**

Redevelopment project costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Part A 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, marketing, financial, planning or other services, provided that no charges for professional services are based on a percentage of the tax increment collected;
- b) 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, and the clearing and grading of land;
- c) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures;
- d) Costs of the construction of public works or improvements;
- e) Costs of job training and retraining projects;
- f) 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 hereunder 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;
- g) All or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project to the extent the municipality by written agreement accepts and approves such costs;

- h) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
- i) Payment in lieu of taxes as defined in the Act;
- j) Costs of job training, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code;
- k) Interest cost 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 this 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 amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
  - 4. the total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total: (i) costs paid or incurred by the redeveloper for such redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act.
- l) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

As set forth in the Act, "conservation area" means any improved area within the boundaries of a ~~redevelopment project area located within the territorial limits of the municipality in which~~ 50 percent or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors--dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; or lack of community planning--is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area.

While it may be concluded that the mere presence of the minimum number of stated factors is sufficient to make a finding as a conservation area, this evaluation was made on the basis that the conservation factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of conservation factors throughout the area must be reasonable so that basically good areas are not arbitrarily found to be conservation areas simply because of proximity to conservation areas.

On the basis of this approach, the Added Project Area is found to be eligible as a conservation area within the definition set forth in the Act. Specifically:

- 90.1 percent of the 213 buildings in the Added Project Area are thirty-five years of age or older.
- Of the 14 factors set forth in the Act for conservation areas, 7 are present in the Added Project Area. Six factors are present to a major extent and 1 is present to a limited extent.
- The factors present are reasonably distributed throughout the Added Project Area.
- All blocks within the Added Project Area show the presence of conservation factors.
- The Added Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

#### **Conservation Factors in the Added Project Area**

##### **Age**

Of the 213 buildings in the Added Project Area, 192 (90.1 percent) are thirty-five years of age or older.

**1. Dilapidation**

Dilapidation as a factor is present to a limited extent in the Added Project Area. Eight of the 213 buildings in the Added Project Area are in a dilapidated condition. Dilapidated buildings are present in 6 of the 38 blocks in the Added Project Area.

**2. Obsolescence**

Obsolescence as a factor is present to a major extent in the Added Project Area. One hundred twenty-five of the 213 buildings in the Added Project Area are characterized by obsolescence and obsolete buildings are found in 32 of the 38 blocks in the Added Project Area. Obsolete platting is found throughout the Added Project Area.

**3. Deterioration**

Deterioration as a factor is present to a major extent in the Added Project Area. A total of 113 buildings, or 53.0 percent of the 213 buildings in the Added Project Area, are classified as deteriorating or deteriorated. Thirty-two of the 38 blocks in the Added Project Area contain deteriorating or deteriorated buildings. Deterioration as a factor is also found in deteriorating and deteriorated alleys and sidewalks in the Added Project Area.

**4. Structures Below Minimum Code Standards**

The existence of structures below minimum code standards as a factor is present to a major extent in the Added Project Area. Forty-two of the 70 structures which were sampled on the interior and 5 buildings with advanced exterior defects are below minimum code standards. Structures below minimum code standards are present in 22 of the 38 blocks in the Added Project Area.

**5. Excessive Vacancies**

Excessive vacancies as a factor is present to a major extent in the Added Project Area. One hundred and seven of the 213 buildings in the Added Project Area are more than 20 percent vacant. Buildings with excessive vacancies are present in 30 of the 38 blocks in the Added Project Area.

**6. Depreciation of Physical Maintenance**

The depreciation of physical maintenance of buildings and site improvements as a factor is present to a major extent in the Added Project Area. One hundred thirteen of the 213 buildings in the Added Project Area suffer from deferred maintenance and 19 of the 38 blocks in the Added Project Area contain deteriorated sections of streets, alleys, sidewalks, curbs or gutters. Thirty-three blocks in the Added Project Area contain buildings or site improvements which show the depreciation of physical maintenance.

**7. Lack of Community Planning**

Lack of community planning as a factor is present to a major extent throughout the Added Project Area. The Added Project Area was developed without the benefit or guidance of a community plan with reasonable policies and standards for parcel size and configuration, building setbacks, the location and arrangement of off-street loading and service, etc.

## **I. BASIS FOR REDEVELOPMENT**

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

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

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

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

### **ELIGIBILITY OF A BLIGHTED AREA**

A blighted area may be either improved or vacant. If the area is improved (*e.g.*, with industrial, commercial and residential buildings or improvements), a finding may be made that the area is blighted because of the presence of a combination of five or more of the following fourteen factors:

- Age
- Dilapidation
- Obsolescence
- Deterioration
- Illegal use of individual structures
- Presence of structures below minimum code standards
- Excessive vacancies

- Overcrowding of structures and community facilities
- ~~Lack of ventilation, light, or sanitary facilities~~
- Inadequate utilities
- Excessive land coverage
- Deleterious land-use or lay-out
- Depreciation of physical maintenance
- Lack of community planning.

If the area is vacant, it may be found to be eligible as a blighted area based on the finding that the sound growth of the taxing districts is impaired by one of the following criteria:

- A combination of 2 or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all or part of such vacant land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- The area immediately prior to becoming vacant qualified as a blighted improved area.
- The area consists of an unused quarry or unused quarries.
- The area consists of unused railyards, rail tracks or railroad rights-of-way.
- The area, prior to the area's designation, is subject to chronic flooding which adversely impacts on real property which is included in or (is) in proximity to any improvement on real property which has been in existence for at least 5 years and which substantially contributes to such flooding.
- The area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites.
- The area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in provision (1) of the subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

#### **ELIGIBILITY OF A CONSERVATION AREA**

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

- Dilapidation
- Obsolescence
- Deterioration
- Illegal use of individual structures
- Presence of structures below minimum code standards
- Abandonment
- Excessive vacancies
- Overcrowding of structures and community facilities
- Lack of ventilation, light, or sanitary facilities
- Inadequate utilities
- Excessive land coverage
- Deleterious land-use or lay-out
- Depreciation of physical maintenance
- Lack of community planning.

While the Act defines a blighted area and a conservation area, it does not define the various factors for each, nor does it describe what constitutes the presence or the extent of presence necessary to make a finding that a factor exists. Therefore, reasonable criteria should be developed to support each local finding that an area qualifies as either a blighted area or as a conservation area. In developing these criteria, the following principles have been applied:

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

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

## II. THE CENTRAL LOOP ADDED PROJECT AREA

The Added Project Area is comprised of two subareas. Subarea 1 consists of 1 full and 6 partial blocks and is located west of the North Loop Tax Increment Redevelopment Project Area. Subarea 1 is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. Subarea 1 also includes buildings located at 304 and 308 West Randolph and the buildings fronting the west side of Franklin Street between Randolph Street and Couch Place.

Subarea 2 is located south and east of the North Loop Tax Increment Redevelopment Project Area and consists of 23 full and 8 partial blocks. Subarea 2 is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the South. Subarea 2 also includes the buildings along the east side of Michigan Avenue between Wacker Place and Wacker Drive; the Monadnock Building (53 West Jackson Boulevard); and the three block area bounded by LaSalle Street on the west, Van Buren Street on the north, Dearborn Street on the east and Congress Parkway on the south.

The Added Project Area contains 213 buildings situated on 138.9 acres and consists of various uses, including office, retail, service commercial, professional, governmental, cultural and educational. A portion of the Added Project Area is located within the City's historic Loop and contains many of the City's oldest office and retail buildings as well as a wide variety of local, state and federal landmarks.

The Added Project Area includes a total of 57 "competitive" (defined as having more than 100,000 square feet of rentable space) office buildings containing more than 15.9 million square feet of office space, or approximately 14.6 percent of the total downtown market. Several classes of buildings exist within the Added Project Area. Class A space typically includes the most prestigious buildings with the highest quality standard finishes and mechanical systems. These buildings compete for premier office users. Only one building in the Added Project Area is considered to be Class A - The Chicago Bar Association Building. Class B buildings compete for a wide range of users. Building finishes are fair to good, and mechanical systems are adequate. Fourteen buildings in the Added Project Area are classified as Class B buildings, 10 of which were built in the early 1900s and substantially rehabbed to bring them up to Class B



standards. Seven of these rehabbed buildings, including the Santa Fe Building, Peoples Gas Building, and Britannica Center, are located along Michigan Avenue. The remaining 42 office buildings in the Added Project Area are Class C quality, meaning that the tenants they attract require functional space at rents that are typically below the average for the area. These buildings often do not have modern mechanical systems and offer few of the amenities associated with modern office buildings.

### **III. ELIGIBILITY SURVEY AND ANALYSIS FINDINGS**

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

1. Exterior survey of the condition and use of each building;
2. Field survey of environmental conditions covering streets, alleys, sidewalks, curbs and gutters, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of existing uses and their relationships;
4. Comparison of current land use to current zoning ordinance and the current zoning map;
5. Analysis of original and current platting and building size and layout;
6. Analysis of vacant sites and vacant buildings;
7. Analysis of building floor area and site coverage;
8. Review of previously prepared plans, studies and data;
9. Interior Building Surveys of 70 buildings within the Added Project Area;
10. Analysis of commercially prepared guides to the Chicago real estate market;
11. Examination of Cook County Board of Appeal files for assessment year 1994; and
12. Analysis of building permits issued for the Added Project Area from 1991 through 1995.

Figure 2 presents the survey form used to record building conditions.

**Figure 2**  
**Building Condition Survey Form**

BUILDING CONDITION SURVEY FORM																								
A. NAME OF ESTABLISHMENT/ OCCUPANTS				B. PROJECT CLIENT/NAME		BLOCK NO	PARCEL	BLDG. NO.	HEIGHT	CONST	BUILDING NAME													
				OWNER/OCCUPANT/CONTACT			ADDRESS			DATE OF SURVEY	SURVEYOR(S)													
				C. STRUCTURAL DEFECTS - DEGREE AND LOCATION																				
FLR(S)	NO. UNITS	NO. OCC.	ACTIV.	LOOSE MATERIAL LOCATION	MISSING MATERIAL LOCATION	WORN WEATHERED MATERIAL LOCATION	SPALLING LOCATION	CRACKING LOCATION	CRACKS LOCATION	HOLES LOCATION	WATER PENETRATION LOCATION	SETTLING LOCATION	OUT-OF-PLUMB LOCATION	BOWING LOCATION	SAGGING LOCATION	WEAKS LACK OF SUPPORT LOCATION	SLOPING LOCATION	HEAVING LOCATION	FIRE DAMAGED LOCATION	IMPROPERLY CONST.(SEE) LOCATION	INFESTATION LOCATION	DETERIORATING DAMAGE LOCATION	COMPONENT RATING LOCATION	
1																								
2																								
3																								
4																								
U																								
<b>PRIMARY COMPONENTS</b>																								
EXTERIOR WALLS AND STRUCTURE																								
EXTERIOR FOUNDATION A/G																								
EXTERIOR ROOF-STRUCTURE																								
EXTERIOR COLUMNS																								
INTERIOR FOUNDATION																								
INTERIOR LOAD-BEARING WALLS/COLUMNS																								
INTERIOR FLOORS/STRUCTURE																								
INTERIOR ROOF STRUCTURE																								
<b>SECONDARY COMPONENTS</b>																								
DOORS, FRAMES, SILLS, HEADERS, TRIM																								
WINDOWS, STOREFRONTS, SASH, FRAMES, SILLS, TRIM																								
EXTERIOR STAIRS, STAIRS, FIRE ESCAPES, STRUCTURES																								
EXTERIOR CEILINGS, CANOPIES																								
CHIMNEYS, STACKS																								
GUTTERS, DOWNSPOUTS																								
CORNICHE, APPURTENANCES, DECORATIVE TRIM																								
INTERIOR FLOOR COVERING																								
INTERIOR NON-BEARING WALLS, CEILINGS																								
INTERIOR STAIRS, RAILINGS, BANISTERS																								

D. MECHANICAL SYSTEMS DEFECTS - DEGREE AND LOCATION														E. CODE RELATED CONDITIONS - COMPLIANCE				CODES		
	OBsolete FIXTURES	LACKING IN AREAS	INADEQUATE SERVICE	MISSING PARTS	LEAKING	CORROSION/RUSTING	EXPOSED	ROOF DISTRIBUTION	IMPROPER CONNECT	IMPROPER LOCATION	DETERIORATING	RATING								
PLUMBING																				
-DRAINAGE																				
-WATER SUPPLY																				
-FIXTURES																				
ELECTRICAL																				
-SERVICE/SUPPLY																				
-WIRING																				
-FIXTURES/OUTLETS																				
HEATING/HVAC																				
-FURNACE/BOILER/COMPR.																				
-DUCTS/PIPING/VENTS																				
-DISTRIBUTION																				
ELEVATORS																				
-MECHANICAL EQUIPMENT																				
-TYPE/SIZE/ADEQUACY																				
C. ELIGIBILITY FACTORS													YES	NO	EXTENT					
AGE																				
1. DILAPIDATION																				
2. OBSOLESCENCE																				
3. DETERIORATION																				
4. ILLEGAL USE OF INDIVIDUAL STRUCTURES																				
5. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS																				
6. ABANDONMENT																				
7. EXCESSIVE VACANCIES																				
8. OVERCROWDING OF STRUCTURES OR COMMUNITY FACILITIES																				
9. LACK OF VENTILATION, LIGHT OR SANITARY FACILITIES																				
10. INADEQUATE UTILITIES																				
11. EXCESSIVE LAND COVERAGE																				
12. DELETERIOUS LAND-USE OR LAYOUT																				
13. DEPRECIATION OF PHYSICAL MAINTENANCE																				
14. LACK OF COMMUNITY PLANNING																				
														F. FINAL BUILDING RATING		TABULATION OF DEFECTS				
														SOUND		PRIMARY COMPONENTS				
														DEFICIENT-MINOR REPAIR		SECONDARY COMPONENTS				
														DEFICIENT-MAJOR REPAIR		MECHANICAL SYSTEMS				
														STRUCT. SUBSTANDARD		TOTAL				
														FIELD EVALUATION		ACCESS. BLDG(S)				
														EXTERIOR SURVEY		OFF STR. PARKING				
														INCOMPL. SURVEY		LOADING				
														PHOTOS - COMMENTS - SKETCHES						

TPAP conducted an exterior building survey of every building in the Added Project Area. Upon completion of the exterior surveys, TPAP and Andrew Heard & Associates completed an interior building survey of 70 buildings to compare conditions on the interior with those indicated on the exterior survey to substantiate the overall findings in the Added Project Area. Interior surveys included those buildings determined to be in other than sound condition on the basis of the exterior survey and for which access to conduct an interior survey was granted.

### **CONSERVATION AREA ELIGIBILITY FACTORS:**

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

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 which document that the factor is present, but that the distribution or impact of the conservation condition is limited. Finally, a factor noted as present to a major extent indicates that conditions exist which document that the factor is present throughout major portions of the block, and that the presence of such conditions has a major adverse impact or influence on adjacent and nearby development.

What follows is the summary evaluation of age criteria and the 14 factors for a conservation area, presented in order of their listing in the Act.

#### **A. AGE**

Age is a primary and prerequisite factor in determining an area's qualification for designation as a conservation area. Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems can be a function of time, temperature, moisture and level of maintenance over an extended period of years, structures which are 35 years or older typically exhibit more problems and require greater maintenance than more recently constructed buildings. Buildings in the Added Project Area range from 6 to 119 years of age.

Except for the limited number of unique, older, historic buildings which have been reasonably maintained and older buildings which front Michigan Avenue and benefit from the lakefront view, many of the buildings in the Added Project Area which were built prior to the 1960s have significantly higher vacancy rates than the downtown as a whole. These older buildings are difficult to maintain; they suffer from obsolescence due to limited size, excessive space occupied by stairways, common hall areas and elevators; and they cannot demand the rent levels necessary to

make improvements competitive with newer buildings. Many of the older buildings contain public or semi-public tenants or not-for-profit businesses and are leased at reduced rent levels.

## **Conclusion**

Of the 213 buildings within the Added Project Area, 192, or 90.1 percent, are 35 years of age or older. The Added Project Area meets the conservation area prerequisite that more than 50 percent of the structures are 35 years of age or older.

Figure 3, *Age*, illustrates the location of all buildings in the Added Project Area which are more than 35 years of age.

## **B. DILAPIDATION**

Dilapidation refers to an advanced state of disrepair of buildings and improvements. Webster's New Collegiate Dictionary defines "dilapidate," "dilapidated" and "dilapidation" as follows:

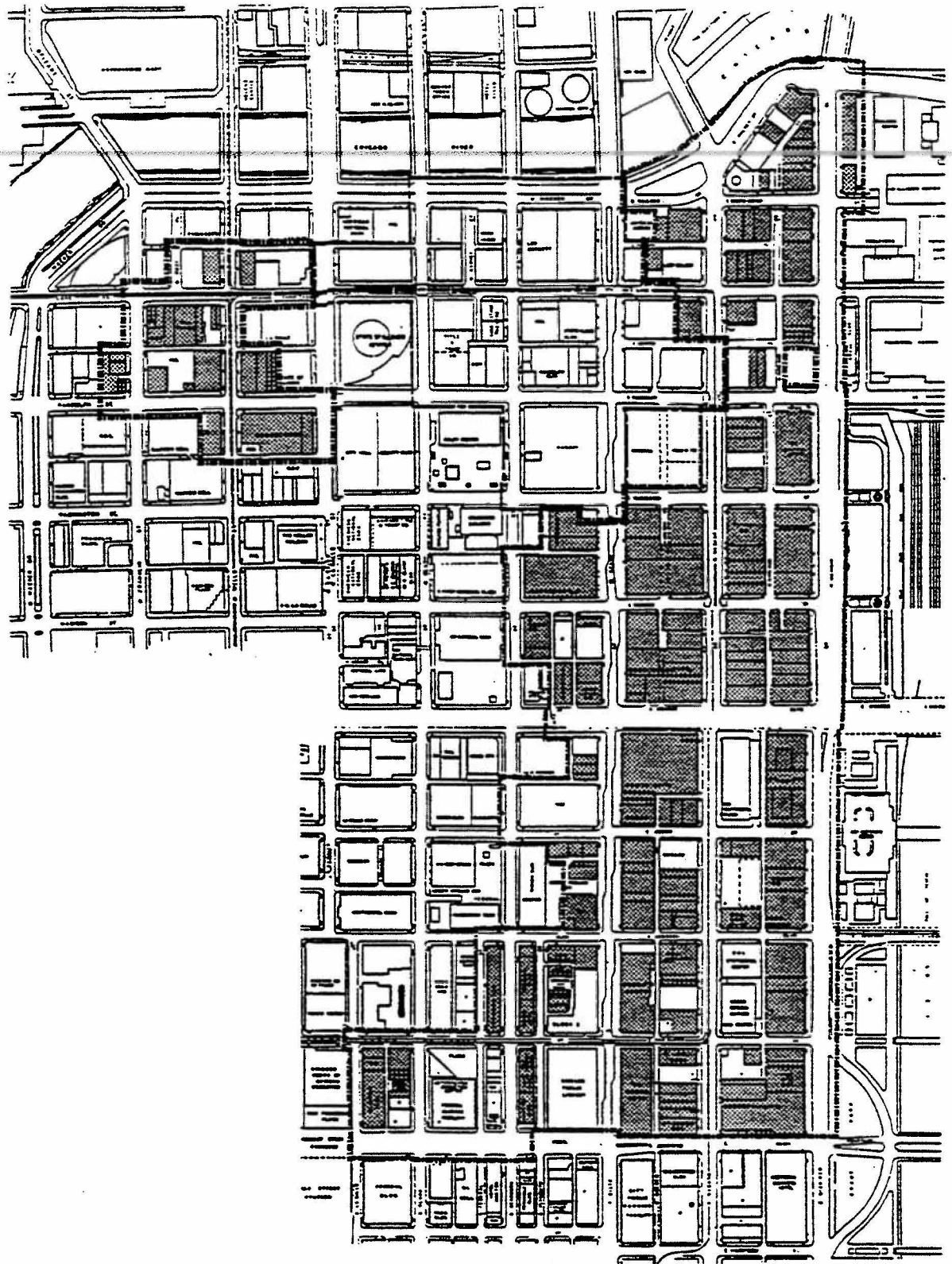
- Dilapidate, "... to become or cause to become partially ruined and in need of repairs, as through neglect."
- Dilapidated, "... falling to pieces or into disrepair; broken down; shabby and neglected."
- Dilapidation, "... dilapidating or becoming dilapidated; a dilapidated condition."

This section summarizes the process used for assessing building conditions in the Added Project Area, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation.

The building condition analysis is based on exterior inspection of the buildings during April, May, June and September of 1996, and interior surveys of 70 sample representative buildings. Noted during the inspection were structural deficiencies in building components and related environmental deficiencies in the Added Project Area.

### **1. Building Components Evaluated.**

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



AGE  
 BUILDINGS 35 YEARS OR OLDER

 NORTH LOOP REDEVELOPMENT PROJECT AREA  
 ADDED AREA

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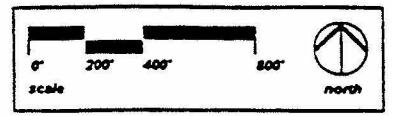


Figure 3  
 Age

### Primary Structural

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

### Secondary Components

These are components generally added to the primary structural components and are necessary parts of the building, including porches and steps, windows and window units, doors and door units, chimneys, 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 such components have on the remainder of the building.

## **2. Building Rating Classifications**

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

### Sound

Building components which contain no defects, are adequately maintained, and require no treatment outside of normal maintenance as required during the life of the building.

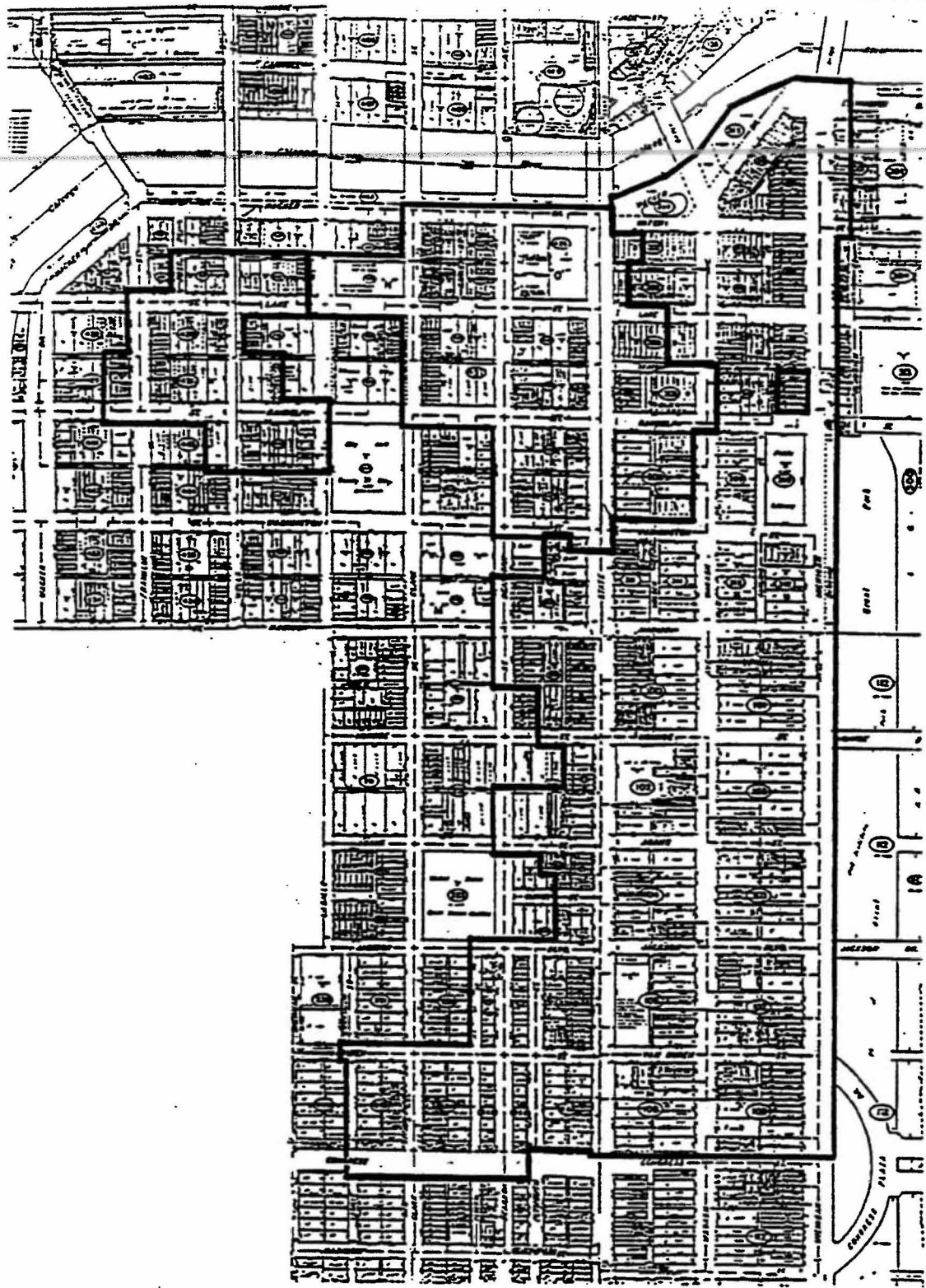
### Deficient

Building components which contain defects (loose or missing material or holes and cracks) over either limited or widespread areas which may or may not be correctable through the course of normal maintenance (depending on the size of the building or number of buildings in a large complex). Deficient buildings contain defects which, in the case of limited or minor defects, clearly indicate a lack of or a reduced level of maintenance. In the case of major defects, advanced defects are present over widespread areas, perhaps including mechanical systems, and would require major upgrading and significant investment to correct.

### Dilapidated

Buildings which contain major defects in primary and secondary components and mechanical systems over widespread areas and within most of the floor levels. The defects are so serious and advanced that the building is or conditions within the building are substandard, requiring improvements or total reconstruction which may either be infeasible or difficult to correct.








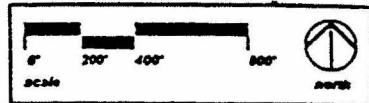
-  ORIGINAL PROJECT AREA
-  ADDED AREA
-  BLOCK NUMBER

Figure 1  
Boundary Map

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**Central Loop**

**City of Chicago, Illinois**

Tax Increment Financing Redevelopment Project

Eight of the 213 buildings (3.7 percent) in the Added Project Area were found to be in substandard (dilapidated) condition. Blocks 106 and 243 each contained 2 dilapidated buildings and each of Blocks 102, 104, 213 and 234 contained 1 dilapidated building.

### **Conclusion**

Dilapidation as a factor is present in 8 buildings and is present to a limited extent in the Added Project Area. Six of the 38 blocks in the Added Project Area contain dilapidated buildings.

Figure 4, *Dilapidation*, illustrates the location of substandard buildings in the Added Project Area.

### **C. OBSOLESCENCE**

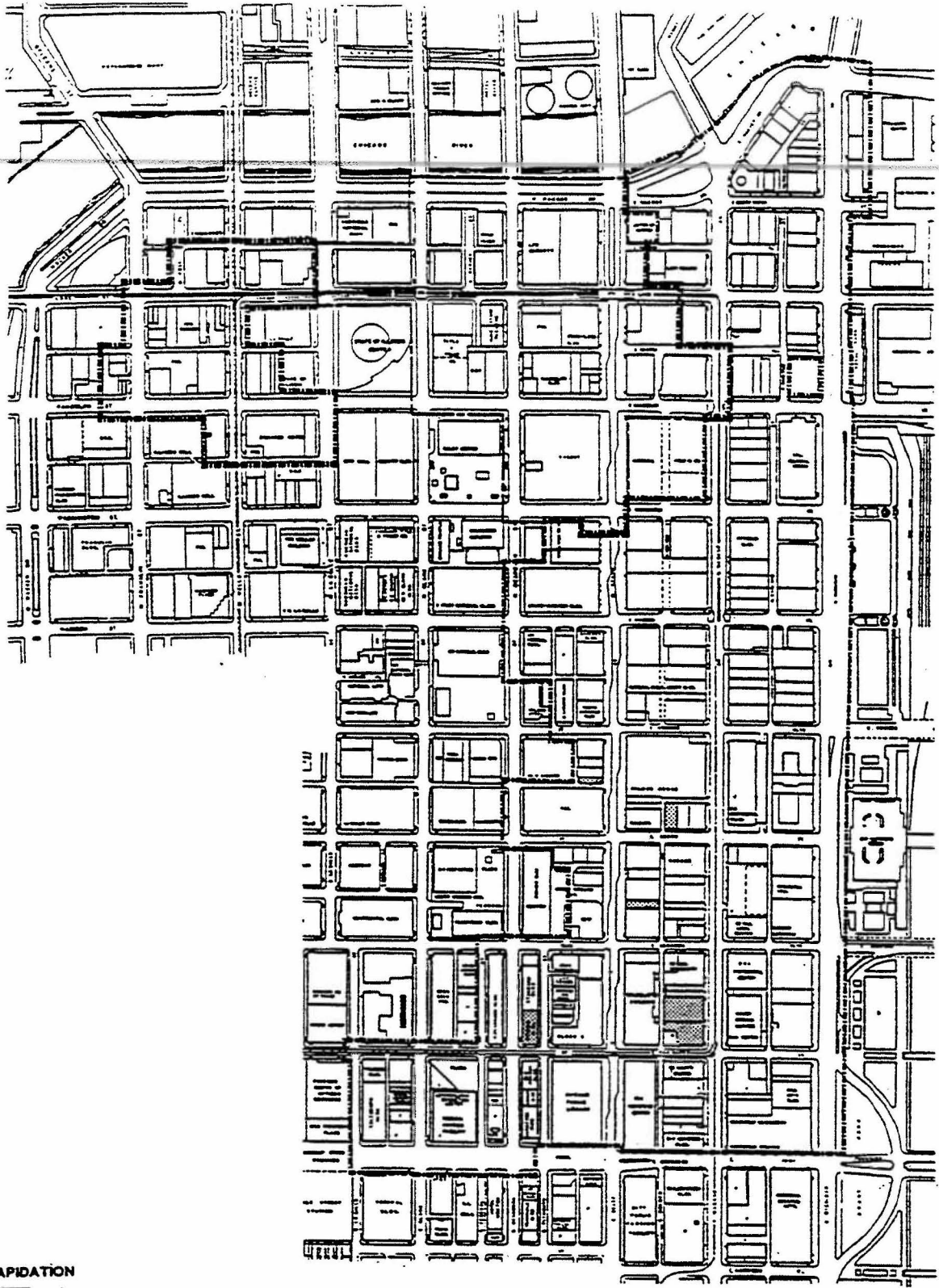
Webster's New Collegiate Dictionary defines "obsolescence" as "being out of use; obsolete." "Obsolete" is further defined as "no longer in use; disused" or "of a type or fashion no longer current." These definitions are helpful in describing the general obsolescence of buildings or site improvements in a proposed redevelopment project area. 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 obsolescent 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. Typically, buildings classified as dilapidated and buildings which contain vacant space are characterized by problem conditions which may not be economically curable, resulting in net rental losses and/or depreciation in market value.



**DILAPIDATION**

-  BUILDINGS IN DILAPIDATED / SUBSTANDARD CONDITION
-  NORTH LOOP REDEVELOPMENT PROJECT AREA
-  ADDED AREA

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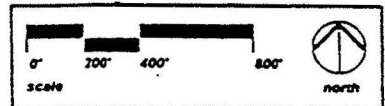


Figure 4  
Dilapidation

Site improvements, including sewer and water lines, public utility lines (gas, electric and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of obsolescence may include inadequate utility capacities, outdated designs, etc.

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

### **1. Obsolete Building Types**

Obsolescence in buildings, because of physical characteristics or economic conditions limiting their long-term sound use or reuse, is typically difficult and expensive to correct. The resulting deferred maintenance, deterioration and vacancies often have an adverse effect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

Functional obsolescence of buildings is present throughout the Added Project Area and is found in virtually every type of use found in the Added Project Area. Characteristics which are present in obsolete building types include the following:

- Small, narrow buildings with limited floor plates;
- Buildings where stairs, elevators and common hall areas occupy an excessive amount of each floor plate;
- Building with inadequate column spacing or floor plans which limit space divisions;
- Buildings with inefficient or outdated mechanical systems, including the lack of central air conditioning, small elevators or the lack of freight elevators;
- Buildings which lack or which have limited fire and life safety provisions and which would be difficult to conform to code compliance.
- Lack of or inadequate loading facilities;
- Buildings where access to upper floors is possible only from first floor retail areas; and
- Floors with limited or no restrooms or restrooms which are accessible only through stairwells.

These buildings are characterized by conditions which limit efficient or economic use according to contemporary standards.



## H. OVERCROWDING OF STRUCTURES AND COMMUNITY FACILITIES

Overcrowding of structures and community facilities refers to the utilization of public or private buildings, facilities, or properties beyond their reasonable or legally permitted capacity. Overcrowding is frequently found in buildings originally designed for a specific use and later converted to accommodate a more intensive use of activities without adequate provision for minimum floor area requirements, privacy, ingress and egress, loading and services, capacity of building systems, etc.

### **Conclusion**

No conditions of overcrowding of structures and community facilities have been documented as part of the exterior surveys and analyses undertaken within the Added Project Area.

## I. LACK OF VENTILATION, LIGHT, OR SANITARY FACILITIES

Lack of ventilation, light, or sanitary facilities refers to substandard conditions which adversely affect the health and welfare of building occupants, *e.g.*, residents, employees, or visitors.

Typical requirements for ventilation, light, and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in spaces/rooms without windows, *i.e.*, bathrooms, and dust, odor or smoke producing activity areas;
- Adequate natural light and ventilation by means of skylights or windows or interior rooms/spaces, and proper window sizes and amounts by room area to window area ratios; and
- Adequate sanitary facilities, *i.e.*, garbage storage/enclosure, bathroom facilities, hot water, and kitchens.

### **Conclusion**

The factor of lack of ventilation, light, or sanitary facilities is not documented as part of this eligibility study.

## **J. INADEQUATE UTILITIES**

Inadequate utilities refers to deficiencies in the capacity or condition of infrastructure which services a property or area, including, but not limited to, storm drainage, water supply, electrical power, streets, sanitary sewers, gas and electricity.

### **Conclusion**

No conditions of inadequate utilities have been documented as part of the exterior surveys and analyses undertaken within the Added Project Area.

## **K. EXCESSIVE LAND COVERAGE**

Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Problem conditions include buildings either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety. The resulting inadequate conditions include such factors as insufficient provision for light and air, increased threat of spread of fires due to close proximity to nearby buildings, lack of adequate or proper access to a public right-of-way, lack of required off-street parking, and inadequate provision for loading and service. Excessive land coverage conditions have an adverse or blighting effect on nearby development.

While lot coverage, building setback, front, side or rear yard requirements may not comply with current zoning practices of the City, the Added Project Area developed prior to existing requirements and is consistent with older, developed sections of the greater Loop area.

### **Conclusion**

No conditions of excessive land coverage have been documented as part of the survey and analysis undertaken within the area.

## **L. DELETERIOUS LAND-USE OR LAYOUT**

Deleterious land-uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed uses, or uses which may be considered noxious, offensive or environmentally unsuitable.

Deleterious layout includes evidence of improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to meet contemporary development standards. It also includes evidence of improper layout of buildings on parcels and in relation to other buildings.

### **Conclusion**

While deleterious layout is described in the "Obsolescence" and "Lack of Community Planning" sections of this study, the factor of deleterious land use was not found to be sufficiently present throughout the Added Project Area to be documented as part of this study.

## **M. DEPRECIATION OF PHYSICAL MAINTENANCE**

Depreciation of physical maintenance refers to the effects of deferred maintenance and the lack of maintenance of buildings, parking areas and public improvements such as alleys, sidewalks and streets.

The presence of this factor within the Added Project Area includes:

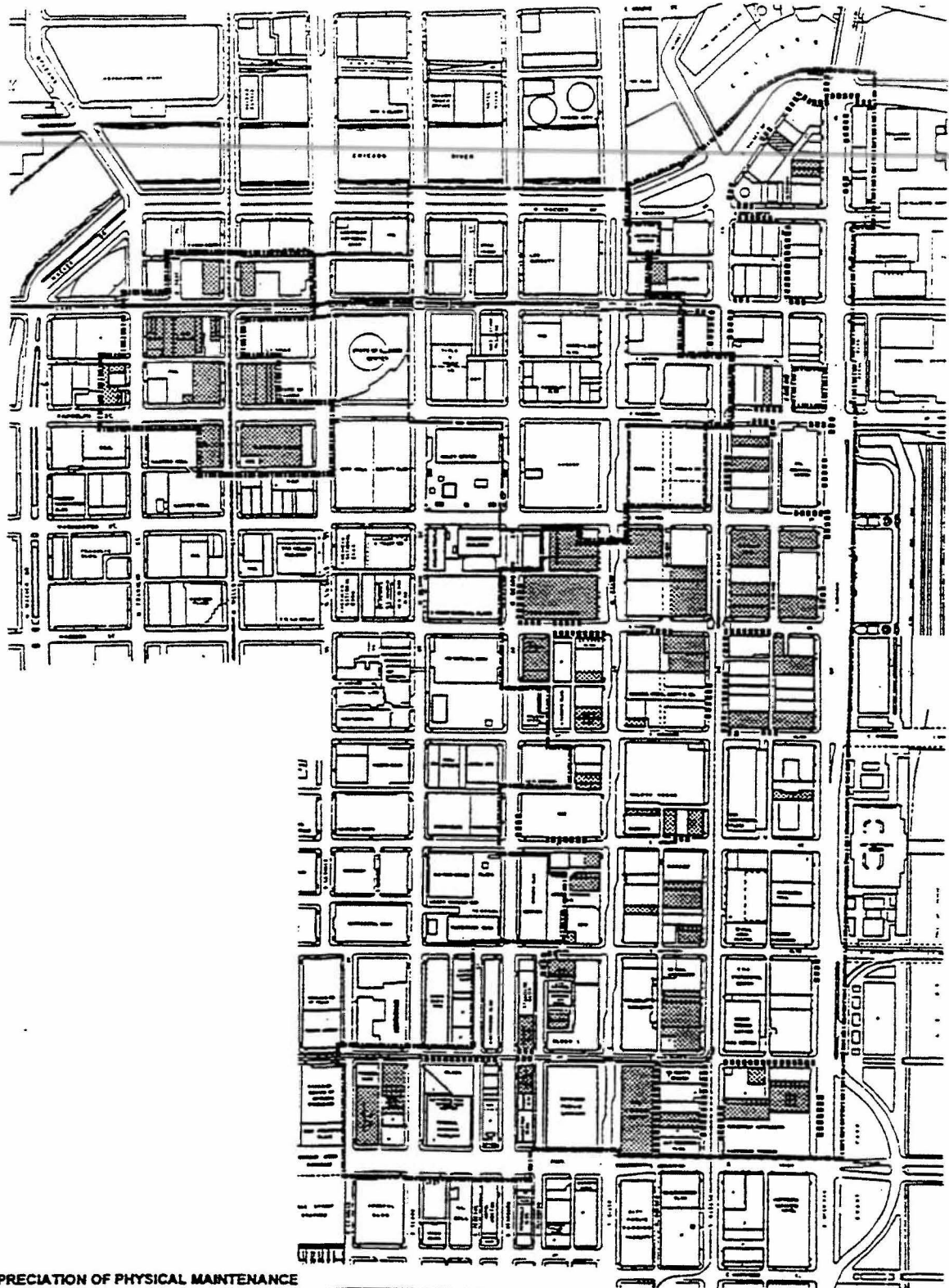
- **Buildings.** Of the 213 buildings in the Added Project Area, 113 suffer from deferred maintenance of windows, doors, store fronts, exterior walls and related decorative stone or terra cotta facade material, cornices, fire escapes, steps, loading docks, roof areas, fascias and mechanical systems.
- **Streets, alleys, sidewalks, curbs and gutters.** Deteriorated sections of these public improvements are present in 21 of the 38 blocks in the Added Project Area.

### **Conclusion**





The depreciation of physical maintenance of buildings and site improvements as a factor is present to a major extent in the Added Project Area. 113 of the 213 buildings in the Added Project Area suffer from deferred maintenance and 21 of the 38 blocks in the Added Project Area contain deteriorated sections of streets, alleys, sidewalks, curbs or gutters. Thirty-three blocks in the Added Project Area contain buildings or site improvements which show the depreciation of physical maintenance.

Figure 9, *Depreciation of Physical Maintenance*, illustrates the presence of the factor in the Added Project Area.





**DEPRECIATION OF PHYSICAL MAINTENANCE**

-  BUILDINGS CHARACTERIZED BY DEFERRED MAINTENANCE
-  DEFERRED MAINTENANCE OF PUBLIC IMPROVEMENTS - STREETS, ALLEYS, SIDEWALKS
-  NORTH LOOP REDEVELOPMENT PROJECT AREA
-  ADDED AREA

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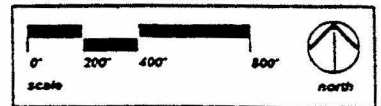


Figure 9  
Depreciation of Physical Maintenance

## **N. LACK OF COMMUNITY PLANNING**

The Added Project Area was developed more than eighty years ago prior to the existence of a community plan. The blocks in and around the Added Project Area were originally platted and developed on a parcel-by-parcel and building-by-building basis with little evidence of coordination and planning among buildings and activities. The lack of community planning prior to the development of the area has contributed to some of the problem conditions described throughout this study which characterize the entire Added Project Area.

Lack of community planning is present throughout the Added Project Area. The Added Project Area consists of small, congested blocks with a disproportionate and excessive amount of area devoted to street and alley right-of-way. Of the total 138.9 acres in the Added Project Area, approximately 66.19 acres are devoted to streets and alleys and 72.7 acres remain for development. Five blocks are very narrow and contain long, narrow buildings as a result. These blocks include the blocks separated from adjacent blocks by Federal Street and Plymouth Court, two partial streets which are similar in width to most downtown alleys. Seven blocks do not contain alleys to allow access to the rear of all buildings. Loading and delivery and servicing of buildings is extremely difficult during peak delivery hours, with delivery trucks blocking alleys, forcing other vehicles to double park on adjacent streets, or servicing buildings by over the sidewalk loading and delivery. Loading docks are limited to the larger buildings only. Several alleys and small sections of alley between buildings are narrow, resulting in building damage to exterior walls. On some of the older blocks located along State Street, Wabash Street, Lake Street and Franklin Street, buildings are narrow and abut each other which reduces the availability of light and ventilation due to the lack of windows along the length of the entire building. Center light wells are limited within these older block sections.

### **Conclusion**

The lack of community planning is present to a major extent throughout the entire Added Project Area.

## IV. DETERMINATION OF ADDED PROJECT AREA ELIGIBILITY

The Added Project Area meets the requirements of the Act for designation as a "conservation area." Over 50 percent of the buildings are 35 years in age or older. Of the total 213 buildings in the Added Project Area, 192 (90.1 percent) are thirty-five years of age or older. In addition to age, there is a reasonable presence and distribution of 7 of the 14 factors listed in the Act for improved areas. These conservation factors include the following:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Structures below minimum code standards
5. Excessive vacancies
6. Depreciation of physical maintenance
7. Lack of Community Planning

A summary of conservation factors by block is contained in Table 2, *Distribution of Conservation Factors* and in Figure 10, *Summary of Conservation Factors*.

The eligibility findings indicate that the Added 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 Added Project Area is not yet a blighted area but is deteriorating and declining and may become a blighted area. All factors indicate that the Added Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated be developed without public action.

**Table 2: Distribution Of Conservation Factors  
Central Loop Added Project Area**

<u>Conservation Factors</u>	<u>BLOCK NUMBERS</u>								
	<u>100</u>	<u>101</u>	<u>102</u>	<u>103</u>	<u>104</u>	<u>105</u>	<u>106</u>	<u>107</u>	<u>108</u>
Age	■	■	■	■	■	■	■	■	■
<u>Other Factors</u>									
1. Dilapidation			□		□		□		
2. Obsolescence	■	■	■	□	■		■	□	■
3. Deterioration	□	■	■	□	■	□	■		■
4. Illegal use of individual structures									
5. Structures below minimum code	□	□	□	□	□		□		□
6. Abandonment									
7. Excessive vacancies	■	■	■	□	■	□	□	□	■
8. Overcrowding of structures and community facilities									
9. Lack of ventilation, light or sanitary facilities									
10. Inadequate utilities									
11. Excessive land coverage									
12. Deleterious land-use or layout									
13. Depreciation of physical maintenance	□	■	□	□	■		■		■
14. Lack of community planning	■	■	■	■	■	■	■	■	■

Not present or not examined

□ Present to a limited extent

■ Present to a major extent

--continued--

BLOCK NUMBERS

<u>Conservation Factors</u>	<u>109</u>	<u>206</u>	<u>213</u>	<u>224/225</u>	<u>233</u>	<u>234</u>	<u>235</u>	<u>243</u>
Age	■	■	■	■	■	■	■	■
<u>Other Factors</u>								
1. Dilapidation			□			□		□
2. Obsolescence	■	■	■	■	□	■	■	■
3. Deterioration	■	■	■	■		■	□	■
4. Illegal use of individual structures								
5. Structures below minimum code	□	□	□	□		■	□	□
6. Abandonment								
7. Excessive vacancies	□	■	■	■		■	□	■
8. Overcrowding of structures and community facilities								
9. Lack of ventilation, light or sanitary facilities								
10. Inadequate utilities								
11. Excessive land coverage								
12. Deleterious land-use or layout								
13. Depreciation of physical maintenance	■	□	■	□	□	□	□	■
14. Lack of community planning	■	■	■	■	■	■	■	■

- Not present or not examined
- Present to a limited extent
- Present to a major extent

--continued--

BLOCK NUMBERS

<u>Conservation Factors</u>	<u>244</u>	<u>245</u>	<u>246</u>	<u>247</u>	<u>300</u>	<u>301</u>	<u>302</u>	<u>303</u>	<u>305</u>
Age		<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Other Factors</u>									
1. Dilapidation									
2. Obsolescence		<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Deterioration			<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
4. Illegal use of individual structures									
5. Structures below minimum code			<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
6. Abandonment									
7. Excessive vacancies		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
8. Overcrowding of structures and community facilities									
9. Lack of ventilation, light or sanitary facilities									
10. Inadequate utilities									
11. Excessive land coverage									
12. Deleterious land-use or layout									
13. Depreciation of physical maintenance			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Lack of community planning	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Not present or not examined

Present to a limited extent

Present to a major extent

--continued--

BLOCK NUMBERS

<u>Conservation Factors</u>	<u>306</u>	<u>309/310</u>	<u>311</u>	<u>312</u>	<u>416</u>	<u>418</u>	<u>429</u>	<u>430/431</u>
Age	■	■	■	■	■	□	■	■
<u>Other Factors</u>								
1. Dilapidation								
2. Obsolescence	■	■		■	■	□	■	■
3. Deterioration	□	□	□	■	■	□	■	■
4. Illegal use of individual structures								
5. Structures below minimum code	□	□						■
6. Abandonment								
7. Excessive vacancies	■	□	□	■		■	■	■
8. Overcrowding of structures and community facilities								
9. Lack of ventilation, light or sanitary facilities								
10. Inadequate utilities								
11. Excessive land coverage								
12. Deleterious land-use or layout								
13. Depreciation of physical maintenance	□	□	■	■	■	□	■	■
14. Lack of community planning	■	■	■	■	■	■	■	■

Not present or not examined

□ Present to a limited extent

■ Present to a major extent

--continued--

BLOCK NUMBERS

Conservation Factors

433    443    445    463/464

Age

■    ■    ■    ■

Other Factors

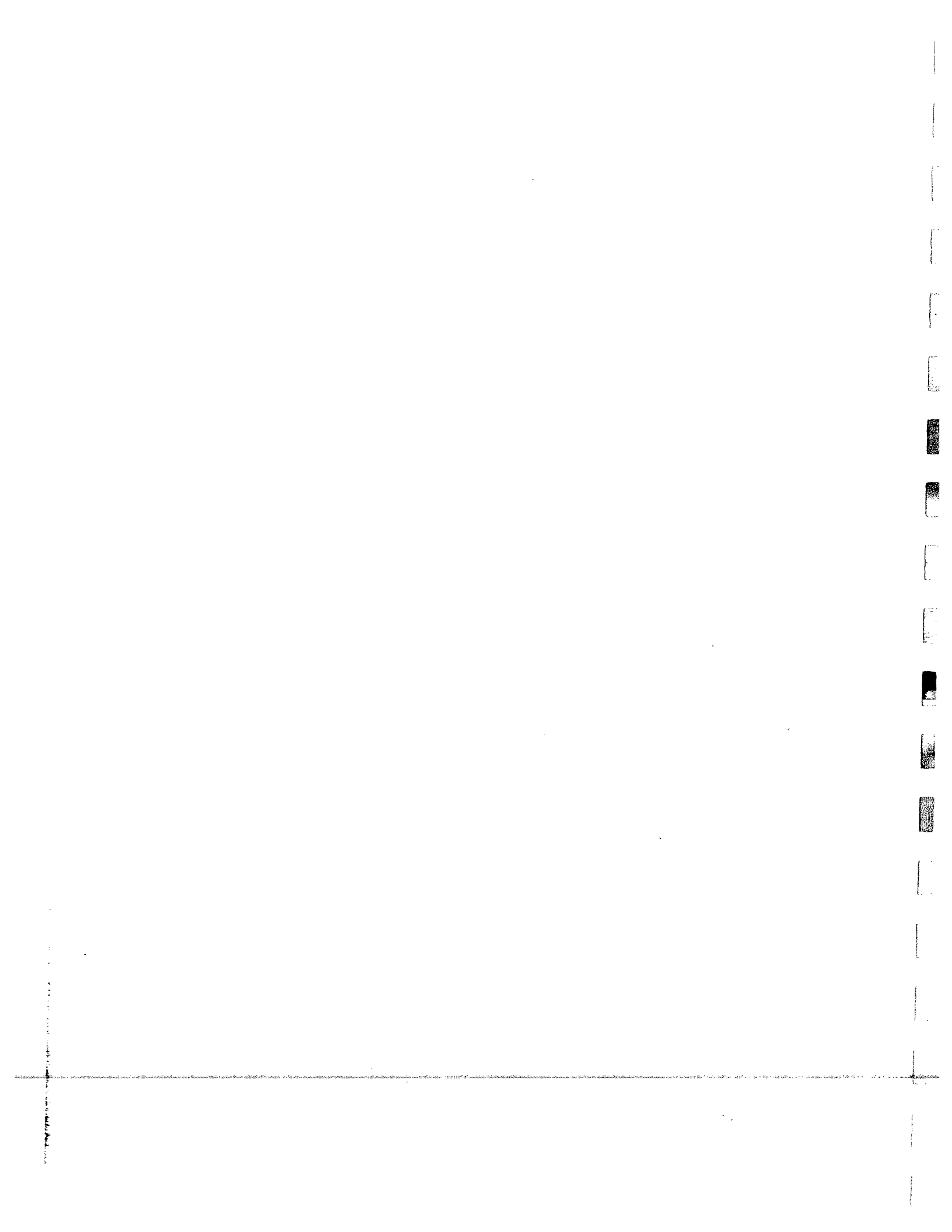
1. Dilapidation				
2. Obsolescence	■		□	■
3. Deterioration	■	■	■	■
4. Illegal use of individual structures				
5. Structures below minimum code				□
6. Abandonment				
7. Excessive vacancies	■			■
8. Overcrowding of structures and community facilities				
9. Lack of ventilation, light or sanitary facilities				
10. Inadequate utilities				
11. Excessive land coverage				
12. Deleterious land-use or layout				
13. Depreciation of physical maintenance	■	■	■	■
14. Lack of community planning	■	■	■	■

Not present or not examined

□ Present to a limited extent

■ Present to a major extent





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

## 2. Estimated Redevelopment Project Costs

A range of redevelopment activities and improvements will be required to implement this Part A. The activities and improvements and their estimated costs (1996 dollars) are set forth in Part C of this Central Loop Redevelopment Plan.

Redevelopment Project Costs described in Part C of this Central Loop 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 Central Loop Redevelopment Plan.

## 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 municipality may deem appropriate. 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 Central Loop Redevelopment Project Area is contiguous to the Near South Tax Increment Financing Redevelopment Project Area, and the Central Loop Redevelopment Project Area may, in the future, be contiguous to other redevelopment project areas. The City may utilize net incremental property taxes received from the Central Loop Redevelopment Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, and vice versa. The amount of revenue from the Central Loop Redevelopment Project Area made available to support such contiguous redevelopment project areas, when added to all amounts used to pay eligible Redevelopment Project Costs within the Central Loop Redevelopment Project Area, shall not at any time exceed the total Redevelopment Project Costs described in Part C of this Central Loop Redevelopment Plan.

## ***F. ISSUANCE OF OBLIGATIONS***

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

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within 23 years from the adoption of the ordinance approving the Original Project Area and the Original Redevelopment Plan, such ultimate retirement date occurring in March 2007. 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 Central Loop Redevelopment Plan. Obligations may 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, any excess Incremental Property Taxes shall then become available for distribution annually to taxing districts having jurisdiction over the Added Project Area in the manner provided by the Act.

## ***G. VALUATION OF THE ADDED PROJECT AREA***

### **1. Most Recent EAV of Properties in the Added Project Area**

The most recent EAV of all taxable parcels in the Added Project Area is estimated to be \$903,827,523. This EAV is based on 1995 EAV and is subject to verification by the County Clerk. After verification, the final figure shall be certified by the County Clerk. This certified amount shall become the Certified Initial EAV from which all Incremental Property Taxes in the Added Project Area will be calculated by the County. The 1995 EAV of the Added Project Area is summarized by tax block in Table 2, *1995 EAV by Tax Block: Added Project Area*.

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

By the tax year 2006 (collection year 2007) and following the completion of all potential Redevelopment Projects, the EAV of the Added Project Area is estimated to total between \$1,088,585,000 and \$1,123,795,000. Both estimates are based on several key assumptions, including: 1) redevelopment of the Added Project Area will occur in a timely manner; 2) the 1995 EAV of the Added Project Area will inflate at the rate of 2 percent per annum; and 3) the five year average state equalization factor of 2.1041 (tax years 1991 through 1995) is used in all years to calculate estimated EAV.

**Table 1: 1995 EAV by Tax Block  
Central Loop Added Project Area  
Chicago, Illinois**

<b>Tax Block</b>	<b>1995 EAV</b>
17-09-415	-
-416	2,585,432
-418	44,402,758
-429	2,984,174
-430	6,138,513
-431	8,411,846
-433	5,986,110
-443	7,962,471
-445	8,709,613
-463	4,699,776
-464	23,537,469
17-10-300	31,783,740
-301	19,019,971
-302	24,089,866
-303	25,813,079
-305	4,497,908
-306	22,489,956
-309	21,470,005
-310	-
-311	60,615,335
-312	39,703,511
-314	-
-315	-
17-15-100	27,877,038
-101	32,487,362
-102	63,304,191
-103	107,410,214
-104	29,278,732
-105	40,114,410
-106	8,869,552
-107	119,425,370
-108	22,595,839
-109	7,075,160
17-16-206	16,005,286
-213	9,526,343
-224	7,082,803
-225	5,213,706
-233	10,792,723
-234	7,572,526
-235	7,166,020
-243	8,823,588
-244	752,189
-245	2,166,438
-246	5,386,503
-247	-
<b>Total</b>	<b>903,827,523 *</b>

\*This figure is subject to verification by the County Clerk of Cook County, Illinois. After verification, the figure shall be certified by the County Clerk.

- Thirty-two of the remaining 96 non-public buildings in the Added Project Area had rehabilitation/renovation/tenant improvements building permit costs totaling \$100,000 or less during the 5 year period 1991 through 1995 (which, when added to the 75 non-public buildings with no apparent building permit activity and the 28 non-public buildings with \$20,000 or less in building permit activity, corresponds to 67.8 percent of the 199 non-public buildings in the Added Project Area).
- Of the 64 remaining non-public buildings in the Added Project Area, 45 (70.3 percent) had building permit costs totaling less than \$5.00 in aggregate per square foot during the 5 year period 1991 through 1995.
- Discussions with representatives of the City building department indicate that the vast majority of building permit activity occurring in the Added Project Area since 1991 involves tenant improvements and buildout, and not significant building rehabilitation.

#### **Declining Property Tax Revenues**

- Between 1991 and 1995, the EAV of the Added Project Area decreased by 4.6 percent, or approximately \$43,370,000. Over this same period, the EAV of the Loop increased by 2.2 percent and the EAV of the City increased by 10.9 percent.
- The decline in EAV adversely impacted the property tax revenues generated within the Added Project Area. In spite of a higher overall tax rate and an increased State equalization factor for Cook County in 1995 as compared to 1991, total property tax revenues generated within the Added Project Area were approximately \$3,700,000 less in 1995 than in 1991.

#### **Buildings With Rent Levels Below Those of the Overall Downtown**

- In the Added Project Area, the average gross rent for Class C office buildings listed in one or more Chicago commercial office guides is \$15.16 per square foot. BOMA's *1996 Rent Barometer* indicates that the average gross rents per square foot of the downtown as a whole and of Class C buildings in the downtown are \$19.95 and \$17.38, respectively.

As evidenced above and throughout this Part A, the Added Project Area is not yet a blighted area, but is deteriorating and declining and may become a blighted area. In addition, the Added Project Area on the whole has not been subject to growth and development through investment by private enterprise. Finally, the Added Project Area would not reasonably be anticipated to be developed without the adoption of this redevelopment plan for the Added Project Area.

## **VII. FINANCIAL IMPACT**

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

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

The Redevelopment Project is expected to have both short- and long-term positive financial impacts on the taxing districts affected by this Part A. In the short-term, the City's strategic use of TIF can be expected to stabilize existing assessed values in the Added Project Area, thereby stabilizing the existing tax base for local taxing agencies. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from an enhanced tax base which results from the increase in EAV caused by the Redevelopment Projects.

## VIII. DEMAND ON TAXING DISTRICT SERVICES

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

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

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

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

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

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade.

Chicago Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs.

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

City of Chicago. The City is responsible for the provision of the full range of municipal services typically associated with large, mature cities, including the following: police and fire protection; capital improvements and maintenance; water production and distribution; sanitation service; building, housing and zoning codes, etc.

In addition to the major taxing districts summarized above, the City of Chicago Library Fund, the Chicago Urban Transportation District, Special Service Area 1 (State Street Mall) and Special Service Area 12 (Central Area Circulator) have taxing jurisdiction over part or all of the Added Project Area. The City of Chicago Library Fund (formerly a separate taxing district from the City)

and the Chicago Urban Transportation District no longer extend taxing levies but continue to exist for the purpose of receiving delinquent taxes.

Non-residential development, such as retail, commercial service, office, hotel, public and institutional uses, should not cause increased demand for services or capital improvements on any of the taxing districts named above except for the Water Reclamation District. Replacement of vacant and underutilized buildings and sites with active and more intensive uses will result in additional demands on services and facilities provided by the Water Reclamation District. However, it is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Added Project Area can be adequately handled by existing treatment facilities maintained and operated by the Water Reclamation District.

Residential development may cause increased demand for services or capital improvements to be provided by the Board of Education, Community College District 508, Chicago Park District and City. It is anticipated that the type and amount of new residential development would primarily appeal to young professionals, professionals without children and empty-nesters, thereby not creating a large increased demand for services and capital improvements provided by the Board of Education. New private investment in residential and non-residential development, and public investment in infrastructure improvements may increase the demand for public services or capital improvements provided by the City and the Chicago Park District within and adjacent to the Added Project Area. These public services or capital improvements may include, but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. There may also be an increased use of streets throughout the Added Project Area; this concern is addressed in this Part A. However, it is not possible at this time to predict, with any degree of reliability, (i) the number or timing of new or rehabilitated residential buildings that may be added within the Added Project Area, or (ii) the increased level of demand for services or capital improvements to be provided by any taxing district as a result therefrom.

Because the scale and mix of development in the Added Project Area cannot be predicted with certainty as of the date of this Part A, the scope of the financial impact on taxing districts and increase in demand for services provided by those districts cannot be quantified at this time. As a result, the City has not developed, at present, a specific plan to address such impact or increased demand.

However, as described more fully in Section V.B.2, *Redevelopment Improvements and Activities-- Provision of Public Works or Improvements*, of this Part A, the City plans to provide public improvements and facilities to service the Added Project Area. Such improvements may mitigate some of the additional service and capital improvement demands placed on taxing districts as a result of the implementation of this Part A.



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

This Part A and the Redevelopment Project described herein include land uses which will be approved by the Chicago Plan Commission prior to the adoption of the Central Loop Redevelopment Plan.

## **X. PHASING AND SCHEDULING**

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

As indicated in the Original Redevelopment Plan, the estimated date for completion of Redevelopment Projects is no later than March 1, 2007.

## ~~XI. PROVISIONS FOR AMENDING THIS PART A~~

This Part A may be amended pursuant to the Act.

## **XII. AFFIRMATIVE ACTION PLAN**

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

- A) The assurance of equal opportunity in all personnel and employment actions, including, but not limited to: hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.
  
- B) This commitment to affirmative action will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

In order to implement these principles, the City shall require and promote equal employment practices and affirmative action on the part of itself and its contractors and vendors. In particular, parties engaged by the City shall be required to agree to the principles set forth in this section.

**AMENDMENTS TO ORIGINAL  
REDEVELOPMENT PLAN**

**PART B:**

## PART B

### AMENDMENTS TO ORIGINAL REDEVELOPMENT PLAN

The following amendments are hereby made to the Original Redevelopment Plan; provided, however, that no such amendment shall be applicable to or affect the Designated Agreements (defined below) unless and until the applicable redeveloper or redevelopers (or any successor thereto) and the City, acting through the Commissioner of the Department of Planning and Development, mutually agree in writing to make such amendment effective as to such agreement. For purposes of this Part B, the term "Designated Agreements" shall mean the following Redevelopment Agreements, as amended from time to time: (a) that certain Redevelopment Agreement dated as of October 24, 1990, between the City and Chicago Theater Group, d/b/a The Goodman Theater, (b) that certain Redevelopment Agreement dated as of October 24, 1990, among the City, 161 North Clark Street Limited Partnership and 181 North Clark Street Limited Partnership, (c) that certain Redevelopment Agreement dated as of October 22, 1987, between the City and FJV Venture, as amended by letter agreement dated December 28, 1989, and (d) that certain Redevelopment Agreement dated as of November 30, 1994, between the City and Commonwealth Edison Company.

Amendment #1            The following paragraph is hereby added at the end of Section III of the Original Redevelopment Plan entitled "Redevelopment Project Area Goals and Objectives":

"Effective upon the adoption of the Central Loop Tax Increment Financing Redevelopment Project and Plan, Section III of this Redevelopment Plan and Project is hereby deleted in its entirety and is replaced by Part A, Section IV of the Central Loop Tax Increment Financing Redevelopment Project and Plan, which Part A, Section IV is hereby incorporated into this Section III by reference as if fully set forth herein, except that wherever the terms 'Added Project Area' and 'this Part A' appear, they shall be deemed to mean the 'Redevelopment Project Area' and 'this Redevelopment Plan and Project', respectively. "

Amendment #2

The following paragraph is hereby added at the end of Section V of the Original Redevelopment Plan entitled "North Loop Redevelopment Project":

"Effective upon the adoption of the Central Loop Tax Increment Financing Redevelopment Project and Plan, Section V of this Redevelopment Plan and Project is hereby deleted in its entirety and is replaced by Part A, Section V of the Central Loop Tax Increment Financing Redevelopment Project and Plan, which Part A, Section V is hereby incorporated into this Section V by reference as if fully set forth herein, except that (i) wherever the terms 'Added Project Area' and 'this Part A' appear, they shall be deemed to mean the 'Redevelopment Project Area' and 'this Redevelopment Plan and Project', respectively, and (ii) the second paragraph of Subsection E of Section V shall be omitted from such incorporation by reference; provided, however, that the subsections of Section V of this Redevelopment Plan and Project entitled 'Issuance of Obligations,' 'Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area' and 'Table 2 - Block Summary of 1982 Equalized Assessed Values and Property Tax Revenues' shall remain in full force and effect."

Amendment #3

The following paragraph is hereby added at the end of Section VI of the Original Redevelopment Plan entitled "Phasing and Scheduling of Redevelopment Project":

"Effective upon the adoption of the Central Loop Tax Increment Financing Redevelopment Project and Plan, Section VI of this Redevelopment Plan and Project is hereby deleted in its entirety and is replaced by Part A, Section X of the Central Loop Tax Increment Financing Redevelopment Project and Plan, which Part A, Section X is hereby incorporated into this Section VI as if fully set forth herein, except that wherever the term 'Added Project Area' appears, it shall be deemed to mean 'Redevelopment Project Area'."

**PART C: ESTIMATED REDEVELOPMENT PROJECT COSTS**



**Table 2: Estimated Redevelopment Project Costs  
Central Loop Redevelopment Project Area  
Chicago, Illinois**

Program Action/Improvement (in \$1,000's)	[1] Original Project Costs	[2] Additional Project Costs	Total Project Costs
Acquisition, Demolition, Site Prep and Relocation	171,000	30,000	201,000
Rehabilitation of Theatres	14,500	60,000	74,500
Rehabilitation of Landmarks	n.a.	20,000	20,000
Other Rehabilitation/Conversion/Reconstruction	n.a.	60,000	60,000
Job Training	n.a.	3,000	3,000
Bus Station Relocation	17,500	n.a.	17,500
Service Tunnel	3,000	n.a.	3,000
Utility Adjustments	3,000	n.a.	3,000
Surface right-of-way improvements	2,000	n.a.	2,000
Riverfront improvements and pedestrian walkways	2,000	n.a.	2,000
Public Improvements/Public Works/ Capital Costs	n.a.	52,000	52,000
Transit Improvements	6,500	49,000	55,500
Planning, Legal, Studies, Administrative	2,000	6,000	8,000
Financing (net capitalized interest)	53,000	n.a.	53,000
Contingencies	8,500		
Interest Subsidies		20,000	20,000
<b>Gross Project Cost</b>	283,000	300,000	583,000 [3]
<b>Less: Disposition Proceeds</b>	57,000	-	57,000
<b>Net Project Cost</b>	226,000	300,000	526,000 *

[1] The costs set forth in this column are the Estimated Project Costs set forth in the Original Redevelopment Plan.

[2] The costs set forth in this column are costs estimated to be incurred in the Original Project Area and the Added Project Area, in addition to those costs set forth in Column [1].

[3] Total Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs. Total Project Costs are inclusive of redevelopment project costs in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes.

\* The Total Project Cost is intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Central Loop Redevelopment Plan.

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**1998 Annual Report**

**Central Loop  
Redevelopment Project Area**

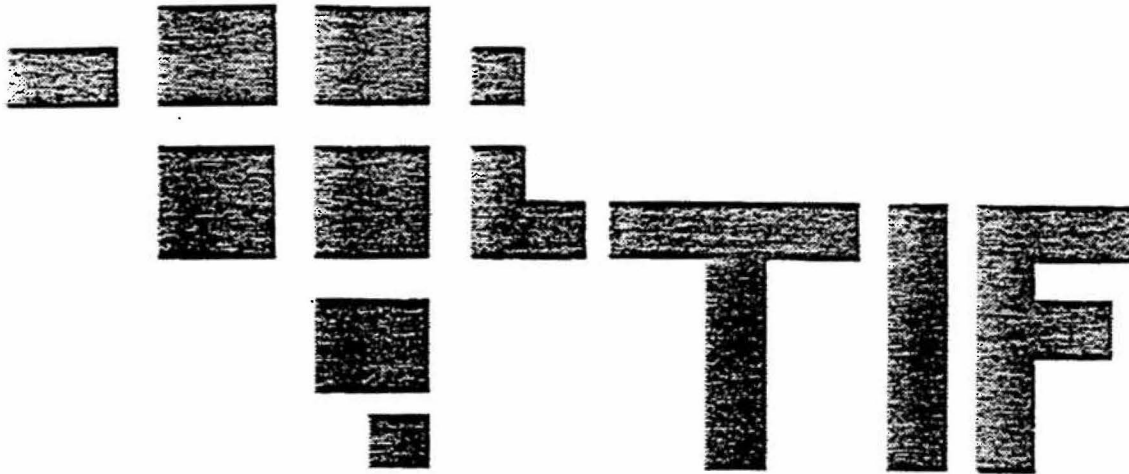


**Pursuant to Mayor's  
Executive Order 97-2**

*JUNE 30, 1999*

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**EXHIBIT I: Original Redevelopment Plan and Project**



**CITY OF CHICAGO**  
**NORTH LOOP TAX INCREMENT**  
**REDEVELOPMENT AREA**  
  
**REDEVELOPMENT PLAN**  
**AND**  
**PROJECT**

**JANUARY 1984**

**REVISED**  
**APRIL, 1984**  
**SEPTEMBER, 1987**



**DEPARTMENT OF PLANNING**

Elizabeth L. Hollander, Commissioner  
G.A. Finch, Deputy Commissioner



**CITY OF CHICAGO**  
**HAROLD WASHINGTON**  
**MAYOR**

NORTH LOOP TAX INCREMENT REDEVELOPMENT AREA  
REDEVELOPMENT PLAN AND PROJECT

CITY OF CHICAGO

HAROLD WASHINGTON, MAYOR

JANUARY, 1984

Revised

APRIL, 1984

SEPTEMBER, 1987

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ELIGIBILITY STUDY**

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City of Chicago, Illinois

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

January 13, 1997

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I.  
INTRODUCTION

The City of Chicago is recognized throughout the world as the urban center of America's heartland, serving as a focal point of commerce, industry, finance, culture and education. It is also known for its neighborhoods and its diversity of nationalities, races and religions, as well as its economic wealth and vitality.

One of the most well-known symbols of Chicago's historic prominence and prosperity is the "Loop," an area circumscribed on four sides by an elevated commuter rail facility known simply in Chicago and elsewhere as the "el." The "Loop" is the heart of Chicago's Central Business District.

While much of the "Loop" area continues to thrive, the north central portion, known as the North Loop, has declined. Age, obsolescence, decay and other blighting factors now characterize this once important area. To date, private investment has not occurred to any major extent in any block in the North Loop except those in which the City has made a substantial investment of public funds. Development through investment by private enterprise cannot be anticipated to occur without the substantial investment of additional public funds in accordance with a City redevelopment plan.

The City has been provided with a vehicle enabling it to raise public funds to utilize in redevelopment efforts. This is the Real Property Tax Increment Allocation Redevelopment Act of the State of Illinois (hereinafter referred to as the "Act"). This Act became effective in 1977. It provides a means for municipalities, after the approval of a "Redevelopment Plan and Project," to redevelop blighted areas when these areas are then designated "Redevelopment Project Areas" by using new tax revenues generated by redevelopment for public redevelopment project costs. Since these costs are paid for by revenues derived from the increase in value of redeveloped properties, no additional tax burden is placed on any taxpayer other than the owners of redeveloped properties which have increased in fair market value. This method of raising funds is called tax increment financing.

After a blighted area is designated as a Redevelopment Project Area and tax increment financing is adopted, all taxing districts continue to receive the tax revenue they received prior to redevelopment from real property in the area. The new tax revenue generated by the application of tax rates to the increase in assessed values due to redevelopment is described as tax increment revenue. As soon as more tax increment revenue is received than is necessary to pay for redevelopment project costs and principal and interest on obligations issued to pay for such costs, the excess revenue is distributed to taxing districts which have real property in the redevelopment project area. Thus, all taxing districts are the beneficiaries of the redevelopment. The increase in the downtown tax base also helps to minimize the real property tax burden on the homeowners in the neighborhoods.

The City has initiated positive action to bring about the redevelopment of the North Loop. In 1979 the City Council authorized a North Loop redevelopment project. In 1981 the City issued \$55,000,000 of general obligation bond anticipation notes to pay for redevelopment project costs prior to the final adoption of a redevelopment project area as defined in the Act. In 1982 the City issued \$65,000,000 of general obligation bonds to pay the principal of and the final interest payment on the bond anticipation notes, and in order to finance such redevelopment project costs.

This North Loop Tax Increment Area Redevelopment Plan and Project (hereinafter referred to as the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. This Redevelopment Plan describes the activities which have previously taken place in the North Loop in anticipation of the adoption of a redevelopment plan. It is a guide to all proposed public and private actions in the North Loop.

In addition to describing the objectives of the North Loop redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the "Redevelopment Project."

This Redevelopment Plan also specifically describes a North Loop Tax Increment Redevelopment Project Area (hereinafter referred to as the "Redevelopment Project Area") within the North Loop which meets the eligibility requirements of the Act. The Redevelopment Project Area is to include five full blocks and parts of four other blocks. Its boundaries are described in Section II of this Redevelopment Plan and shown on the Boundary Map, Exhibit 1. After its approval of the Redevelopment Plan and Project, the City Council then formally designates the Redevelopment Project Area.

The purpose of this Redevelopment Plan is to ensure that new development occurs:

1. On a coordinated rather than on a piecemeal basis to ensure that the land-use, pedestrianway, access, circulation, parking, service and urban design systems will functionally come together, meeting modern-day principles and standards.
2. On a reasonably comprehensive and integrated basis to ensure that blight and blighting factors are eliminated.
3. Within a reasonable and defined time period so that the area may contribute productively to the economic vitality of the City.

Many of the existing office buildings within the Redevelopment Project Area have inefficient floor layouts, much deferred maintenance and high vacancy rates. There has been a general decline in quality of merchandising in the area and marginal space uses have increased. A large proportion of the land area is taken up by parking lots and garages. All of this has resulted in a reduction in the amount of real estate tax revenue and the number of jobs that should be expected in this downtown location.

The Redevelopment Project Area is not perceived as an attractive or safe area, particularly after office hours. State Street retail sales volumes and the quality of merchandise have fallen, and entertainment and cultural

facilities and programming have severely deteriorated. Major improvements are mandatory to reverse these trends.

Notwithstanding the lack of growth in retail sales and activity along State Street and the current decline of entertainment activities, the North Loop retains a number of assets and advantages. State Street remains unique in its concentration of retail activities and facilities. It offers an extraordinary opportunity for public-private partnership in renewal, redevelopment and conservation.

In addition to North State Street, there are a number of other nearby commercial areas of significance which bear on the future of the North Loop: the extended office uses to the south along LaSalle, Clark and Dearborn; the newer development, including residential uses, to the north of the Redevelopment Project Area along the main branch of the Chicago River; and the Illinois Center development area to the east of Michigan Avenue south of the Chicago River.

The City of Chicago has long recognized that revitalization of the North Loop is critical to the overall strength and long-term viability of the Central Business District. The North Loop has been studied as a potential renewal area for more than a decade. It was identified in 1973 in the Chicago 21 Plan as a part of the Central Business District in which major redevelopment could and should be initiated. In 1973 a North Loop Renewal Study Area was established. The North Loop Redevelopment Project was designated by both the Commercial District Development Commission and the Chicago City Council as a Blighted Commercial Area under Chapter 15.1 of the Municipal Code of Chicago in March, 1979; a redevelopment plan for the project was approved at the same time and amended in October, 1982. The North Loop Guidelines for Conservation and Redevelopment was published by the Commercial District Development Commission in March, 1981. The report established the basis for detailed parcel development plans in the project area, and included goals, objectives and guidelines for conservation, preservation, space use, circulation, densities and space allocation. Following public hearings, the Chicago Plan Commission adopted resolutions approving amendments to the Guidelines in May, 1981. The City Council then considered and adopted an Ordinance approving the Guidelines in October, 1981. Again following public hearings, the City Council considered and adopted an ordinance on October 27, 1982, approving further amendments to the North Loop Guidelines.

Redevelopment of the Redevelopment Project Area is one of the largest projects of its kind in the United States, and it presents challenges and opportunities commensurate with its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government. None of the planning and renewal studies to date have been capable of stimulating this comprehensive and coordinated public and private effort. In addition, the Redevelopment Project Area as a whole has not been subject to growth and development by private enterprise. The adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for the redevelopment of the Redevelopment Project Area — an area which is not anticipated to develop without the adoption of this Redevelopment Plan. By means of public investment, the area will become a stable environment that will again attract private investment. Public investment will set the stage for the rebuilding of the area with private capital.

Public and private investment is possible only if tax increment financing is used pursuant to the terms of the Act. The revenue generated by the development will play a decisive role in encouraging private development. Conditions of blight that have precluded intensive private investment in the past will be eliminated. Through this Redevelopment Plan, the City of Chicago will serve as the central force for marshalling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, implementation of this Redevelopment Plan will benefit the City, its neighborhoods and all the taxing districts which encompass the North Loop in the form of a significantly expanded tax base, employment opportunities and a wide range of other benefits.

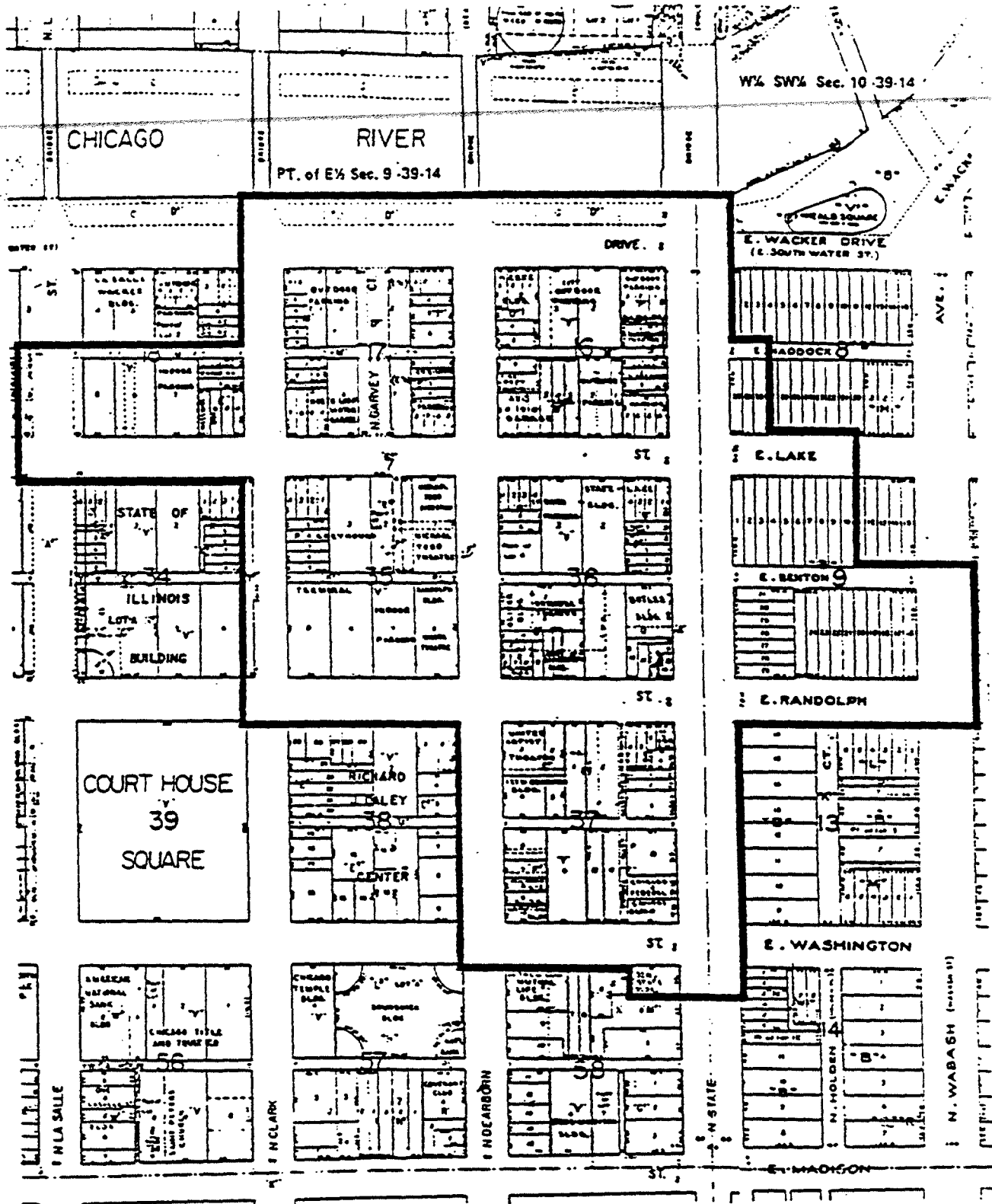
II.

REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

Boundaries of the North Loop Tax Increment Redevelopment Project Area are shown on the Boundary Map, Exhibit 1. The legal description of the Redevelopment Project Area is as follows:

A tract of land consisting of Lots and Blocks or parts thereof and streets and alleys of Blocks 16, 17, 35, 36, 37 and 58 in the Original Town of Chicago in the East part of the S.E. 1/4 of Section 9 Township 39 North, Range 14 and part of Blocks 8 and 9 in the Fort Dearborn Addition to Chicago in the S.W. Fractional 1/4 of Section 10, Township North, Range 14 East of the Third Principal Meridian, in the City of Chicago, County of Cook, State of Illinois and;

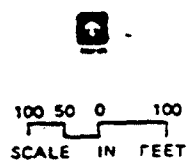
Bounded as follows: Beginning at the intersection of the south line of West Lake Street and the west line of North LaSalle Street; thence North along the west line of North LaSalle Street to the north line extended west of West Haddock Place; thence east along said line to the west line of North Clark Street; thence north along said west line to the northerly line of West Wacker Drive as said northerly line was established by Ordinance passed by the City Council of the City of Chicago on December 15, 1919; thence east along said northerly line of West Wacker Drive to the east line of North State Street; thence south along said east line to the north line of Haddock Place; thence east along said line to the east line of Lot 28 extended north of Block 8 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 28 as aforesaid to the north line of East Lake Street; thence east along said north line to the east line of Lot 10 extended north of Block 9 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 10 as aforesaid to the north line of East Benton Place; thence east along said north line to east line of North Wabash Avenue; thence south along said line to the south line of East Randolph Street; thence west along said south line to the east line of North State Street; thence south along said east line to the south line extended east of Lot 1 of Assessor's Re-Subdivision of Lots One to Five in Block 58 in Assessor's Division of Original Town of Chicago as aforesaid; thence west along said extended line to the west line of said Lot 1; thence north along said line to the south line of West Washington Street; thence west along said south line to the west line of North Dearborn Street; thence north along said west line to the south line of West Randolph Street; thence west along said south line to the west line of North Clark Street; thence north along said west line to the south line of West Lake Street; thence west along said south line to the place of beginning.



BOUNDARY MAP  
 NORTH LOOP REDEVELOPMENT  
 PROJECT AREA  
 DEPARTMENT OF PLANNING  
 CITY OF CHICAGO  
 JANUARY, 1984;

EXHIBIT 1, TO THE  
 NORTH LOOP TAX INCREMENT  
 AREA REDEVELOPMENT PLAN  
 AND PROJECT

————— PROJECT BOUNDARY





### III.

#### REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

Since Chicago's beginning, citizen initiative and governmental involvement have combined to address the problems of urban growth and development. The North Loop has been studied as a potential renewal area for more than a decade. It was identified in 1973 in the Chicago 21 Plan as a part of the Central Business District in which major redevelopment could and should be initiated. In 1973 a North Loop Renewal Study Area was established, and in 1979 the City Council approved both the designation of the redevelopment project area and the general redevelopment plan for the North Loop.

Growth in the form of investment in new development and reinvestment in existing structures and facilities is essential in the Central Business District, as it is in the entire City. Redevelopment and conservation efforts in the Redevelopment Project Area will strengthen the entire City through environmental improvements, increased tax base and additional employment opportunities.

The Act encourages citizens and government to work together to address and solve the problems of urban growth and development. The joint effort between the City and the private sector to redevelop the North Loop will receive significant support from the financing methods made available by the Act.

This section of the Redevelopment Plan identifies the goals and objectives of the Redevelopment Project Area. A latter section of this Redevelopment Plan identifies the more specific programs, and the Redevelopment Project which the City plans to undertake in achieving the redevelopment goals and objectives which have been identified.

#### GENERAL GOALS

- Improve the quality of life in Chicago by eliminating the influences of, as well as the manifestations of, both physical and economic blight in the Redevelopment Project Area.
- Provide sound economic development in the Redevelopment Project Area and Central Business District.
- Revitalize the Redevelopment Project Area to make it an important activity center contributing to the regional focus of the Central Business District.

## REDEVELOPMENT OBJECTIVES

- ~~Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Blighted Area. Section IV of this document, Blighted Area Conditions Existing in the Redevelopment Project Area, enumerates the blighting conditions.~~
- Enhance the tax base of the City of Chicago and of other taxing districts which extend into the Redevelopment Project Area by encouraging private investment in residential and commercial development.
- Prevent the recurrence of blighting conditions and preserve and enhance the value of properties within the Redevelopment Project Area.
- Provide a net benefit to the City in jobs and in tax revenue.
- Provide needed incentives to encourage a broad range of improvements in both rehabilitation and new development efforts.
- Encourage the participation of minorities and women in professional and investment opportunities involved in the development of the Redevelopment Project Area.

## DEVELOPMENT AND DESIGN OBJECTIVES

- Ensure a sound relationship between various public and private sector development projects.
- Ensure that the overall development reflects a deep sense of human scale and values.
- Improve and strengthen general land and space use relationships.
- Stimulate mixed-use development to encourage a more fully rounded community.
- Maintain, upgrade and reinforce the retail character of the State Street Mall frontage, emphasizing quality over quantity in all retail development.
- Encourage residential development to be situated above other uses where appropriate.
- Balance and coordinate new development concepts and efforts with those related to existing structures and patterns of use.
- Encourage the conservation and preservation of certain structures, including those with historical or architectural significance, those which can be recycled for cultural and entertainment purposes, and those which will be given an economic life comparable to newly-developed structures.

- Maintain the primary focus for pedestrian activity at the street level.
- Permit the development of a limited system of grade-separated pedestrian facilities which emphasizes east-west movement, which relates appropriately to existing pedestrian facilities and which is predominately below grade.
- Establish east-west pathways through the area to facilitate pedestrian movement.
- Provide land in parcels of sufficient size and configuration so as to permit economic redevelopment.
- Develop both daytime and nighttime activities and cultural resources.
- Achieve architectural design excellence.

#### IV.

#### BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Based upon surveys, inspections and analyses of the area, and on official building records of the City, the Redevelopment Project Area qualifies as a "blighted area" as defined by the Act. The 2-1/2 block area north of Lake Street and west of State Street, which is a part of the Redevelopment Project Area, qualified as a blighted area prior to becoming vacant. The area is characterized by the presence of a combination of five or more of the following factors, rendering the area detrimental to the public safety, health and welfare of the citizens of the City:

##### 1. Age

With the exception of the Ryan Insurance Company Building and a few one and two-story structures, buildings within the Redevelopment Project Area are 35 years of age or older. Age is present as a factor to a substantial extent in all blocks.

##### 2. Dilapidation

Dilapidation is present to a limited extent in the Redevelopment Project Area. Dilapidated buildings are characterized by major structural defects that are so serious and extensive as to impair the continued safe use of the buildings. Dilapidated buildings are also classified as structurally substandard.

##### 3. Obsolescence

Obsolescence is present in a substantial number of the structures in the Redevelopment Project Area. These structures are characterized by conditions indicating the structure is incapable of efficient or economic use according to contemporary standards, as evidenced by:

- Inefficient exterior configuration of the structure, including insufficient width, small size, irregular shape, improper orientation of the building site, random additions or excessive ratio of upper story floor space to outside wall area.
- Inflexible interior configuration of the structure, including spacing of bearing walls, supporting columns and beams, and eccentric or single purpose design.
- Inadequate heating, electrical, plumbing and ventilation systems.

- Inadequate access for contemporary systems of delivery and service, including interior vertical systems.
- Non-conformance to fire, building and zoning codes.

#### 4. Deterioration

Deterioration is present in a substantial number of structures in the Redevelopment Project Area. Buildings over a widespread area are characterized by major defects that are causing the general decline of the structures. The deficiencies would be difficult to correct through normal maintenance and may require replacement or rebuilding by building tradesmen. Deteriorating buildings contain deficiencies in one or more primary structural components or deficiencies in two or more secondary components. Primary components are defined as foundation, exterior walls, roof and roof structure. Secondary components are defined as elements such as exterior porches and stairs, windows and window units, doors and door units, exterior surfaces, gutters and downspouts, and chimneys.

#### 5. Presence of Structures Below Minimum Code Standards

Structures below minimum code standards are present throughout the Redevelopment Project Area. These structures have been cited by the Department of Inspectional Services as having critical, major or minor defects regarding a building's interior and exterior components and/or mechanical systems which are less than the accepted minimums established by codes and ordinances of the City of Chicago.

#### 6. Excessive Vacancies

Excessive vacancies are present in a substantial number of buildings in all blocks within the Redevelopment Project Area. This condition includes vacant buildings and buildings in which 20 percent or more of the floor area is vacant. Excessive vacancies indicate that building space is difficult to market and income from the buildings may not be sufficient to cover regular and routine maintenance.

#### 7. Overcrowding of Structures and Community Facilities

Overcrowding of structures and community facilities is present in all blocks within the Redevelopment project Area. The area as a whole is characterized by multi-story buildings which occupy all or substantially all of the sites on which they are located. Loading and service for buildings is limited to narrow alleys or to front doors which require across-the-sidewalk access. The parking of service trucks in alleys and along downtown streets prevents the proper use of public right-of-way facilities and contributes to

problems of traffic congestion in the area. Moreover, pedestrian usage of narrow sidewalk areas is restricted by and conflicts with service delivery activity.

8. Lack of Ventilation, Light and Sanitary Facilities

Many of the older, multi-storied buildings are characterized by a lack of ventilation, light and sanitary facilities according to contemporary development and current code standards. Problem conditions include: lack of natural or mechanical ventilation for interior rooms, lack of natural light resulting from a limited number or area of windows, lack of an adequate number of bathroom facilities, and inadequate provision for the storage of garbage.

9. Excessive Land Coverage

Excessive land coverage is present throughout the Redevelopment Project Area. Conditions exist in which buildings are either improperly situated on the parcel or are located on parcels of inadequate size and shape in relation to present day standards for development and health and safety. Excessive land coverage which results in lack of light and air and in inadequate provision for loading and service contributes to building obsolescence.

10. Deleterious Land-Use or Layout

Deleterious land-use or layout is present to a substantial extent in all blocks within the Redevelopment Project Area. The area as a whole is characterized by obsolete platting of land that is not conducive to present day use or space requirements as evidenced by: (a) inadequate frontages, (b) shallow depth, (c) excessive ratio of depth to width, (d) limited area, (e) conflicting orientation, (f) insufficient access for vehicular service, and (g) inadequate area to provide off-street parking or loading.

11. Depreciation of Physical Maintenance

Depreciation of physical maintenance is present to a substantial extent in all blocks within the Redevelopment Project Area. Buildings throughout the area evidence a lack of routine maintenance of building components. Problem conditions include peeling or blistering paint, loose or improperly secured building materials, deteriorating accessory buildings, unkempt storage areas, and the accumulation of debris in parking and yard areas.

12. Lack of Community Planning

All blocks were originally platted and developed on a parcel-by-parcel and building-by-building basis with little evidence of coordination and planning among buildings and activities. The lack

of community planning at the time of original development has contributed to the problem conditions previously cited which characterize the entire area, including obsolescence, overcrowding of structures and facilities, excessive land coverage, and deleterious land-use or layout.

V.  
NORTH LOOP REDEVELOPMENT PROJECT

REDEVELOPMENT PLAN AND PROJECT OBJECTIVES

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing:

1. By assembling sites for redevelopment through the application of appropriate land assemblage techniques, including: (a) acquiring and removing deteriorated and/or obsolete buildings and buildings so situated as to interfere with replatting of the land into parcels suitable for redevelopment in accordance with this Redevelopment Plan; (b) vacating existing public-rights-of-way and making them a part of one or more redevelopment sites; and (c) assisting the relocation of businesses where necessary to achieve objectives of the Redevelopment Plan.
2. By providing for conservation and preservation of certain basically sound buildings, including theatres and other architecturally or historically significant buildings.
3. By providing public improvements which may include: (a) rehabilitation of theatres, (b) bus station relocation, (c) service tunnel, (d) utility adjustments, (e) surface right-of-way improvements, (f) pedestrian walkways, and (g) transit improvements.
4. By entering redevelopment agreements for the rehabilitation or construction of improvements in accordance with this Redevelopment Plan.
5. By entering into agreements which shall require the developer to establish a continuing affirmative action program designed to promote equal opportunity for minorities and women in every aspect of employment and procurement of goods and services.
6. By entering into redevelopment agreements which contain provisions requiring the developer to cooperate with the City of Chicago in establishing programs of linked redevelopment that provide assistance and advice in the areas of leasing, planning, marketing and development of business in neighborhood-based projects.



## REDEVELOPMENT ACTIVITIES

### 1. Assemblage of Sites

To achieve the renewal of the Redevelopment Project Area, property identified in Development Program, Exhibit 2, attached hereto and made a part hereof, may be acquired by the City of Chicago and cleared of all improvements and either (a) sold or leased for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements or facilities. The City may determine that to meet the renewal objectives of this Redevelopment Plan, other properties in the Redevelopment Project Area not scheduled for acquisition should be acquired, or certain property currently listed for acquisition should not be acquired.

Individual structures may be exempted from acquisition if they are located so as not to interfere with the implementation of the objectives of this Redevelopment Plan or the projects implemented pursuant to this Redevelopment Plan, and the owner(s) agree(s) to rehabilitate or redevelop his property, if necessary, in accordance with plan objectives as determined by the City.

Clearance and demolition activities will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized.

Active businesses that are displaced by the acquisition of property will be relocated and may be provided with assistance payments and advisory services.

As an incidental but necessary part of the redevelopment process, the City may devote property which it has acquired to temporary uses until such property is scheduled for disposition and redevelopment. Such uses may include, but are not limited to, project office facilities, parking or other uses the City may deem appropriate.

### 2. Conservation and Preservation

Conservation and preservation are important concepts to be considered in North Loop redevelopment. Plans should strive to combine the best of the past with compatible new structures to create a sense of vitality and continuity.

The Redevelopment Plan presently contemplates the preservation of two existing buildings because of their architectural and historic significance. Through specific effort, each can be rehabilitated for reuse: (1) the Reliance Building and (2) the Chicago Theatre/Page Building.

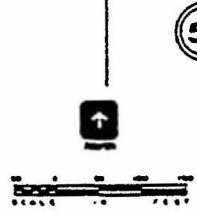
Three other structures will be retained because they can be readily rehabilitated for reuse: (1) the Delaware Building, (2) the Oliver Building, and (3) the Selwyn/Harris Theatres.



DEVELOPMENT PROGRAM  
 NORTH LOOP REDEVELOPMENT  
 PROJECT AREA






EXHIBIT 2, TO THE  
 NORTH LOOP TAX INCREMENT AREA  
 REDEVELOPMENT PLAN  
 AND PROJECT

DEPARTMENT OF PLANNING  
 CITY OF CHICAGO  
 SEPTEMBER, 1987



PROJECT BOUNDARY

LEGEND

-  NEW DEVELOPMENT WITH ACQUISITION
-  NEW DEVELOPMENT WITHOUT ACQUISITION
-  REHABILITATION WITH ACQUISITION
-  REHABILITATION WITHOUT ACQUISITION
-  NO ACQUISITION

Two structures in the Redevelopment Project Area will be conserved because they are appropriately located and currently functional. These are the Ryan Insurance Building at Dearborn and Wacker and the Commonwealth Edison substation on Dearborn between Randolph and Washington Streets. However, since the functional portions of the Commonwealth Edison substation are principally located below grade, the above grade superstructure of the substation may be removed, all or in part, or may be incorporated into new construction.

Other structures currently proposed for rehabilitation are shown on Development Program, Exhibit 2.

It is likely and desirable that certain additional structures will be proposed for retention during the course of development in the Redevelopment Project Area. The City encourages the continued productive use or reuse of structures in the Redevelopment Project Area insofar as those structures: (a) are located so as not to impede overall economic development, and (b) owned by parties with whom the City has an executed Redevelopment Agreement committing the owners to making any necessary improvements to bring those structures into accord with this Redevelopment Plan.

### 3. Provision of Public Improvements and Facilities

Adequate public improvements and facilities will be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:

- a. Purchase of a suitable site for the relocation of the existing bus station.
- b. Construction of a below grade service tunnel linking blocks within the Redevelopment Project Area with Lower Wacker Drive.
- c. Adjustments and modifications to sewer and water lines as may be necessary to facilitate and serve redevelopment in accordance with the objectives and provisions of this Redevelopment Plan.
- d. The vacation, removal, resurfacing, widening, reconstruction and other improvements of streets, alleys and other public rights-of-way.
- e. Construction of pedestrian walkway improvements and river bank beautifications and walkway improvements.
- f. Provision of new or rehabilitated transit stations along the "Loop" elevated transit line.

In the event the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed improvements.

#### 4. Redevelopment Agreements

~~Land assemblage shall be conducted for (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Terms of conveyance shall be incorporated in appropriate disposition agreements which may contain more specific controls than those stated in this Redevelopment Plan.~~

#### GENERAL LAND-USE PLAN

This Redevelopment Plan conforms to and adopts the North Loop Guidelines for Conservation and Redevelopment approved by the City Council in October, 1982. The Land-Use Plan, Exhibit 3, identifies land-uses to be in effect upon adoption of this Redevelopment Plan.

Redevelopment will occur on the existing pattern of the grid framework, although space use within the Redevelopment Project Area will be significantly changed from the present. Certain familiar and desirable patterns of use will be retained: the retail corridor along State Street and the office development along Dearborn Street, for example. New patterns of uses can be established: hotel and residential uses along Wacker Drive, entertainment and cultural facilities between Lake and Randolph Streets, and service/retail uses opening off pedestrian circulation facilities at various levels throughout the area.

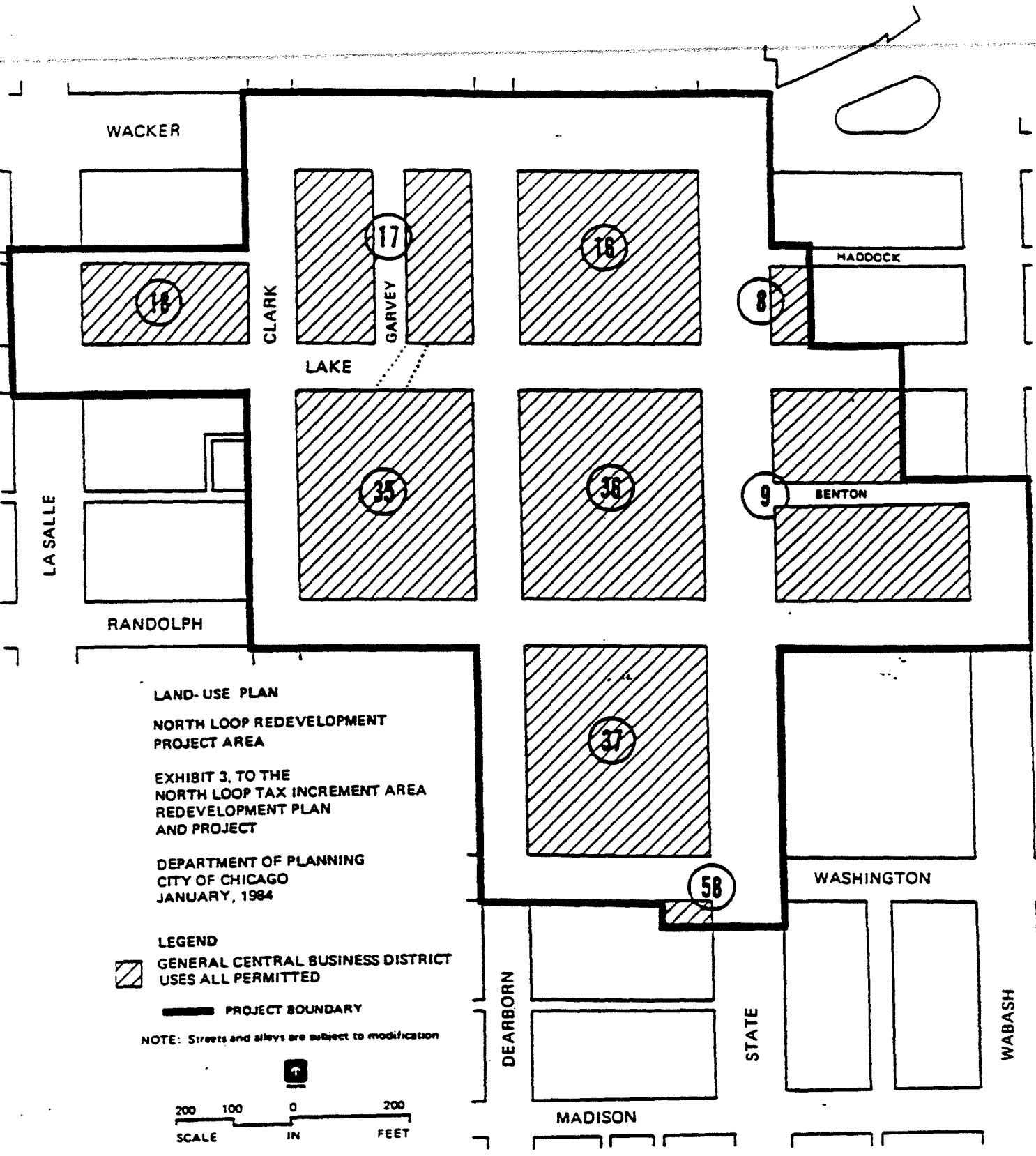
The following land-use provisions are established for the Redevelopment Project Area. Permitted uses will be those allowed in the Central Business District general classification in the Chicago Zoning Ordinance.

- Retail Uses

Retail uses will be developed with a strong relationship to pedestrian circulation facilities in the Redevelopment Project Area (the State Street Mall, sidewalks, and above and below grade pedestrian ways). The retail frontage along the State Street Mall should be uninterrupted except for building entrances. New retail operations will be carefully programmed into all newly developed or rehabilitated space with specific attention to retaining in and introducing into the Redevelopment Project Area quality and compatible retail uses. Retail development along the Mall should be more intense than at any other retail location in the Redevelopment Project Area. Retail uses will frame east-west pathways linking the Mall to the western edge of the area.

- Office Uses

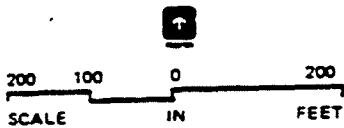
New office space is permitted on all blocks located in the Redevelopment Project Area. Further, office space will be restricted in intensity in the eastern half of the two blocks bounded by Lake-State-Washington-Dearborn. Limited office space is



LAND-USE PLAN  
 NORTH LOOP REDEVELOPMENT  
 PROJECT AREA  
 EXHIBIT 3. TO THE  
 NORTH LOOP TAX INCREMENT AREA  
 REDEVELOPMENT PLAN  
 AND PROJECT  
 DEPARTMENT OF PLANNING  
 CITY OF CHICAGO  
 JANUARY, 1984

LEGEND  
 GENERAL CENTRAL BUSINESS DISTRICT  
 USES ALL PERMITTED  
 PROJECT BOUNDARY

NOTE: Streets and alleys are subject to modification



permitted above retail development fronting on State Street in these blocks. Office uses of significant intensity are specifically encouraged along Dearborn and Clark Streets, south of Lake Street.

- Hotel Uses

Hotel uses are permitted and encouraged on the block bounded by Wacker-State-Lake-Dearborn, the south half of the next block west, and in other blocks with frontage on State Street.

- Cultural and Entertainment Uses

Cultural and entertainment uses are permitted throughout the Redevelopment Project Area but should be concentrated in the blocks between Lake Street and Randolph Street, tying the Chicago Theatre to the Selwyn/Harris Theatres. Related retail uses, such as restaurants and pubs, should be located among and in proximity to cultural and entertainment facilities.

- Residential Uses

Residential uses are permitted in the Redevelopment Project Area east of Clark Street, and they are encouraged in the blocks with frontage on Wacker Drive and in the blocks east of State Street. The City will give preference to redevelopment proposals which include a significant residential component within a block on which residential uses are permitted.

Residential uses anywhere in the Redevelopment Project Area must be located above other uses. Both new residential development and adaptation of existing structures for residential reuse will be permitted.

#### ADDITIONAL DESIGN AND DEVELOPMENT CONTROLS

The following controls and criteria as contained in the North Loop Guidelines shall apply to all redevelopment within the Redevelopment Project Area.

- Building Setbacks and Arcades

The relationships among building facades, first floor activities and the streetscape are important in the Redevelopment Project Area.

Setbacks from the property line are permitted along Dearborn and Clark Streets and along Wacker Drive; however, new development in other locations in the Redevelopment Project Area should generally be built to the property line at street level.

- Pedestrian Movement

Primary focus of pedestrian activity will be at street level. Development must include a system of appropriately located pedestrian facilities which will permit, wherever possible, the movement of people from block to block.

The system must also include links to both existing elevated and subway stations as well as to the periphery of the project. Principal pedestrian movement should not be diverted from the State Street Mall, which should continue as the primary north-south

pedestrian route in the Redevelopment Project Area. Any pedestrian facilities system should be designed to support and reinforce the Mall.

There are now elements of a grade-separated pedestrian network in place which offer protection from inclement weather and reduce conflicts with street traffic. New grade-separated pedestrian facilities should be below grade; above grade facilities for crossing public ways may be proposed, but they will be reviewed in depth for impacts on adjacent areas and structures and each such facility must be in conformity with the Guidelines.

- State Street Mall Retail Area

Design and architectural efforts in the Redevelopment Project Area must support the retail character and the scale of existing development along the State Street Mall between Lake and Washington Streets. Further, retail development related to the Mall must meet the highest standards of contemporary retail design and layout. The visual impression should reinforce the horizontal emphasis most dramatically represented by Louis Sullivan's Carson Pirie Scott Building.

In that area, new structures fronting on the Mall should have no setback from the right-of-way in the first 60 feet of height above curb level. Any structure built above a plane 210 feet above curb level (i.e., the height of the cornice line of the Marshall Field & Co. Building) must be set back at least 30 feet from the State Street right-of-way and must also, on each block face, be set back at least an average of 60 feet from State Street. In all instances, existing buildings which are to be retained are excluded.

- Vistas and Open Spaces

There are three major open spaces to which the Redevelopment Project Area redevelopment can effectively relate: the Chicago River and its south bank, the Daley Center Plaza, and the State Street Mall.

No major new outdoor plazas in the Redevelopment Project Area should be considered; rather, smaller spaces such as those resulting from limited building setbacks can be provided if effectively designed.

Enclosed atria are also encouraged, especially at nodes where pedestrian routes meet or cross. Indoor spaces which are hospitable and which can be programmed are particularly desirable and should be provided.

- Signs

Signs will be strictly controlled throughout the Redevelopment Project Area. Generally, only building and business identification signs as defined in the Chicago Zoning Ordinance will be allowed. Sign limitations will apply to both new development and rehabilitation, and will be specified in individual Planned Development amendments to the Chicago Zoning Ordinance.

- Parking

In the redevelopment of the Redevelopment Project Area, parking facilities will be permitted and encouraged in accordance with Section 8.11-6 of the Chicago Zoning Ordinance. New parking facilities must be either below grade or incorporated within a structure which also contains retail uses at the street level.

- Service

Drives, ramps and other means of access to loading docks can connect to only a few of the streets traversing the Redevelopment Project Area: Lake Street, Lower Wacker Drive, Wabash Avenue and Dearborn Street (between Lake and Randolph Streets). Those service docks must be off-street and screened from the street. Service access from or crossing the State Street Mall is prohibited.

- Security

Participants in the redevelopment of the Redevelopment Project Area will be required to adopt ways to make this area a safe place to work, shop and live. Techniques to enhance security include the location and orientation of entrances, easy surveillance of enclosed public spaces within mixed-use structures, specialized lighting, and the provision of facilities and activities which will attract people from early morning until late evening.

#### ESTIMATED REDEVELOPMENT PROJECT COSTS

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan and a Redevelopment Project. Such costs may include, without limitation, the following:



1. Costs of studies and surveys, plans and specifications, and professional service costs including but not limited to ~~architectural, engineering, legal, marketing, financial, planning and special services;~~
2. 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, and the clearing and grading of land;
3. Relocation costs to the extent that the City determines that relocation costs shall be paid or that the City is required to make payment of relocation costs by federal or state law;
4. Costs of rehabilitation, construction, repair or remodeling of existing buildings and fixtures;
5. Costs of the construction of public works or improvements;
6. 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 obligation issued under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 18 months thereafter and including reasonable reserves related thereto; and
7. All or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the municipality, by written agreement, accepts and approves such costs.

Estimated costs are shown in Table 1. To the extent that municipal obligations have been issued to pay for such redevelopment project costs included prior to, but in anticipation of, the adoption of tax increment financing, the City shall be reimbursed for such redevelopment project costs. The total redevelopment project costs are intended to provide an upper limit on expenditures. Within this limit, adjustments may be made in line items without amendment of this Redevelopment Plan.

#### SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS

Funds necessary to pay for redevelopment project costs and municipal obligations which have been issued to pay for such costs are to be derived principally from tax increment revenues and proceeds from municipal obligations which have as their revenue source tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

Table 1  
 NORTH LOOP REDEVELOPMENT PROGRAM  
 ESTIMATED PROJECT COST (In 1,000s)

Program Action/Improvement

Acquisition, relocation and demolition	\$171,000
Rehabilitation of theatres	14,500
Bus station relocation	17,500
Service tunnel	3,000
Utility adjustments	3,000
Surface right-of-way improvements	2,000
Riverfront improvements and pedestrian walkways	2,000
Transit improvements	6,500
Planning, legal, studies, etc.	2,000
Financing (net capitalized interest)*	53,000
Contingencies	<u>8,500</u>
GROSS PROJECT COST	\$283,000
LESS DISPOSITION PROCEEDS	<u>\$ 57,000</u>
NET PROJECT COST	<u>\$226,000</u>

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\*In addition to capitalized interest, there shall also be included in the cost of financing the ordinary and accustomed reasonable charges and out-of-pocket disbursements associated with the issuance of obligations.

The tax increment revenue which will be used to fund tax increment obligations and redevelopment project costs shall be the incremental taxes attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Other sources of funds which may be used to pay for redevelopment costs and obligations issued, the proceeds of which are used to pay for such costs, are land disposition proceeds, state and federal grants, investment income, and such other sources of funds and revenues as the municipality may from time to time deem appropriate.

#### ISSUANCE OF OBLIGATIONS

The City may issue obligations secured by the tax increment special tax allocation fund pursuant to Section 11-74.4-7 of the Act.

Obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired not more than twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area, such ultimate retirement date occurring in the year 2007, not later than March 1, 2007. In any event, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal of and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds, capitalized interest funds, debt service reserve funds and other sources of funds as may be provided by ordinance.

Revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, sinking funds and redevelopment project costs, and, to the extent not used for such purposes, may be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

#### MOST RECENT EQUALIZED ASSESSED VALUATION OF PROPERTIES IN THE REDEVELOPMENT PROJECT AREA

Table 2 lists the most recent (1982) equalized assessed valuations of properties in the Redevelopment Project Area by block. The total estimated equalized assessed valuation for the Redevelopment Project Area is \$53,158,199. The Boundary Map, Exhibit 1 shows the locations of the various blocks.

#### ANTICIPATED ASSESSED VALUATION

By the year 1995, when it is estimated that all the anticipated private development will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area will be approximately \$622,000,000.

Table 2  
 BLOCK SUMMARY OF 1982 EQUALIZED ASSESSED VALUES  
 AND PROPERTY TAX REVENUES\*

Block No.	Assessed Valuation	Equalized Valuation	Real Estate Tax
8	\$ 251,840	\$ 485,749	\$ 50,955.07
9	4,450,221	8,583,586	883,071.33
16	-0-	-0-	-0-
17	2,950,714	5,691,337	572,150.11
18	-0-	-0-	-0-
35	7,878,334	15,195,732	1,527,626.94
36	4,663,407	8,994,725	924,608.90
37	7,116,724	13,726,737	1,398,880.90
58	249,032	480,333	50,386.93
<b>Total:</b>	<b>\$27,560,272</b>	<b>\$53,158,199</b>	<b>\$5,407,659.30</b>

\*These figures are subject to final verification. Initial equalized valuation is estimated to be \$53,158,199. After verification, the correct figures shall be certified to by the County Clerk of Cook County.

VI.

PHASING AND SCHEDULING OF REDEVELOPMENT PROJECT

In order to maximize program efficiency to take advantage of previous and current redevelopment actions and with full consideration of availability of funds, a phased implementation strategy will be employed. This planned action is described below. Also refer to Development Program, Exhibit 2 for graphic representation of block numbers. The representations as to amount of space required for usage are necessarily approximate and may be revised pursuant to negotiation between the City and developer, and in accordance with the General Land-Use Plan provisions of the Redevelopment Plan and the minimum and maximum development requirements as contained in the North Loop Guidelines for Conservation and Redevelopment approved by the City Council in October, 1982.

The City shall have the authority without further amendment of the Redevelopment Plan and Project, to shift a redevelopment program forward from a later phase to an earlier phase, or from an earlier phase to a later phase, depending on availability of funds to pursue redevelopment programs and the resources available to cause redevelopment to occur.

INITIAL PHASE (PHASE 1)

In anticipation of adoption of tax increment financing, the initial phase of the Redevelopment Project was started in 1981 when the City issued its \$55 million General Obligation Bond Anticipation Notes. A portion of the proceeds of those notes was spent for the acquisition and clearance of Blocks 16, 17 and 18.

The redevelopment program for these blocks is as follows:

- Block 16. All property within this block has been acquired and cleared and will be sold to a private developer for construction of a mixed-use complex including approximately 300,000 square feet of retail, 700,000 square feet of office and a 690-room hotel.
- Block 17. All property within this block with the exception of the Ryan Insurance property and the Greyhound Access Ramp property has been acquired, and the block will be sold to a private developer for construction of a mixed-use complex including approximately 75,000 square feet of retail, 800,000 square feet of office and 300,000 square feet of residential or hotel.
- Block 18. All property within this block has been sold to a private developer for construction of a mixed-use complex including approximately 45,000 square feet of retail and 550,000 square feet of office and a parking facility containing 1,465 spaces.

The initial phase expenditures, exclusive of financing cost, are estimated at \$52,071,000. Proceeds from the sale of Block 18 are \$6,400,000, leaving a net project cost for this initial phase of \$45,671,000.

By the year 1990, when it is estimated that all of the anticipated private development in this phase will be completed and fully assessed, the estimated annual real property tax increment for the three-block area will be approximately \$17,300,000.

#### SECOND PHASE (PHASE 2, 1984-1985)

The second phase of the Redevelopment Project will include initiation of redevelopment activity within Blocks 8, 9, 37 and 58, and the first phase of implementation of proposed public improvements and facilities. Redevelopment project activities include:

- Block 8. The existing building within this block will be rehabilitated.
- Block 9. Designated property within this block will be acquired, cleared and disposed of to a private developer for construction of a mixed-use complex including approximately 120,000 square feet of retail, approximately 560,000 square feet of office and approximately 400,000 square feet of residential or hotel.
- Block 37. Designated property within this block will be acquired, cleared and disposed of to a private developer for construction of a mixed-use complex including approximately 300,000 square feet of retail and approximately 1,800,000 square feet of office.
- Block 58. Control of the site will be acquired and the existing building will be rehabilitated.
- Public Improvements and Facilities. Public expenditures for the cost of rehabilitation of the Chicago Theatre and for the purchase of a site for relocation of existing bus terminal facilities from Block 35 will be incurred during this phase.

The second expenditures, exclusive of financing costs, are estimated at \$76,534,000. Proceeds from the sale of Blocks 16 and 17, and for the new bus terminal site, are estimated to total \$26,876,000, leaving a net project cost for this second phase of \$49,658,000. By the year 1992, when it is estimated that all of the anticipated private development in this phase will be completed and fully assessed, the estimated annual real property tax increment for Blocks 8, 9, 37 and 58 will be approximately \$14,200,000.

#### THIRD PHASE (PHASE 3, 1986-1987)

The third phase of the Redevelopment Project will include initiation of redevelopment activity within Block 35 and Block 36, and the second phase of implementation of proposed public improvements and facilities. Redevelopment Project activities include:

- Block 35. Designated property within this block will be acquired, cleared and sold to a private developer for assembly with other not-to-be acquired property for construction of a mixed-use complex including approximately 120,000 square feet of retail and approximately 2,200,000 square feet of office.
- Block 36. Designated property within this block will be acquired, cleared and sold to a private developer for possible assembly with other not-to-be acquired property for construction of a mixed-use complex including approximately 300,000 square feet of retail, approximately 700,000 square feet of office and approximately 200,000 square feet of residential or hotel.
- Public Improvements and Facilities. Public expenditures for the cost of the following improvements and facilities will be incurred during this phase: acquisition and rehabilitation of the Harris/Selwyn and Woods Theatres; construction of a below grade service tunnel linking blocks within the Redevelopment Project Area with Lower Wacker Drive; adjustments to sewer and water lines; the vacation, removal, resurfacing, widening, reconstruction and other improvements of streets, alleys and other public rights-of-way; construction of pedestrian walkway improvements or facilities to serve redevelopment; and provision of one or more new or rehabilitated transit stations along the "Loop" elevated transit lines.

The third phase expenditures, exclusive of financing cost, are estimated at \$92,151,000. Proceeds from the sale of Blocks 36 and 37 are estimated to total \$19,456,000, leaving a net project cost for this third phase of \$72,695,000.

By the year 1995, when it is estimated that all of the anticipated private development will be completed and fully assessed, the estimated annual real property tax increment for Blocks 36 and 35 will be approximately \$19,600,000.

#### FOURTH PHASE (PHASE 4, 1988 TO COMPLETION)

The final phase of the Redevelopment Project will involve expenditures for the completion of public improvements and facilities to serve or facilitate redevelopment. Improvements and facilities to be completed during this phase include: (a) adjustments and modifications to sewer and water lines; (b) the vacation, removal, resurfacing, widening, reconstruction and other improvements of streets, alleys and other public rights-or-way; and (c) construction of pedestrian walkway improvements.

The final phase public expenditures, exclusive of financing cost, are estimated at \$7,929,000. Proceeds from the sale of Block 35 property are estimated to total \$4,154,000, leaving a net project cost for this fourth phase of \$3,775,000. Expenditures during this phase may be financed from tax increment cash flow, if feasible, or may be financed by other sources such as obligations utilizing tax increment revenue.

COMPLETION OF REDEVELOPMENT PROJECT AND RETIREMENT OF OBLIGATIONS TO FINANCE  
REDEVELOPMENT PROJECT COSTS

The estimated date for completion of the Redevelopment Project is no later than March 1, 2007, and may be completed sooner, depending on the incremental tax yield. Actual construction activities are anticipated to be completed within ten years.



VII.  
PROVISIONS FOR AMENDING THE TAX INCREMENT PLAN

This North Loop Tax Increment Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

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**CENTRAL LOOP ADDED PROJECT AREA  
TAX INCREMENT FINANCING  
ELIGIBILITY STUDY**

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City of Chicago, Illinois

January 13, 1997

City of Chicago  
Richard M. Daley, Mayor

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**EXHIBIT II: Central Loop Added Project Area Tax Increment  
Redevelopment Project Area Project Eligibility Study**

## EXECUTIVE SUMMARY

The purpose of this study is to determine whether the Central Loop Added Project Area (the "Added Project Area") qualifies for designation as a "conservation area" within the definition set forth in the Tax Increment Allocation Redevelopment Act (the "Act"). The Act is found in Illinois Compiled Statutes, Chapter 65, Act 5, Section 11-74.4-1 *et. seq.*, as amended.

The findings presented in this study are based on surveys and analyses conducted by Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") for the Added Project Area of approximately 138.9 acres located within the central business district of Chicago, Illinois. The Added Project Area consists of two subareas containing a total of 24 full and 14 partial blocks. Portions of both subareas are contiguous to the North Loop Tax Increment Redevelopment Project Area. Subarea 1 is located west of the North Loop Tax Increment Redevelopment Project Area and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. Subarea 2 is located south and east of the North Loop Tax Increment Redevelopment Project Area and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south.

Boundaries of the Added Project Area are shown on Figure 1, *Boundary Map* and a more detailed description of the Added Project Area is presented in Section II, "The Central Loop Added Project Area."

As set forth in the Act, "redevelopment project area" means an area designated by the municipality, which is not less in the aggregate than 1 1/2 acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or a combination of both blighted and conservation areas. The Added Project Area exceeds the minimum acreage requirements of the Act.

Economic obsolescence of buildings is present throughout the Added Project Area. The oversupply of office space resulting from the building boom of the 1980s has led to increasing competition for tenants. As a result, older buildings are being vacated by tenants in favor of the newer, more efficient and relatively affordable space in newer buildings.

Forty-two of the 57 competitive office buildings in the Added Project Area are of Class C quality. These Class C office buildings, and most of the smaller retail, service commercial and "non-competitive" office buildings in the Added Project Area, often attract tenants at rents that are typically below average for the area, do not have modern mechanical systems, offer few of the amenities associated with modern office buildings and offer extremely low returns to the landlords. According to BOMA/Chicago's 1996 Rent Barometer, the average net effective rent for Class C buildings in downtown Chicago is \$3.57 per square foot. The actual return to the landlord, when amortized over the term of the lease, averages \$2.47 per square foot. These low returns make it difficult for landlords to pay taxes and adequately maintain their properties, much less finance significant improvements to their buildings. The result is often a lack of maintenance, increasing vacancies, deterioration and the general disuse of space that is too difficult or expensive to market to contemporary standards.

## **2. Obsolete Platting**

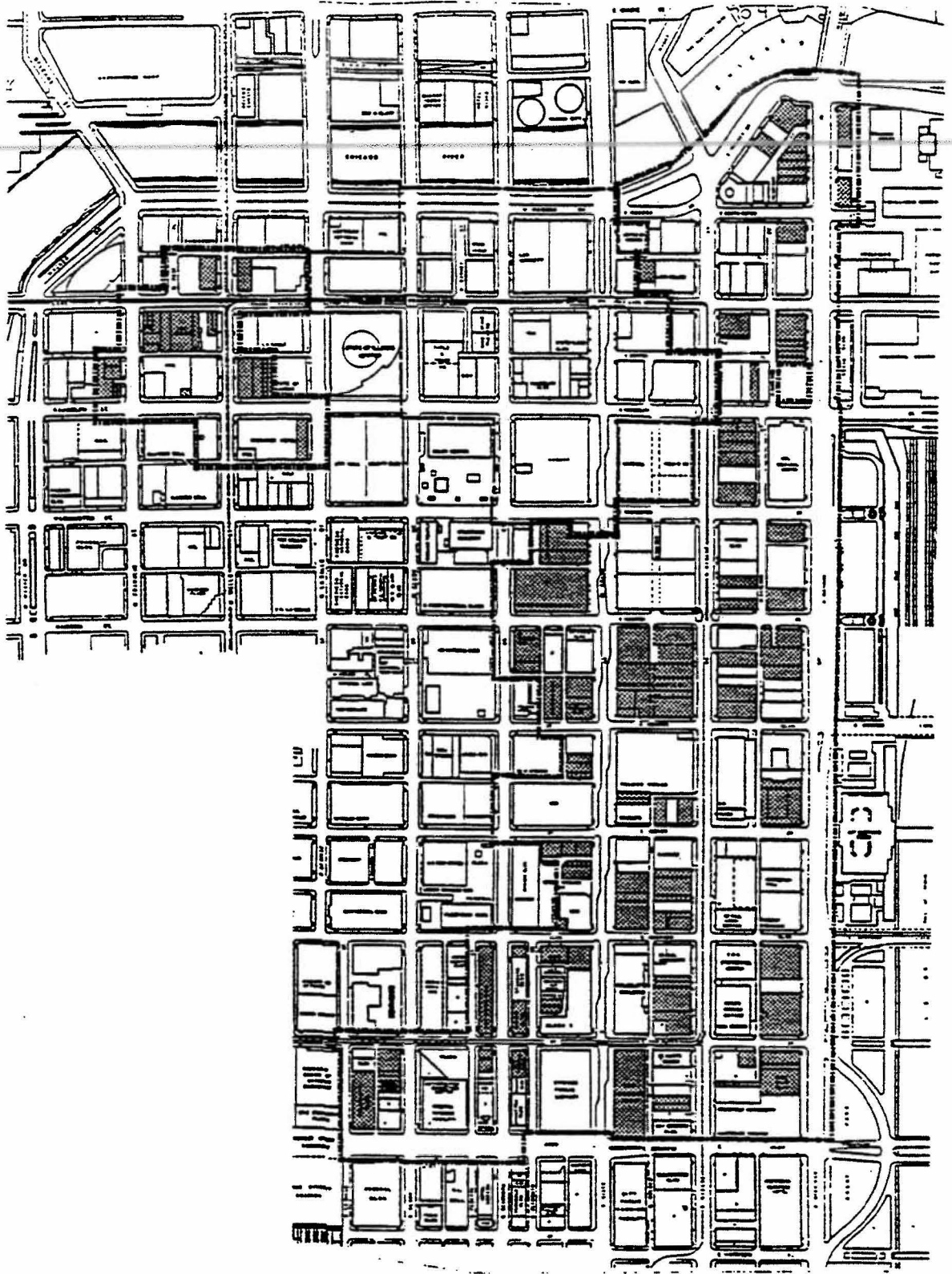
Most of the Added Project Area was platted well before the turn of the century into blocks containing 16 foot alleys and long, narrow lots. Through the years, as technology evolved to allow the construction of taller and taller buildings, parcels were split, combined and generally reconfigured to suit the building-by-building construction occurring within each block. Today, the platting of many of the blocks bears virtually no resemblance to the current configuration of buildings. In addition, the narrow width of the lots limits restricts their development by impeding efforts to assemble parcels in order to provide significant development sites. Finally, there also exist within the Added Project Area 5 blocks that are only 70 feet in width.

Within the Added Project Area, many rights-of-way originally platted as streets (e.g. Quincy Street) and alleys have been vacated in whole or in part, resulting in a fragmented and incomplete system of alleys.

## **Conclusion**

Obsolescence as a factor is present to a major extent in the Added Project Area. Obsolescence affects 123 of the 213 buildings in the Added Project Area and obsolete buildings are found in 32 of the 38 blocks in the Added Project Area. Obsolete platting is present throughout the Added Project Area.

Figure 5, *Obsolescence*, illustrates the location of obsolete buildings in the Added Project Area.






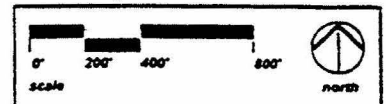
- OBSOLESCENCE**
-  BUILDINGS CHARACTERIZED BY OBSOLESCENCE
  -  NORTH LOOP REDEVELOPMENT PROJECT AREA
  -  ADDED AREA

Figure 5  
Obsolescence

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## **D. DETERIORATION**

Deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair.

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

### **Deterioration of Buildings**

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." A total of 113 buildings, or 53.0 percent of the 213 buildings in the Added Project Area, are classified as deteriorating or deteriorated.

As noted in Table 1, *Summary of Building Deterioration*, building deterioration exists in 32 of the 38 blocks in the Added Project Area.

### **Deterioration of Alleys**

Field surveys were conducted to identify the condition of all alleys in the Added Project Area. Alleys in poor condition include those consisting of original cobblestone surfaces or a combination of gravel and earth surfaces, resulting in an irregular surface with depressions, weed overgrowth and poor drainage. Alleys with these conditions include the alleys in Blocks 108 and 300, or 2 of the 38 blocks in the Added Project Area.

### **Deterioration of Sidewalks**

Sidewalks in poor condition include those which are irregular or which contain settled areas, gravel sections or cracked areas. Sidewalks with these conditions are present in 17 of the 38 blocks in the Added Project Area.

**Table 1: Summary of Building Deterioration**

Tax Block No.	No. Of Buildings	Building Condition		
		Sound	Deteriorated/ Deteriorating	Dilapidated
100	12	0	12	0
101	11	3	8	0
102	8	4	3	1
103	5	4	1	0
104	12	5	6	1
105	5	4	1	0
106	7	2	3	2
107	4	4	0	0
108	6	2	4	0
109	7	3	4	0
206	7	2	5	0
213	4	1	2	1
224/225	8	3	5	0
233	1	1	0	0
234	3	2	0	1
235	6	3	3	0
243	8	1	5	2
244	1	1	0	0
245	3	3	0	0
246	3	2	1	0
247	1	1	0	0
300	12	10	2	0
301	3	2	1	0
302	3	2	1	0
303	8	6	2	0
305	1	1	0	0
306	10	8	2	0
309/310	8	5	3	0
311	6	5	1	0
312	8	3	5	0
416	1	0	1	0
418	2	1	1	0
429	5	2	3	0
430/431	15	2	13	0
433	4	0	4	0
443	1	0	1	0
445	2	1	1	0
463/464	2	1	1	0
<b>Total</b>	<b>213</b>	<b>100</b>	<b>105</b>	<b>8</b>
<b>Percent</b>	<b>100.0%</b>	<b>47.0%</b>	<b>49.3</b>	<b>3.7%</b>

\*Includes 9 building complex of Carson Pirie Scott store



### **Deterioration of Curbs and Gutters**

Sections of curb and gutters which include broken or missing sections or low, depressed curb areas are present in 15 of the 38 blocks in the Added Project Area.

### **Deterioration of Street Pavement**

Sections of deteriorated asphalt street pavement include cracked areas, areas with depressions from previous excavations and areas with pot holes. Street sections affected by these conditions include a 2 block section along VanBuren Street; a section of Wabash Street near Roosevelt University; and areas at the intersections of Washington Street and Michigan Avenue, Randolph Street and Michigan Avenue and Wacker Drive and Michigan Avenue.

### **Conclusion**

Deterioration as a factor is present to a major extent in the Added Project Area. A total of 113 buildings, or 53.0 percent of the 213 buildings in the Added Project Area, are classified as deteriorating or deteriorated. Thirty-two of the 38 blocks in the Added Project Area contain deteriorating or deteriorated buildings. Deterioration as a factor is also found in deteriorating and deteriorated alleys and sidewalks in the Added Project Area.

Figure 6, *Deterioration*, illustrates deterioration within the Added Project Area.

## **E. ILLEGAL USE OF INDIVIDUAL STRUCTURES**

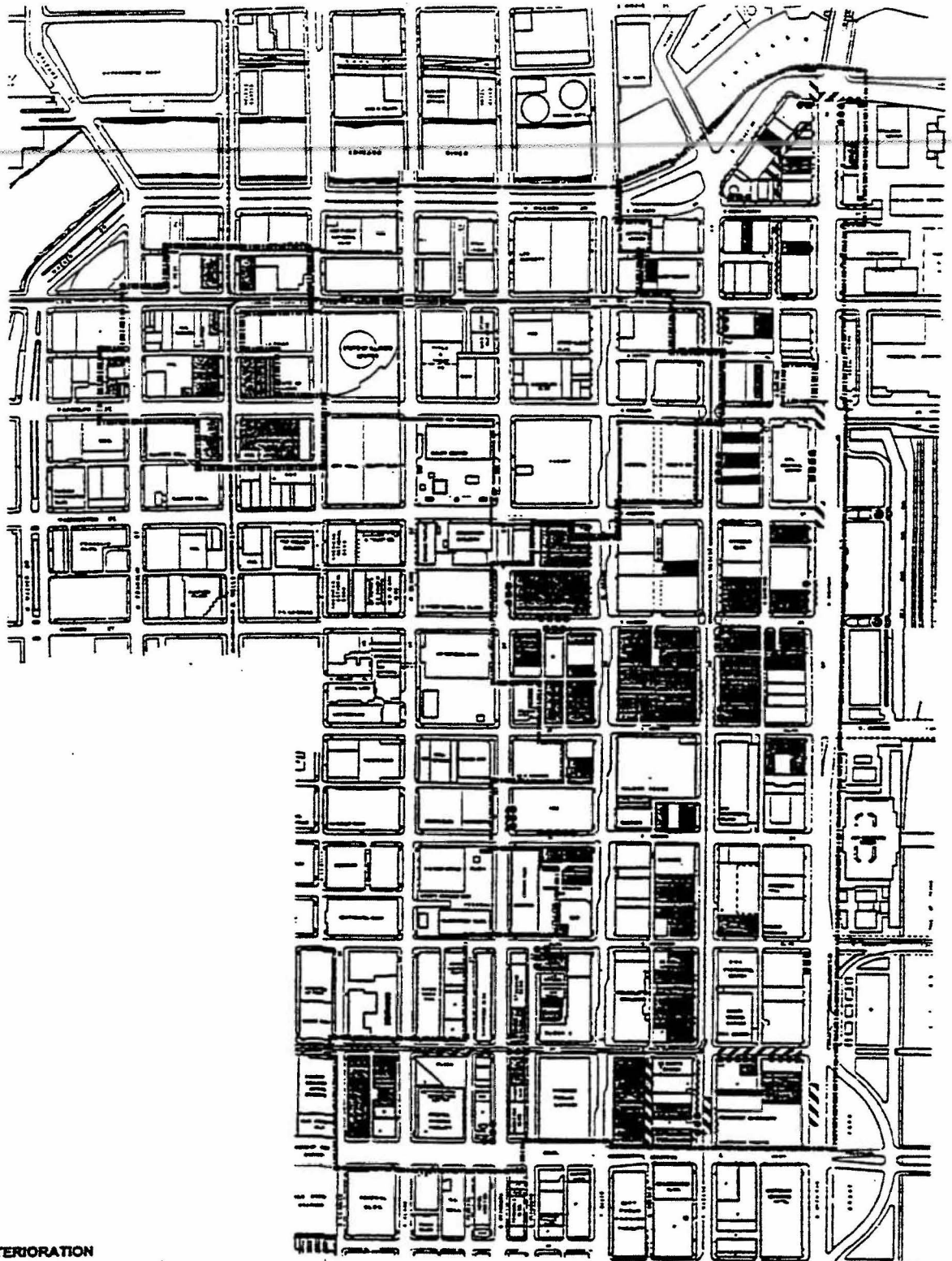
Illegal use of individual structures refers to the presence of uses or activities which are not permitted by law.

### **Conclusion**

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

## **E. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS**

Structures below minimum code standards include all structures which do not meet the standards of subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are to require buildings to be constructed so that they will be strong enough to support the loads expected from the type of occupancy, to be safe for occupancy against fire and similar hazards, and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code are characterized by defects or deficiencies which threaten health and safety.



**DETERIORATION**

 BUILDING DETERIORATION

 DETERIORATION OF STREET AND ALLEY SECTIONS

 NORTH LOOP REDEVELOPMENT PROJECT AREA

 ADDED AREA

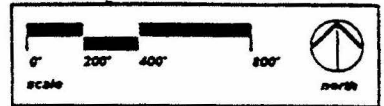
 DETERIORATION OF CURB AND GUTTER SECTIONS

 DETERIORATION OF SIDEWALK SECTIONS

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Figure 6  
Deterioration



The presence of structures below minimum code standards as a factor was determined based upon the interior surveys of 70 sample buildings. Forty-two of the 70 buildings surveyed on the interior were found to lack fire and safety provisions as required by the City's fire and buildings codes. An additional 5 buildings with advanced deterioration on the exterior are also below the minimum code standards for existing buildings. The following conditions were found to be in non-compliance:

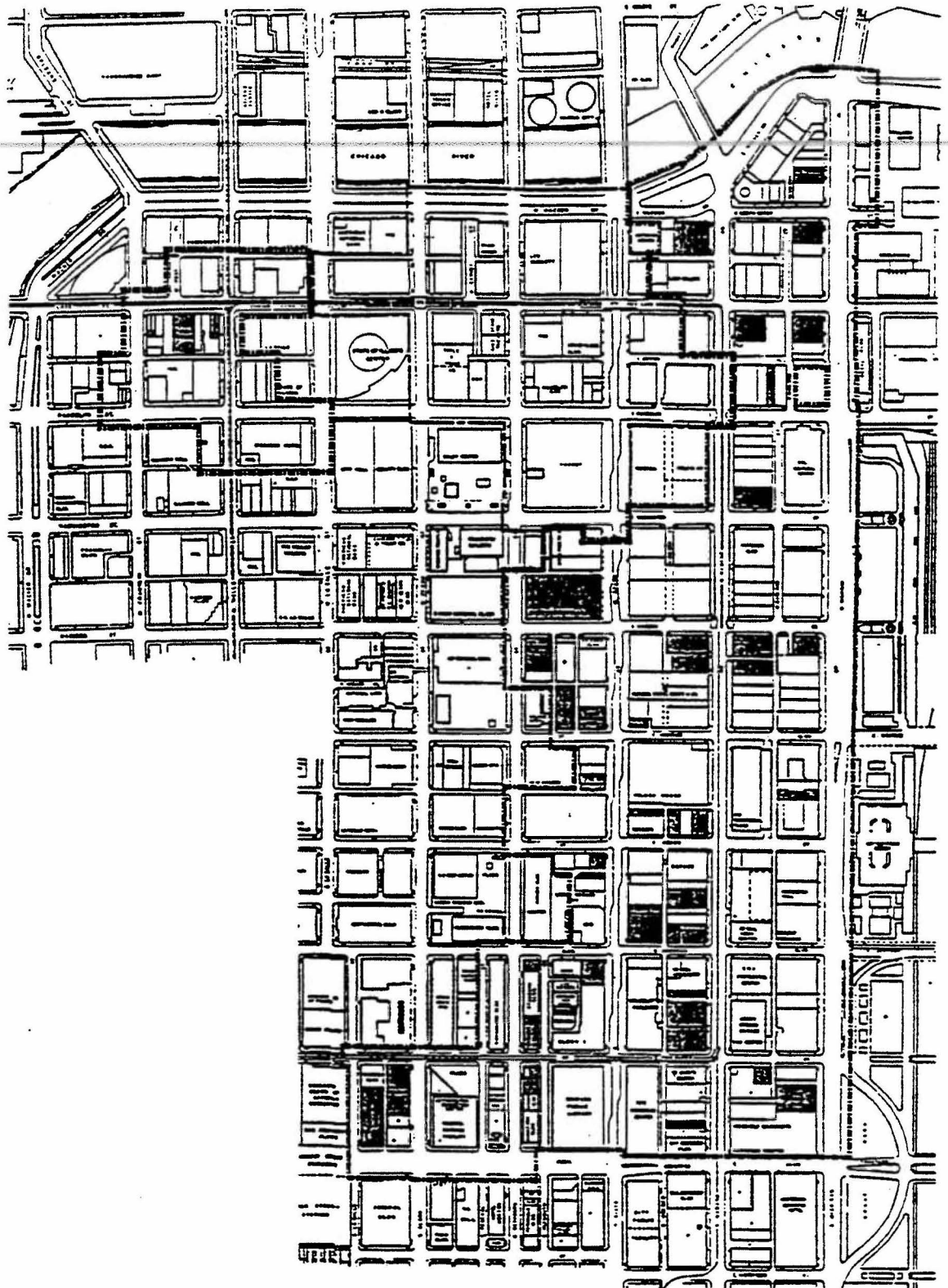
- Lack of ADA (Americans with Disabilities Act) requirements, including undersized lobbies and elevators; elevators without floor identification for the visually impaired; restrooms without proper access width, special hardware, or which are four to seven inches above the finished floor level; corridors and doors which do not meet minimum widths; and narrow stairs and winders.
- Low floor capacity of 70 lbs. per square foot or elevator capacity of less than 2500 lbs.
- Insufficient number of required exits; exits through habitable rooms or restrooms; or exits to fire escapes through other rooms.
- Open stairs or enclosed stairs without proper B-label fire rated doors or lack of panic hardware and closers.
- Lack of or inoperable systems of sprinklers or fire alarms.
- Old, brittle, hazardous, cloth-cased wiring.

Additional buildings within the Added Project Area may also be below minimum code standards but were not observed on the interior as part of the sample interior surveys. Forty-two of the 70 buildings surveyed on the interior exhibited conditions of structures below minimum code standards.

### Conclusion

The factor of structures below minimum code standards is present to a major extent in the Added Project Area. Forty-two of the buildings surveyed on the interior and 5 buildings with advanced exterior defects are below minimum code standards. Buildings below minimum code standards are found in 22 of the 38 blocks in the Added Project Area.

Figure 7, *Structures Below Minimum Code*, illustrates buildings and site improvements which are below minimum code standards.

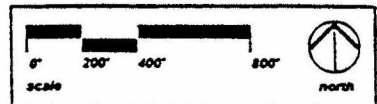


**STRUCTURES BELOW MINIMUM CODE\***

-  BUILDINGS BELOW MINIMUM CODE-BASED ON EITHER SAMPLE INTERIOR SURVEYS, OR BUILDINGS WITH ADVANCED DETERIORATION
-  NORTH LOOP REDEVELOPMENT PROJECT AREA
-  ADDED AREA

Figure 7  
Structures Below Minimum Code

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



## G. EXCESSIVE VACANCIES

Excessive vacancies as a conservation factor refers to the presence of buildings or sites which are unoccupied or not fully utilized and which present adverse influence on the surrounding area because of the frequency or duration of vacancies. Excessive vacancies include properties for which little evidence exists for future occupancy or utilization. Excessive vacancies are found throughout much of the Added Project Area and are especially prevalent in office, retail and service commercial buildings.

Information regarding vacancy rates of individual buildings was obtained from the Goodman-Williams Group, commercial office guides and property tax appeal files and was supplemented and updated by interior and exterior building surveys conducted by TPAP and Andrew Heard & Associates. For the 70 interior sampled buildings, vacant space was further determined based on observations of vacant floor areas and tenant space and discussions with building employees and building management. Generally, the results of the interior surveys confirmed the vacancy data obtained from the commercial office guides and property tax appeal records. However, since the data obtained from commercial office guides and property tax appeal records were at least 6 months to one year old, vacancy rates observed in interior and exterior surveys conducted by TPAP and Andrew Heard & Associates may differ from vacancy rates contained in the commercial office guides and property tax appeal records. Where differences in vacancy rates occurred and the actual vacancy rate of a building was uncertain, the more conservative (*i.e.* lower) vacancy rate was used.

### *Competitive Office Buildings*

Vacancy rates of "competitive" office buildings (office buildings with more than 100,000 square feet) in the Added Project Area have been increasing since 1988. The 15 Class A and B buildings in the Added Project Area had a combined vacancy rate of 9 percent in 1988. The vacancy rate increased steadily to 19 percent in 1995. Vacancy trends for the 42 Class C buildings in the Added Project Area show an even more troubling trend. In 1988, the vacancy rate in these Class C buildings was 16 percent. By 1995, the rate had increased to 29 percent. Nearly one third of the space in these Class C buildings stands vacant. Ten Class C buildings in the Added Project Area currently have vacancy rates of 50 percent or more. In contrast, in 1988 only one building was more than 50 percent vacant.

Consistent with rising vacancy rates, absorption of space has been negative for the office buildings in the Added Project Area for every year since 1988. Absorption, which measures the net change in occupied square feet, is the best indicator of demand for space. Negative absorption indicates that more tenants are leaving the area than are moving into it. In 1995, absorption in the Added Project Area was **negative** 85,349 square feet, while absorption for the downtown was **positive** 679,602 square feet. In 1994, absorption in the Added Project Area was **negative** 166,768 square feet, while absorption for the downtown was **positive** 2,914,042 square feet.

Relative to the Chicago metropolitan area as a whole and to much the national office market, downtown Chicago's office vacancy rate is excessive. Relative to downtown Chicago, the Added Project Area's office vacancy rate is excessive. This study assumes that office buildings in the Added Project Area which are 20 percent or more vacant--nearly 2 percentage points above downtown Chicago's June 1996 vacancy rate of 18 percent--reflect excessive vacancies as a conservation factor.

### *Retail, Commercial Service and Smaller Office Buildings*

Comparative vacancy figures for smaller (non "competitive") office buildings and commercial service and retail buildings are difficult to obtain. TPAP's analysis assumes that, as in the case of competitive office buildings, vacancy rates which equal or exceed 20 percent within these smaller buildings in the Added Project Area reflect excessive vacancies as a conservation factor.

### **Conclusion**

Tax appeal records and interior surveys indicate that 12 buildings (5.6 percent of all buildings in the Added Project Area) are entirely vacant; only one of these buildings appears to be in the process of being renovated. Fourteen buildings (6.6 percent of all buildings in the Added Project Area) are between 80 and 99 percent vacant. Twenty-one buildings (9.9 percent of all buildings in the Added Project Area) are between 60 and 79 percent vacant. Twenty-four buildings (11.3 percent of all buildings in the Added Project Area) are between 40 and 59 percent vacant. Thirty-six buildings (16.9 percent of all buildings in the Added Project Area) are between 20 and 39 percent vacant. In addition, the south one-half of the block bounded by Dearborn, Monroe, State and Adams Streets has remained undeveloped since the demolition of its improvements in 1985.

While vacancy rates within many segments of the Chicago metropolitan office market have improved over the last few years, vacancy rates within the Added Project Area have not. The Added Project Area has an 8 year history of **negative** absorption in competitive office space and contains more than 75 smaller office, retail service and retail buildings which are 20 percent or more vacant. In addition, many buildings contain above-grade office or retail space which is unusable or usable only for storage and for which there are no apparent plans for rehabilitation or renovation.

The factor of excessive vacancies is present to a major extent in the Added Project Area. Of the total 213 buildings, 107, or 50.2 percent, contain vacant floor areas of 20 percent or more. Thirty of the 38 blocks in the Added Project Area contain buildings with excessive vacancies.

Figure 8, *Excessive Vacancies*, illustrates buildings in the Added Project Area which are 20 percent or more vacant.