



DEPARTMENT OF LAW  
CITY OF CHICAGO  
April 29, 2016

Ms. Susana Mendoza  
City Clerk  
City of Chicago  
121 North LaSalle Street  
Chicago, Illinois 60602

Re: Diversey/Chicago River Tax Increment Financing Redevelopment Area  
Project and Plan

Dear Ms. Mendoza:

I enclose the Diversey/Chicago River Tax Increment Financing Redevelopment Area Project and Plan (the "Plan") for the proposed Diversey/Chicago River Redevelopment Project Area, Chicago, Illinois, dated April 29, 2016.

Please make the Plan available in your office as of this date for public inspection in accordance with the requirements of Section 5/11-74.4-5(a) of the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended. If you have any questions with respect to this matter, please call me at 744-5817.

Sincerely,

Crystal Maher  
Senior Counsel

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CITY CLERK

Enclosure

cc: M. Susan Lopez  
Terrence Johnson

**DIVERSEY/CHICAGO RIVER  
TAX INCREMENT FINANCING  
REDEVELOPMENT AREA PROJECT AND PLAN**

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City of Chicago, Illinois

April 29, 2016

City of Chicago  
Rahm Emanuel, Mayor

Department of Planning and Development  
David L. Reifman, Commissioner

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

COMMUNICATIONS  
DIVISION

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EXHIBIT I:	DIVERSEY/CHICAGO RIVER TAX INCREMENT FINANCING ELIGIBILITY REPORT
EXHIBIT II:	DIVERSEY/CHICAGO RIVER HOUSING IMPACT STUDY

## I. INTRODUCTION

This document is to serve as the “**Redevelopment Plan**,” as defined under the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the “**Act**”). The project area is located on the north side of the City of Chicago (the “**City**”) along the north branch of the Chicago River at the intersection of Diversey Parkway and Damen Avenue. The area encompasses approximately 18 of the 33 buildings described below in the Julia C. Lathrop public housing development. The project area is generally bounded on the east by Damen Avenue and Clybourn Avenue, on the north by Wellington Avenue, on the west by the north branch of the Chicago River and Leavitt Avenue, and on the south by an irregular line that lies between 214 feet and 354 feet south of Diversey Parkway and runs along the south line of the Lathrop Homes’ buildings commonly numbered as 13, 6, and 2. For a map depicting the location of the project area within the City, see **Redevelopment Plan Figure 1. Community Context Map**.

In cooperation with the Chicago Housing Authority (the “**CHA**”), the City is committed to providing housing that promotes the health and vitality of neighborhoods and a supportive environment that enables people to improve their quality of life. As part of the City’s strategy to coordinate with related agencies and maximize the leverage of public resources through growth and private investment within the Project Area, Johnson Research Group, Inc. (“**JRG**” or the “**Consultant**”) was engaged by Lathrop Community Partners, LLC, an Illinois limited liability company (the “**Developer**”), whose members include, Related Lathrop, LLC, an Illinois limited liability company, Heartland Lathrop LLC, an Illinois limited liability company, and Bickerdike Lathrop LLC, an Illinois limited liability company, to study whether the proposed mixed-use redevelopment within the Project Area of approximately 21.02 acres qualifies as a “conservation area,” a “blighted area,” or a combination of both blighted areas and conservation areas under the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the “**Act**”). The Developer, at the City’s sole discretion and written consent, may include a to-be-formed legal entity and/or entities related to the Developer.

The project area is described in more detail below as well as in the report, entitled, “Diversey/Chicago River Tax Increment Financing Eligibility Report” (the “**Eligibility Report**”), attached to this Redevelopment Plan as **Exhibit I** hereto, and by this reference made a part hereof. The project area has historically provided the unique public function of providing low-income public housing. As part of the CHA’s “Plan Forward: Communities that Work,” (the “**Plan Forward**”), CHA and the City are reimagining the face of public housing as mixed-income housing that is integrated into the fabric of the larger community. Redevelopment of the project area cannot be realized by private investment alone and is not reasonably expected to be developed without public intervention and leadership by the City.

This Redevelopment Plan summarizes the analyses and findings of the Consultant’s work, which, unless otherwise noted, is the responsibility of JRG. The City is entitled to rely on the findings and conclusions of this Redevelopment Plan in designating the project area as a “**Redevelopment Project Area**” as defined under the Act. The Consultant has prepared this Redevelopment Plan, Eligibility Report, as well as the study entitled, the “Diversey/Chicago River Tax Increment Financing Housing Impact Study” (the “**Housing Impact Study**”), attached to this Redevelopment Plan as **Exhibit II** hereto, and by this reference made a part hereof, with the understanding that the City would rely:

- 1) on the findings and conclusions of the Redevelopment Plan, Eligibility Report and Housing Impact Study in proceeding with the designation of the project area as a Redevelopment Project Area;
- 2) the adoption of the Redevelopment Plan;
- 3) adoption of tax increment financing (“TIF”) for the project area; and
- 4) on the Consultant to obtain the necessary information to ensure that the Redevelopment Plan, Eligibility Report and the Housing Impact Study will comply with the Act.

#### **A. Diversey/Chicago River Tax Increment Financing Redevelopment Project Area**

The project area is referred to in this Redevelopment Plan as the “Diversey/Chicago River Tax Increment Financing Redevelopment Project Area,” hereinafter referred to as the “**Project Area**.” The Project Area is approximately 21.02 acres in size and includes four tax parcels within two tax superblocks. The Project Area is situated within two Chicago community areas that meet at Diversey Parkway. The City’s North Center community area encompasses the Project Area to the north and the City’s Lincoln Park community area encompasses the portion of the Project Area to the south of Diversey Parkway.

Currently, 16 of the 18 buildings in the Project Area are multi-unit residential buildings and two are non-residential buildings, which consist of a small CHA management office and a community center. The multi-unit residential buildings are currently a mixture of two-, three-, and four-story walk-up buildings. The community center is currently located in the far northern portion of Lathrop Homes and the one story CHA management office building is currently located at Lathrop Homes’ northwest corner at Diversey Parkway and Clybourn Avenue. The Project Area is included within the Waterway Residential-Business Planned Development number 1315, approved by the City Council on March 16, 2016 (the “PD”).

The PD describes the proposed redevelopment activities to be undertaken in the Project Area to include, but not limited to, the creation of approximately 535 mixed-income residential units, the new construction of two mixed-use buildings to contain commercial and residential units, the rehabilitation of approximately 16 of the existing multi-unit residential buildings, the rehabilitation of the two non-residential buildings for continued use as a management office and community space and the development of open space along the Chicago river (the “**Redevelopment Project**”).

For a map depicting the Project Area boundaries, see **Figure 2** attached hereto and incorporated herein. A legal description of the Project Area is included in **Section II** herein.

#### **The Julia C. Lathrop Public Housing Development**

The design and construction of the Julia C. Lathrop Public Housing development (“**Lathrop Homes**”) came about at a turbulent time in the nation’s history when the great depression, slum housing conditions, and the role of government were changing the face of urban housing. In 1933, the United States Congress (“**Congress**”) passed a massive piece of legislation, the “National Industrial Recovery Act”, better known as the “New Deal.” In addition to creating a program to get people to work again after the great depression, the legislation introduced government into direct build housing for the poor for the first time. Congress passed funding for the construction of low-cost housing and a newly established federal housing division (“**HD**”) acquired land from the International Harvester Company’s Deering operations at Diversey Parkway and the Chicago River and hired a design team. The team, headed by architect Robert DeGoyler and landscape architect Jens Jensen, took planning principles from the Garden City movement and planned cities like Radburn, New Jersey and Sunnyside Gardens, New York and modified these principles

for working class housing developments. Coming to fruition in the height of the great depression, Lathrop Homes was designed and built quickly to kick-start the frozen construction industry and alleviate unemployment and opened in March 1938. The complex was designed with 31 buildings and interior open spaces that included individual kitchen gardens behind row houses and a central lawn designed for use primarily by residents. Two more buildings were added years later, including an eight-story residential building for senior citizens in 1959 and a recreation center in 1960. A swimming pool was added in the 1960s on a small site at the northeast corner of Lathrop Homes that was leased to the City's park district. The pool was filled and closed in 1995 and replaced with a small play lot.

### **National Register of Historic Places**

In 2012, Lathrop Homes was listed as an historic district on the National Register of Historic places as a nationally significant example of Regional Planning Association of America ("RPAA") community building and early public housing architecture. It is recognized as one of the largest, most thoroughly-executed, and best-preserved examples of America's first phase of public housing as well as of American urban and community planning in the inter-war period. Of the 52 initial HD projects, Lathrop Homes was the fourth largest by number of units and the sixth largest in terms of acreage. As a result, it communicates the scope of the RPAA vision more completely than other, smaller projects. Most of the HD projects, like so much of the New Deal, compromised between tradition, popular taste, and contemporary modernism by designing extremely simplified examples of more traditional styles. The classical revival decorative brickwork and stone detailing at Lathrop Homes, however, make these buildings the most elaborate of the HD inventory. More than a typical product of this significant program, Lathrop Homes is a particularly complete and elaborate example and is one of the most intact survivors of the period.

In addition to architecturally and historically significant structures, the Project Area includes a number of other physical assets:

- Convenient access to Elizabeth Wood Park, a small neighborhood park adjacent to the northern half of the Project Area, and Hamlin Park, a community park one block north) of the Project Area that features tennis courts, a swimming pool, an indoor gymnasium/basketball/volleyball court, boxing and fitness equipment, and four softball/baseball diamonds;
- The north branch of the Chicago River is located on the western edge of the Project Area, enabling scenic views and riverfront activities. There is a walking path along the river that extends along the full length of Lathrop Homes.
- Lincoln Park, a sprawling, regional park and its multiple amenities including Lincoln Park Zoo, Diversey Harbor, Peggy Notebaert Nature Museum and multiple lakefront bicycle and pedestrian paths is located just 2.2 miles east on Diversey Parkway.
- Convenient access to the interstate highway system. Entrance/exits to Interstate 90/94 can be made less than 1.5 miles west on Diversey Parkway or Logan Boulevard and is just 6 miles from the City's Loop neighborhood and multiple regional expressways.
- Public transportation options include Chicago Transit Authority ("CTA") brown line elevated stations (Diversey Parkway train station 1.5 miles from the Project Area, Paulina Avenue Train station 1.2 miles from the Project Area), CTA blue line stations (Logan Square station 1.5 miles from the Project Area) as well multiple bus routes running east/west along Belmont Avenue, Diversey Parkway, and Fullerton Avenue and north/south routes running along Damen Avenue. All of these bus routes have stops within one to three blocks of the Project



Area. The most convenient CTA elevated line stop is the brown line station at Diversey Parkway which is about 1.5 miles east of Damen Avenue and accessible via CTA bus route 76 Diversey.

- The Project Area is also served by the Union Pacific North commuter rail line with the Clybourn Avenue station located just west of Ashland Avenue on Armitage Avenue, just under 1.3 miles from the center of the Project Area.
- Clybourn Avenue serves as a major commercial corridor to the south of the Project Area, with a large Costco, big box store east of Damen Avenue across the street from the southern half of the Project Area. The other large commercial shopping area is just across the Chicago River to the west, where many retailers large and small are located along Elston Avenue. These commercial corridors provide a complete range of retail, commercial, service and institutional uses to area residents and visitors.

Despite these assets and other nearby strengths, the problem conditions exhibited in the Project Area results in an excessive and disproportionate expenditure of public funds, impairs the value of private investments and threatens the sound growth and the tax base of taxing districts in such areas and threatens the health, safety, morals, and welfare of the public. Evidence of this lack of growth and development is detailed in **Section VI** herein and summarized below.

- The presence of six eligibility factors: obsolescence, deterioration, structures below code, excessive vacancies, inadequate utilities, and excessive land coverage and overcrowding of structures.
- The increasingly high costs of maintaining aging and obsolete public housing properties requires increasingly higher expenditure of funds that is constrained by the scarcity of funding available from the state and federal government.
- Due to the deteriorated condition, obsolescence, and historic nature of the Lathrop Homes, an extensive renovation is required to bring the units up to contemporary and economically sustainable levels.
- The complexities and challenges of realizing the transformation and historic preservation of the Lathrop Homes buildings into a mixed income, mixed use development have resulted in a protracted development process of more than 10 years.

The Project Area as a whole is characterized by aging and obsolete residential property on improved parcels. The multi-unit residential buildings are over 75 years old and have suffered from a chronic lack of maintenance over the years. Over 85% of the units in Lathrop Homes are vacant, boarded up, and falling into further disrepair. The buildings' outdated heating and cooling systems, as well as plumbing and electrical systems are all in need of major upgrades. The CHA, having insufficient resources to fund such costly renovations, has boarded up units because they have become unfit for habitation. The CHA's Plan for Transformation has resolved similar funding shortfalls by applying their mixed income approach to revitalizing communities. This approach utilizes private funding to enable the renovation or new construction of the CHA public housing units, all while creating a healthier mixed income community.

The physical and economic conditions of the Project Area threaten to impede growth and development through private investment. Without the intervention of the City, the designation of the Project Area as a Redevelopment Project Area as defined under the Act and adoption of this Redevelopment Plan and TIF for the Project Area, would not reasonably be expected to be improved in a comprehensive manner.

**The Chicago Housing Authority** The CHA is an Illinois municipal corporation engaged in the development and operation of safe, decent and sanitary housing throughout the Chicago metropolitan area for low-income families in accordance with the United States Housing Act of 1937, 42 U.S.C §1437 et.seq., the State Housing Authorities Act, 310 ILCS 10/1 et.seq., as amended, and other applicable laws, regulations and ordinances.

CHA's Plan Forward goal, with the support of the City, is to coordinate public and private investments to develop healthy, vibrant communities. The redevelopment of Lathrop Homes into a revitalized mixed income community comprised of public housing, affordable and market rate units with commercial, retail and open spaces supports CHA's goal.

## **B. Tax Increment Financing**

In January 1977, TIF was authorized by the State of Illinois' general assembly through passage of the Act. The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "**Redevelopment Project Costs**" as defined in the Act, with incremental property tax revenues. The terms "**Incremental Property Tax**" or "**Incremental Property Taxes**" are defined hereinafter in this Redevelopment Plan to mean the incremental property taxes derived from the increase in the current equalized assessed valuation (the "**EAV**") of real property within the Project Area over and above the certified initial EAV of such real property. The term "**Certified Initial EAV**" is defined hereinafter in this Redevelopment Plan to mean the initial EAV of the Project Area as certified by the Office of the Cook County Clerk. The increase in EAV is then multiplied by the current tax rate to arrive at the Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

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

TIF does not generate tax revenues. This financing mechanism allows the City to capture, for a certain number of years, the new tax revenues produced by the enhanced valuation of properties resulting from the City's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. This revenue is then reinvested in the area through rehabilitation, developer subsidies, public improvements and other eligible redevelopment activities. Under TIF, all taxing districts continue to receive property taxes levied on the initial valuation of properties within the Project Area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and Redevelopment Project Costs necessary to implement the Redevelopment Plan have been paid. Taxing districts also benefit from the increased property tax base after Redevelopment Project Costs and obligations are paid.

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

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

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

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

Redevelopment of the Project Area will constitute a complex endeavor. The success of this redevelopment effort will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for redevelopment of the Project Area. By means of public investment, the Project Area can become a stable environment that will attract new private investment. Public investment will set the stage for redevelopment by the private sector. Through this Redevelopment Plan, the City will provide a basis for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

This Redevelopment Plan sets forth the Redevelopment Project as defined under the Act to be undertaken to accomplish the City's above-stated goals. During implementation of the Redevelopment Project, the City may, from time to time: (i) undertake or cause to be undertaken public improvements and other redevelopment project activities authorized under the Act; and (ii) enter into redevelopment agreements and intergovernmental agreements with private or public entities to construct, rehabilitate, renovate or restore private improvements and undertake other redevelopment project activities authorized under the Act on one or several parcels (items (i) and (ii) are collectively referred to as "**Redevelopment Projects.**")

This Redevelopment Plan specifically describes the Project Area and summarizes the criteria that qualify the Project Area as a "**conservation area**" as defined in the Act.

Successful implementation of this Redevelopment Plan requires that the City utilize Incremental Property Taxes and other resources in accordance with the Act to stimulate the comprehensive and coordinated development of the Project Area. Only through the utilization of TIF will the Project Area develop on a comprehensive and coordinated basis, thereby eliminating the conservation area conditions which have limited development of the Project Area by the private sector on a comprehensive and area-wide basis.

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

- Elimination of problem conditions that qualified the Project Area as a conservation area under the Act;
- Affordable housing opportunities that foster an environment for residents to improve their lives and achieve greater economic independence;



- A vibrant and mixed-income community that contributes to the City's economic and social health.
- Preservation of an historic district and architecturally significant buildings that represent one of the earliest and most exemplary of America's first public housing design.
- Improvement of parking facilities to adequately serve the Project Area's uses.

## II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

The boundaries of the Project Area have been drawn to include only those contiguous parcels of real property and improvements substantially benefited by the proposed Redevelopment Project to be undertaken as part of this Redevelopment Plan. The boundaries of the Project Area are shown in *Redevelopment Plan Figure 1. Project Area Boundary*, and are legally described below:

That part of Section 30 Township 40 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois, described as follows:

Beginning at the intersection of the east line of the North Branch of the Chicago River, and the south line of W. Diversey Parkway (80' R.O.W.);

Thence southeasterly along the southeasterly line of the North Branch of the Chicago River 434.00' to the westerly right of way line of N. Leavitt Avenue;

Thence southerly along the west right of way line of N. Leavitt Avenue to point that is 354.35' south of the south right of way line of W. Diversey Parkway;

Thence east along the westerly extension of said line parallel to and 354.36 feet south of the south right of way line of W. Diversey Parkway to the east right of way line of Leavitt Avenue;

Thence east 175.38 feet along a line parallel to and 354.36 feet south of the south right of way line of W. Diversey Parkway to a line parallel to and 183.54 feet west of the west right of way line of N. Hoyne Avenue;

Thence north along a line 183.54 feet west of the west line of said N. Hoyne Avenue 140.00 feet to a line 214.36 feet south of the south line of said W. Diversey Parkway;

Thence East along said line 214.36 south of the south line of said W. Diversey Parkway 183.54 feet to the west line of said N. Hoyne Avenue;

Thence south along the west line of said S. Hoyne Avenue 79.00 feet to a line 293.36 feet south of the south line of W. Diversey Parkway;

Thence east along said line 293.36 feet south of the south line of said W. Diversey Parkway 209.61 feet to the center line of N. Damen Avenue;

Thence north along the center line of said N. Damen Avenue 334.98 feet to the center line of N. Clybourn Avenue;

Thence northwest along the center line of said N. Clybourn Avenue 1841.55 feet to the east line of N. Leavitt Avenue extended north;

Thence south along the east line of N. Leavitt Avenue 272.68 feet to the easterly extension of the north line of W. Oakdale Avenue;

Thence west along the easterly extension of W. Oakdale Avenue 33 feet to the center line of N. Leavitt Avenue;

Thence south and southeasterly along the center line of Leavitt Avenue 1290.26 feet to the center line of W. Diversey Parkway;

Thence west along the center line of W. Diversey Parkway 484.36 feet to the east line of the east line of the North Branch of the Chicago River;

Thence south along the east line of the North Branch of the Chicago River 60.20 feet to the point of beginning.

### **III. ELIGIBILITY CONDITIONS**

The results summarized in this section are more fully described in a separate report that presents the definition, application and extent of the conservation area factors in the Project Area. The report, prepared by JRG is entitled "Diversey/Chicago River Tax Increment Financing Eligibility Report," (the "**Eligibility Report**") and is attached as **EXHIBIT II** to this Redevelopment Plan.

#### **A. Summary of Project Area Eligibility**

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

##### **Project Area**

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

- All 18 buildings in the Project Area, are 35 years of age or older.
- Of the 13 factors set forth in the Act, six factors are found to be present to a meaningful extent and reasonably distributed throughout the Project Area. These factors include:
  1. Obsolescence
  2. Deterioration
  3. Structures Below Minimum Code Standards
  4. Excessive Vacancies
  5. Inadequate Utilities
  6. Excessive Land Coverage and Overcrowding of Structures
- As a whole, the Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

#### **B. Surveys and Analyses Conducted**

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

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

8. Review of previously prepared plans, studies and data, including multiple physical needs assessment studies prepared by the CHA and/or its consultants (reports dated 1991, 1997, and April 27, 2015);
9. Analysis of the City's building permit data and building code violation data for the period from 2008 through December 2015;
10. Analysis of storm, sanitary sewer lines and water supply lines within the Project Area via existing infrastructure maps provided by the City's Department of Water Management; and
11. Analysis of Cook County Assessor records for assessed valuations and EAVs for tax parcels in the Project Area for assessment years 2009 to 2014.

## **IV. REDEVELOPMENT GOALS AND OBJECTIVES**

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

This section identifies the general goals and objectives adopted by the City for redevelopment of the Project Area. **Section V** herein presents more specific objectives for development and design within the Project Area and the redevelopment activities that the City plans to undertake to achieve the goals and objectives presented in this section.

### **A. General Goals**

Listed below are the general goals adopted by the City for redevelopment of the Project Area. These goals provide overall focus and direction for this Redevelopment Plan.

1. Elimination of the factors that qualified the Project Area as a conservation area.
2. Transform a public housing development into diverse, mixed income communities offering a wide range of housing choices that intersect with commercial amenities, safe neighborhoods, good schools and supportive services.
3. Ensure safe, sustainable and quality housing that serves as the building block for residential wellbeing and a vibrant community.
4. Enliven and integrate the Chicago River into the Project Area and promote the recreational use of the river.
5. Preservation of the historic and architecturally significant character of the Project Area.
6. Coordination with City departments and other public agencies to carefully leverage public resources and activities to maximize private investment and public benefit.

### **B. Redevelopment Objectives**

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

1. Support the preservation and rehabilitation of historically and architecturally significant properties.
2. Encourage new residential and commercial development that complements and contributes to a culturally and economically diverse community.
3. Utilize public and private resources and funding to provide a range of housing options at all income levels, including low, very low, and extremely low-income housing.
4. Upgrade public utilities, infrastructure and streets, including the riverwalk, lighting, streetscape and beautification that reinforces area identity, enhances safety and encourages pedestrian activity.
5. Preserve existing open space and encourage recreational opportunities for all residents.
6. Provide ramps, elevators, and other amenities that improve access for people with disabilities in and around the Project Area.
7. Encourage visually attractive buildings, rights-of-way, and site development that reinforce an urban design framework and connect the Project Area to the larger community.

8. Ensure redevelopment in a way that successfully blends with adjacent properties and presents an aesthetically strong entrance and connection to the community.
9. Encourage state-of-the-art energy improvements and efficiency practices in all buildings.
10. Improve the availability, access to, and visual appearance of off-street parking to be consistent with contemporary, urban standards for residential and commercial development.
11. A strengthened tax base for affected taxing districts arising from new residential development, rehabilitation and preservation of existing buildings and returning tax exempt properties to the tax rolls.
12. Provide opportunities for women-owned and minority-owned businesses and local residents to share in the redevelopment of the Project Area.

## V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by other public and private entities on behalf of the City in furtherance of this Redevelopment Plan. The Redevelopment Project, as outlined in this section conforms to the plans and policies in place within the Project Area including:

- 1) the PD;
- 2) A Plan for Economic Growth and Jobs (February 2012);
- 3) Sustainable Chicago Action Agenda (2015); and
- 4) the current City zoning code.

The Redevelopment Project described in this Redevelopment Plan and pursuant to the Act includes the land use plan, redevelopment goals and objectives, a description of redevelopment improvements and activities, estimated **Redevelopment Project Costs**, a description of sources of funds to pay estimated **Redevelopment Project Costs**; a description of obligations that may be issued; and identification of the most recent EAV of properties in the Project Area and an estimate of future EAV.

### A. Land Use Plan

The proposed land uses within the Project Area reflect the objectives of the Redevelopment Plan, which are intended to support the redevelopment and transformation of Lathrop Homes into a mixed use, mixed income community. The Land Use Plan is intended to direct Redevelopment Project Costs and is expected to generally reflect the PD for the Project Area. The general land use plan for the Project Area is illustrated in **Figure 3**, herein and described below.

#### **Residential**

Residential land-use covers the large majority of the Project Area and serves as the building block for comprehensive and sustainable community revitalization. The residential land use category primarily includes multi-unit residential uses on the first floor and upper floors. Historic preservation and rehabilitation of the multi-unit residential buildings is the focus of this land use component. The residential land use area can include market-rate housing, low/moderate income housing, as well as housing for CHA residents. Complementary uses within this category include open space and outdoor recreation uses that are integrated with and serve the primary residential uses.

#### **Mixed Use - Commercial/Residential**

A mix of commercial and residential uses is envisioned for the northwest and southwest corners of Diversey Parkway and Clybourn Avenue. This land use will be associated with new construction that will generally include ground floor commercial uses with upper floor residential uses are allowed in this higher density, mixed use area. Neighborhood scale commercial uses should serve the local community and be pedestrian-oriented in scale and accessibility. Ancillary uses include parking for commercial and residential uses. Compatible non-residential ground floor uses that are consistent and allowed with PD and City zoning code should be complementary to residential uses.

#### **Public Institutional**

This land use category is intended to preserve the continued use of the Lathrop Homes' community center for community and recreational uses that serve as a community gathering



place and recreational facility for the use of Lathrop Homes' residents and the larger community.

### **Open Space**

This land use category is located in the triangular area created by Diversey Parkway, Leavitt Avenue, and the Chicago River and intended for use as passive open space that may include pedestrian and bicycle paths and riverwalk amenities.

All development should comply with the Redevelopment Plan objectives set forth in **Section IV** herein the City's current zoning requirements, the PD, and all other relevant City ordinances and development guidelines.

## **B. Redevelopment Goals and Objectives**

Listed below are the specific redevelopment goals and objectives which will assist the City in directing and coordinating public and private improvements and investment within the Project Area in order to achieve the general goals and objectives identified in **Section IV** herein.

Redevelopment Plan activities are intended to improve quality of life in the Project Area and the City through the development of healthy, sustainable and complete communities and foster opportunities for greater economic independence of residents within the Project Area.

The development and design objectives are intended to enhance and attract desirable uses such as new commercial development or new mixed use development; foster developments consistent and coordinated with other nearby uses; and revitalize the overall identity of the Project Area.

### **a) Land Use**

- Promote comprehensive redevelopment of the Project Area as a planned and cohesive urban neighborhood.
- Encourage the clustering of similar and supporting commercial uses to promote cumulative attraction.
- Create a sustainable network of park and open spaces that serve the neighborhood and link the neighborhood to the larger park and riverwalk system.

### **b) Building and Site Development**

- Promote redevelopment that connects the Project Area to the larger community through building improvements and interconnected park and pedestrian access.
- Encourage consistency and complementary architectural design that strengthens the historic character of the Project Area.
- Ensure that private development improvements to sites and streetscapes are consistent with public improvement and the PD goals and plans.
- Strive to attain NC Silver certification and ND Gold certifications under the Leadership in Energy and Environmental Design ("LEED") rating systems, an Enterprise Green Communities certification and is consistent and the City's Sustainable Chicago Action Agenda.

### **c) Transportation, Circulation and Infrastructure**

- Promote signage to parks, pedestrian paths and other community assets.



- Encourage the connection of Project Area streets to the community and support a safe, pedestrian environment.
- Upgrade and improve public utilities and infrastructure as required, including the street surface, curb and gutter conditions, street lighting, and traffic signalization.
- Ensure that provision of off-street parking meets the requirements of the City using high quality urban design standards that complement and contribute to the pedestrian environment.

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

- Ensure that any open spaces are designed, landscaped and lit to achieve a high level of public safety and security.
- Provide new pedestrian-scale lighting where appropriate.
- Encourage streetscape features within the Project Area including parkway trees.
- Promote high quality and harmonious architectural, landscape and streetscape design that contributes to and complements the surrounding neighborhoods and historic preservation goals.
- Ensure that all landscaping and design materials comply with the City's landscape ordinance (Title 10, Chapter 32 and Title 17, Chapter 194A of the Chicago Municipal Code) or the PD and reflect the character of the neighborhood.

**C. Redevelopment Improvements and Activities**

The City proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques including, but not limited to TIF, to undertake some or all of the activities and improvements authorized under the Act, including the activities and improvements described below.

The City may enter into redevelopment agreements or intergovernmental agreements with public or private entities for the furtherance of this Redevelopment Plan to construct, rehabilitate, renovate or restore improvements for public or private facilities on one or several parcels or for any other lawful purpose. Redevelopment agreements may contain terms and provisions that are more specific than the general principles set forth in this Redevelopment Plan and which include affordable housing requirements as described below.

**1. Site Preparation and Demolition**

TIF may fund necessary and reasonable costs associated with redevelopment of the Project Area which may include, but is not limited to the demolition of buildings, the clearing and grading of land, site preparation, environmental remediation, and site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers.

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

The City may provide (or assist other public bodies in providing) public improvements and facilities that are necessary to service the Project Area in accordance with this Redevelopment Plan and the comprehensive plan for development of the City as a whole. Public improvements and facilities may include, but are not limited to, the following:

**a) Parks and Open Space**

Repair or Improvements to existing or future, parks, open spaces, and public plazas may be provided, including the construction of pedestrian walkways, riverfront access, seawall infrastructure, lighting, landscaping and general beautification improvements that may be provided for the use of the general public.

**b) Streets and Utilities**

A range of roadway, utility and related infrastructure projects, from repair and resurfacing to replacement or reconstruction, may be undertaken.

**c) Parking and Transportation**

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

**3. Rehabilitation of Existing Buildings**

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

**4. Affordable Housing**

TIF may be provided to developers for up to 50 percent of the cost of construction, renovation or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3. If the units are part of a residential redevelopment project that includes units not affordable to low-and very low-income households, only the low-and very low-income units shall be eligible for benefits under the Act.

**5. Analysis, Administration, Studies, Surveys, Legal, and Other Professional Services**

Under contracts that will run for three years or less (excluding contracts for architectural and engineering services which are not subject to such time limits) the City and/or the Developer may undertake or engage professional consultants, engineers, architects, attorneys, and other professionals to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Redevelopment Plan.

**D. Redevelopment Project Costs**

The various redevelopment expenditures to be incurred in connection with the Redevelopment Project that are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated Redevelopment Project Costs that are deemed to be necessary to implement this Redevelopment Plan.

## 1. Eligible Redevelopment Project Costs

Redevelopment Project Costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Redevelopment Plan pursuant to the Act. Such costs may include, without limitation, the following:

- a) Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
- b) The cost of marketing sites within the Project Area to prospective businesses, developers and investors;
- c) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- d) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;
- e) Costs of the construction of public works or improvements including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
- f) Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the Project Area and such proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the Project Area and surrounding community;
- g) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
- h) To the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;
- i) Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act;

- j) Payment in lieu of taxes, as defined in the Act;
- k) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs: (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Project Area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code. 110 Ill. Comp. Stat. 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1 (2015); 105 Ill. Comp. Stat. 5/10-22.20a and 5/10-23.3a (2015);
- l) Interest costs incurred by a developer related to the construction, renovation or rehabilitation of a redevelopment project provided that:
  1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
  2. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
  3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
  4. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total: (i) cost paid or incurred by the developer for such redevelopment project, plus (ii) Redevelopment Project Costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and
  5. Up to 75 percent of the interest cost incurred by a developer for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3.
- m) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;
- n) An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
- o) Instead of the eligible costs provided for in (l) 2,4 and 5 above, the City may pay up to 50 percent of the cost of construction, renovation and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3. If the units are part of a residential redevelopment project that includes units not

affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act; and

- p) The cost of daycare services for children of employees from low-income families working for businesses located within the Project Area and all or a portion of the cost of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families working in businesses located in the Project Area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80 percent of the City, county or regional median income as determined from time to time by HUD.
- q) If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 et. seq. then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

## 2. Estimated Redevelopment Project Costs

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth below in **Table 1. Estimated Redevelopment Project Costs**. All estimates are based on 2016 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Redevelopment Plan at the City's discretion.

Redevelopment Project Costs described in this Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Redevelopment Plan.

**Table 1. Estimated Redevelopment Project Costs**

	<b>Eligible Redevelopment Project Costs</b>	<b>Estimated Cost</b>
1	Analysis, Administration, Studies, Surveys, Legal and Marketing (65 Ill. Comp. Stat. 5/11-74.4-3(q)(1))	100,000
2	Site Preparation, Demolition and Environmental Remediation (65 Ill. Comp. Stat. 5/11-74.4-3(q)(2))	400,000
3	Affordable Housing Construction and Rehabilitation Costs (65 Ill. Comp. Stat. 5/11-74.3-3(q)(3))	12,500,000
4	Public Works & Improvements, including streets and utilities, parks and open space, and other public facilities (65 Ill. Comp. Stat. 5/11-74.3-3(q)(4))	4,500,000
<b>TOTAL REDEVELOPMENT PROJECT COSTS</b>		<b>\$17,500,000</b>

The total Redevelopment Project Costs represent an upper limit on expenditures that are to be funded using TIF revenues and exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. Each individual project cost will be re-evaluated in light of the projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act.



The amount of the total Redevelopment Costs that can be incurred in the Project Area will be reduced by the amount of Redevelopment Project Costs incurred in contiguous redevelopment project areas, or those separated from the Project Area only by a public right-of-way, that are permitted under the Act, the purpose of which is the redevelopment of Lathrop Homes, to be paid, and are paid, from incremental property taxes generated in the Project Area, but will not be reduced by the amount of Redevelopment Project Costs incurred in the Project Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Project Area only by a public right-of-way.

All costs are shown in 2016 dollars and may be adjusted for inflation per the Act with a rate reflected in the Consumer Price Index for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U.S. Department of Labor or a similar index acceptable to the City. Upon payment to the Developer of Total Redevelopment Project Costs which may not exceed \$17,500,000, as adjusted hereunder per the Act, the City shall promptly adopt an ordinance dissolving the special tax allocation fund for the Redevelopment Project Area and terminating the designation of the Redevelopment Project Area as a "redevelopment project area" under the terms of, and in accordance with, the Act.

It is anticipated that additional funding from other sources such as private, federal, state, county, or local funds may be utilized to supplement the City's ability to finance Redevelopment Project Costs, as defined above.

#### **E. Sources of Funds to Pay Redevelopment Project Costs**

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the City may deem appropriate. The City may incur Redevelopment Project Costs, which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed for such costs from incremental taxes. Also, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers. Additionally, the City may utilize revenues, other than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received.

The Project Area is contiguous to the Addison South TIF redevelopment project area but such Addison South TIF shall not be permitted to receive funds from the revenue generated in the Project Area. The Project Area may, in the future, be contiguous to or separated by only a public right-of-way from other redevelopment project areas created under the Act, which areas include only Lathrop Homes properties and adjacent public rights of way and the purpose of which is the redevelopment of such Lathrop Homes properties. The City may utilize net incremental property taxes received from the Project Area to pay eligible Redevelopment Project Costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or project areas separated only by a public right-of-way, and vice versa but limited to redevelopment project areas that include only Lathrop Homes properties and adjacent public rights of way and the purpose of which is only redevelopment thereof. The amount of revenue from the Project Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs

within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan.

**F. Issuance of Obligations**

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

The Redevelopment Project shall be completed, and all obligations issued to finance the Redevelopment Project Costs shall be retired, no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., December 31, 2040, assuming City Council approval of the Project Area and Redevelopment Plan in 2016). Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on parity or subordinated basis.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled or accelerated retirement of obligations issued by the City for the redevelopment of Lathrop Homes. To the extent that Incremental Property Taxes are not needed for these purposes, and are not otherwise required, pledged, earmarked or otherwise designated for the payment of Redevelopment Project Costs, any excess Incremental Property Taxes shall then become available for distribution annually to taxing districts having jurisdiction over the Project Area in the manner provided by the Act.

**G. Valuation of the Project Area**

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

The purpose of identifying the most recent EAV of the Project Area is to provide an estimate of the Certified Initial EAV for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The 2015 EAV of all taxable parcels in the Project Area is zero (\$0.0) due to its current classification as tax exempt property. The Project Area is made up of four PINs, which are presented below in **Table 2. 2015 EAV by PIN**. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all Incremental Property Taxes in the Project Area will be calculated by Cook County

**Table 2. 2015 EAV by PIN**

PIN	2015 EAV
14-30-123-001	exempt
14-30-123-002	exempt
14-30-302-008	exempt
14-30-302-019	exempt
<b>TOTAL</b>	<b>\$0</b>

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

By the tax year 2039 (collection year 2040) and following the substantial completion of the Redevelopment Project, the EAV of the Project Area is estimated to be approximately \$16,000,000. This EAV figure should not be confused with the Redevelopment Project Cost in **Table 1**, which are the estimated TIF eligible costs to be reimbursed to the Developer.

The estimate is based on several assumptions, including:

- 1) redevelopment of the Project Area will occur in a timely manner;
- 2) 392 rental residential units will be rehabilitated including CHA, affordable and market rate units;
- 3) 143 new rental residential units will be constructed including CHA, affordable and market rate units;
- 4) approximately 20,000 square feet of new commercial space will be constructed; and
- 5) an estimated annual inflation rate in EAV of 2.0 percent through 2039, realized in triennial reassessment years only (6.12 percent per triennial reassessment period); and
- 6) the most recent state equalization factor of 2.6685 (2015 value) is used in all years to calculate estimated EAV.



## VI. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in Section III herein, the Project Area as a whole is adversely impacted by the presence of numerous conservation area factors, and these factors are reasonably distributed throughout the Project Area. Conservation area factors within the Project Area represent major impediments to sound growth and development.

The decline of and the lack of private investment in the Project Area are evidenced by the following:

- The presence of six eligibility factors: obsolescence, deterioration, structures below code, excessive vacancies, inadequate utilities, and excessive land coverage and overcrowding of structures.
- Due to the deteriorated condition, obsolescence, and historic nature of the Lathrop Homes, an extensive renovation is required to bring the units up to contemporary and economically sustainable levels.
- The increasingly high costs of maintaining aging and obsolete public housing properties requires increasingly higher expenditure of funds that is constrained by the scarcity of funding available from the state and federal government.
- The complexities and challenges of realizing the transformation and historic preservation of the Lathrop Homes buildings into a mixed income, mixed use development have resulted in a protracted development process of more than 10 years.

In summary, the Project Area qualifies under the Act as a conservation area on the basis that 1) it meets the age threshold; and 2) exhibits the meaningful presence and reasonable distribution of 6 of the 13 criteria listed in the Act for a conservation area. Therefore, the Project Area is eligible under the Act as a redevelopment project area, with the meaningful presence and reasonable distribution of conservation area conditions that require excessive and disproportionate expenditure of public funds and are detrimental to sound growth and threaten the health, safety, and welfare of the public.

The Project Area on the whole has not been subject to growth and development through investment by private enterprise. The Project Area would not reasonably be anticipated to be developed on a comprehensive and coordinated basis without the adoption of this Redevelopment Plan for the Project Area.

## VII. FINANCIAL IMPACT

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

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

The Redevelopment Project is expected to have significant short- and long-term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short-term, the City's effective use of TIF, through the encouragement of new development and redevelopment, can be expected to enhance the assessed value of existing properties in the Project Area, thereby enhancing the existing tax base for local taxing agencies. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from the enhanced tax base that results from the increase in EAV caused by the Redevelopment Projects.

## VIII. DEMAND ON TAXING DISTRICT SERVICES

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

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

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 Cook County for the education, pleasure and recreation of the public. There are no Cook County Forest Preserve District facilities located within the boundaries of the Project Area.

Metropolitan Water Reclamation District of Greater Chicago ("Metropolitan Water Reclamation District"). This district provides the main trunk lines for the collection of wastewater from cities, villages and towns, and for the treatment and disposal thereof.

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

City of Chicago Library Fund ("Chicago Library Fund"). General responsibilities of the Chicago Library Fund include the provision, maintenance and operation of the City's library facilities. There are no public library facilities within the Project Area.

City of Chicago. The City is responsible for the provision of a wide range of municipal services, including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; building, housing and zoning codes, etc.

Board of Education of the City of Chicago ("Board of Education"). General responsibilities of the Board of Education include the provision, maintenance and operation of educational facilities and the provision of educational services for kindergarten through twelfth grade. There are no public schools in the Project Area.

School facilities located outside the Project Area but within approximately ¼ mile of the Project Area are indicated in **Redevelopment Plan Figure 4. Community Facilities.**

Chicago Park District and Chicago Park District Aquarium & Museum Bonds. The Chicago Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. There are no public parks in the Project Area but Elizabeth Wood play lot at 2914 N. Leavitt Avenue, is located immediately adjacent to the Project Area at the northwest edge and is part of the larger Lathrop Homes development.

Chicago Park District facilities located outside the Project Area but within approximately ¼ mile of the Project Area as indicated in **Redevelopment Plan Figure 4. Community Facilities.**

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

All public facilities located within the Project Area as well as those facilities located within ¼ mile of the Project Area are identified in **Redevelopment Plan Figure 4. Community Facilities.**

In 1994, the Act was amended to require an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Redevelopment Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the Project Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

#### **A. Impact of the Redevelopment Project**

The rehabilitation or replacement of underutilized properties with business, commercial, residential, and other development may cause increased demand for services and/or capital improvements to be provided by the Metropolitan Water Reclamation District, the City, the Board of Education and the Chicago Park District. The estimated nature of these increased demands for services on these taxing districts is described below.

Metropolitan Water Reclamation District. The rehabilitation of or replacement of underutilized properties with new development may cause increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

City of Chicago. The replacement or rehabilitation of underutilized properties with new development may increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, and other programs.

Board of Education. The replacement or rehabilitation of vacant and underutilized properties with significant new residential development is expected to cause an increase in the number of school age children that will require services and programs provided by the Board of Education.

Over the next ten years, the potential residential development program for the Project Area includes approximately 535 new and rehabilitated residential units. This includes currently occupied units that will be rehabilitated or replaced as part of redevelopment. The per capita multiplier method was used estimate the number of students that could be generated by the redevelopment project. Illinois multipliers were developed by the Center for Urban Policy Research at Rutgers University and are based on 2000 Census data. Based on the initial phase of Lathrop Homes redevelopment, which includes new or rehabilitated housing units including market, affordable and CHA rents, it is estimated that redevelopment activities will generate approximately 160 elementary and middle school age children and 50 high school age children.

Chicago Park District. The replacement or rehabilitation of underutilized properties with institutional, commercial, and other development may increase the demand for services, programs and capital improvements provided by the Chicago Park District near to the Project Area.

Chicago Library Fund. The replacement or rehabilitation of underutilized properties with institutional or commercial development is not likely to increase the demand for services, programs and capital improvements provided by the Chicago Library Fund.

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

The following activities represent the City's program to address increased demand for services or capital improvements provided by the impacted taxing districts.

- Metropolitan Water Reclamation District. It is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately served by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Therefore, no special program is proposed for the Metropolitan Water Reclamation District.
- City of Chicago. It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special programs are proposed for the City.
- Board of Education. It is not likely that there will be an increase in the demand for services and programs provided by the Board of Education.

The Project Area is located within the Jahn Elementary School boundaries. Jahn Elementary School is currently underutilized with a 2015/16 enrollment of 323 students and a capacity of 510. The neighborhood high school serving the Project Area is Lake View High School which is currently functioning at efficient levels with a 2015/16 enrollment of 1289 students and a capacity of 1,392. Alcott College Prep, with city-wide attendance boundaries is also under capacity with an enrollment of 308 students and a capacity of 396.

It is anticipated that the number of school age children to be generated by redevelopment within the Project Area can be sufficiently accommodated by the existing facilities provided by the Board of Education. The City and the Board of Education will monitor development in the Project Area to ensure that residents are adequately served and any increased demand for services and capital improvements provided by the Board of Education are addressed.

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

The City's program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Project occurring as anticipated in this Redevelopment Plan, (ii) the Redevelopment Project resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs; and (iii) the generation of sufficient Incremental Property Taxes to pay for the Redevelopment Project Costs (identified in **Table 1. Estimated Redevelopment Project Costs**). In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise its program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

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

This Redevelopment Plan and the Redevelopment Project described herein include land uses that will be approved by the Chicago Plan Commission prior to the adoption of the Redevelopment Plan.



## **X. PHASING AND SCHEDULING**

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

It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of Incremental Property Taxes by the City.

The estimated date for completion of Redevelopment Projects is no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., December 31, 2040, assuming City Council approval of the Project Area and Redevelopment Plan in 2016).

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

This Redevelopment Plan may be amended pursuant to the Act.



## **XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN**

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

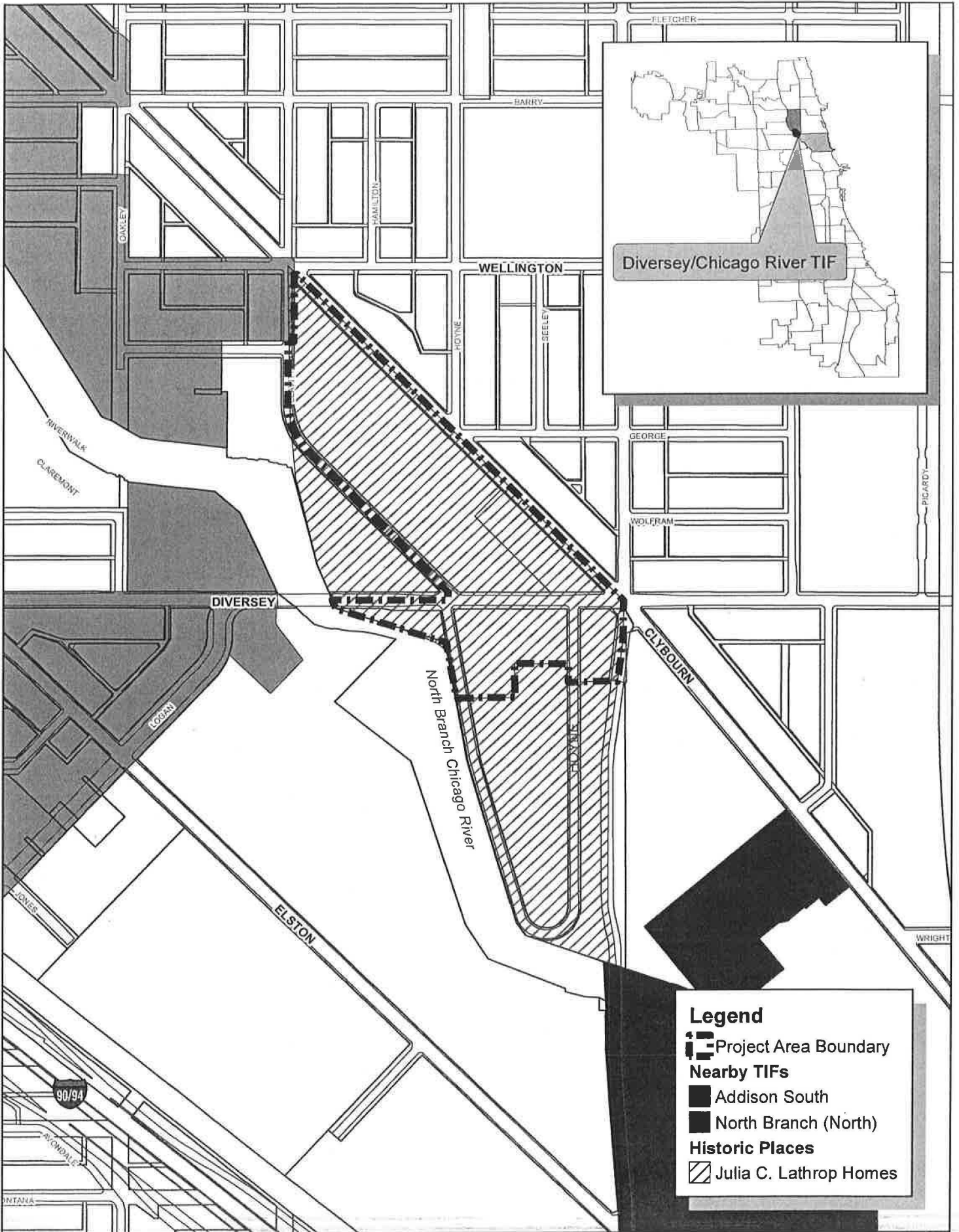
- A) The assurance of equal opportunity in all personnel and employment actions, with respect to the Redevelopment Project, including, but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, or housing status.
- B) Redevelopers must meet the City's standards for participation of 26 percent Minority Business Enterprises and 6 percent Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.
- C) This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
- D) Redevelopers will meet City standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

The City shall have the right in its sole discretion to exempt certain small businesses, residential property owners and developers from the above.

### **XIII. HOUSING IMPACT**

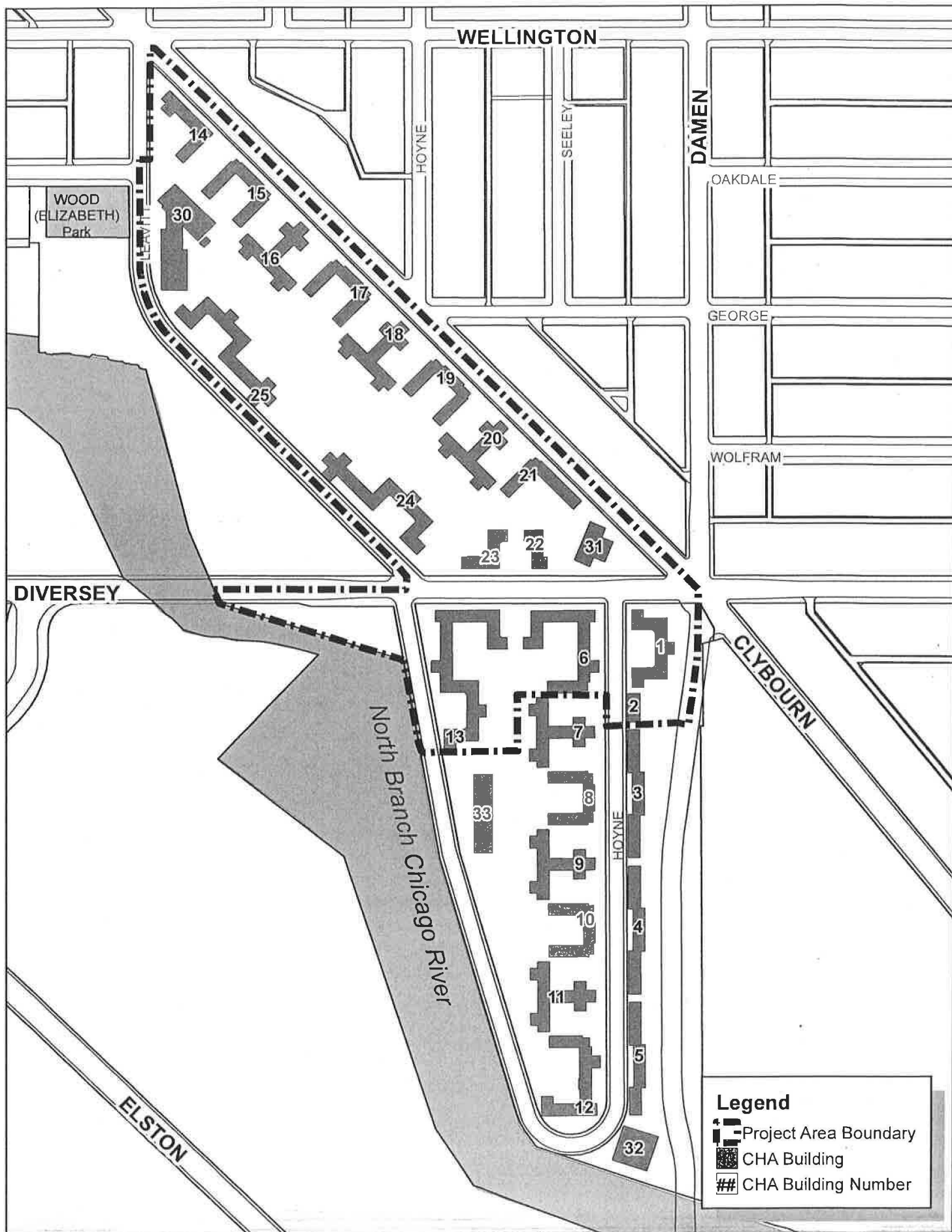
As set forth in the Act, if the redevelopment plan for a Redevelopment Project Area would result in the displacement of residents from 10 or more inhabited residential units, or if the Redevelopment Project Area contains 75 or more inhabited residential units and the City is unable to certify that displacement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

The Redevelopment Plan generally outlines redevelopment activities that include substantial rehabilitation and historic preservation of existing buildings as well as new construction. As a result, it is expected that more than 10 inhabited residential units will be temporarily relocated to existing units onsite as a result of Redevelopment Plan activities. In accordance with the Act, a full Housing Impact Study has been undertaken as part of this Redevelopment Plan and is attached and incorporated to this Redevelopment Plan as **Exhibit II**, hereto.



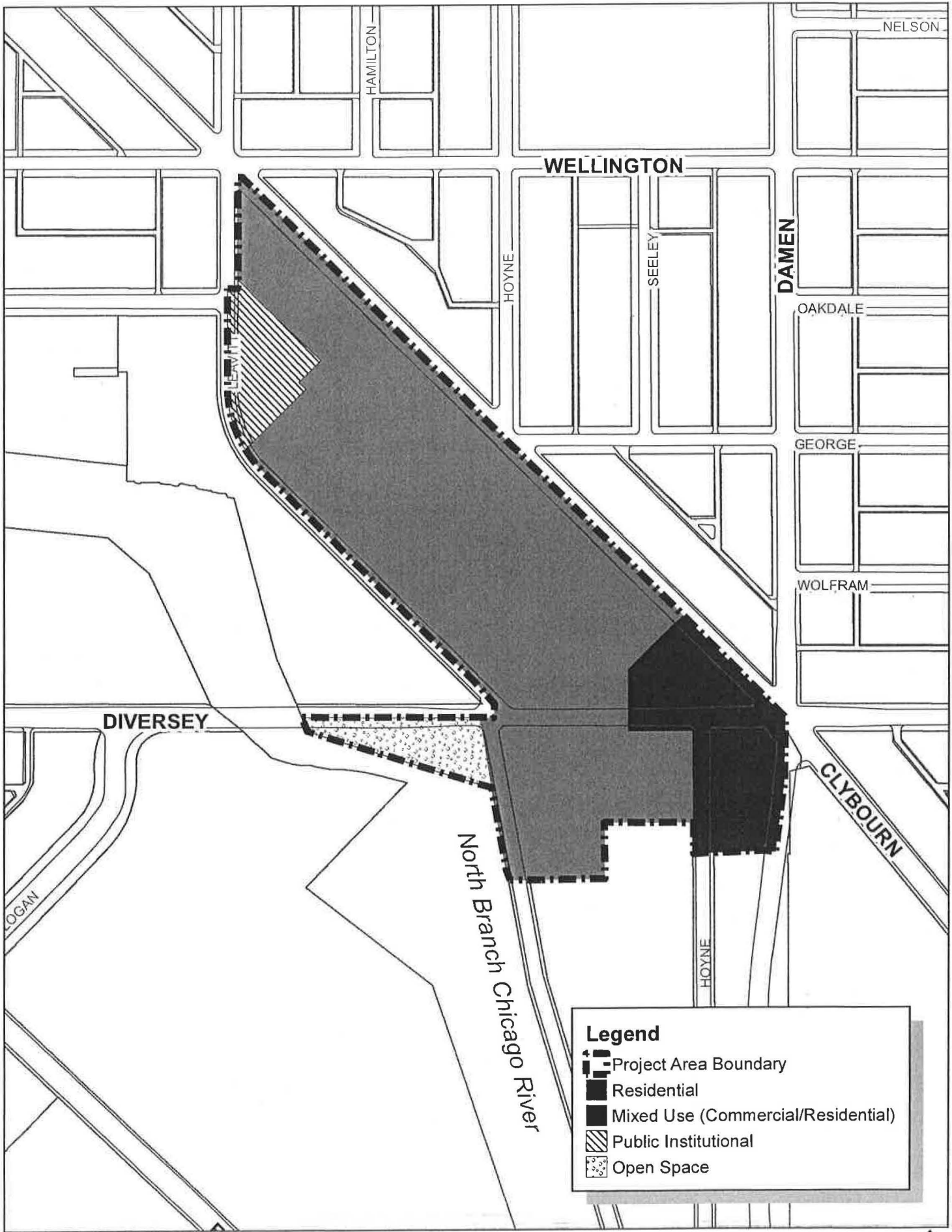
Redevelopment Plan Figure 1. Community Context Map










Redevelopment Plan Figure 2. Project Area Boundary





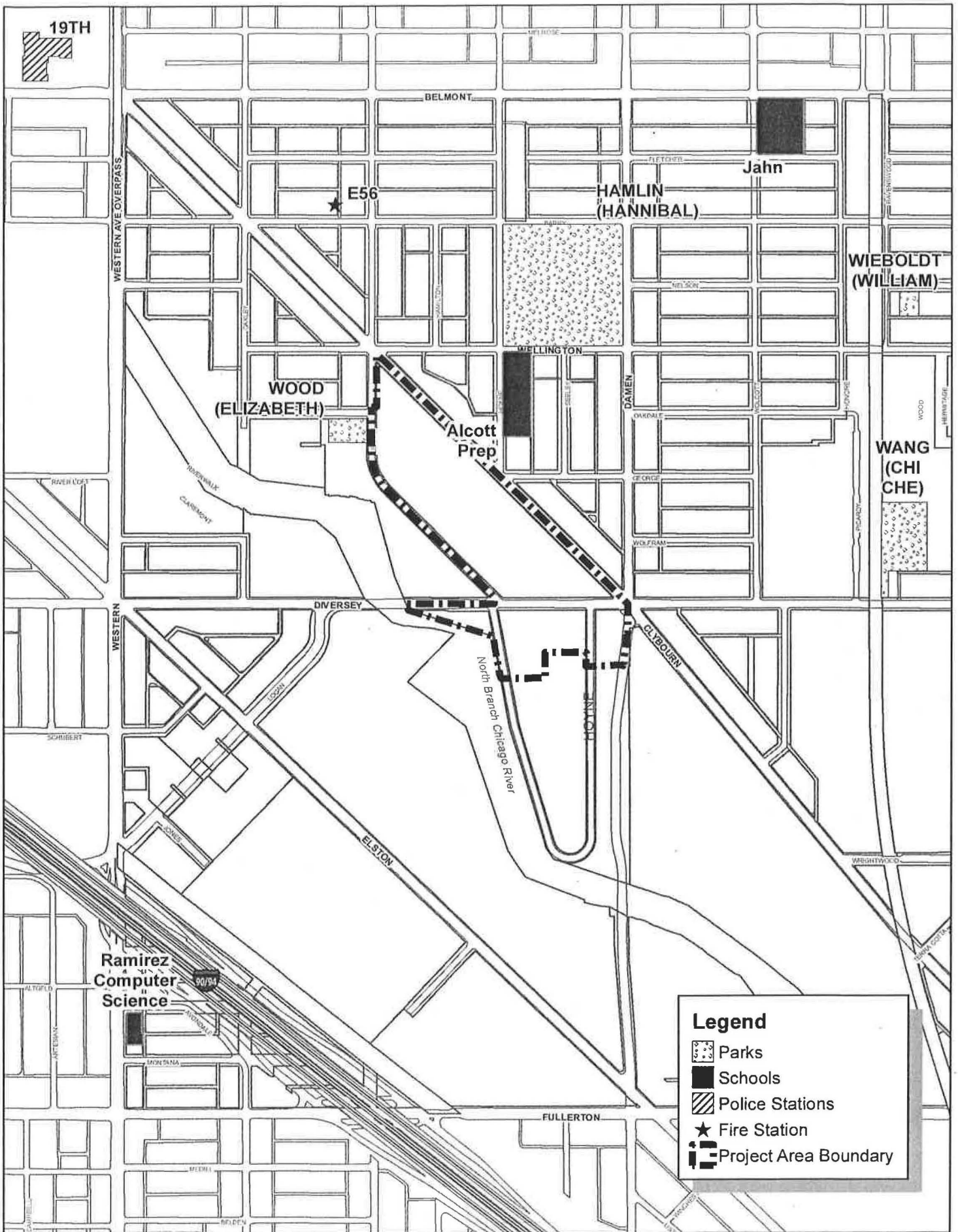
**Legend**

-  Project Area Boundary
-  Residential
-  Mixed Use (Commercial/Residential)
-  Public Institutional
-  Open Space

Redevelopment Plan Figure 3. Land Use Plan







Redevelopment Plan Figure 4. Community Facilities





**EXHIBIT I: Diversey/Chicago River Tax Increment Financing Eligibility Report**

**EXHIBIT II. Diversey/Chicago River Housing Impact Study**

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**DIVERSEY/CHICAGO RIVER  
TAX INCREMENT FINANCING  
ELIGIBILITY REPORT**

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City of Chicago, Illinois

April 29, 2016

City of Chicago  
Rahm Emanuel, Mayor

Department of Planning and Development  
David L. Reifman, Commissioner

Prepared by:

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## INTRODUCTION

This document entitled, the *Diversey/Chicago River Tax Increment Financing Eligibility Report*, (the "**Eligibility Report**") summarizes the methodology and findings of a study for an area located along the north branch of the Chicago River at the intersection of Diversey Parkway and Damen Avenue. The area encompasses approximately 18 of the 33 buildings that make up the Julia C. Lathrop Homes public housing development ("**Lathrop Homes**") which is currently owned and operated by the Chicago Housing Authority (the "**CHA**"). The Eligibility Report is intended to determine whether approximately 21 acres of land located on the north side of the City of Chicago (the "**City**") qualifies for designation as a redevelopment project area based on findings for a "**conservation area**," and/or a "**blighted area**" within the requirements set forth in the Tax Increment Allocation Redevelopment Act (the "**Act**"). The Act is found in Illinois Compiled Statutes, Chapter 65, Act 5, Section 11-74.4-1 *et. seq.* as amended.

The irregularly shaped area examined in this Eligibility Report is generally bounded on the east by Damen Avenue and Clybourn Avenue, on the north by Wellington Avenue, on the west by the north branch of the Chicago River and Leavitt Avenue, and on the south by an irregular line that lies between 214 feet and 354 feet south of Diversey Parkway and runs along the south line of the Lathrop Homes' buildings commonly numbered as 13, 6, and 2. This area is referred to in this document as the Diversey/Chicago River Tax Increment Financing Redevelopment Project Area (the "**Project Area**"). The boundaries of the Project Area are shown on *Eligibility Report Figure 1, Project Area Boundary*.

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

### ***The Project Area***

The Project Area is approximately 21.02 acres in size and includes four tax parcels within two uncommonly large tax blocks, or "superblocks." The Project Area is situated within two Chicago community areas that meet at Diversey Parkway. The City's North Center community area encompasses the Project Area to the north and the City's Lincoln Park community area encompasses the portion of the Project Area to the south of Diversey Parkway.

Sixteen of the 18 buildings in the Project Area are multi-unit residential buildings and two are non-residential buildings which consist of a small CHA management office and a community center. The multi-unit residential buildings are a mixture of two-, three-, and four-story walk-up

buildings. Existing land uses in the Project Area are illustrated in **Eligibility Report Figure 2, Existing Land Use**.

The Project Area as a whole is characterized by aging, deteriorated, and obsolete residential and public buildings on improved parcels. Lathrop Homes was originally built in the late 1930s and has undergone only minor improvements in the 80 years since that time. Most of the residential units have been boarded up and are not being renovated due to the prohibitively high costs of renovation. All of the residential structures show deteriorated and obsolete conditions, including window air conditioning units, inefficient generally poor building insulation, outdated building mechanical systems, including the centrally controlled and inefficient heating system dependent on a steam plant located south of the Project Area. All of the buildings are dependent on this steam plant for heating, which makes the residential buildings unsuitable for renovation or conversion without also maintaining the steam plant.

The Project Area is also characterized by long term, high vacancies, aging water and sewer utilities, and insufficient provision of off-street parking. Over 92% of the residential units in the entire Lathrop Homes complex are vacant (excluding the senior building) and over 88% of the residential units in the Project Area are vacant. In addition, the majority of the water and sewer infrastructure serving the Project Area is over 100 years old and beyond their expected useful life. Finally, the Project Area suffers from a severe lack of off-street parking, as the area was developed in the 1930s when auto ownership was much less common than today. The original development created one off-street parking space for every fifteen residential units with the main residential parking lot inconveniently located in the southern portion of the Lathrop Homes development.

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

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

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

- 100% of the buildings are 35 years of age or older;
- Six conservation area factors are present to a meaningful extent and reasonably distributed throughout the entire Project Area. These include:
  1. Obsolescence
  2. Deterioration
  3. Structures Below Minimum Code Standards
  4. Excessive Vacancies
  5. Inadequate Utilities
  6. Excessive Land Coverage and Overcrowding of Structures

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



## I. BASIS FOR REDEVELOPMENT

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

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

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

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

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

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

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

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Illegal use of individual structures
5. Presence of structures below minimum code standards
6. Excessive vacancies
7. Lack of ventilation, light, or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land-use or layout
11. Lack of community planning

12. Environmental remediation costs have been incurred or are required
13. Declining or lagging rate of growth of total equalized assessed valuation

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. ELIGIBILITY SURVEY AND ANALYSIS

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

1. Exterior survey of the condition and use of all buildings and sites and interior survey of selected buildings;
2. Field survey of physical conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences, and general property maintenance;
3. Analysis of the existing uses within the Project Area and their relationships to the surroundings;
4. Comparison of current land use to current zoning ordinance and the current zoning map;
5. Analysis of original platting and current parcel size and layout;
6. Analysis of vacant buildings;
7. Analysis of building floor area, site coverage, and off-street parking quantities;
8. Review of previously prepared plans, studies and data, including multiple physical needs assessment studies prepared by the CHA and/or its consultants (reports dated 1991, 1997, and April 27, 2015)
9. Analysis of the City's building permit data and building code violation data for the period from 2008 through December 2015;
10. Analysis of storm, sanitary sewer lines and water supply lines within the Project Area via existing infrastructure maps provided by the City's Department of Water Management;
11. Analysis of Cook County Assessor records for assessed valuations and equalization assessed valuations ("EAV") for tax parcels in the Project Area for assessment years 2010 to 2015; and

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

A factor noted as "**not present**" indicates either that no information was available or that no evidence could be documented as part of the various surveys and analyses. A factor noted as present to a meaningful extent indicates that conditions exist which document that the factor is present throughout major portions of the Project Area and that the presence of such conditions have a major adverse impact or influence on adjacent and nearby development.

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

### III. IMPROVED AREA ELIGIBILITY CRITERIA

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

**Preface Note on Eligibility Criteria Evaluation.** In order to assess the "meaningful presence and reasonable distribution" of factors pursuant to the Act, TIF study areas are typically analyzed on a block-by-block basis, but the subject Project Area consists of only two unequal blocks, so the analysis below is based on the presence of factors on a building-by-building basis. As can be seen in Figures 2 through 8, the existing buildings are evenly distributed throughout the Project Area.

#### A. Age

Age is a primary and threshold criterion in determining an area's qualification for designation as a conservation area. Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over an extended period of years. Since building deterioration and related structural problems can be a function of time and climate, structures which are 35 years or older typically exhibit more problems and require greater maintenance than more recently constructed buildings.

Of the 18 buildings within the 2 tax blocks, all 18 are 35 years of age or more.

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

#### B. Dilapidation

*Section 11-74.4-3 of the Act defines "Dilapidation" as follows: An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.*

This section summarizes the process used for assessing building conditions in the Project Area, the standards and criteria used for evaluation, and the findings as to the existence of Dilapidation or deterioration of structures. The process, standards and criteria were applied in accordance with the Building Conditions Survey Manual (the "Manual"). The Manual, with updates to current standards, has been in use for over 40 years by planning consultants in the midwest. The original Manual was developed by staff involved in field surveys and analysis, providing a consistent method of evaluating buildings necessary for the background findings for the planning profession since the days of assessing properties during the 1960's urban renewal years.

The building condition analysis is based on a thorough exterior inspection of the buildings and sites conducted in November 2015, as well as an interior inspection in October 2015 and documentation of building conditions and facility needs assessments provided by the CHA. Structural deficiencies in building components and related environmental deficiencies in the Project Area were noted during the inspections.

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

During the field surveys, each component of the buildings in the Project Area was examined to determine whether it was in sound condition or had minor, major, or critical defects. Building components examined were of two types, primary structural and secondary, as described below.

#### **a. Primary Structural Components**

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

#### **b. Secondary Components**

These are components generally added to the primary structural components and are necessary parts of the building, including exterior and interior stairs, windows and window units, doors and door units, interior walls, porches and steps, chimneys, and gutters and downspouts.

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

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

### **2. Building Component Classifications**

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

#### **a. Sound**

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

#### **b. Deficient - Requiring Minor Repair**

Building components containing defects (e.g. loose or missing material or holes and cracks over a limited area) which often may be corrected through the course of normal maintenance. Minor defects have no real effect on either primary structural or secondary components and the correction of such defects may be accomplished by the owner or occupants, such as pointing masonry joints over a limited area or replacement of less complicated components. Minor defects are not considered in rating a building as structurally substandard.

#### **c. Deficient - Requiring Major Repair**

Building components which contain major defects over a widespread area and would be difficult to correct through normal maintenance. Buildings in the major deficient category would require replacement or rebuilding of components by people skilled in the building trades.

#### **d. Critical**

Building components that contain major defects (e.g. bowing, sagging, or settling to any or all exterior components causing the structure to be out-of-plumb, or broken, loose or missing material and deterioration over a widespread area) so extensive that the cost of repair would be excessive.

### **3. Final Building Rating**

After completion of the exterior-interior building condition survey, each structure was placed in one of four categories based on the combination of defects found in various primary structural and secondary building components. Each final rating is described below:

a. Sound

Sound buildings can be kept in a standard condition with normal maintenance. Buildings so classified have no major or minor defects.

b. Deficient

Deficient buildings contain defects that collectively are not easily correctable and cannot be accomplished in the course of normal maintenance. The classification of major or minor reflects the degree or extent of defects found during the survey of the building.

*Minor* -- one or more minor defect, but no major defect.

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

c. Substandard

Structurally substandard buildings contain defects that are so serious and so extensive that the building must be removed or major components substantially repaired and/or replaced. Buildings classified as structurally substandard have two or more major defects.

"Minor deficient" and "major deficient" buildings are considered to be the same as "deteriorating" buildings as referenced in the Act; "substandard" buildings are the same as "dilapidated" buildings. The words "building" and "structure" are presumed to be interchangeable.

**4. Exterior Survey**

The conditions of the buildings within the Project Area were determined based on observable components, as well as the documentation provided by CHA regarding exterior and interior conditions of the residential buildings. JRG conducted an exterior survey of each building within the Project Area to determine its condition. JRG identified no buildings as dilapidated. Of the 18 buildings in the Project Area:

- 1 building (5.6%) was classified as sound (no defects);
- 11 buildings (61.1%) were classified as minor deficient (deteriorating);
- 6 buildings (33.3%) were classified as major deficient (deteriorating); and
- 0 buildings (0.0%) were classified as structurally substandard (dilapidated).

**Conclusion: No Presence of Factor. Dilapidation (structurally substandard buildings) as a factor is not present in the Project Area.**

**C. Obsolescence**

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

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

**1. Functional Obsolescence**

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



## **2. Economic Obsolescence**

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

If functionally obsolete properties are not periodically improved or rehabilitated, or economically obsolete properties are not converted to higher and better uses, the income and value of the property erodes over time. This value erosion leads to deferred maintenance, deterioration, and excessive vacancies. These manifestations of obsolescence then begin to have an overall blighting influence on surrounding properties and detract from the economic vitality of the overall area. Factors of obsolescence may include inadequate utility capacities, outdated building designs, etc.

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

## **3. Obsolete Building Types**

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

All of the residential properties were built prior to 1940 and reflect outmoded building components, systems, and transportation planning/parking compared to contemporary developments. Obsolescence is present throughout the residential complex as documented by outdated mechanical conditions, doorways smaller than current standards, presence of wall or window air conditioning units and outmoded, non-energy efficient windows. Due to the age of their construction, most of the residential structures lack sufficient wall insulation causing heating/cooling inefficiencies year round. Furthermore, the dependence on the steam plant south of the Project Area as a centralized heating system, as well as residents' inability to use thermostats to control their own unit's heat, adds to the residential buildings' obsolescence.

The residential structures in the Project Area are characterized by conditions that limit their efficient use according to contemporary standards. The conditions of obsolescence must be remedied in any redevelopment of the residential units, which significantly raises the cost of such an undertaking. See **Eligibility Report Figure 3, Obsolescence**.

**Conclusion: Major Presence of Factor. The analysis indicates that Obsolescence is present to a meaningful extent in 16 of the 18 buildings and reasonably distributed throughout the Project Area.**

## **D. Deterioration**

*Section 11-74.4-3 of the Act defines "Deterioration" as follows: With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.*

Based on the definition given by the Act, deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair.



Deterioration may be evident in basically sound buildings containing minor defects, such as lack of painting, loose or missing materials, or holes and cracks over limited areas. This deterioration can be corrected through normal maintenance.

Deterioration which is not easily correctable and cannot be accomplished in the course of normal maintenance may also be evident in buildings. Such buildings may be classified as minor deficient or major deficient buildings, depending upon the degree or extent of defects. This would include buildings with defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.), and defects in primary building components (e.g., foundations, frames, roofs, etc.), respectively.

### **1. Deterioration of Buildings**

The analysis of building Deterioration is based on the survey methodology and criteria described in the Section on Dilapidation. Six buildings within the Project Area are classified as exhibiting major deteriorating conditions and 11 buildings are classified as exhibiting minor deteriorating conditions. See **Eligibility Report Figure 4, Deterioration.**

All 17 of the buildings that exhibit Deterioration were found with varying levels of Deterioration in their secondary components and all but two of these 17 buildings exhibited minor Deterioration in their walls. Deteriorating conditions include multiple spots of loose and falling brick and widespread need for tuck pointing and brick replacements. The secondary components that were found to be deteriorated included boarded up windows, severely rusted lintels, deteriorated window frames, missing and boarded up doors, chipped and deteriorated front entrance steps, roofline parapet walls in need of tuck pointing or brick replacement, and cracked, bent, or leaking roof drainage downspouts.

### **2. Deterioration of Sites and Infrastructure**

As part of the survey, JRG documented site conditions that include extensive broken, pavement and uneven paved surfaces within parking areas and sidewalks. Based on the field survey of streets within the Project Area, Deterioration of street pavement, curb and gutters, and sidewalks was noted to a limited extent in the Project Area.

**Conclusion: Major Presence of Factor. Deterioration is present in both tax blocks and in 17 of the 18 buildings of the Project Area. Therefore, Deterioration is meaningfully present and reasonably distributed throughout the Project Area.**

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

*Section 11-74.4-3 of the Act defines the "Presence of structures below minimum code standards" as follows: All structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.*

As referenced in the definition above, the principal purposes of governmental codes applicable to properties are to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy; to be safe for occupancy against fire and similar hazards; and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code standards are characterized by defects or deficiencies that threaten health and safety.

One of the most important building codes are those designed to ensure compliance with the Americans with Disabilities Act. In the case of public housing units, all federally assisted housing developments with 5 or more units must contain 5% of the dwelling units to be accessible for persons with mobility disabilities, and an additional 2% of the dwelling units must

be accessible to persons with hearing or visual disabilities. These requirements are set forth in the Uniform Federal Accessibility Standards (“UFAS”).

EMG, an engineering firm located in Hunt Valley, Maryland, completed a comprehensive green physical needs assessment of the Lathrop Homes, dated April 27, 2015, which included assessments of the residential units compliance with UFAS (the “EMG Study”). According to the EMG Study, none of the 16 residential buildings in the Project Area have any units that meet the standards for accessibility (mobility or audio/visual). Therefore all of the 16 residential buildings are below these UFAS building code standards.

The EMG Study documented the presence of structures below minimum code standards in 16 of the 18 buildings of the Project Area. This factor is present to a meaningful extent and reasonably distributed throughout the Project Area.

See *Eligibility Report Figure 5, Buildings Below Minimum Code Standards.*

***Conclusion: Major Presence of Factor. The analysis indicates that structures below minimum code standards is present to a meaningful extent and is reasonably distributed throughout the Project Area.***

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

*Section 11-74.4-3 of the Act defines “illegal use of individual structures” as follows: The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.*

Violation of federal, State or local laws were not evident as part of the exterior field survey conducted as part of this Eligibility Study.

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

#### **G. Excessive Vacancies**

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

Vacancies are present to a major extent based on an exterior field survey and on information provided by the CHA. According to CHA documents, as of February 7, 2016, there are 925 residential units in the entire Lathrop Homes complex, 570 of which are located within the Project Area. This CHA data shows that, of these 570 residential units, 503 units (88%) are vacant. Furthermore, many of these vacant units have been vacant for over 10 years, creating a long term and ongoing blight on the Project Area and the surrounding neighborhood. For purposes of this report a building was characterized as exhibiting “excessive vacancies” if more than 20% of its units were vacant. Under these definitions, 16 of the 18 buildings of the Project Area exhibited excessive vacancies.

Excessive vacancies, exhibited by exceptionally high levels and extended duration of vacancies in the Project Area and the larger Lathrop Homes community, have a detrimental impact on the neighborhood and all its residents. High vacancy levels can attract squatters to break into the units, as well as rodents (commonly found near the river), and also reduces the safety and security of residents due to the reduced presence of residents and visitors. The CHA has

attempted to address the safety issue, in part, by moving all existing residents into the cluster of buildings south of Diversey Parkway. See Eligibility Report Figure 6, Excessive Vacancies.

**Conclusion: Major Presence of Factor. Excessive vacancies as a factor is present to a meaningful extent and is reasonably distributed throughout the Project Area.**

#### H. Lack of Ventilation, Light, or Sanitary Facilities

Section 11-74.4-3 of the Act defines "lack of ventilation, light, or sanitary facilities" as follows: The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

A comprehensive interior inspection of conditions is required to determine the presence of this factor. No such inspection was conducted as part of this Eligibility Study. Sufficient ingress/egress and the presence of sufficient window openings was present from an exterior field survey.

**Conclusion: No Presence of Factor. No condition pertaining to a lack of ventilation, light, or sanitary facilities has been documented as part of the exterior surveys and analyses undertaken within the Project Area. This factor is not present in the Project Area.**

#### I. Inadequate Utilities

Section 11-74.4-3 of the Act defines "inadequate utilities" as follows: Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

Existing sewer and water supply lines throughout the City were largely put in place 30 to 100 years ago and many are undersized.

Both sewer and water lines typically have useful life expectancies of approximately 100 years. Review and analysis of the City's water and sewer atlases for the pipes that serve the Project Area indicate that many of the existing water and sewer lines have dangerously exceeded their expected life of 100 years. The sewer lines running along Clybourn Avenue, from Damen Avenue to the northern end of the Project Area, are all over 130 years old. Similarly, the water lines running along the same stretch of Clybourn Avenue range in age from 104 to 108 years old, also beyond their life expectancy. Finally, the 30-inch water main running along Diversey Parkway from Damen Avenue to the western edge of the Project Area is over 105 years old. See Eligibility Report Figure 7. Inadequate Utilities.

**Conclusion: Major Presence of Factor. Inadequate utilities, as a factor, impacts 15 of the 18 buildings, both of the blocks in the Project Area, and is present to a meaningful extent and reasonably distributed throughout the Project Area.**

## **J. Excessive Land Coverage & Overcrowding of Structures and Community Facilities**

*Section 11-74.4-3 of the Act defines "excessive land coverage and overcrowding of structures and community facilities" as follows: The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonable required off-street parking, or inadequate provision for loading and service.*

Excessive land coverage and overcrowding of structures and community facilities is present in the Project Area in terms of the lack of sufficient off-street parking spaces. The residential complex was planned and built in the 1930's and the designers did not anticipate modern rates of car ownership and use. The original development created one off-street parking space for every 15 residential units with the main residential parking lot inconveniently located in the southern portion of the Lathrop Homes development. If residents from the buildings at the north end of the complex wish to use an off-street parking space, they must park almost a third of a mile away. Due to low occupancy levels (only 67 units in the Project Area are occupied), current residents have sufficient on-street parking spaces. However, a dramatic and costly expansion of the number of off-street spaces would be required in any redevelopment and re-occupancy of the vacant residential units.

In contrast to the lack of parking, the layout, density, and space between buildings are not considered overcrowded or excessive in land coverage. In fact the overall site layout of Lathrop Homes received great acclaim for its design. However, the dearth of off-street parking spaces is so severe and widespread throughout the entire complex that this is considered a major presence of this factor. The factor impacts 17 of the 18 buildings and all portions of the Project Area to a significant extent, contributing to the Project Area's qualification as a conservation area. Any redevelopment of the Project Area would have to add hundreds of off-street parking spaces in order to meet the City's modern zoning codes. See [Eligibility Report Figure 8. Excessive Land Coverage/Overcrowding of Buildings and Community Facilities.](#)

**Conclusion: Major Presence of Factor. Excessive land coverage and overcrowding of structures and community facilities is present to a meaningful extent and is reasonably distributed throughout the Project Area.**

## **K. Deleterious Land Use or Layout**

*Section 11-74.4-3 of the Act defines "deleterious land-use or layout" as follows: The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.*

The non-residential buildings in the Project Area are complimentary and compatible with the residential buildings, and the land uses are consistent with the City's zoning code and do not result in inappropriate mix of uses.

**Conclusion: No Presence of Factor. Deleterious land-use or layout has not been documented as present in the Project Area.**



#### **L. Lack of Community Planning**

*Section 11-74.4-3 of the Act defines “lack of community planning” as follows: The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area’s development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.*

The City of Chicago was incorporated in 1837 and expanded in population and geography well into the 20<sup>th</sup> century. With the adoption of the Burnham Plan in 1909, the City established a pattern of streets and boulevards on a grid system with residential, commercial and confined industrial areas separated by major rail lines, commercial corridors and the parks connected by green boulevards. Lathrop Homes was planned and built in the 1930’s as a planned community for the working poor and won great praise for its layout and overall design.

**Conclusion: No Presence of Factor. Lack of community planning has not been documented in the Project Area.**

#### **M. Environmental Remediation**

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

The Project Area does not contain any properties or Long-term Cleanup Sites on the United States Environmental Protection Agency’s Region 5 Superfund website and does not contain any Leaking Underground Storage Tanks tracked via the Illinois Environmental Protection Agency’s Leaking Incident Database.

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

#### **N. Declining or Lagging Equalized Assessed Valuation**

*Section 11-74.4-3 of the Act defines “declining or lagging equalized assessed valuation” as follows: The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.*

Over the period from 2010 to 2015, the growth rate of the total EAV of the Project Area has declined in two of the last five years and lagged behind the growth rate of the Consumer Price Index (CPI) in all five of those years. One parcel, 14-30-302-008-0000, which lies in the right-of-way of Damen Avenue, had an assessed value from 2008 through 2011 but was revised to exempt status in assessment year 2012. However, the vast majority of the Project Area, except for two right of way parcels with taxable value, has been exempt for this entire time period so

the declining trend is not meaningful. Therefore this factor is not considered present in the Project Area.

The EAV figures are shown below in **Table 1. Growth of Project Area vs. Consumer Price Index.**

**Table 1. Growth of Project Area**

Year <sup>1</sup>	Project Area EAV			CPI –Dec. Value/All Urban Consumers		
	Project Area EAV	Percent Change <sup>2</sup>	Declining EAV	CPI-December Value	Percent Change	Lagging CPI
2010	161,000	-2.1%		219.179	1.50%	
2011	144,930	-10.0%	YES	225.672	2.96%	YES
2012	0	-100.0%	YES	229.601	1.74%	YES
2013	0	0.0%	NO	233.049	1.50%	YES
2014	0	0.0%	NO	234.812	0.76%	YES
2015	0	0.0%	NO	236.525	0.73%	YES

<sup>1</sup>2015 is the most recent year for which finalized data is available for the Project Area and CPI.

<sup>2</sup>Percent Change reflects the annual growth in EAV from the prior year (e.g. -100.0% change in Project Area EAV for Year 2012 represents the decline in EAV from 2011 to 2012).

**Conclusion: No Presence of Factor. Declining or Lagging Equalized Assessed Valuation as a factor is not present in the Project Area.**

#### IV. DETERMINATION OF PROJECT AREA ELIGIBILITY

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

##### A. Age

The Project Area meets the threshold criteria which requires that 50% or more of buildings are 35 years of age or older. One hundred percent (100%) of the Project Area's buildings are 35 years of age or older.

##### B. Conservation Area Criteria

The meaningful presence and reasonable distribution of a minimum of three of the thirteen factors set forth in the Act are required for an Project Area to qualify for designation as a conservation area. The analysis of the Project Area found a meaningful presence and a reasonable distribution of six factors throughout the Project Area, including:

1. Obsolescence
2. Deterioration
3. Structures Below Minimum Code Standards
4. Excessive Vacancies
5. Inadequate Utilities
6. Excessive Land Coverage and Overcrowding of Structures

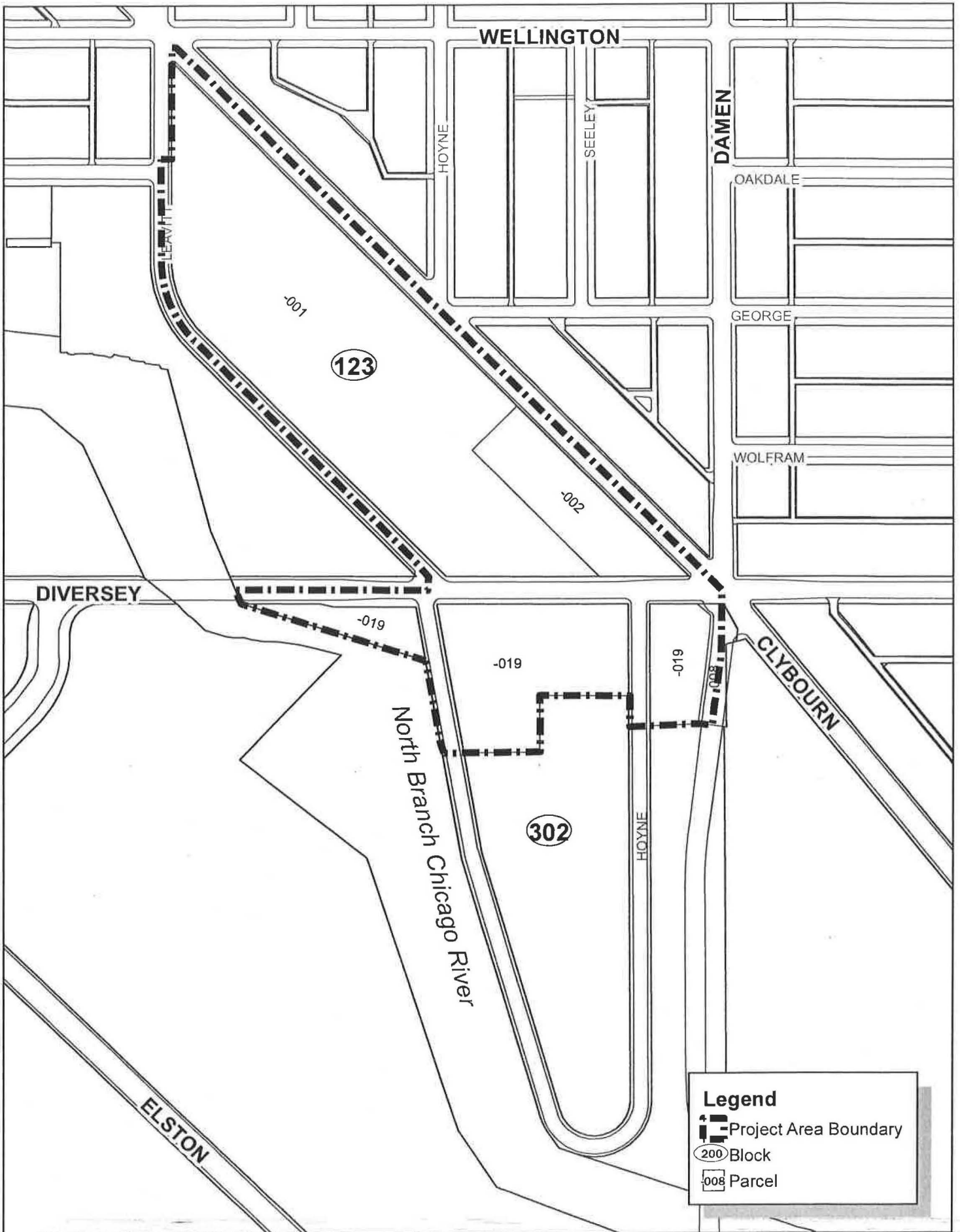


The summary of conservation area factors is documented on a building-by-building basis in **Table 2: Distribution of Conservation Area Factors by Building**. Please see **Figure 9: CHA Building Numbers** in order to reference each building's location.

The eligibility findings presented in this report indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well-being of the City. The Project Area contains properties and buildings of various sizes that are advancing in obsolescence and deterioration. Existing vacancies, inadequate utilities, building code violations, insufficient off-street parking, and other conservation factors as identified above, indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be developed without public action.

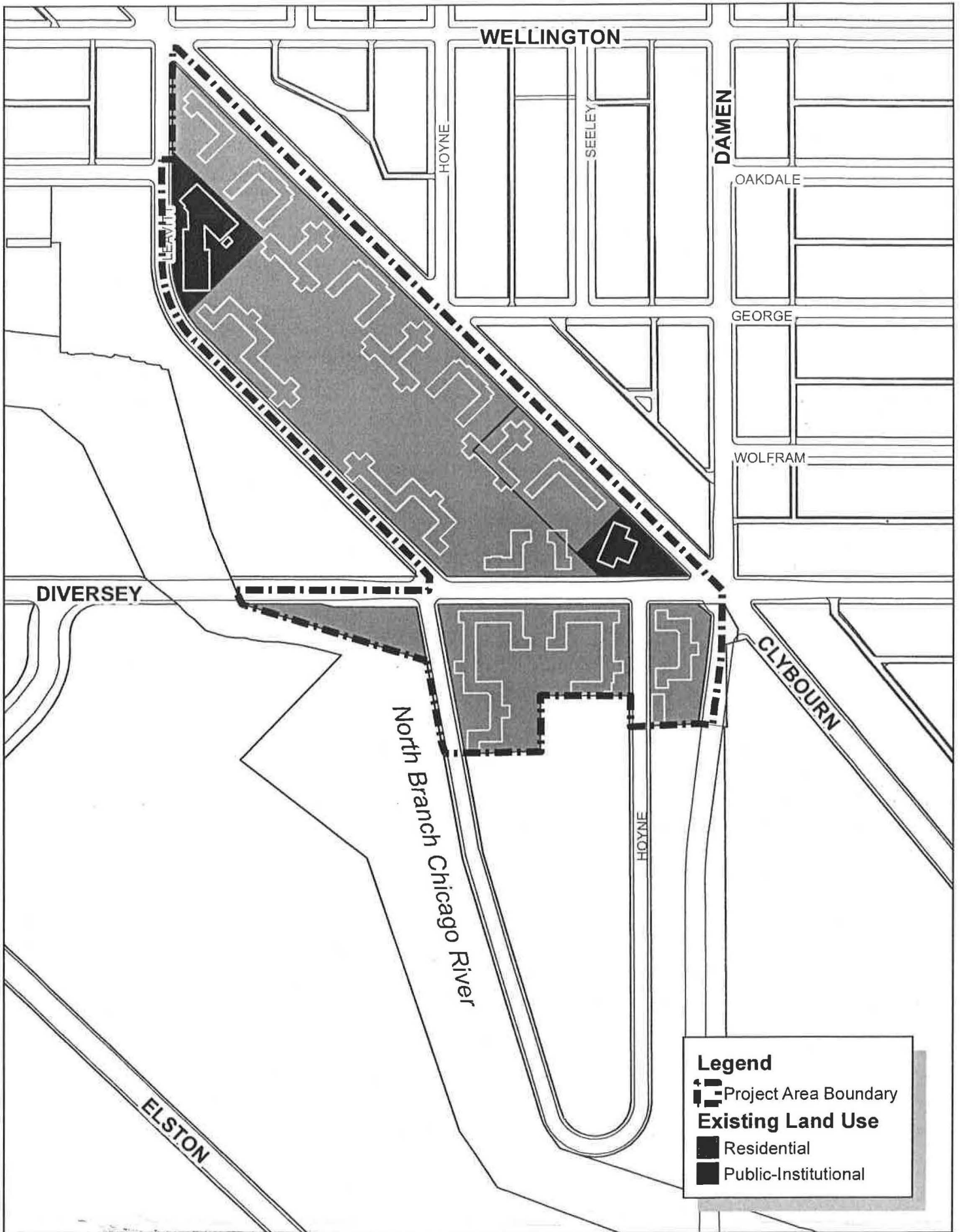
**Table 2. Distribution of Conservation Area Factors by Building**

PIN	Description	CHA Building No.	Dilapidation	Obsolescence	Deterioration	Structures Below Code	Illegal Use of Structures	Excessive Vacancies	Lack of Vent./ Light	Inadequate Utilities	Excessive Land Coverage/Overcrowding	Deleterious Land Use	Lack of Comm. Planning	Environmental Remediation	Declining or Lagging EAV
14-30-123-001	Apartments	14		●	●	●				●	●				
14-30-123-001	Apartments	15		●	●	●				●	●				
14-30-123-001	Apartments	16		●	●	●				●	●				
14-30-123-001	Apartments	17		●	●	●				●	●				
14-30-123-001	Apartments	18		●	●	●				●	●				
14-30-123-001	Apartments	19		●	●	●				●	●				
14-30-123-001	Apartments	22		●	●	●				●	●				
14-30-123-001	Apartments	23		●	●	●				●	●				
14-30-123-001	Apartments	24		●	●	●				●	●				
14-30-123-001	Apartments	25		●	●	●				●	●				
14-30-123-001	Day Care, etc	30									●	●			
14-30-123-002	Apartments	20		●	●	●				●	●				
14-30-123-002	Apartments	21		●	●	●				●	●				
14-30-123-002	CHA Office	31			●					●					
14-30-302-008	Street ROW														
14-30-302-019	Apartments	1		●	●	●				●	●				
14-30-302-019	Apartments	2		●	●	●				●	●				
14-30-302-019	Apartments	6		●	●	●				●	●				
14-30-302-019	Apartments	13		●	●	●				●	●				



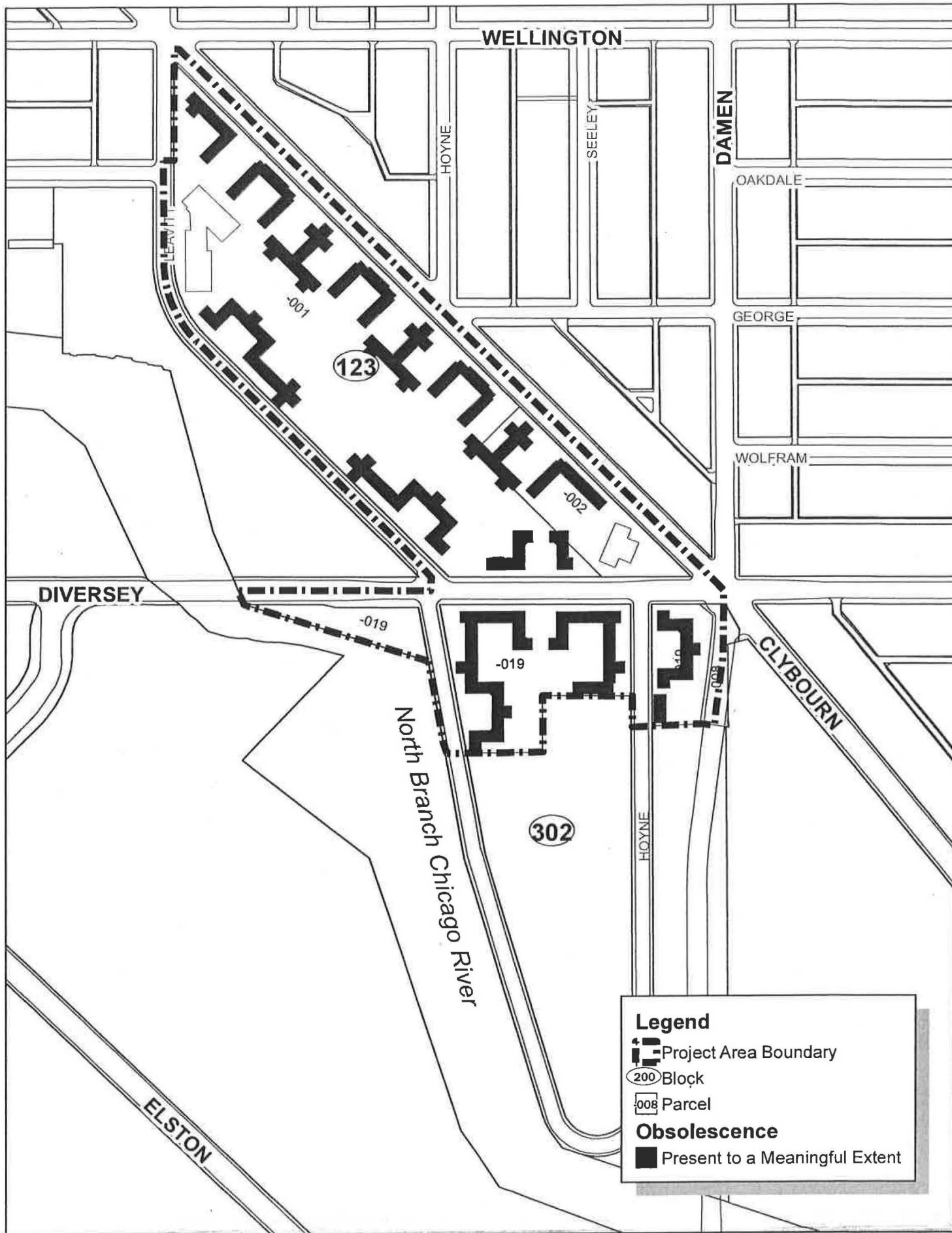
Eligibility Report Figure 1. Project Area Boundary  
 Diversey / Chicago River TIE





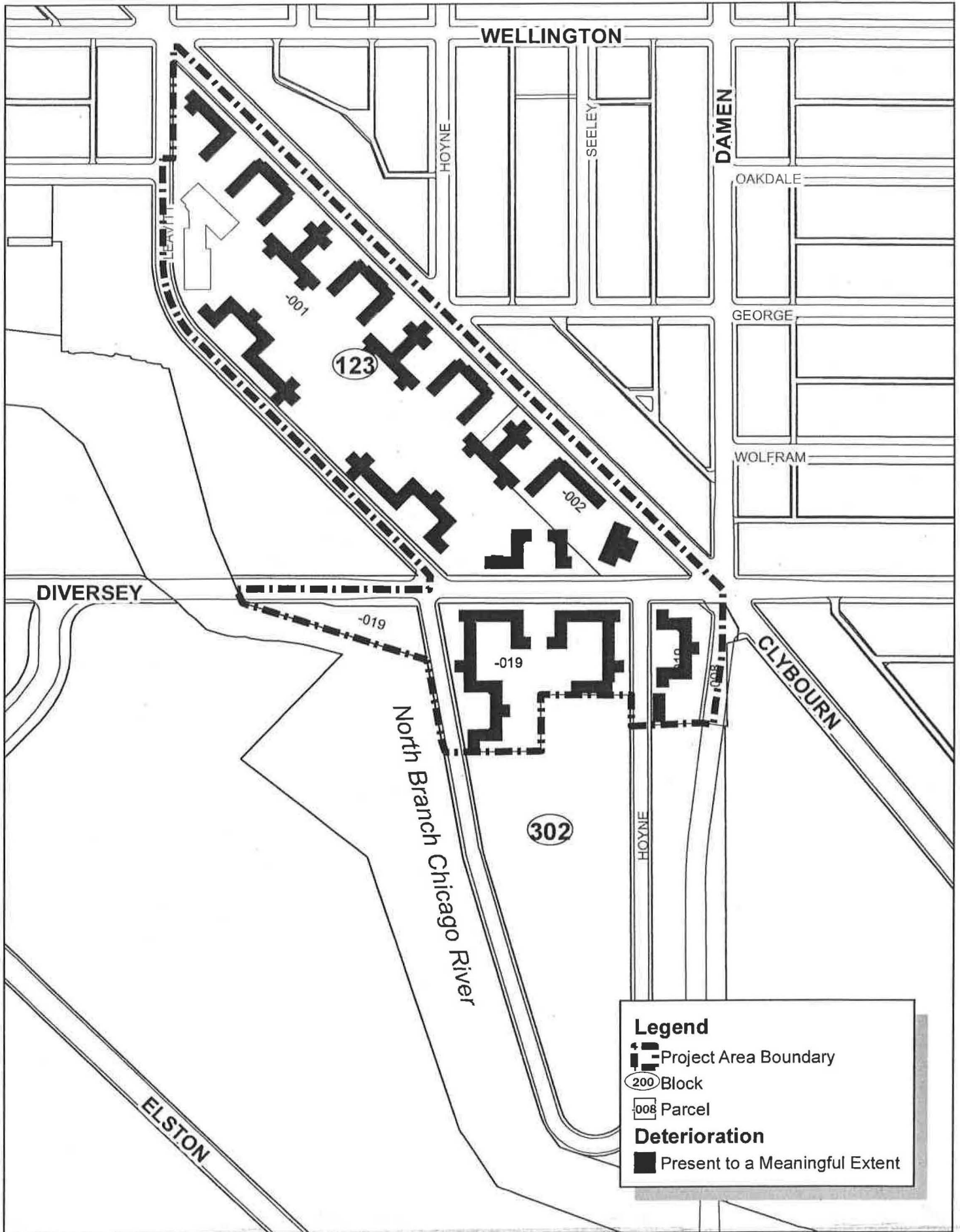
Eligibility Report Figure 2. Existing Land Use





Eligibility Report Figure 3. Obsolescence  
 Diversey/Chicago River TIE

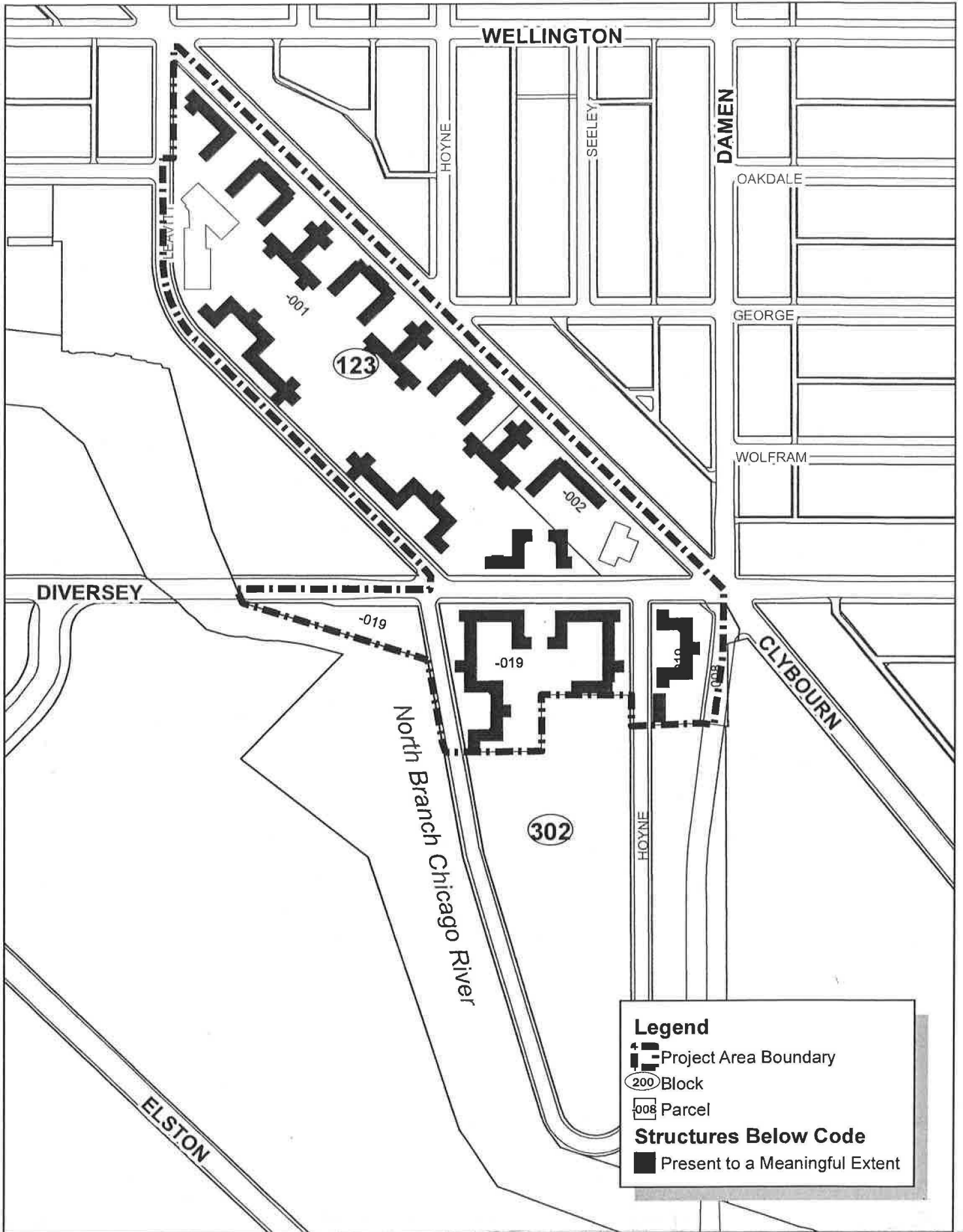




Eligibility Report Figure 4. Deterioration in Diversey / Chicago River TIF



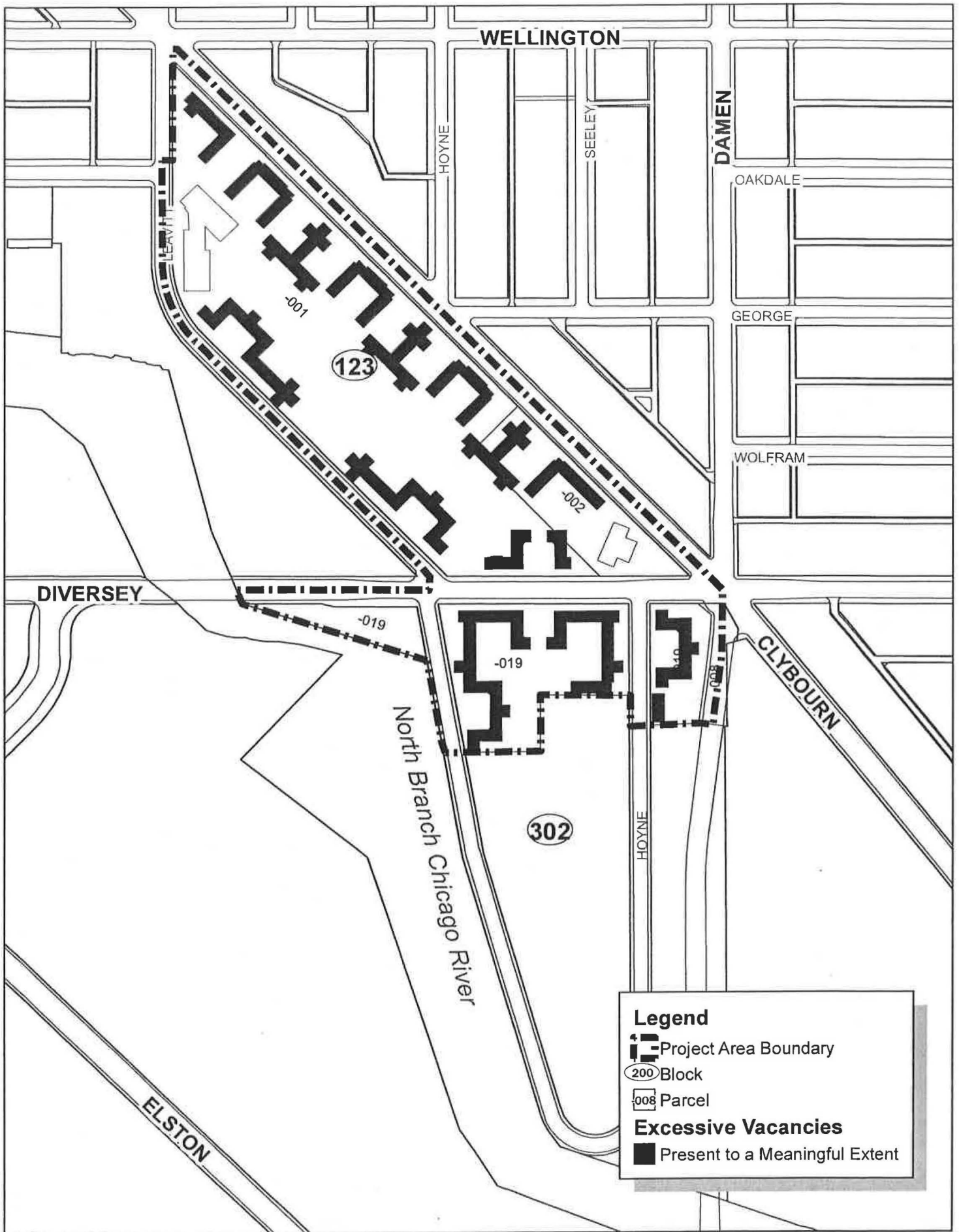




Eligibility Report Figure 5. Structures Below Code  
Diversey / Chicago River TIE

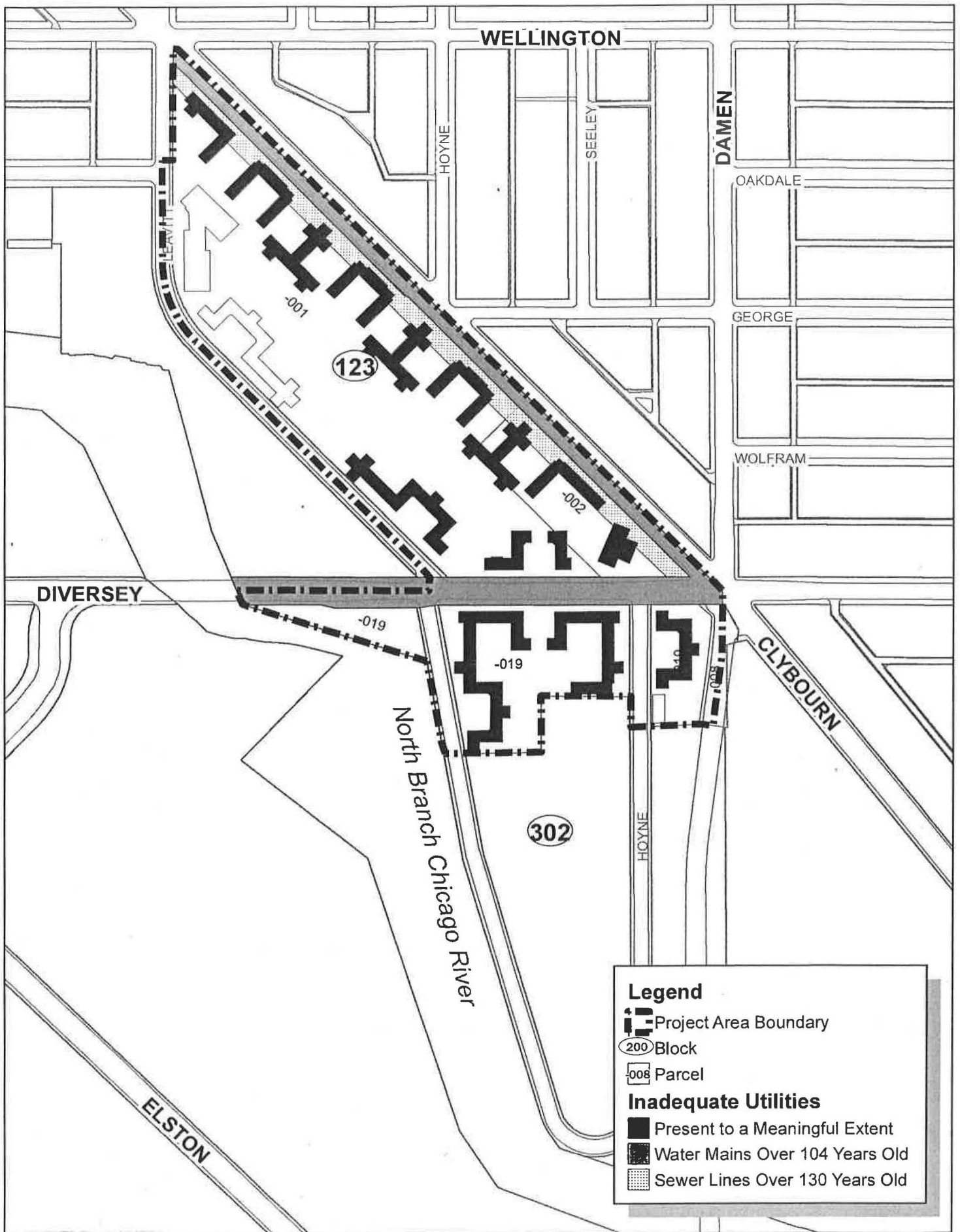






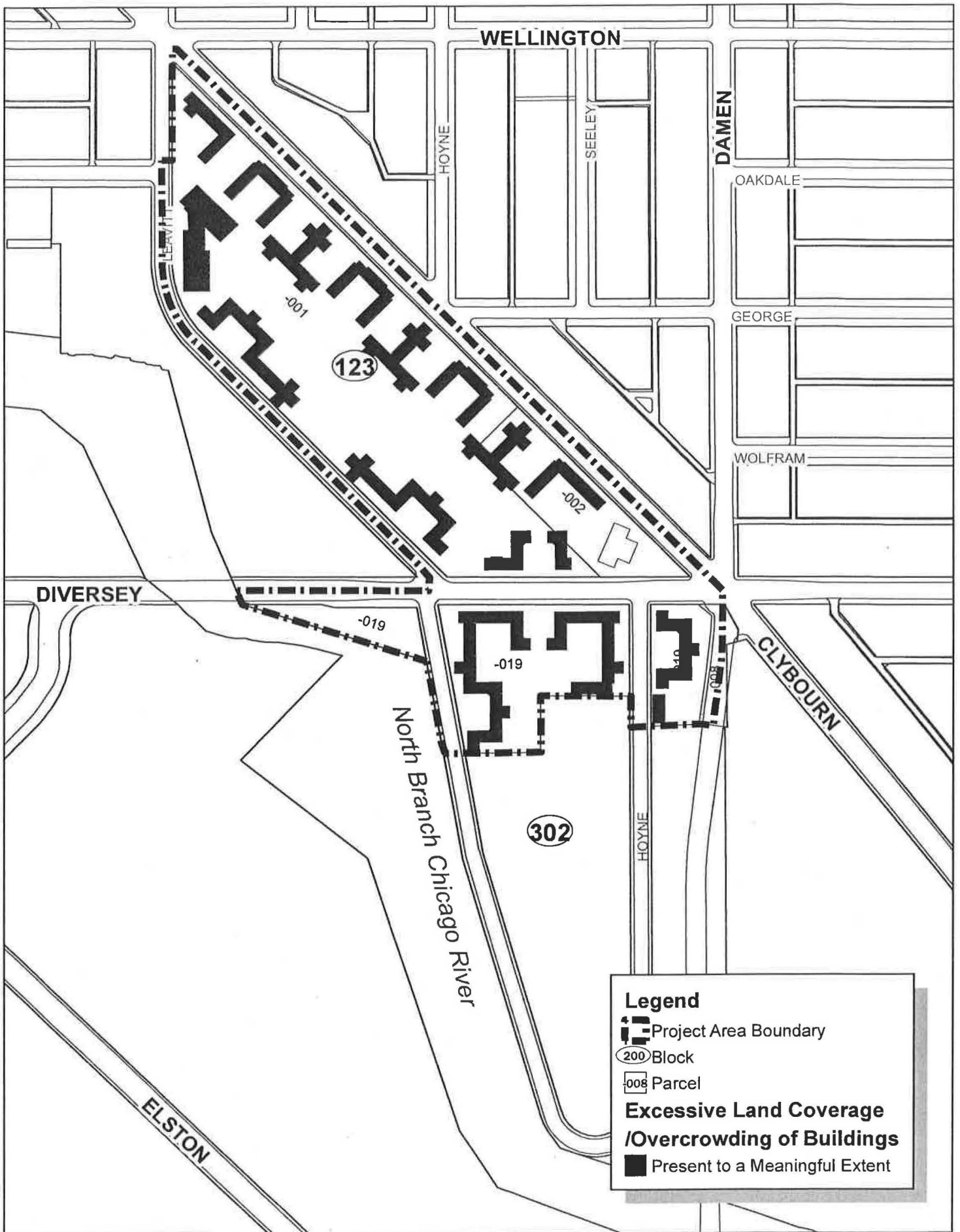
Eligibility Report Figure 6. Excessive Vacancies  
 Diversey / Chicago River TIF



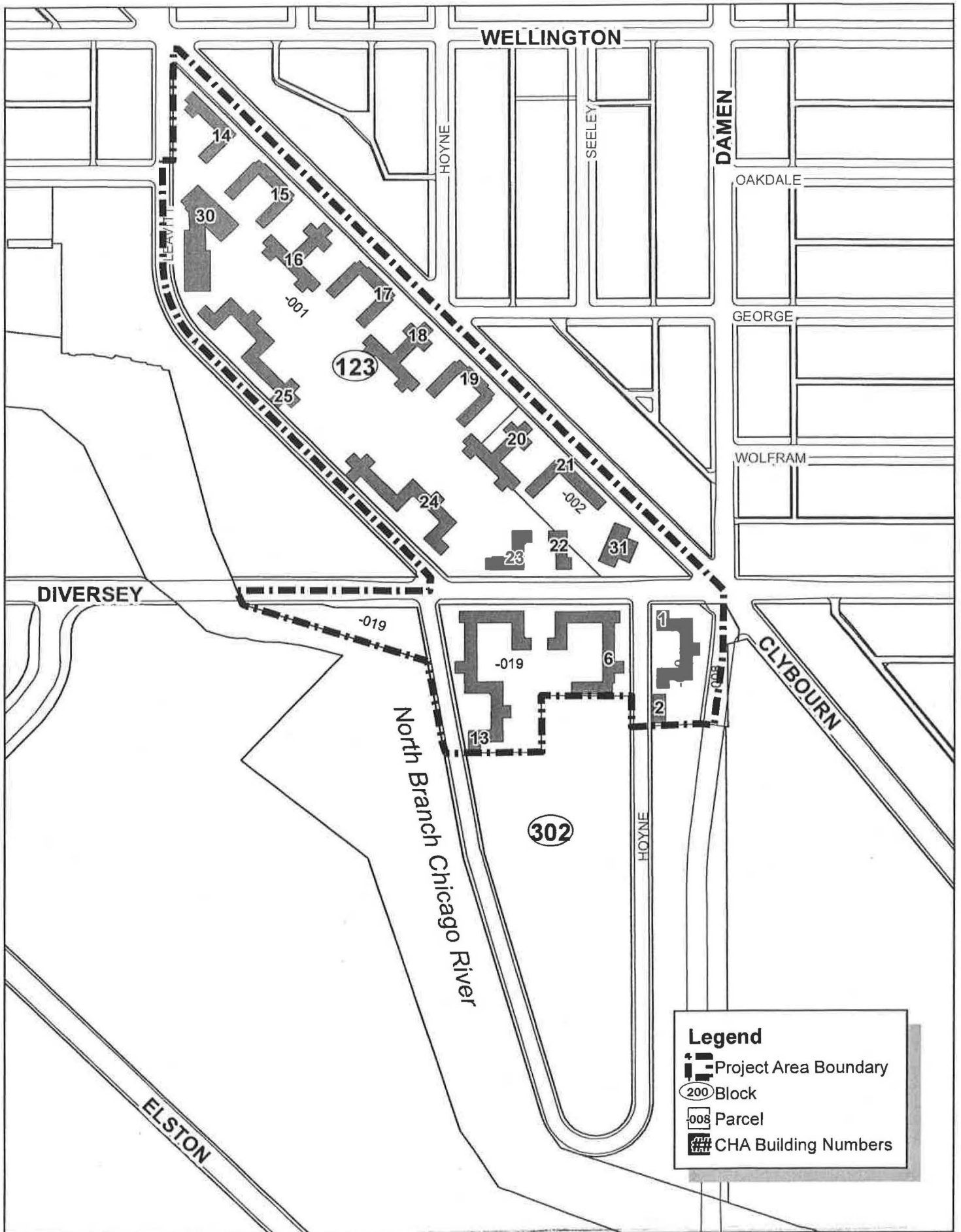


Eligibility Report Figure 7. Inadequate Utilities  
 Diversey / Chicago River TIF





Eligibility Report Figure 8. Excessive Land Coverage/Overcrowding of Buildings and Community Facilities  
 DIVERSEY / CHICAGO RIVER TIF



Eligibility Report-Figure 9. CHA Building Number  
 DIVERSEY / CHICAGO RIVER TIE



**DIVERSEY/CHICAGO RIVER  
REDEVELOPMENT PROJECT AREA  
TAX INCREMENT FINANCING  
HOUSING IMPACT STUDY**

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City of Chicago, Illinois

April 29, 2016

City of Chicago  
Rahm Emanuel, Mayor

Department of Community Development  
David L. Reifman, Commissioner

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## HOUSING IMPACT STUDY

Johnson Research Group, Inc. ("JRG") has been engaged by Lathrop Community Partners, LLC, an Illinois limited liability company (the "**Developer**"), to work with the City of Chicago (the "**City**") Department of Planning and Development in the preparation of the Diversey/Chicago River Tax Increment Financing Redevelopment Project and Plan (the "**Redevelopment Plan**"). The Diversey/Chicago River Redevelopment Project Area is bounded on the north by the Wellington Avenue, on the east by Clybourn Avenue and Damen Avenue, on the east by Leavitt Avenue and the Chicago River, and on the south by an irregular line that runs along the south line of Julia C. Lathrop public housing buildings numbered 13, 6, and 2 (the "**Project Area**"). For a map of the Project Area boundaries, see **Housing Impact Study Figure 1. Project Area Boundary.**

As set forth in Section 11-74.4-3(n)(5) of the Illinois Tax Increment Allocation Redevelopment Act (the "**Act**"), if the redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and the City is unable to certify that no displacements of residents will occur, the municipality shall prepare a housing impact study and incorporate the study in the Redevelopment Plan. For the purposes of this housing impact study, any relocation or removal from a currently occupied household, either temporary or permanent, will be considered displacement. The Redevelopment Plan anticipates activities that are expected to result in the on-site relocation of more than 10 occupied households within the Project Area.

In accordance with the Act, JRG has conducted a housing impact study for the Project Area to determine the potential impact of redevelopment on area residents (the "**Housing Impact Study**"). The Project Area includes 18 of the 33 buildings in the Julia C. Lathrop public housing development ("**Lathrop Homes**") that are slated for rehabilitation or redevelopment as part of the first phase of Lathrop Homes redevelopment into a mixed-income, mixed-use development.

The Redevelopment Plan, which incorporates this document by reference, provides guidelines for revitalization and new development of existing properties in the Project Area. Two of the goals of the Redevelopment Plan are to preserve historically and architecturally significant housing stock and to provide affordable housing.

This Housing Impact Study is organized into two parts. Part I describes the housing survey conducted within the Project Area to determine existing housing characteristics. Part II describes the potential impact of the Redevelopment Plan. Specific elements of the Housing Impact Study include:

### Part I of the Housing Impact Study: Housing Survey

- i. Type of residential unit mix; either single-family or multi-family.
- ii. The number and type of rooms within the units, if that information is available.
- iii. Whether the units are inhabited or uninhabited, as determined no less than 45 days before the date that the ordinance or resolution required by subsection (a) of Section 11-74.4-5 of the Act is passed.
- iv. Data as to the racial and ethnic composition of the residents in the inhabited residential units, which shall be deemed to be fully satisfied if based on data from the most recent federal census.



## Part II of the Housing Impact Study: Potential Housing Impact

- i. The number and location of those units that will be or may be removed.
- ii. The municipality's plans for relocation assistance for those residents in the proposed redevelopment project area whose units are to be removed.
- iii. The availability of replacement housing for those residents whose units will be removed, and the identification of the type, location and cost of the replacement housing.
- iv. The type and extent of relocation assistance to be provided.

The Chicago Housing Authority (the "CHA") is an Illinois municipal corporation engaged in the development and operation of safe, decent and sanitary housing throughout the City for low-income families in accordance with the United States Housing Act of 1937, 42 USC §1437, et seq. (the "Housing Act"), the State Housing Authorities Act, et seq., as amended, and other applicable laws, regulations and ordinances.

The CHA maintains a complete inventory of all properties under its control. This report utilizes data compiled and maintained by the CHA.

### **PART I – HOUSING SURVEY**

Part I of the Housing Impact Study, as required by the Act, provides the number, type and size of residential units within the Project Area; the number of inhabited and uninhabited units; and the composition of the residents in the inhabited residential units.

CHA maintains an inventory of the number type, size and occupancy of all units within a development. Residents within Lathrop Homes, as in other public housing developments, complete an application process that includes data as to household composition including, among other criteria, age, gender, income, and optional categories of race and ethnicity. Data is updated through a biennial re-certification process to ensure residents are in compliance with CHA programs and housing regulations.

#### **i. Number and Type of Residential Units**

The number and type of residential units within the Project Area are based on data maintained and provided by CHA in February 2016. There are 18 buildings in the Project Area, 16 of which are residential buildings with a total of 570 residential units. Of those 570 residential units, 67 are currently occupied. Two non-residential buildings include an administration building and a community center. The number and type of buildings and residential units are presented in **Table 1. Number and Type of Residential Units.**

**Table 1. Number and Type of Residential Units**

Building Type	# of Buildings	# Units	# Inhabited Units
Row House	1	4	3
Multi-Family Walk Up	15	566	64
Non-Residential	2	0	0
<b>TOTAL</b>	<b>18</b>	<b>570</b>	<b>67</b>

Source: Chicago Housing Authority, JRG

**ii. Number and Type of Rooms in Residential Units**

Based on data provided by CHA, the distribution of residential units within the Project Area by the number of bedrooms is identified in **Table 2 Units by Number of Bedrooms in the Project Area**. CHA maintains data as to the number and type of rooms by building for each of their properties

**Methodology**

Data as to the number of bedrooms per unit was provided by CHA on a building by building basis for all Lathrop Homes properties. JRG identified only those buildings located within the Project Area for inclusion in this report.

Consistent with definitions used by the United States Census Bureau, the CHA includes all rooms intended for use as bedrooms even if they are currently used for some other purpose. A housing unit consisting of only one room, such as a one-room efficiency apartment, is classified, by definition, as having no bedroom.

**Table 2. Units By Number of Bedrooms in the Project Area**

Number of Bedrooms	Number of Units	% of Total
<b>1 Bedroom</b>	298	52.3%
<b>2 Bedrooms</b>	240	42.1%
<b>3 Bedrooms</b>	32	5.6%
<b>TOTAL:</b>	<b>570</b>	<b>100.0%</b>

Source: Chicago Housing Authority, JRG

**iii. Number of Inhabited Units**

Based on data provided by the CHA, the Project Area includes 570 residential units, of which 67 (11.8%) units were identified as inhabited and 503 (88.2%) were identified as vacant.

**iv. Race and Ethnicity of Residents**

The racial and ethnic composition of the residents within the Project Area is identified in **Table 3, Race and Ethnicity Characteristics in the Project Area**, within this section.

## Methodology

As part of CHA residential application as well as annual and interim recertification processes, applicants may opt to identify the racial and ethnic backgrounds of each member within their household. Based on resident data compiled and maintained by the CHA, there were 213 residents as of February 10, 2016. **Table 3. Race and Ethnicity Characteristics** presents data maintained by CHA specifically for Lathrop Homes properties within the Project Area.

**Table 3. Race & Ethnicity Characteristics of Project Area Residents**

Race	Total	Percent of Total
White	89	41.8%
Black or African American	122	57.3%
Other or Multi-Race	2	0.9%
<b>TOTAL:</b>	<b>213</b>	<b>100%</b>

Source: Chicago Housing Authority

Hispanic Origin	Total	Percent of Total
Hispanic	74	34.7%
Non-Hispanic	139	65.3%
<b>TOTAL:</b>	<b>213</b>	<b>100.0%</b>

Source: Chicago Housing Authority

## PART II – POTENTIAL HOUSING IMPACT

The primary goal of the Redevelopment Plan is to rehabilitate and redesign Lathrop Homes into an historically preserved, sustainable and quality residential development with retail and other amenities in a mixed income community. Redevelopment activities in the Project Area are expected to include substantial renovation of existing residential buildings, demolition of select buildings and construction of new buildings in addition to site and infrastructure improvements. Such activities are expected to result in the temporary displacement of more than 10 inhabited residential units.

In accordance with the Act, Part II of the Housing Impact Study i) identifies the extent of the impact to inhabited residential units, ii) the municipality's plans for relocation assistance for impacted households; iii) the availability of replacement housing for those displaced residents; and iv) the type and extent of relocation assistance to be provided.

### i. Number and Location of Units That May Be Removed

The Project Area encompasses 14 buildings located north of Diversey Parkway and 4 buildings immediately south of Diversey Parkway. All 67 currently inhabited residential units are located within the 4 buildings south of Diversey Parkway. The number and location of inhabited residential units are presented below in **Table 4. Location of Inhabited Residential Units by Building.**

**Table 4. Location of Inhabited Residential Units by Building**

<b>Building</b>	<b>Number of Units</b>	<b>Number of Inhabited Units</b>
<b>1</b>	40	15
<b>2</b>	4	3
<b>6</b>	53	17
<b>13</b>	86	32
<b>TOTAL:</b>	<b>183</b>	<b>67</b>

Source: Chicago Housing Authority, JRG

Current revitalization plans include staged redevelopment activities that involve demolition of Lathrop Homes' buildings 1 and 2, followed later by a gut rehabilitation of Lathrop Homes' buildings 6 and 13. As a result of these redevelopment activities, all 67 inhabited units located within these buildings will be impacted. After renovation and new construction is complete, all households will be relocated to permanent residence in accordance with all applicable public housing requirements, including without limitation, the Housing Act, HUD regulations, all other pertinent federal and state laws and CHA policies.

For the purposes of the Housing Impact Study, any relocation, either temporary or permanent, will be considered displacement. The properties with inhabited residential units subject to displacement are illustrated in **Housing Impact Study Figure 2. Housing Impact**, at the end of this report.

#### **ii. City's Plan for Relocation Assistance**

Plans for relocation assistance for those residents in the proposed Project Area whose residences are to be removed or displaced shall be consistent with no less than the requirements set forth in Section 11-74.4-3(n)(7) of the Act in accordance with all applicable public housing requirements, including without limitation, the Housing Act, HUD regulations, all other pertinent federal and state laws and CHA policies. With CHA and the Developer, the City's plan for relocation assistance anticipates a phased process, as described above, to prevent or minimize relocation of current residents beyond the Lathrop Homes development site.

The City will maintain regular communication and oversight of redevelopment activities and residential occupancy with CHA and the Developer.

#### **iii. Replacement Housing**

For all residents in the Based on CHA inventory data as of February 29, 2016, a total of 90 vacant housing units in Lathrop Homes' buildings 6 and 13 are available to accommodate the 18 households displaced by demolition of Lathrop Homes' buildings 1 and 2, described earlier. A breakdown of the units available by building and number of bedrooms is shown in **Table 5. Listing of Public Housing Availability in the Project Area.**

**Table 5. Listing of Public Housing Availability in the Project Area**

Bldg #	Location	Number of Bedrooms			
		1	2	3	Total
6	2750-68 N. Hoyne Avenue 2029-35 W. Diversey Parkway	16	19	1	36
13	2731-59 N. Leavitt Avenue 2039-49 W. Diversey Parkway	37	15	2	54
<b>TOTAL</b>		<b>53</b>	<b>34</b>	<b>3</b>	<b>90</b>

After a sufficient number of residential units are completely renovated or constructed and ready for occupancy, the renovation of Lathrop Homes' buildings 6 and 13 will begin. As a result, up to 67 households will be displaced and offered new or renovated units in Lathrop Homes. Approximately 197 units will be dedicated as public housing units, and the 67 displaced households will be offered residence from among these 197 dedicated units.

**iv. Type and Extent of Relocation Assistance**

As indicated in this Housing Impact Study, redevelopment activities are expected to displace as many as 67 units, all of which meet the criteria for very low or extremely low income households. Such residents will be provided with relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations thereunder, including the eligibility criteria. Affordable housing may be either existing or newly constructed housing. The City shall make a good faith effort to ensure that this replacement affordable housing for the aforementioned households is located in or near the Project Area.

Based on the 2015 income data provided by the CHA for all occupied households in the Project Area and the income limits provided by United States Department of Housing and Urban Development ("HUD"), 1.5% of the households within the Project Area can be classified as very low-income and 98.5% of the households may be classified as very, very low-income. As used in this paragraph "low-income households," "very low-income households," and "affordable housing" shall have the meanings set forth in Section 3 of the Illinois Affordable Housing Act, 310 ILCS 65/3. "Extremely low income households" shall have the meaning set forth in 24 CFR Part 5 Subpart F. As of the date of the Redevelopment Plan, these statutory terms are defined as follows:

- a. "low-income households" means a single-person, family or unrelated persons living together whose adjusted income is more than 50 percent but less than 80 percent of the median income of the area of residence, adjusted for family size, as such adjusted income and median income are determined from time to time by HUD for purposes of Section 8 of the United States Housing Act of 1937;
- b. "very low-income households" means a single-person, family or unrelated persons living together whose adjusted income is not more than 50 percent of the median income of the area of residence, adjusted for family size, as so determined by HUD;
- c. "extremely low-income households" means a single-person, family or unrelated persons living together whose adjusted income is not more

than 30 percent of the median income of the area of residence, adjusted for family size, as so determined by HUD; and

- d. "affordable housing" means residential housing that, so long as the same is occupied by low-income households or very low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than 30 percent of the maximum allowable income for such households, as applicable.

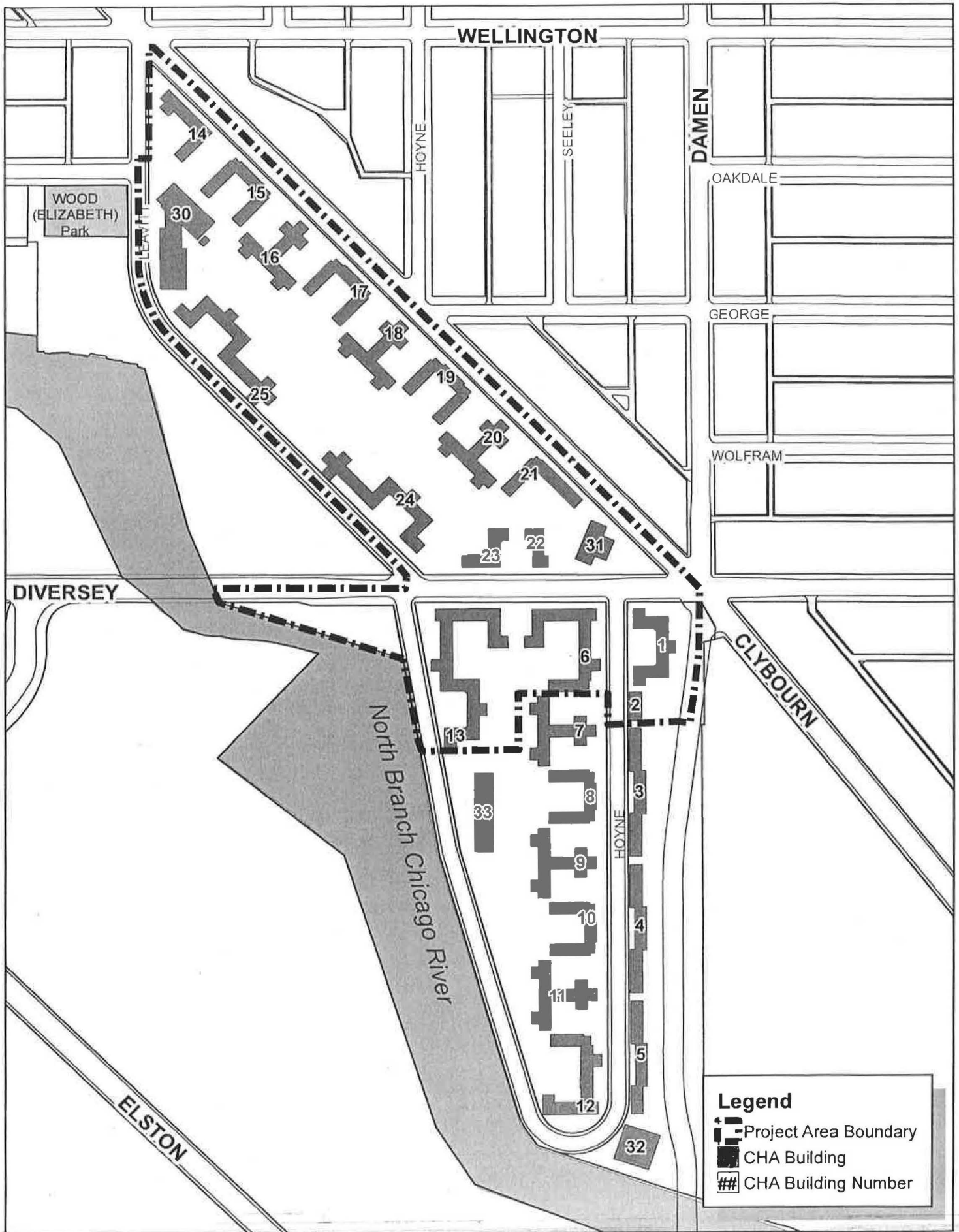
Collectively, very low-income and extremely low-income households are estimated to represent 100% of the inhabited households in the Project Area. A summary of the number of households in the Project Area at each income category are summarized in **Table 6. Project Area Household Income - 2015.**

**Table 6. Project Area Household Income - 2015**

<b>Income Category</b>	<b>Annual Income Range*</b>	<b>Number of Households</b>	<b>Percent of Households</b>
Extremely Low-Income	\$0 - \$28,410	66	98.5%
Very Low-Income	\$26,600-\$41,050	1	1.5%
Low-Income	\$42,600 - \$65,700	0	0
<b>TOTAL:</b>		<b>67</b>	<b>100.0%</b>

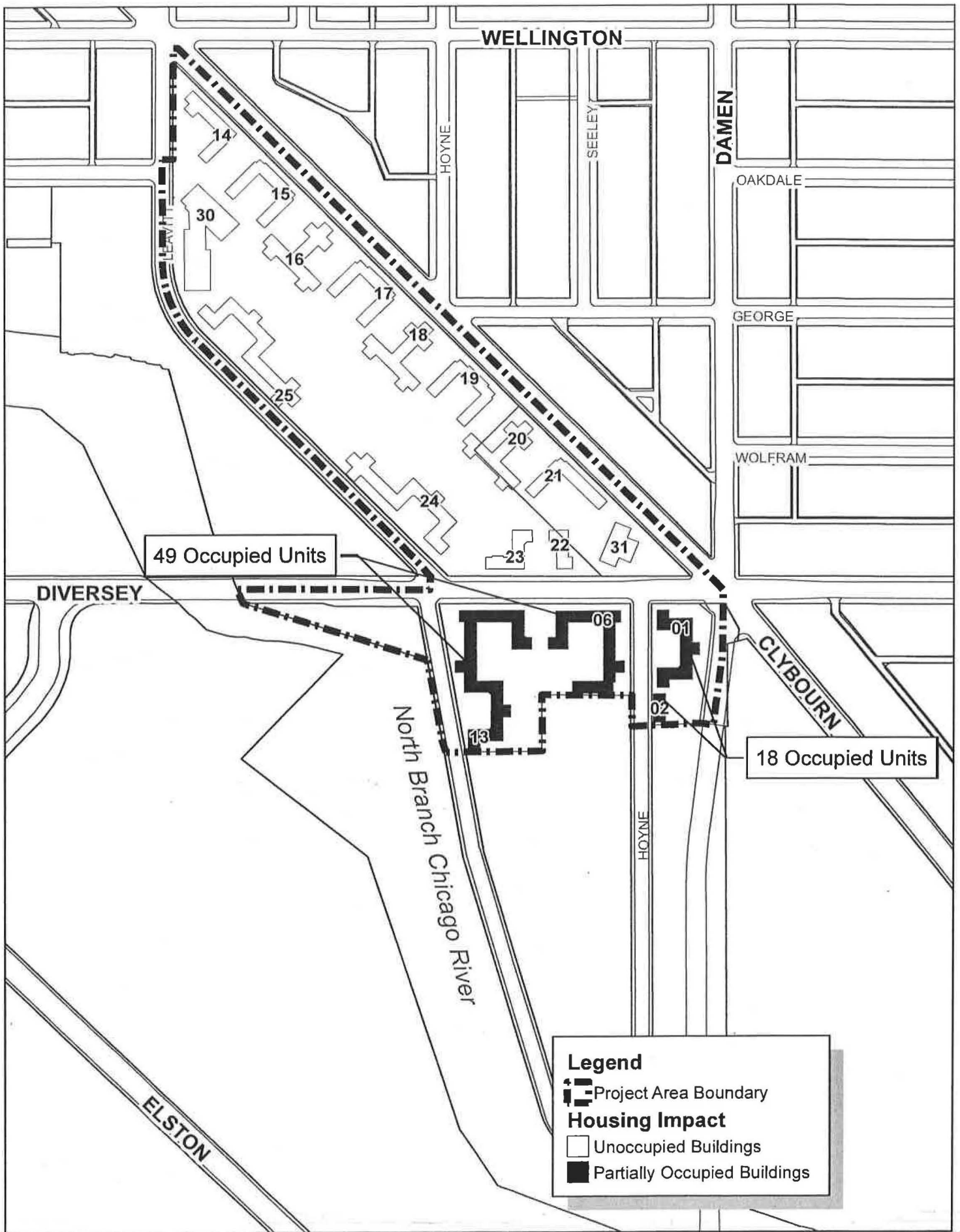
\*Range includes median incomes for households with 1 to 5 persons  
 Source: U.S. Department of Housing and Urban Development, Table of Income Limits (Effective March 6, 2015)  
 CHA household income data (February 10, 2016), JRG





Housing Impact Study Figure 1. Project Area Boundary  
 DIVERSEY / CHICAGO RIVER TIE





Housing Impact Study Figure 2. Housing Impact  
 DIVERSEY / CHICAGO RIVER TIE

