

**73RD
and
KEDZIE**

**TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

City of Chicago
Richard M. Daley, Mayor

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1.
INTRODUCTION

Manufacturing has played a pivotal role in the nation's economy and in the emergence of the United States as a world power. In 1920, manufacturing surpassed agriculture as the major employer in the country, and it held that position until the mid-1980s when it was passed by the service sector. Today, there is a restructuring of America's industrial sector, largely due to technological changes and competitive global markets. Underlying this restructuring are a number of significant trends. Dr. David Birch, identifies these trends in the book, *America's Future Industrial Space Needs, Preparing for the Year 2000*. Among these are:

1. Shift in the mix of industries and types of goods being manufactured--Emphasis has gone from basic industries, such as steel, food, cars and clothing to plastics, electronics, computers, pharmaceuticals, etc.
2. Shift in the size of manufacturers--Most of the nation's recent industrial growth comes from small to mid-size companies which are innovative and grow rapidly.
3. Shifts in geographical location--Manufacturers are no longer dependent upon the location of raw materials and traditional distribution methods. As a result, there is movement from the older rustbelt states of Ohio, Michigan, Pennsylvania and Illinois, to the sunbelt and western states.
4. Changing role for exporters--Increasing levels of foreign trade have resulted in expansion of the nation's wholesale trade sector at the expense of manufacturing.
5. Available labor pool--In the 1970s and 1980s, large numbers of new workers were available and absorbed into the work force. Future economic growth may be constrained by the availability of a labor force which is appropriately trained and skilled.

Dr. Birch states that continued industrial growth in the U.S. will result from high technology manufacturing and from traditional industries in which innovation comes from doing things in new, more competitive ways. A few examples of this innovation are the use of lasers to cut blouses, robots to assemble machines, computers to operate equipment and cryogenic technology to store frozen foods.

The restructuring of the country's industrial sector has greatly impacted major cities throughout the Northeast and Midwest, and many have seen the industrial bases in their cities change significantly.

Major employers have downsized, relocated and/or gone out of business, and jobs for residents have disappeared. As a result, buildings and parts of buildings stand vacant, many of them made obsolete by contemporary industrial standards; tax bases erode; property values decline; personal income falls; and the impact ripples throughout the economy. Thus, in today's competitive national and international markets, it is extremely important that cities retain and invigorate their manufacturing base.

As in other cities, manufacturing has been the backbone of the economy in Chicago. The Illinois Bureau of Employment Security (IBES) reports that, in 1970, manufacturing totaled 41.5 percent of "covered" employment in the City of Chicago.¹ However, within the past two decades, manufacturing has declined, bringing about losses in the number of industrial firms located in the City as well as declines in employment. According to IBES, in 1984, there were 1,125,827 "covered" employees in the City of Chicago. Of this total, 263,873 (or 23.4 percent) were employed in manufacturing and 339,139 (30.1 percent) were employed in the service sector. In 1990, "covered" employment in the City rose to 1,201,136, a gain of seven percent. During the same six year period, however, manufacturing employment declined by 18 percent to 216,190 while service employment rose by 20 percent to 408,020. In 1990, manufacturing only composed 18.0 percent of "covered" employment while service sector employment increased to 34.0 percent.

Despite these declines, manufacturing still plays an extremely important role in the City's economy. The Economic Development Commission (EDC) of the City of Chicago published a report in August 1991 which addresses the future development of industrial parks within the City. According to data from the Federal Reserve Bank which appeared in that report, 4,500 manufacturing firms are located in the City. They provide over one-quarter of a million jobs and generate millions of dollars in City property tax, head tax and utility tax revenues.

In Chicago, manufacturing remains an important economic engine which sustains neighborhoods, providing well-paying jobs and enhancing the quality of life for residents. Moreover, industrial activity is important because it supports a number of other sectors of the local economy, bringing increases in employment and revenue to the City. The University of Illinois' Bureau of Business Research concludes that because of income paid to workers which is then spent elsewhere in the community and the connection between manufacturing and other economic areas, each manufacturing job supports approximately 3.2 other jobs. This compares to lower paying service sector jobs which support 1.7 additional jobs.

The previously cited EDC report includes the findings of a survey conducted among local manufacturers. It indicates that Chicago has many important advantages for industrial companies. These include access to suppliers and markets, an excellent transportation network, large labor force, and an abundant, high quality water supply and treatment service. Various factors contribute to a firm's decision to relocate from, or not locate within the City, but the one cited most often is the lack of modern industrial space for expanding businesses.

Currently, the City has expressed a policy to maintain and enhance its existing industrial base, and has undertaken actions and adopted ordinances to improve and build upon it. Although the City has suffered from some significant losses, such as the departure of Spiegel, Inc. to Ohio, it is committed

¹ "Covered" employment is defined as all employees covered by the Illinois Unemployment Insurance Act. The employment figures do not include State of Illinois workers because that data is not available by place of work.

to preserving and improving its economic stature. The creation and preservation of jobs is a major economic development goal of the City. The City encourages economic diversity to enable it to reach this goal, adapt to changes in the regional and international market, and absorb the impact of these changes.

Industrial activity plays a significant role in a diversified economy. It provides highly paid employment for residents, supports important secondary jobs, and is an incubator for innovation from which new technologies and industries are created. To support the job creation goal, the City has adopted an industrial land use policy which seeks to:

1. Provide opportunities for synergy between related industrial activities;
2. Minimize the conflicts between industrial and other land uses;
3. Maximize the benefits of public investment in capital programming related to industrial investment.

The 73rd and Kedzie Area encompasses approximately 105.3 acres and is composed of the 46-acre Nabisco Facility and the 38.5-acre Rheem Property, separated by the Norfolk and Southern rail lines which run through the center of the two sites in an east-west direction. Both of the properties front Kedzie Avenue, from 73rd Street to 77th Street. The northern portion of the area contains the Nabisco Biscuit Company plant which is approximately 1.6 million square feet. The facility is the largest bakery in the world, with approximately 2,500 employees. Most of the complex consists of two story buildings except for the seven story high-rise silo/storage building. The Rheem Property contains a vacant industrial complex of approximately 700,000 square feet, which was occupied by the Rheem Manufacturing Company. The Rheem Property has been vacant for the past three years.

The 73rd and Kedzie Area is a large industrial area adjacent to and just west of two large rail yards, surrounded mainly by residential areas with some commercial uses along the Kedzie Avenue frontage. Both industrial sites and the buildings on them are impacted by functional and economic obsolescence due to the single purpose design of the buildings, operational problems, inadequate parking, loading and service restraints, and limited access into each property with only a single entry and exit point. These problems have resulted in the total vacancy of the Rheem Property and the need for major capital improvements to the buildings and related operational functions within the Nabisco Facility.

Access to the area is provided only by Kedzie Avenue which borders both sites on the eastern boundary. Kedzie Avenue connects to nearby major streets, including 79th Street, Columbus Drive and 71st Street.

Existing site and development constraints must be overcome before achievement of the City's objectives for the maintenance and enhancement of its industrial base through private investment in new construction, modernization and expansion. Although City initiatives and expenditures have stimulated private investment in other industrial areas, the 73rd and Kedzie Redevelopment Area as a whole (the "Redevelopment Project Area") has not been subject to growth and development through investment by private enterprise, and is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of the Tax Increment Financing Redevelopment Project and Plan and the substantial investment of public funds. Historically, private investment has not occurred to any major extent in the area as a whole.

Tax Increment Financing

In January, 1977, tax increment financing ("TIF") was made possible by the Illinois General Assembly through passage of the *Tax Increment Allocation Redevelopment Act* (hereinafter referred to as the "Act.") The Act is found in Illinois Revised Statutes, Chapter 24, Section 11-74.4-1 *et seq.*, as amended. 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 public redevelopment costs with incremental real estate tax revenues. Incremental real estate tax revenue ("tax increment revenue") is derived from the increase in the equalized assessed valuation ("EAV") of real property within the TIF redevelopment area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate which results in tax increment revenue. A decline in current EAV does not result in a negative real estate tax increment.

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

Tax increment financing does not generate revenues by increasing tax rates. It generates revenues by allowing the municipality to temporarily capture new tax revenues resulting from redevelopment. Under tax increment financing, all taxing districts continue to receive the tax revenue they received prior to redevelopment from property in the area. Taxing districts can receive distributions of excess increment when more tax increment revenue is received than is necessary to pay for expected redevelopment project costs and principal and interest obligations issued to pay such costs. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

The 73rd and Kedzie Tax Increment Redevelopment Plan and Project

This 73rd and Kedzie Tax Increment Redevelopment Project and Plan (the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private actions in the Redevelopment Project Area.

This Redevelopment Plan also specifically describes the Redevelopment Project Area and sets forth the conservation factors which qualify the Redevelopment Project Area for designation as a conservation area as defined in the Act.

In addition to describing the objectives of redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. The "Redevelopment Project" as used herein means any development project which may, from time to time, be undertaken to accomplish the objectives of the Redevelopment Plan.

The Redevelopment Project represents an important economic opportunity for the City of Chicago. It will greatly improve the environment for private development, enabling a major manufacturing entity to expand and upgrade its facility. It also will enable the City to achieve three important goals:

1) job retention and creation; 2) improvement of its tax base; and 3) retention of a major industrial employer that might otherwise move to the suburbs or out of state.

The goal of the City of Chicago, however, is to ensure that the entire Redevelopment Project Area be redeveloped on a comprehensive and planned development basis in order to ensure that new development occurs:

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

Redevelopment of the Redevelopment Project Area is a complex undertaking, and it presents challenges and opportunities commensurate with its scale. To a large extent, the success of this effort will depend on the cooperation between the private sector and agencies of local government. The adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for the redevelopment of the Redevelopment Project Area. By means of public investment, the area will become a stable environment that will again attract private investment. Public investment will set the stage for improving the area with private capital.

Public and private investment is possible only if TIF is used pursuant to the terms of the Act. The revenue generated by the development will play a decisive role in encouraging private development. Conditions that have precluded intensive private investment in the past will be eliminated. Through this Redevelopment Plan, the City will serve as the central force for marshaling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Implementation of this Redevelopment Plan will benefit the City, its neighborhoods and all the taxing districts which are included in the 73rd and Kedzie Project Area in the form of an expanded tax base, employment opportunities and a wide range of other benefits.

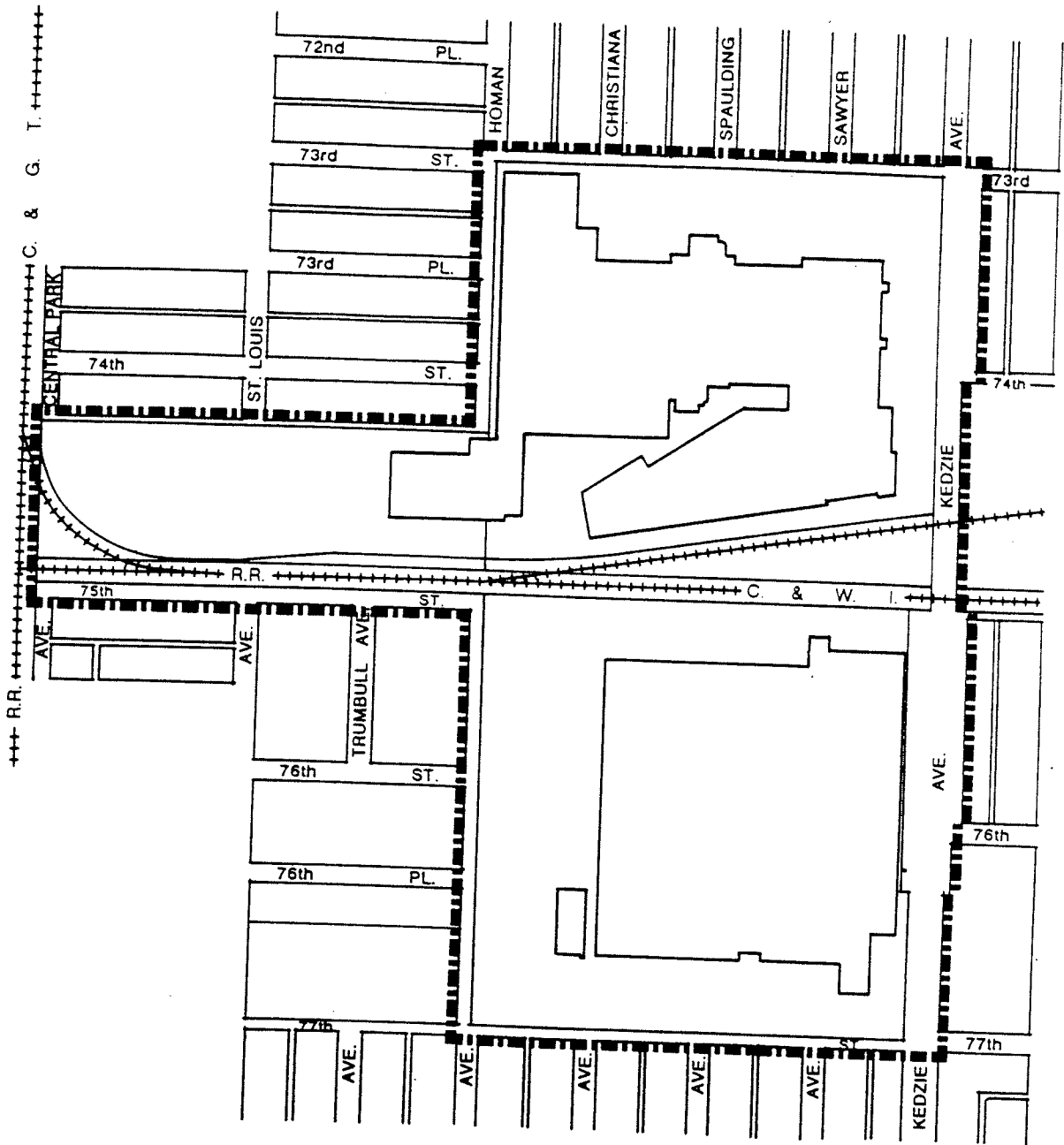
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REDEVELOPMENT PROJECT AREA DESCRIPTION

The boundaries of the Redevelopment Project Area have been carefully drawn to include only the real property and improvements thereon substantially benefited by the proposed redevelopment project improvements to be undertaken as part of this Redevelopment Plan. The boundaries are more specifically shown in Figure 1, *Boundary Map*, and more particularly described as follows:

Lot A of National Biscuit Company's consolidation of parts of the south 1/2 of the northeast 1/4 of Section 26, Township 38 north, Range 13 east of the third principal meridian recorded October 2, 1941, in Book 341 of Plats, page 13, as document number 12767855, in Cook County, Illinois.

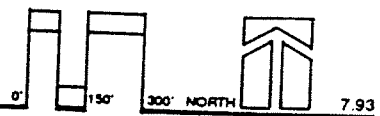
Rheem Property: The northeast 1/4 of the southeast 1/4 of Section 26, Township 38 north, Range 13 east of the third principal meridian, in Cook County, Illinois (except that part taken for Kedzie Avenue) and all public roads and rights-of-way adjacent to the above-described properties.



■■■■ PROJECT BOUNDARY

Figure 1
 PROJECT BOUNDARY
 73RD STREET AND KEDZIE AVENUE
 TAX INCREMENT REDEVELOPMENT PROJECT

Chicago, Illinois



Trkla, Pettigrew, Allen & Payne, Inc.

3

REDEVELOPMENT PROJECT AREA GOALS AND POLICIES

Managed growth in the form of investment in new development and facilities is essential in the Redevelopment Project Area. Redevelopment efforts in the Redevelopment Project Area will strengthen the entire City through additional employment opportunities, increased tax base and infrastructure and environmental improvements.

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

This section of the Redevelopment Plan identifies the goals and policies of the City for the Redevelopment Project Area. A later section of this Redevelopment Plan identifies the more specific program which the City plans to undertake in achieving the redevelopment goals and policies which have been identified.

General Goals

- Provide infrastructure improvements within the Redevelopment Project Area.
- Encourage industrial development by eliminating the influences and the manifestations of physical and economic deterioration and obsolescence within the Redevelopment Project Area.
- Provide sound economic development in the Redevelopment Project Area.
- Revitalize the Redevelopment Project Area to maintain it as an important activity center contributing to the regional and national focus of the City.
- Create an environment within the Redevelopment Project Area which will contribute to the health, safety, and general welfare of the City, and preserve or enhance the value of properties adjacent to the Redevelopment Project Area.
- Provide an increased real estate tax base for the City and other taxing districts extending into the Redevelopment Project Area.

Policies

It is the policy of the City of Chicago to:

- Foster the City's industrial base and to maintain the City's diversified economy for the general welfare of its citizens; and
- Encourage industrial investment, modernization, and expansion by providing for stable and predictable industrial environments.

4

CONSERVATION AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

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

While it may be concluded that the mere presence of three or more of the stated factors may be sufficient to make a finding as a conservation area, the evaluation of this report identifies all existing conservation factors so that reasonable persons can conclude not only that statutory compliance exists, but that public intervention is appropriate and necessary.

On the basis of this approach, the Redevelopment Project Area is eligible as a "conservation area" within the requirements of the Act. The Redevelopment Project Area contains five buildings. Four buildings are located on the Nabisco Facility, and one building is located on the Rheem Property. Of the five buildings, three, or 60 percent, are 35 years or older. In addition to age, eight of the fourteen qualifying factors required under the Act are present in the Redevelopment Project Area. These factors are reasonably distributed throughout the entire Redevelopment Project Area. The entire Redevelopment Project Area is impacted by and shows the presence of these conservation factors. Finally, the Redevelopment Project Area includes only real property and improvements substantially benefited by the proposed redevelopment project improvements.

The factors described below and shown in Figure 2, *Summary of Conservation Area Factors*, are present in the area.

1. **Obsolescence**

Obsolescence is present to a major extent. Conditions contributing to this factor include the functional and economic obsolescence of existing single-purpose buildings in the Nabisco Facility and the Rheem Property and the inadequate provision for access, off-street parking and loading.

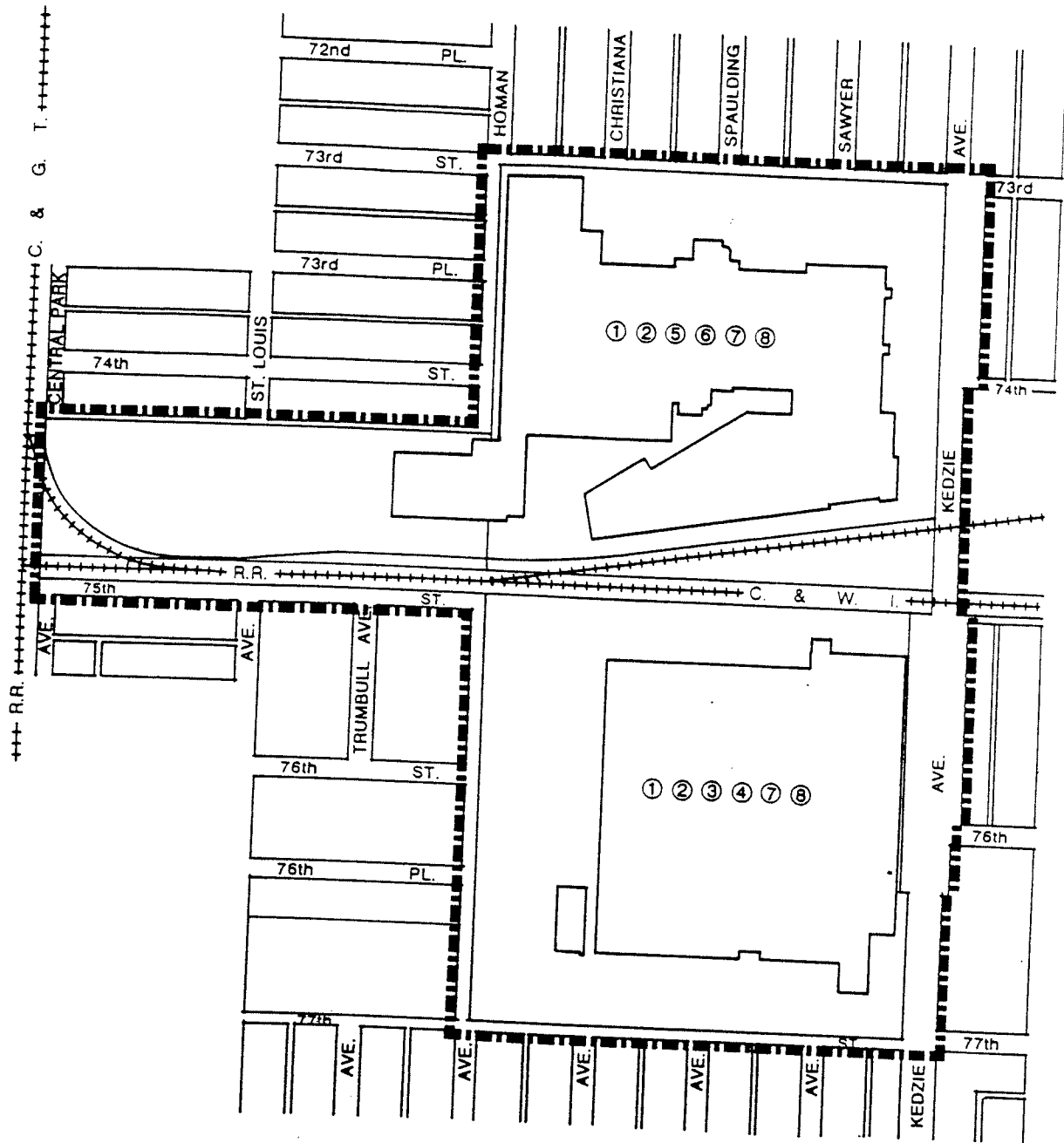
2. **Deterioration**

Deterioration is present to a major extent and includes deterioration of building components, parking areas, site surface areas, and perimeter fencing.

3. **Excessive Vacancies**
Excessive vacancies are present to a major extent. The entire Rheem Property is vacant.
4. **Overcrowding of structures and community facilities**
Overcrowding of structures is present to a major extent within the Nabisco Facility.
5. **Structures Below Minimum Code**
The structures on the Rheem Property and their building components are below the minimum legal requirements established by the laws, ordinances and regulations of the City.
6. **Excessive Land Coverage**
Excessive land coverage is present to a major extent. The Nabisco Facility occupies over 75 percent of the land site, resulting in limited and confined off-street parking, inadequate service and loading facilities, a single point access and egress from the site, and excessive travel distances from remote parking areas to building entrance areas.
7. **Depreciation of Physical Maintenance**
Depreciation of physical maintenance is present to a major extent and includes substantial deferred maintenance on the entire building on the Rheem Property. A limited condition of deferred maintenance exists in parking and related storage and loading surface areas, perimeter fencing, and site improvements on the Nabisco Facility.
8. **Lack of Community Planning**
Lack of community planning is present to a limited extent. The Redevelopment Project Area was developed without the benefit or guidance of a community plan with reasonable policies and standards for building setbacks, the location and arrangement of off-street parking, and for buffering/screening of industrial uses from adjacent residential areas.

The analysis above is based upon surveys and analyses conducted by Trkla, Pettigrew, Allen & Payne, Inc. The surveys and analyses conducted include:

1. Exterior survey of the condition and use of both industrial complexes;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of the existing use of the Redevelopment Project Area and its relationships to its surroundings;
4. Comparison of current land use to current zoning ordinance and the current zoning map;
5. Analysis of original and current platting and building size and layout;
6. Analysis of vacant portions of the site and building;
7. Analysis of building floor area and site coverage; and
8. Review of previously prepared plans, studies and data.



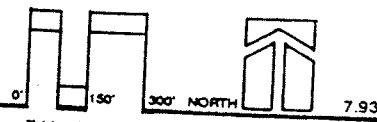
DISTRIBUTION OF FACTORS

- | | |
|-------------------------|--|
| ① OBSOLESCENCE | ⑤ OVERCROWDING OF STRUCTURES/
COMMERCIAL FACILITIES |
| ② DETERIORATION | ⑥ EXCESSIVE LAND COVERAGE |
| ③ STRUCTURES BELOW CODE | ⑦ DEPRECIATION OF
PHYSICAL MAINTENANCE |
| ④ EXCESSIVE VACANCIES | ⑧ LACK OF COMMUNITY PLANNING |

■■■■ PROJECT BOUNDARY

Figure 2
SUMMARY OF CONSERVATION FACTORS
73RD STREET AND KEDZIE AVENUE
TAX INCREMENT REDEVELOPMENT PROJECT

Chicago, Illinois



Trkla, Pettigrew, Allen & Payne, Inc.

5

73RD AND KEDZIE TAX INCREMENT FINANCING REDEVELOPMENT PROJECT

This section presents the overall program to be undertaken by the City of Chicago or by private parties acting under redevelopment agreements with the City. It includes a description of redevelopment plan and project objectives, a description of redevelopment activities, a general land-use plan, estimated redevelopment project costs, a description of sources of funds to pay redevelopment project costs, a description of obligations that may be issued, identification of the most recent equalized assessed valuation of properties in the Redevelopment Project Area, and an estimate of anticipated equalized assessed valuation.

In the event the City determines that implementation of certain activities or improvements is not feasible, the City may reduce the scope of the overall program and Redevelopment Project.

Redevelopment Objectives

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a conservation area. Section 4 of this Redevelopment Plan, *Conservation Area Conditions Existing in the Redevelopment Project Area*, describes existing conservation conditions.
- Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, taxable values, and job opportunities.
- Assemble land into parcels functionally adaptable with respect to shape and size for disposition and redevelopment in accordance with contemporary development needs and standards.
- Create an environment which stimulates private investment in new construction, expansion, and rehabilitation.
- Achieve development which is integrated both functionally and aesthetically with nearby existing development, and which contains a complementary mix of uses.
- Encourage a high quality appearance of buildings, rights-of-way and open spaces as well as high standards of design.
- Provide sites for needed public improvements or facilities in proper relationship to the projected demand for and in accordance with accepted design criteria for such facilities.
- Provide needed incentives to encourage a broad range of improvements in both rehabilitation and new development efforts.

- Encourage the participation of minorities and women in professional and investment opportunities involved in the development of the Redevelopment Project Area.
- Implement and achieve the Redevelopment Project Area Goals and Policies as set forth in Section 3 of this Redevelopment Plan.

Redevelopment Plan and Project Activities

The City proposes to achieve its redevelopment goals, policies and objectives for the Redevelopment Project through public financing techniques, including tax increment financing, and by undertaking some or all of the following actions:

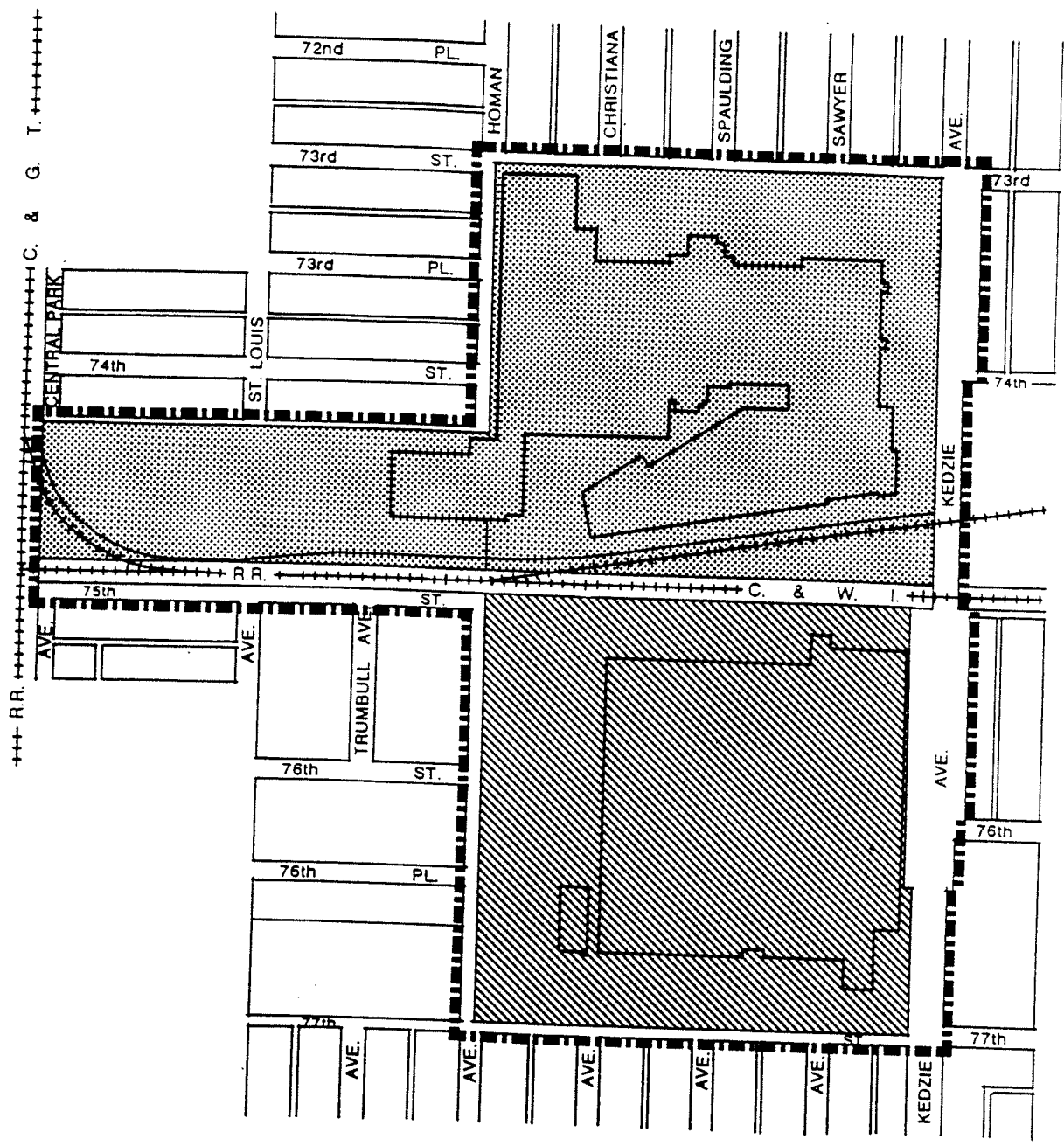
1. Property Acquisition, Site Preparation, Demolition and Redevelopment

Property acquisition and land assembly by the private sector for redevelopment in accordance with this Redevelopment Plan will be encouraged. To achieve the renewal of the Redevelopment Project Area, property identified in *Development Program*, Figure 3, attached hereto and made a part hereof, may be acquired by purchase, exchange or long-term lease by the City of Chicago and cleared of all improvements and either (a) sold or leased for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements or recreational facilities.

The City may determine that to meet the goals, policies or objectives of this Redevelopment Plan property may be acquired where: a) the current use of the property is not permitted under this Redevelopment Plan; b) the exclusion of the property from acquisition would have a detrimental effect on the disposition and development of adjacent and nearby property; or c) the owner or owners are unwilling or unable to conform the property to the land-use and development objectives of this Redevelopment Plan. Further, the City may require written redevelopment agreements with developers before acquiring any properties.

Clearance and demolition activities will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized. Clearance and demolition activities will include demolition of buildings, environmental remediation, removal of old foundations, excavation and removal of soil and other materials to create suitable sites for new development, and provision of storm drainage.

As an incidental but necessary part of the redevelopment process, the City may devote property which it has acquired to temporary uses until such property is scheduled for disposition and redevelopment.



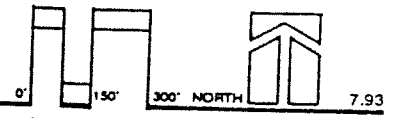
 PROPERTY TO BE REHABILITATED/ EXPANDED

 PROPERTY TO BE ACQUIRED/ REDEVELOPED

 PROJECT BOUNDARY

Figure 3
 DEVELOPMENT PROGRAM
 73RD STREET AND KEDZIE AVENUE
 TAX INCREMENT REDEVELOPMENT PROJECT

Chicago, Illinois



Trkla, Pettigrew, Allen & Payne, Inc.

2. **Rehabilitation of Existing Buildings and Fixtures**

The existing Nabisco Facility is in need of rehabilitation, modernization and expansion in order to overcome existing obsolescence and to maintain its competitive position in the food industry. Rehabilitation includes upgrading all building systems, including electrical, plumbing, utility, mechanical, ventilation and HVAC; and repair of all building components, including roof, walls, windows, floors, etc.

3. **Provision of Public Improvements**

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

A. **Utilities**

Adjustments and modifications to utility lines as may be necessary to facilitate and serve redevelopment in accordance with the objectives and provisions of this Redevelopment Plan.

B. **Streets and Public Rights-Of-Way**

The resurfacing, widening, reconstruction, closing, removal and other improvements of streets and other public rights-of-way.

C. **Landscape**

Landscape/buffer improvements, street lighting and general beautification improvements.

4. **Environmental Remediation**

Redevelopment of the Redevelopment Project Area necessitates several actions which pertain to environmental remediation on the Rheem property. These include, but are not limited to, the removal of asbestos from the Rheem facility, clean-up of the Rheem site, and removal and off-site disposal of special wastes and other pit contents.

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

A range of programs designed to increase the skills of existing employees will be implemented. Other programs will be created for future employees so that they can take advantage of the employment opportunities within the Redevelopment Project Area.

6. **Analysis, Administration, Studies, Surveys, Legal, et al.**

Activities include the long-term management of the TIF Program as well as the costs of establishing the program and designing its components.

7. **Redevelopment Agreements**

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

General Land-Use Plan

Figure 4, *Land-Use Plan*, attached hereto and made a part hereof, identifies land-uses and public rights-of-way to be in effect upon adoption of this Redevelopment Plan. The major land-use category included within the Redevelopment Project Area is industrial.

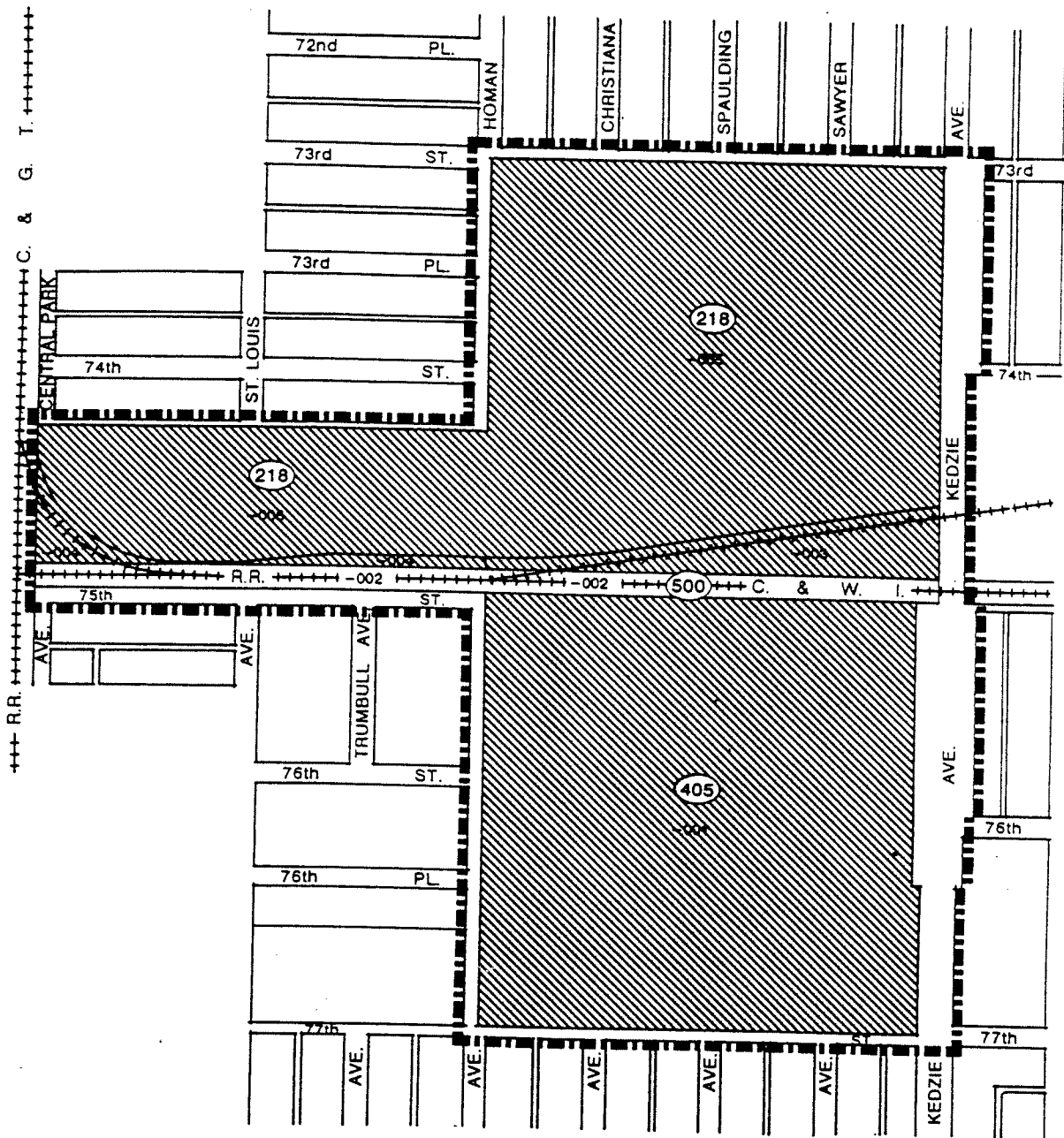
The Redevelopment Plan and the Redevelopment Project conform to the 1966 comprehensive plan for development of the City of Chicago. Further, the Redevelopment Plan and Redevelopment Project are consistent with, and are established pursuant to implementation of, general municipal development objectives and policies contained in development plans previously adopted by the City of Chicago and the Chicago Zoning Ordinance. The Nabisco and Rheem properties are zoned as General Manufacturing Districts (M2-3 and M2-2, respectively), except for the Rheem property immediately north of 77th Street which is zoned, M1-1, Restricted Manufacturing District.

All major thoroughfares and street rights-of-way are shown on the *Land-Use Plan* map. Their locations are subject to modification.

The Land-Use Plan as designated in Figure 4 provides a guide for future land-use improvements and developments within the Redevelopment Project Area. It conforms to the Chicago Zoning Ordinance, which is cited below.

The following uses are permitted are permitted, inclusive, provided that within 300 feet of a Residence District all business, servicing, or processing shall take place within completely enclosed buildings, unless otherwise indicated and except for automated teller machines and off-street parking and loading. Within 300 feet of a Residence District, all storage, except of motor vehicles, shall be within completely enclosed buildings, or may be located out-of-doors if it is effectively screened by a solid wall or fence (including solid entrance and exit gates) at least eight feet in height.

1. Any production, processing, cleaning, servicing, testing, repair or storage of materials, goods or products which shall not be injurious or offensive to the occupants of adjacent premises by reason of the emission or creation of noise, vibration, smoke, dust or other particulate matter, toxic and noxious materials, odors, fire or explosive hazards, or glare or heat.
2. Other compatible uses as defined in the Chicago Zoning Ordinance and approved by the City.



19 AREA

26 SECTION

(500) BLOCK

-001 PARCEL

 INDUSTRIAL

 PROJECT BOUNDARY

Figure 4
 LAND-USE PLAN
 73RD STREET AND KEDZIE AVENUE
 TAX INCREMENT REDEVELOPMENT PROJECT

Chicago, Illinois



Trkla, Pettigrew, Allen & Payne, Inc.

Special uses, performance standards, and use and bulk regulations as set forth in the Chicago Zoning Ordinance are applicable to development within the Redevelopment Project Area.

Estimated Redevelopment Project Costs

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan pursuant to the Act. Such costs include the following.

1. Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan, including but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services (provided however that no charges for professional services may be based on a percentage of the tax increment collected).
2. Property assembly costs, including but not limited to, acquisition of real or personal property, or rights or interests therein, demolition of buildings, and the clearing and grading of land.
3. Costs of rehabilitation, reconstruction, repair or remodeling of existing public and private buildings and fixtures.
4. Costs of the construction of public works or improvements.
5. Costs of job training and retraining projects.
6. Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations 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 thereafter, including reasonable related reserves.
7. All or a portion of a taxing district's capital costs resulting from the redevelopment project and incurred in furtherance of the redevelopment plan and project, to the extent a municipality by written agreement accepts and approves such cost.
8. Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law.
9. Payment in lieu of taxes.
10. Costs of job training, vocational education or career education, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing authority or taxing districts other than the municipality, are set forth in a written agreement among the municipality and the taxing authority 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.

11. Interest cost incurred by a developer related to the construction, renovation or rehabilitation of a redevelopment project provided that
- a. Such costs are to be paid directly from the special tax allocation fund (the fund into which the incremental tax proceeds are deposited as pursuant to the Act);
 - b. Such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the developer with regard to the redevelopment project during that year;
 - c. If there are not sufficient funds available in the special tax allocation fund to make such payments, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
 - d. The total of such interest payments paid pursuant to this Act may not exceed 30 percent of the total (A) costs paid or incurred by the developer for such redevelopment project plus (B) redevelopment project costs, including any property assembly costs and any relocation costs, incurred by a municipality pursuant to this Act.

A range of activities and improvements will be required to implement the tax increment redevelopment project. The necessary improvements and their costs are shown in Table 1, *Estimated Redevelopment Project Costs*. To the extent that the City has incurred costs or municipal obligations have been issued to pay for such Redevelopment Project costs in anticipation of the adoption of tax increment financing, the City shall be reimbursed from real estate tax increment revenues for such redevelopment costs. The total redevelopment project costs are intended to provide an upper limit on expenditures. Within this limit, adjustments may be made in line items without amendment of this Redevelopment Plan. Additional funding in the form of State and Federal grants and private developer contributions will be pursued by the City as means of financing improvements and facilities which are of a general community benefit.

Table 1
73RD AND KEDZIE REDEVELOPMENT PROGRAM
ESTIMATED REDEVELOPMENT PROJECT COSTS

PROGRAM ACTION/IMPROVEMENT

Property Acquisition	\$3,500,000
Rehabilitation of Existing Buildings	\$63,342,000
Street and Utility Improvements	\$3,000,000
Environmental Remediation	\$2,077,000
Job Training and Related Educational Programs	\$1,000,000
Analysis, Studies, Surveys, Legal, et al.	\$750,000
GROSS PROJECT COST	\$73,669,000 *

* Exclusive of capitalized interest, issuance cost, administrative cost, interest and other financing cost.

Sources of Funds to Pay Redevelopment Project Costs

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

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

Issuance of Obligations

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

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area, such ultimate retirement date occurring in the year 2016. Also, the final maturity date of any such obligations which are issued may not be later than twenty (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. The amounts payable in any year as principal of and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory sinking fund redemptions.

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

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

Table 2 lists the most recent proposed 1992 equalized assessed valuation of property in the Redevelopment Project Area. The total estimated equalized assessed valuation for the Redevelopment Project Area is \$13,760,845.

Anticipated Equalized Assessed Valuation

In Year 1999 (collection year 2000) when all improvements are completed, the estimated equalized assessed valuation of real property in the Redevelopment Project Area is estimated at \$39,860,915. This estimate is based on several key assumptions, including: 1) redevelopment for the uses specified in this Redevelopment Plan will occur in a timely manner; 2) the market value of the recommended industrial development will increase following completion of the redevelopment activities described in the Redevelopment Plan; and 3) the four-year average for the State Multiplier of 1.9717 as applied to 1992 assessed values will remain unchanged.

**TABLE 2
SUMMARY OF PROPOSED 1992 EQUALIZED ASSESSED VALUATIONS**

<u>Block Number</u>	<u>Equalized Assessed Value</u>
Existing Rheem Property (19-26-218-005)	\$ 2,502,714
Existing Nabisco Property (19-26-405-001)	<u>11,258,131</u>
Total	\$13,760,845

This figure is subject to final verification. Initial EAV is estimated to be \$13,760,845. After verification, the correct figures shall be certified to by the County Clerk of Cook County, Illinois.

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PHASING AND SCHEDULING OF REDEVELOPMENT PROJECT**

A phased implementation strategy will be utilized to achieve a timely and orderly redevelopment of the project area.

It is anticipated that City expenditures for redevelopment project cost will be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers.

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PROVISIONS FOR AMENDING THIS REDEVELOPMENT

This 73rd and Kedzie Tax Increment Redevelopment Project and Plan may be amended pursuant to the provisions of the Act.

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AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the 73rd and Kedzie Tax Increment Redevelopment Plan and Project:

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

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