

EXHIBIT A

The Amendment

SEE ATTACHED

**DIVERSEY/CHICAGO RIVER
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN
AMENDMENT NO. 1**

City of Chicago, Illinois

July 31, 2024

**City of Chicago
Brandon Johnson, Mayor**

Department of Planning and Development
Ciere Boatright, Commissioner

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EXECUTIVE SUMMARY

The Illinois General Assembly passed the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act") to provide municipalities with the mechanism to address blighted conditions, encourage private investment and to restore and enhance the tax base through development and redevelopment of project areas. To induce redevelopment pursuant to the Act, the City of Chicago City Council adopted three ordinances on October 5, 2016 approving the Diversey/Chicago River Tax Increment Financing Redevelopment Area Project and Plan (the "Original Plan" or the "Plan"); designating the Diversey/Chicago River Redevelopment Project Area (the "Original Project Area"); and adopting tax increment financing for the Original Project Area (the "Diversey/Chicago River TIF").

The Original Plan is being amended to expand the boundaries of the Original Project Area to include a 12.8-acre site immediately south of the Original Project Area. This area includes 11 of the 33 buildings in the Lathrop Homes public housing complex and is generally bounded by Damen Avenue on the east, the Chicago River on the south and west, and on the north 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 ("Expansion Area"). The area is described in more detail in the supplemental report entitled, Diversey/Chicago River Expansion Area Tax Increment Financing Eligibility Report ("Expansion Area Eligibility Report"). The Expansion Area and the Original Project Area are referred to as the "Amended Project Area." As a whole, the Amended Project Area is generally bounded on the north by Wellington Avenue, on the east by Clybourn and Damen avenues, and on the south and west by the Chicago River and encompasses 33.82 acres.

The changes encapsulated in this document, referred to as Diversey/Chicago River Tax Increment Financing Redevelopment Project and Plan Amendment No. 1, serve as a supplement to the Original Plan. In this document and in remaining portions of the Original Plan, the term "Plan," "Amended Plan" or "Amendment No. 1" may be used interchangeably and refer to the changes to date as reflected in this Amendment No. 1 document.

On and after November 1, 1999, no existing redevelopment plan may be amended if the redevelopment plan causes the displacement of residents from 10 or more inhabited residential units unless the municipality undertakes a housing impact study or certifies that such displacement will not result from the plan. The City hereby certifies that there will not be displacement of 10 or more inhabited units within the redevelopment project area. As such, a housing impact study is not required as part of Amendment No. 1.

The Plan summarizes the analyses and findings of the consultant's work, which, unless otherwise noted, is the responsibility of Johnson Research Group, Inc. (the "Consultant"). The City is entitled to rely on the findings and conclusions of this Plan in designating the Expansion Area as a redevelopment project area under the Act. The Consultant has prepared this Amendment No. 1 and the related supplemental Expansion Area Eligibility Report with the understanding that the City would rely: 1) on the findings and conclusions of Amendment No. 1 and the related Expansion Area Eligibility Report in proceeding with the expansion of the Original Project Area and the adoption and implementation of Amendment No. 1, and 2) on the fact that the Consultant has obtained the necessary information so that Amendment No. 1 and the related Expansion Area Eligibility Report complies with the Act.

MODIFICATIONS TO THE DIVERSEY/CHICAGO RIVER TIF AMENDMENT NO. 1

The changes to the Diversey/Chicago River Tax Increment Financing Redevelopment Area Project and Plan are presented section by section and follow the format of the Original Plan. This Amendment No. 1 document serves as a supplement to the sections of the Original Plan that remain unchanged.

SECTION I. INTRODUCTION

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

Delete the last two paragraphs of this subsection and replace with the following:

Expansion Area

The area to be added to the Diversey/Chicago River Tax Increment Financing Redevelopment Project Area (the "Expansion Area") is approximately 12.8 acres in size and is located in the Lincoln Park community area. The Expansion Area includes 11 buildings located on 5 tax parcels originally built on an uncommonly large tax block, or "superblock." The 11 buildings in the Expansion Area include:

- a non-residential Powerhouse that provided steam heat to all original Lathrop Homes buildings;
- Waters Edge Apartments - a high-rise building dedicated to CHA senior housing,
- a four-story residential building renovated as part of Lathrop Homes Preservation Phase 1; and
- eight (8) two-, three- and four-story buildings slated for renovation as part of Lathrop Homes Phase 2.

For a map depicting the Diversey/Chicago River Tax Increment Financing Redevelopment Project Area boundaries, as amended (the "Amended Project Area"), see Figure 2, attached hereto and incorporated herein.

B. Tax Increment Financing – no changes

C. The Redevelopment Plan for the Diversey/Chicago River Tax Increment Financing Redevelopment Project Area – no changes

SECTION II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

Delete all language in this section and replace with the following:

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 Plan. The boundaries of the Amended Project Area are shown in **Figure 2. Amended Project Area Boundary** and legally described in Appendix I.

SECTION III. ELIGIBILITY CONDITIONS

A. Summary of Project Area Eligibility

Add the following language after the last paragraph:

Expansion Area Eligibility

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

- 91% 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 Expansion 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
- The Expansion Area includes only real property and improvements that would be substantially benefited by the proposed redevelopment project improvements.

B. Surveys and Analyses Conducted

Add the following language after the last paragraph:

JRG conducted the following surveys and analyses to determine whether the Expansion Area qualifies as a redevelopment project area under the Act:

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 Expansion 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 site coverage, and off-street parking quantities;
8. Review of previously prepared plans, studies and data, including 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 code violation data for the period from October 2007 through June 2024;
10. Analysis of storm, sanitary sewer lines and water supply lines within the Expansion 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 equalization assessed valuations ("EAV") for tax parcels in the Expansion Area for assessment years 2017 to 2023.

SECTION IV. REDEVELOPMENT GOALS AND OBJECTIVES

No changes

SECTION V. REDEVELOPMENT PROJECT

A. Land Use Plan

Paragraph 3 entitled Mixed Use – Commercial/Residential is deleted and replaced with the following:

Commercial

Neighborhood scale commercial uses that are compatible with nearby residential developments may be permitted. Uses may include commercial retail or service uses, eating and drinking establishments, medical services, office and business support services and residential storage facilities. Compatible non-residential ground floor uses that are consistent with and allowed by PD and City zoning code may be subject to traffic and site plan review by the City.

B. Redevelopment Goals and Objectives – no changes

C. Redevelopment Improvements and Activities – no changes

D. Redevelopment Project Costs – Part 2 of this subsection is deleted in its entirety and replaced with the following:

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 2024 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

	Eligible Redevelopment Project Costs	Estimated Cost
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))	45,500,000
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))	14,000,000
TOTAL REDEVELOPMENT PROJECT COSTS		\$60,000,000

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 Project 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 2024 dollars and may be adjusted per the rate, adjusting for inflation 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 \$60,000,000, as adjusted hereunder per the Act, the City will use its best efforts to adopt an ordinance, within 120 days, 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 – no changes

F. Issuance of Obligations – no changes

G. Valuation of the Project Area

This subsection is deleted in its entirety and replaced with the following:

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

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Amended Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Amended Project Area.

Original Area. According to the Cook County Clerk, the Certified Initial EAV (2015 tax year) of the Original Project Area is \$0.

Expansion Area. The 2023 EAV of all taxable parcels in the Expansion Area is \$818,814. This total EAV amount, by PIN, is summarized in Table 2. Amended Project Area 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 Expansion Area will be calculated by Cook County. The Plan has utilized the EAVs for the 2023 tax year. If the 2024 EAV shall become available prior to the date of the adoption of the Plan by the City Council, the City may update the Plan by replacing the 2023 EAV with the 2024 EAV.

Amended Project Area. The estimated total Initial EAV of the Amended Project Area is \$818,817.

Table 2 is deleted and replaced with the following:

Table 2. Amended Project Area EAV by PIN

PIN	2015 EAV	2023 EAV
14-30-123-008-0000	Exempt	
14-30-123-010-0000	Exempt	
14-30-123-011-0000	Exempt	
14-30-123-012-8001	Exempt	
14-30-123-012-8002	Exempt	
14-30-302-008-0000	Exempt	
14-30-302-029-8001	Exempt	
14-30-302-029-8002	Exempt	
14-30-302-023-0000	Exempt	
14-30-302-024-0000	Exempt	
14-30-302-025-0000	Exempt	
14-30-302-013-0000		Exempt
14-30-302-015-0000		Exempt
14-30-302-020-0000		Exempt
14-30-302-027-0000		818,814
14-30-302-028-0000		Exempt
TOTAL	\$0	\$818,814

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 \$26,000,000. The estimate is based on several assumptions, including:

- 1) redevelopment of the Project Area will occur in a timely manner;
- 2) rehabilitation and/or construction and occupancy of 796 rental residential units, comprised of CHA, affordable and market rate units;
- 3) approximately 7,200 square feet of new retail/office space will be constructed or renovated within the existing Powerhouse; and
- 4) an estimated annual inflation rate in EAV of 2.5 percent through 2039, realized in triennial reassessment years only (7.69 percent per triennial reassessment period); and
- 5) the most recent state equalization factor of 3.0163 (2023 value) is used in all years to calculate estimated EAV.

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

Add the following language to the end of this section:

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

SECTION VII. FINANCIAL IMPACT

No changes

SECTION VIII. DEMAND ON TAXING DISTRICT SERVICES

No changes

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

No changes

SECTION X. PHASING AND SCHEDULING

No changes

SECTION XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN

No changes

SECTION XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN

No changes

SECTION XIII. HOUSING IMPACT

Add the following language to the end of this section:

The Redevelopment Plan generally outlines redevelopment activities that include substantial rehabilitation and historic preservation of existing buildings that may include select demolition as well as new construction. The Expansion Area includes a fully occupied senior high rise building and a recently constructed mid-rise apartment building that is in lease-up. All other buildings in the Expansion Area are 100% vacant. Based on the above, the City has certified that no displacement of residents will result from the Redevelopment Plan.

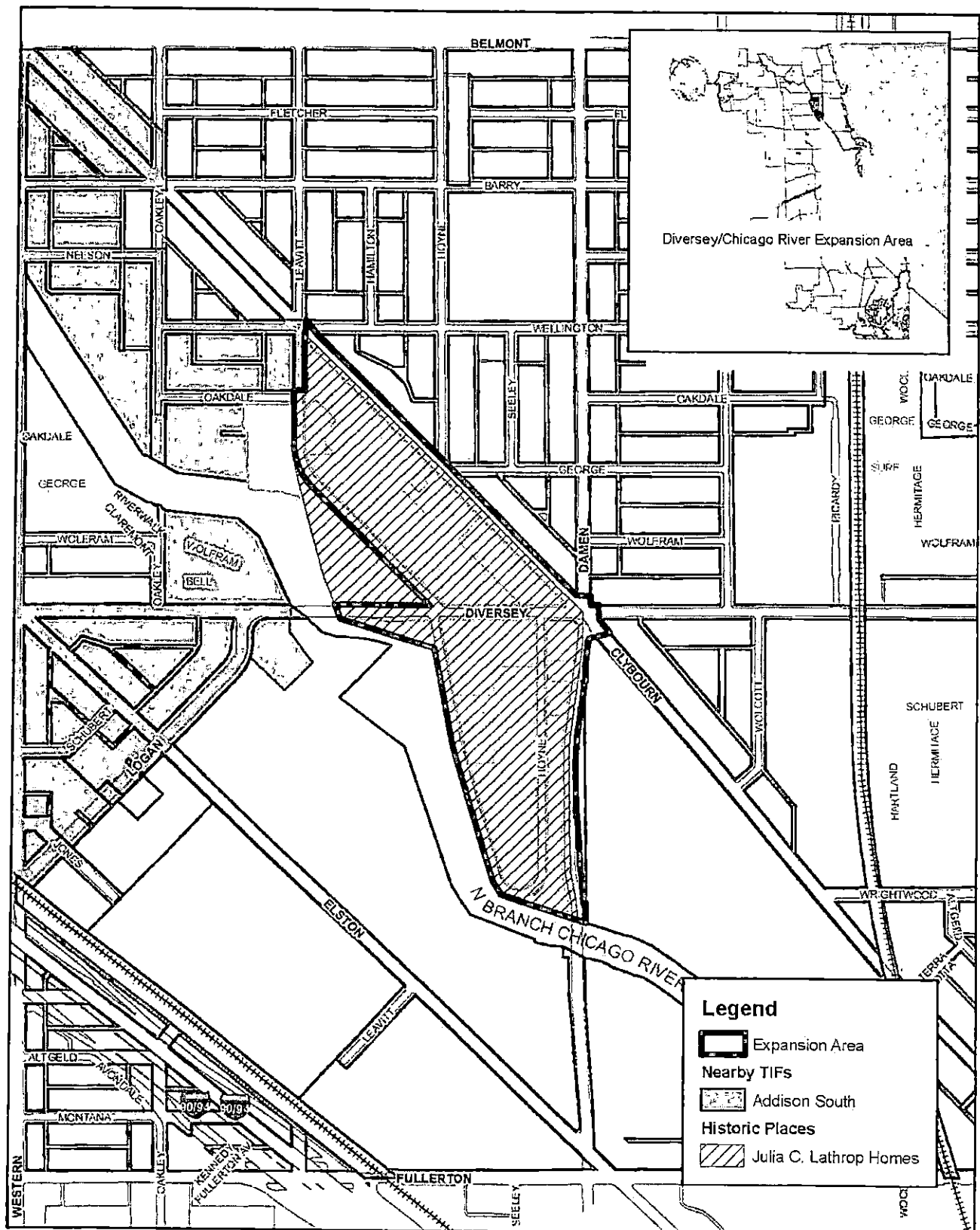


Figure 1: Community Context Map
Diversey/Chicago River TIF Amendment No. 1

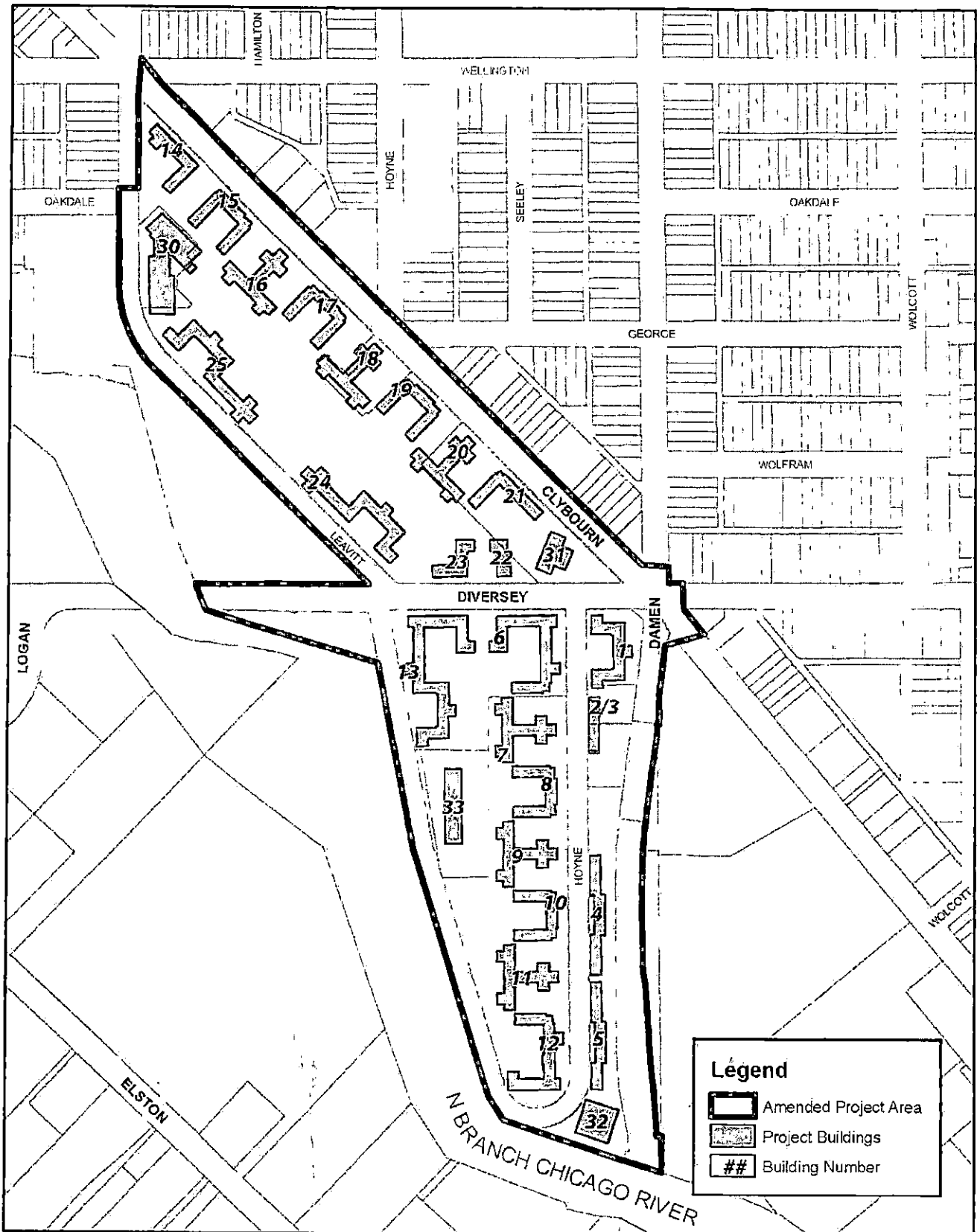


Figure 2: Amended Project Area Boundary
Diversey/Chicago River TIF Amendment No. 1

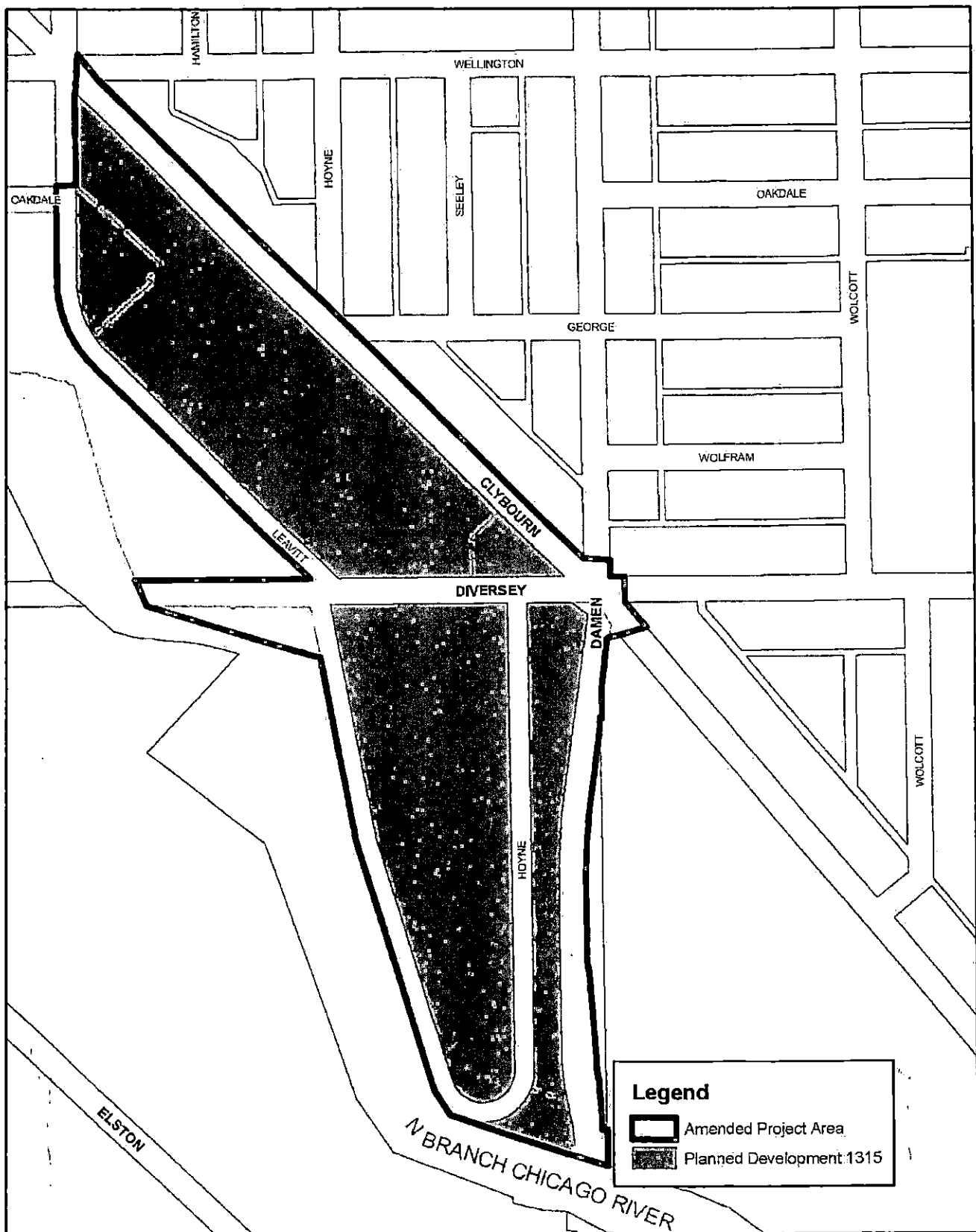


Figure 3: Land Use Plan
Diversey/Chicago River TIF Amendment No. 1

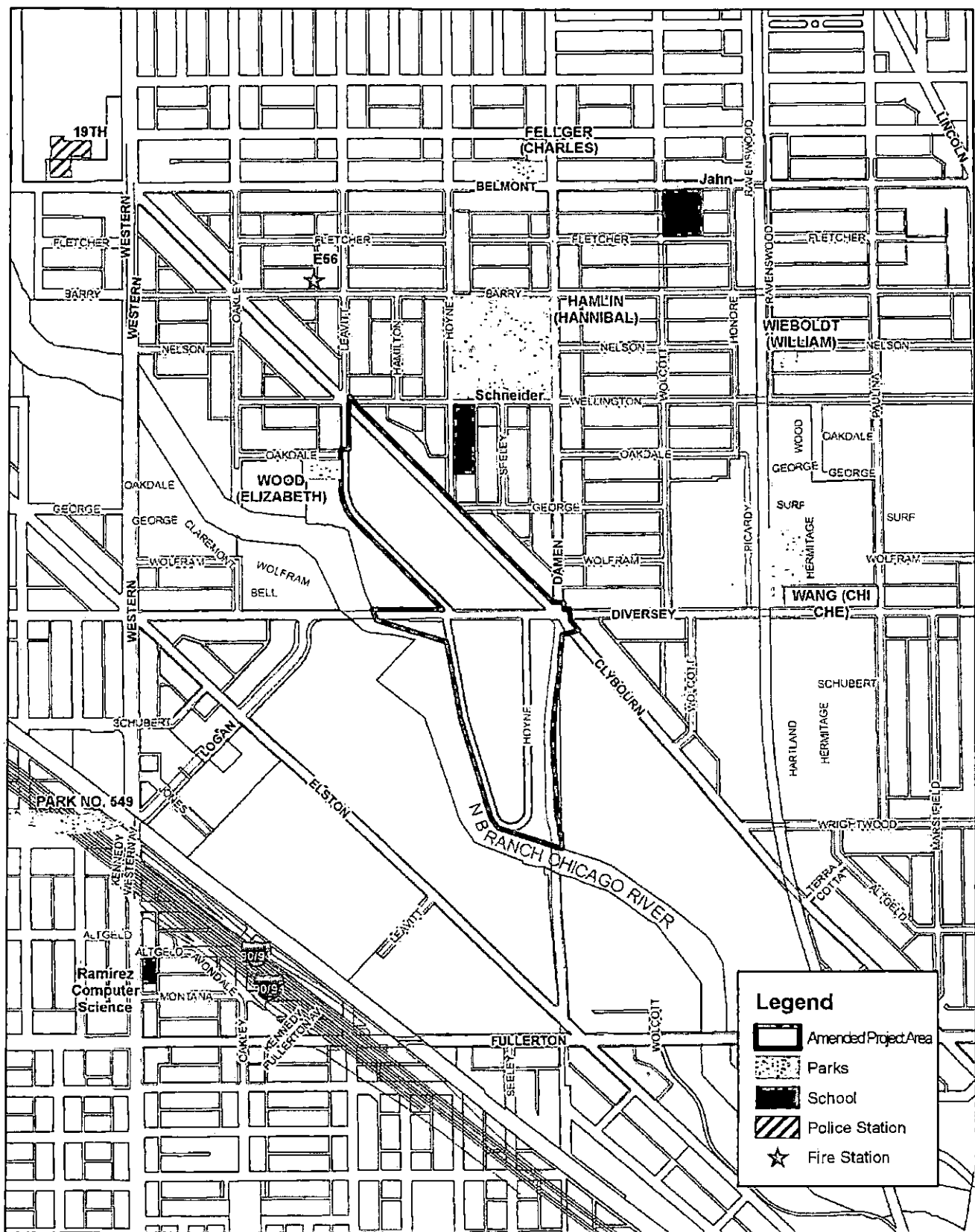


Figure 4: Community Facilities
Diversey/Chicago River TIF Amendment No. 1

APPENDIX I.
DIVERSEY/CHICAGO RIVER TIF AMENDMENT NO. 1
LEGAL DESCRIPTION

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 RIGHT OF WAY LINE OF DIVERSEY PARKWAY;

THENCE SOUTHEASTERLY ALONG THE EASTERLY LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER APPROXIMATELY 434.00 FEET TO THE WESTERLY RIGHT OF WAY LINE OF LEAVITT AVENUE;

THENCE SOUTHERLY ALONG THE WESTERLY RIGHT OF WAY LINE OF LEAVITT AVENUE TO A POINT OF INTERSECTION WITH THE WESTERLY EXTENSION OF THE SOUTHERLY LINE OF LOT 11 IN SNOW ESTATE SUBDIVISION BY SUPERIOR COURT IN PARTITION OF THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 30-40-14 AND THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 25-40-13 (EXCEPT THE SOUTH 20 ACRES), ALSO THAT PART OF THE SOUTHWEST QUARTER OF SECTION 30-40-14 LYING NORTH AND EAST OF THE NORTH BRANCH OF THE CHICAGO RIVER, ALSO LOTS 2,3,4,6,7,9 & 11 IN ASSESSOR'S DIVISION OF PART OF THE SOUTHWEST QUARTER OF SECTION 30-40-14 LYING BETWEEN THE RAILROAD AND THE RIVER;

THENCE EASTERLY ALONG THE WESTERLY EXTENSION OF THE SOUTHERLY LINE OF LOT 11 IN SNOW ESTATE SUBDIVISION AFORESAID AND ALONG THE SOUTHERLY LINE OF LOT 11 EXTENDED TO A POINT OF INTERSECTION WITH THE EAST LINE OF THE SOUTHWEST QUARTER OF SECTION 30 AFORESAID;

THENCE NORTH ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF SECTION 30 AFORESAID A DISTANCE OF 89.43 FEET;

THENCE SOUTH 89 DEGREES 47 MINUTES 57 SECONDS WEST A DISTANCE OF 8.08 FEET TO THE EASTERLY RIGHT OF WAY LINE OF DAMEN AVENUE;

THENCE NORTHERLY ALONG THE EASTERLY RIGHT OF WAY LINE OF DAMEN AVENUE A DISTANCE OF 77.32 FEET ALONG A CURVE CONVEX EASTERLY HAVING A RADIUS OF 1558.59 FEET;

THENCE CONTINUING NORTH 03 DEGREES 59 MINUTES 41 SECONDS WEST ALONG THE EASTERLY RIGHT OF WAY LINE OF DAMEN AVENUE A DISTANCE OF 326.85 FEET;

THENCE CONTINUING NORTHERLY ALONG THE EASTERLY RIGHT OF WAY LINE OF DAMEN AVENUE 315.15 FEET ON A RADIUS OF 2427.68 FEET CHORD BEARS NORTH 00 DEGREES 16 MINUTES 34 SECONDS A DISTANCE OF 314.93 FEET;

THENCE NORTHERLY 164.95 FEET ALONG THE EASTERLY RIGHT OF WAY LINE OF DAMEN AVENUE ALONG AN ARC OF A CIRCLE CONVEX WESTERLY HAVING A RADIUS OF 2427.68 FEET AND WHOSE CHORD BEARS NORTH 05 DEGREES 23 MINUTES 22 SECONDS EAST 164.92 FEET;

THENCE NORTH 07 DEGREES 20 MINUTES 06 SECONDS EAST ALONG THE EASTERLY RIGHT OF WAY LINE OF DAMEN AVENUE A DISTANCE 172.80 FEET TO A POINT ON THE EAST LINE OF THE SW QUARTER OF SECTION 30 AFORESAID;

THENCE NORTH 07 DEGREES 21 MINUTES 27 SECONDS EAST ALONG THE EASTERLY

RIGHT OF WAY LINE OF DAMEN AVENUE A DISTANCE OF 191.65 FEET;

THENCE NORTH 72 DEGREES 57 MINUTES 14 SECONDS EAST A DISTANCE OF 23.92 FEET TO THE WESTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE;

THENCE CONTINUING NORTH 72 DEGREES 57 MINUTES 14 SECONDS EAST TO A POINT ON THE EASTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE;

THENCE NORTHWESTERLY ALONG THE EASTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE TO A POINT OF INTERSECTION WITH THE SOUTH RIGHT OF WAY LINE OF DIVERSEY PARKWAY;

THENCE NORTH ON A LINE BEING PARALLEL WITH THE EAST RIGHT OF WAY LINE OF DAMEN AVENUE TO A POINT OF INTERSECTION WITH THE NORTH RIGHT OF WAY LINE OF DIVERSEY PARKWAY;

THENCE WEST ALONG THE NORTH RIGHT OF WAY LINE OF DIVERSEY PARKWAY TO A POINT OF INTERSECTION WITH THE EAST RIGHT OF WAY LINE OF DAMEN AVENUE;

THENCE NORTHWESTERLY TO THE POINT OF INTERSECTION WITH THE SOUTHEAST CORNER OF LOT 13 IN CATHERINE WECKLER'S SUBDIVISION OF THE SOUTH HALF OF OUTLOT 13 NORTHEAST OF CLYBOURN AVENUE IN SUBDIVISION OF SUPERIOR COURT PARTITION OF OUTLOT 13 OF SNOW ESTATE SUBDIVISION IN SECTION 30 AFORESAID; SAID POINT ALSO BEING ON THE EASTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE;

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

THENCE NORTHWESTERLY TO A POINT OF INTERSECTION WITH THE SOUTHWEST CORNER OF LOT 58 IN GEORGE LILL'S SUBDIVISION OF OUTLOT 15 IN SUPERIOR COURT PARTITION OF OUTLOT 15 OF SNOW ESTATE SUBDIVISION AFORESAID, SAID POINT BEING ON THE EAST RIGHT OF WAY LINE OF LEAVITT AVENUE;

THENCE SOUTHERLY TO THE POINT OF INTERSECTION WITH THE EAST RIGHT OF WAY LINE OF LEAVITT AVENUE AND THE SOUTHWESTERLY RIGHT OF WAY LINE OF CLYBOURN AVENUE;

THENCE SOUTH ALONG THE EAST LINE OF LEAVITT STREET TO THE EASTERLY EXTENSION OF THE NORTH RIGHT OF WAY LINE OF OAKDALE AVENUE;

THENCE WEST ALONG THE EASTERLY EXTENSION OF THE NORTH RIGHT OF WAY LINE OF OAKDALE AVENUE TO THE WEST RIGHT OF WAY LINE OF LEAVITT STREET;

THENCE SOUTH AND SOUTHEASTERLY ALONG THE WESTERLY RIGHT OF WAY LINE OF LEAVITT STREET TO THE NORTH RIGHT OF WAY LINE OF DIVERSEY PARKWAY;

THENCE WEST ALONG THE NORTH RIGHT OF WAY LINE OF DIVERSEY PARKWAY TO THE EAST LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER;

THENCE SOUTHERLY ALONG THE EAST LINE OF THE NORTH BRANCH OF THE CHICAGO RIVER APPROXIMATELY 60.20 FEET TO THE POINT OF BEGINNING.

APPENDIX II.
DIVERSEY/CHICAGO RIVER EXPANSION AREA
TAX INCREMENT FINANCING ELIGIBILITY REPORT

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

City of Chicago, Illinois

July 9, 2024

City of Chicago
Brandon Johnson, Mayor

Department of Planning and Development
Ciere Boatright, Commissioner

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INTRODUCTION

On October 5, 2016, the Chicago City Council adopted the Diversey/Chicago River Tax Increment Financing Redevelopment Area Project and Plan ("**Diversey/Chicago River TIF**"). The Diversey/Chicago River TIF encompasses an irregularly-shaped area 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 (the "**Original Area**"). Through a public-private partnership between the Chicago Housing Authority (the "**CHA**"), Related Midwest and Bickerdiike Housing (collectively, the "**Developer**"), 22 of the 33 buildings within the Julia C. Lathrop Homes public housing development ("**Lathrop Homes**") have been rehabilitated as a mixed-income housing development as part of Lathrop Homes Preservation Phase 1. In order to facilitate rehabilitation of the remainder of the Lathrop Homes complex, the City of Chicago proposes an amendment to the Diversey/Chicago River TIF to expand the boundaries.

In order to consider an amendment to the Diversey/Chicago River TIF in which the Original Area would be expanded, Johnson Research Group, Inc. ("**JRG**") was engaged by the CHA to determine whether an irregularly-shaped area of approximately 12.8 acres of land, located immediately south of the Original Area, 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 expansion area examined in this report encompasses 11 of the 33 buildings that make up Lathrop Homes. This document, entitled the *Diversey/Chicago River Expansion Area Tax Increment Financing Eligibility Report* (the "**Eligibility Report**"), summarizes the methodology and findings of a study for an area generally bounded by Damen Avenue on the east, the Chicago River on the south and west, and on the north 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 Expansion Area Tax Increment Financing Redevelopment Project Area (the "**Expansion Area**"). The boundaries of the Expansion Area are shown on **Figure 1, Expansion Area Boundary**.

The findings and conclusions presented in this report are based on surveys, documentation, and analyses conducted by JRG for the Expansion Area, as well as a review of documents provided by the Developer 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 Expansion 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 Expansion 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 Expansion Area

The Expansion Area is approximately 12.8 acres in size and is located in the Lincoln Park community area. The Expansion Area includes 11 buildings located on 5 tax parcels originally built on an uncommonly large tax block, or “superblock.” The 11 buildings in the Expansion Area include:

- a non-residential Powerhouse that provided steam heat to all original Lathrop Homes buildings;
- Waters Edge Apartments - a high rise building dedicated to CHA senior housing,
- a four-story residential building renovated as part of Lathrop Homes Preservation Phase 1; and
- eight (8) two-, three- and four-story buildings slated for renovation as part of the next phase of the Lathrop Homes Preservation Project.

Buildings and existing land uses in the Expansion Area are illustrated in ***Figure 3, Existing Land Use***.

The Expansion Area as a whole is characterized by aging, deteriorated, and obsolete residential and public buildings. Lathrop Homes was originally built in the late 1930s and until 2016 had received only minor improvements. These buildings all exhibit severely deteriorated exterior conditions ranging from cracks and missing mortar in brickwork, crumbling concrete on porches and entryways, rusted window lintels, widespread graffiti and broken windows. The original heating system supplied by the Powerhouse building and serving all Lathrop Homes buildings has long been obsolete and inefficient for the development and is incompatible with contemporary standards for heating and cooling.

In addition to deterioration and obsolescence, the Expansion Area is characterized by long-term high vacancies, aging water and sewer utilities, and insufficient provision of off-street parking. The eight residential buildings subject to renovation have been largely vacant for more than 15 years. The majority of the water and sewer infrastructure serving the Expansion Area is nearly 90 years old and approaching its expected life. Finally, the Expansion 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. Except for a small parking area intended for the senior housing building, the southern portion of Lathrop Homes had no provision for off-street parking for the Lathrop Homes buildings south of Diversey Parkway.

Summary of Expansion 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 Expansion Area is eligible as a conservation area within the requirements of the Act.

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

- 91% 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 Expansion 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 Expansion 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 Expansion 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 Expansion 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 Expansion 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, parking facilities, landscaping, fences, and general property maintenance;
3. Analysis of existing uses within the Expansion Area and their relationships to the surroundings;
4. Comparison of current land use to current zoning ordinance and 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 a physical needs assessment study prepared for CHA dated April 27, 2015;
9. Analysis of the City's building code violation data for the period from October 2007 through June 2024;
10. Analysis of storm and sanitary sewer lines and water infrastructure maps provided by the City's Department of Water Management; and
11. Analysis of Cook County Assessor records for years 2017 to 2023.

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 Expansion 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 Expansion Area, presented in the order in which they appear in the Act.

III. IMPROVED AREA ELIGIBILITY CRITERIA

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. Since the Expansion Area consists of one superblock, the analysis below is based on the presence of factors on a building-by-building basis. As illustrated in Figures 2 through 9, the existing buildings are evenly

distributed throughout the Expansion Area. **Figure 2, Lathrop Home Building Numbering** presents the numbering system for all buildings within the Lathrop Homes site.

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 11 buildings within the Expansion Area, 10 (91%) are 35 years of age or more.

Conclusion: The Expansion Area meets the required age test for designation as a conservation area. Ninety-one percent (91%) of the buildings within the Expansion 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 Expansion Area, the standards and criteria used for evaluation, and the findings as to the existence of Dilapidation or deterioration of structures. The building condition analysis is based on a thorough exterior inspection of the buildings and sites conducted in April and June 2024, documentation from an earlier interior inspection of select buildings in 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 Expansion Area were noted during the inspections.

Building Components Evaluated

During the field surveys, each component of the buildings in the Expansion 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.

- **Primary Structural Components**

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

- **Secondary Components**

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

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

Building Component Classifications

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

- Sound
Building components that contain no defects, are adequately maintained and require no treatment outside of normal ongoing maintenance.
- Deficient - Requiring Minor Repair
Building components containing defects (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.
- Deficient - Requiring Major Repair
Building components which contain major defects over a widespread area and would be difficult to correct through normal maintenance. Buildings in the major deficient category would require replacement or rebuilding of components by people skilled in the building trades.
- Critical
Building components that contain major defects (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.

Final Building Rating

After completion of the exterior-interior building condition survey, each structure is 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:

- Sound
Sound buildings can be kept in a standard condition with normal maintenance. Buildings so classified have no major or minor defects.
- Deficient
Deficient buildings contain defects that collectively are not easily correctable and cannot be accomplished in the course of normal maintenance. The classification of major or minor reflects the degree or extent of defects found during the survey of the building.
 - Minor* – one or more minor defect, but no major defect.
 - Major* – one or more major defects in one of the primary components or in the combined secondary components, but no critical defect.
- Substandard
Structurally substandard buildings contain defects that are so serious and so extensive that the building must be removed or major components substantially repaired and/or replaced. Buildings classified as structurally substandard have two or more major defects.
"Minor deficient" and "major deficient" buildings are considered to be the same as "deteriorating" buildings as referenced in the Act; "substandard" buildings are the same

as "dilapidated" buildings. The words "building" and "structure" are presumed to be interchangeable.

Exterior Survey

The condition of the buildings within the Expansion Area are based on observable components, as well as the documentation provided by CHA regarding historical exterior and interior conditions of the residential buildings. JRG conducted an exterior survey of each building within the Expansion Area to determine its condition. Based on this analysis, no buildings are identified as dilapidated. Of the 11 buildings in the Expansion Area:

- 2 buildings (18.2%) are classified as sound (no defects);
- 0 buildings (0.0%) are classified as minor deficient (deteriorating);
- 9 buildings (81.8%) are classified as major deficient (deteriorating); and
- 0 buildings (0.0%) are classified as structurally substandard (dilapidated).

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

Functional Obsolescence

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

Economic Obsolescence

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

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.

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.

All of the residential properties were built in 1938 as a unified public housing complex and reflect building components and systems that are outmoded and incompatible with contemporary development standards. The most significant example of obsolescence is the outdated and inadequate heating system in place. All buildings in the Lathrop Home complex were dependent on the Powerhouse building for centralized steam heat, leaving residents unable to control their own unit's heat and lacked cooling systems altogether. Buildings throughout the residential complex were constructed with uninsulated lobbies, stairwells and landings, doorways smaller than current standards, and outmoded, non-energy efficient windows. Most of the residential structures lack sufficient wall insulation causing heating/cooling inefficiencies year-round.

The residential structures in the Expansion Area are characterized by conditions that limit their efficient use and require substantial changes to update to contemporary standards. See **Figure 4, Obsolescence**.

Conclusion: Major Presence of Factor. The analysis indicates that Obsolescence is present to a meaningful extent in 9 of the 11 buildings and reasonably distributed throughout the Expansion 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.

Deterioration of Buildings

The analysis of building Deterioration is based on the survey methodology and criteria described in the Section on Dilapidation. Nine buildings within the Expansion Area are classified as exhibiting major deteriorating conditions. See **Figure 3, Deterioration**.

Nine buildings in the Expansion Area exhibit major levels of Deterioration among secondary components such as severely rusted lintels, deteriorated window frames, missing and boarded up doors, chipped and deteriorated front entrance steps, and widespread presence of broken windows and graffiti. Three of the buildings exhibit major defects to primary components of walls and foundation. Major deteriorating conditions include uneven and protruding brick with widespread need for tuck pointing and brick replacements.

An October 2015, interior inspection of Building 12 at the south end of the site revealed significant interior damage to public and private interior spaces, with no meaningful repairs made since that date. Major defects within private spaces included extensive water damage to ceiling, walls and floors of interior rooms, rusted radiator units, evidence of rodent infestation and loose and buckling bathroom tiles. Major defects in public stairwells include peeling paint over an extensive area as well as uneven or sagging concrete stairs.

Updated field surveys of the buildings documented completely broken/open windows on upper floors of nine of the 11 Expansion Area buildings creating unknown levels of interior deterioration due to extended exposure to rain and snow conditions.

Deterioration of Sites and Infrastructure

As part of the field survey, JRG documented site conditions that include extensive broken pavement, uneven paved surfaces within streets and sidewalks and deterioration of street pavement, curbs and gutters but found that such deteriorated site conditions were present to a limited extent in the Expansion Area.

Conclusion: Major Presence of Factor. Deterioration is present in nine of the 11 buildings in the Expansion Area. Therefore, Deterioration is meaningfully present and reasonably distributed throughout the Expansion 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 building codes particularly important for CHA properties 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 five 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"), and no changes to the units have been made since that date. According to the EMG Study, eight of the 11 residential buildings in the Expansion Area meet the thresholds requiring accessibility (mobility or audio/visual) and, as such, fall below these UFAS building code standards.

The EMG Study documented the presence of structures below minimum code standards in eight of the 11 buildings of the Expansion Area. This factor is present to a meaningful extent and reasonably distributed throughout the Expansion Area. See **Figure 6, 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 Expansion 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 Expansion Area. This factor is not a supporting factor for Expansion 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. Eight of the residential buildings in the Expansion Area are 100% vacant and the Powerhouse building is no longer functioning as the heating system for the complex. The residential buildings have been largely vacant for over 15 years, creating a long-term and ongoing blight on the Expansion Area and the surrounding neighborhood. For purposes of this report, a building is characterized as exhibiting “excessive vacancies” if more than 20% of its units are vacant. Under these definitions, nine of the 11 buildings of the Expansion Area exhibit excessive vacancies.

The two buildings in the Expansion Area that do not exhibit excessive vacancies include the fully occupied Waters Edge Senior Building and the newly redeveloped building at 2737 N Hoyne that is currently in lease up.

Excessive vacancies, exhibited by exceptionally high levels and extended duration of vacancies in the Expansion Area, have a detrimental impact on the neighborhood and all its residents. High vacancy levels can attract squatters who 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. See **Figure 7, Excessive Vacancies.**

Conclusion: Major Presence of Factor. *Excessive vacancies as a factor is present to a meaningful extent and reasonably distributed throughout the Expansion 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. Limited inspections of selected buildings were conducted in earlier years but did not document presence of this factor. 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 Expansion Area. This factor is not present in the Expansion 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.

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 Expansion Area document that water and sewer lines are nearing the end of their useful life. Both water and sewer lines that run through the Expansion Area were put in place in 1937 and have not been replaced or relined since that time. See **Figure 8. Inadequate Utilities**.

Conclusion: Major Presence of Factor. Inadequate utilities, as a factor, impacts all 11 buildings and is present to a meaningful extent and reasonably distributed throughout the Expansion 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 Expansion Area based on the lack of sufficient off-street parking spaces. The residential complex was planned and built in the 1930s when 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 those parking lots inconveniently located on a gravel lot between Hoyne and Damen. Over the years, reconstruction and widening of Damen Avenue eliminated that parking lot, leaving the southern portion of the Lathrop Homes development with no off-street parking for residents in buildings south of Diversey Parkway.

The Waters Edge Senior Building has gated parking that is limited to its residents and employees. The redevelopment of 2737 N Hoyne incorporated ground floor parking in its design introducing off-street, garage parking spaces for residents of the building and neighboring buildings.

The dearth of off-street parking spaces is so severe and impactful throughout the entire complex that this is considered a major presence of this factor. Until sufficient number and distribution of parking spaces can be accommodated, this factor impacts all of the buildings in the Expansion Area to a significant extent. Any redevelopment of the Expansion Area would have to add hundreds of off-street parking spaces in order to meet the City's modern zoning codes. See **Figure 9. 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 Expansion 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 Expansion 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 Expansion 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 20th 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 parks connected by green boulevards. Lathrop Homes was planned and built in the 1930s 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 Expansion 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 Expansion 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. The Green Physical Needs Assessment Report dated April 27, 2015 documents that visible suspected mold growth has been present in one or more properties and indoor air quality or mold-related complaints were received from residents. However, no additional details or documentation were available for this study.

Conclusion: No Presence of Factor. The condition pertaining to a need for environmental remediation has not been sufficiently documented for qualification as a supporting eligibility factor in the Expansion 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 2018 to 2023, the growth rate of the total EAV of the Expansion Area has declined in two of the last five years and lagged behind the growth rate of the Consumer Price Index (CPI) in all three of those years. However, the majority of the Expansion Area has been exempt for most of this time period, so the declining trend is not considered reasonably distributed throughout the Expansion Area. Therefore, this factor is not considered present in the Expansion Area.

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

Table 1. Growth of Expansion Area vs. Consumer Price Index

Year ¹	Expansion Area EAV			CPI – Dec. Value/All Urban Consumers		
	Expansion Area EAV	Percent Change ²	Declining EAV	CPI December Value	Percent Change	Lagging CPI
2018	33,935			251.233	1.9%	
2019	393,963	1060.9%	NO	256.974	2.3%	NO
2020	1,347,965	242.2%	NO	260.474	1.4%	NO
2021	1,254,036	-7.0%	YES	278.802	7.0%	YES
2022	793,679	-36.7%	YES	296.797	6.5%	YES
2023	818,814	3.2%	NO	306.746	3.4%	YES

¹2023 is the most recent year for which finalized data is available for the Expansion Area and CPI.

²Percent Change reflects the annual growth in EAV from the prior year (e.g. 3.2% change in Expansion Area EAV for Year 2023 represents the change in EAV from 2022 to 2023).

Conclusion: *No Presence of Factor. Declining or Lagging Equalized Assessed Valuation as a factor is not considered a supporting eligibility factor.*

IV. DETERMINATION OF EXPANSION AREA ELIGIBILITY

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

A. Age

The Expansion Area meets the threshold criteria, which requires that 50% or more of buildings are 35 years of age or older. Ninety-one percent (91%) of the Expansion 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 13 factors set forth in the Act are required for the Expansion Area to qualify for designation as a conservation area. The analysis of the Expansion Area finds a meaningful presence and a reasonable distribution of six factors throughout the Expansion 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 Factors by Building**.

Table 2. Distribution of Factors by Building

Building No.	Land Use	Dilapidation	Obsolescence	Deterioration	Illegal Use	Struct. below code	Excess. Vacancies	Excess. land coverage/ Overcrowding	Lack of Light, Vent.	Inadequate Utilities	Deleterious land use	Environmental Remediation	Declining/Lagging EAV	Lack of Community Planning
2/3	Apartment							●		●				
4	Apartment		●	●		●	●	●		●				
5	Apartment		●	●		●	●	●		●				
7	Apartment		●	●		●	●	●		●				
8	Apartment		●	●		●	●	●		●				
9	Apartment		●	●		●	●	●		●				
10	Apartment		●	●		●	●	●		●				
11	Apartment		●	●		●	●	●		●				
12	Apartment		●	●		●	●	●		●				
32	Powerhouse		●	●			●	●		●				
33	Sr Housing							○		●				
Total			9	9		8	9	11		11				

The eligibility findings presented in this report indicate that the Expansion 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 Expansion 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 Expansion 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.

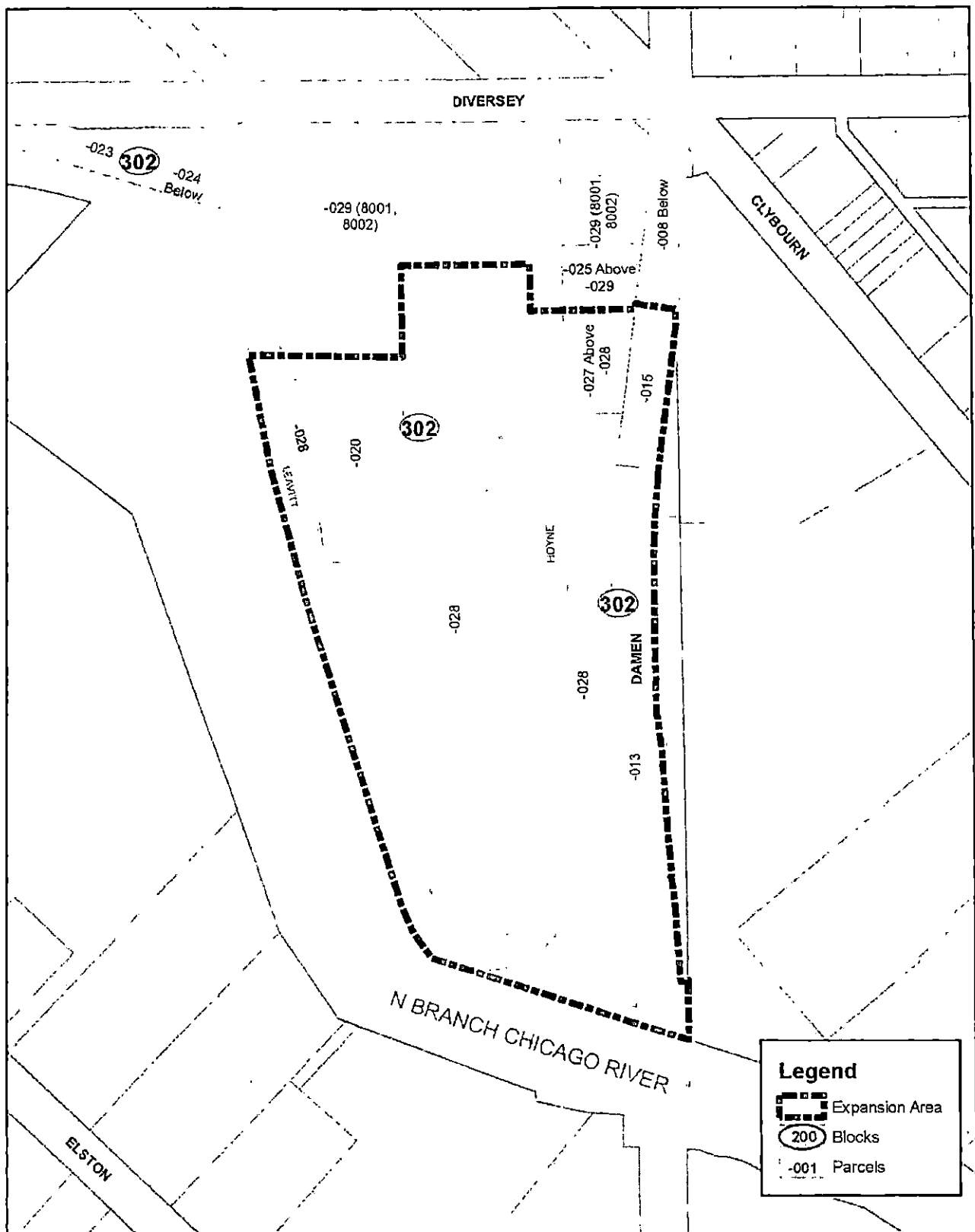


Figure 1: Expansion Area Boundary
Diversey/Chicago River Expansion Area Eligibility Study

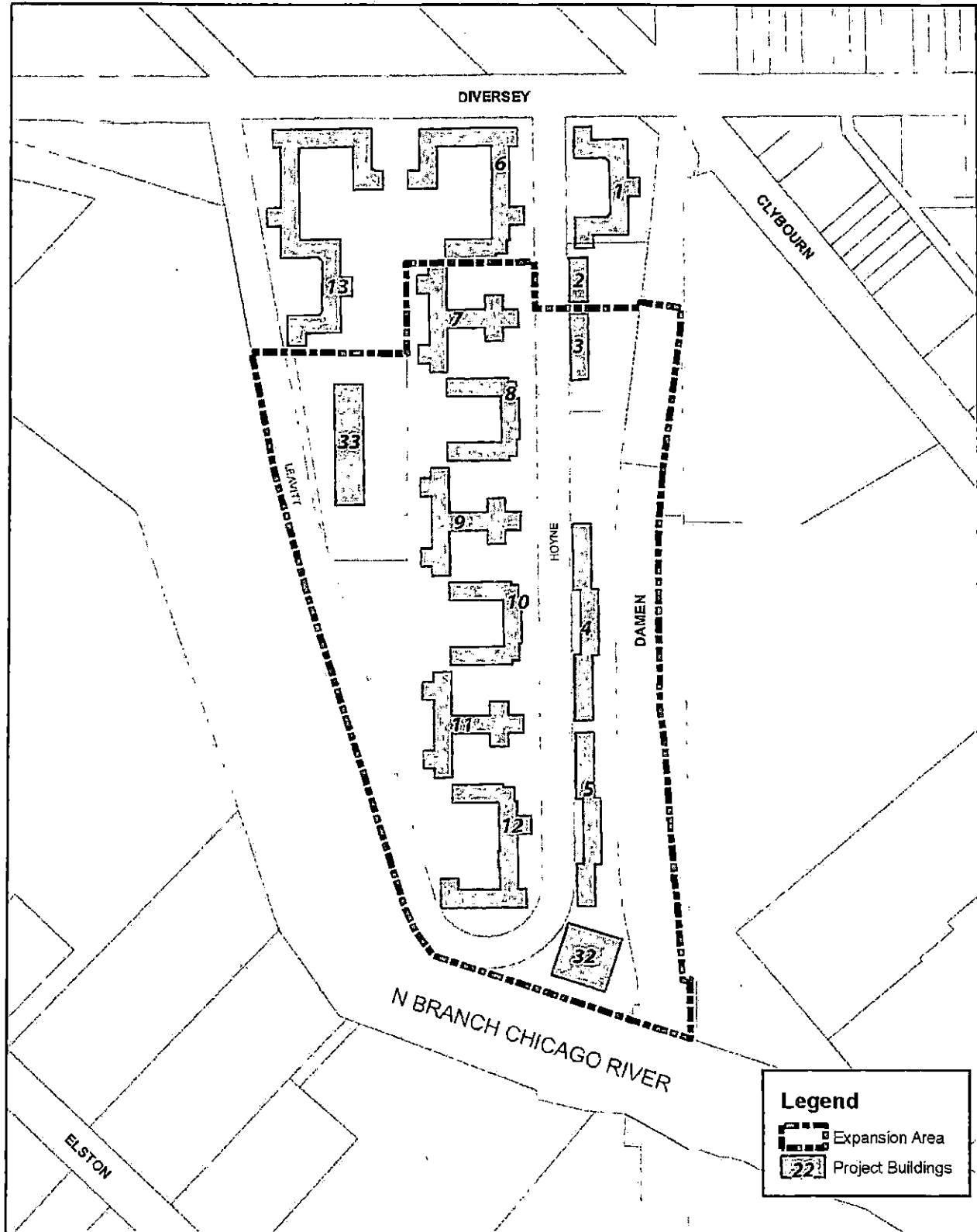


Figure 2: Lathrop Home Building Numbering
Diversey/Chicago River Expansion Area Eligibility Study

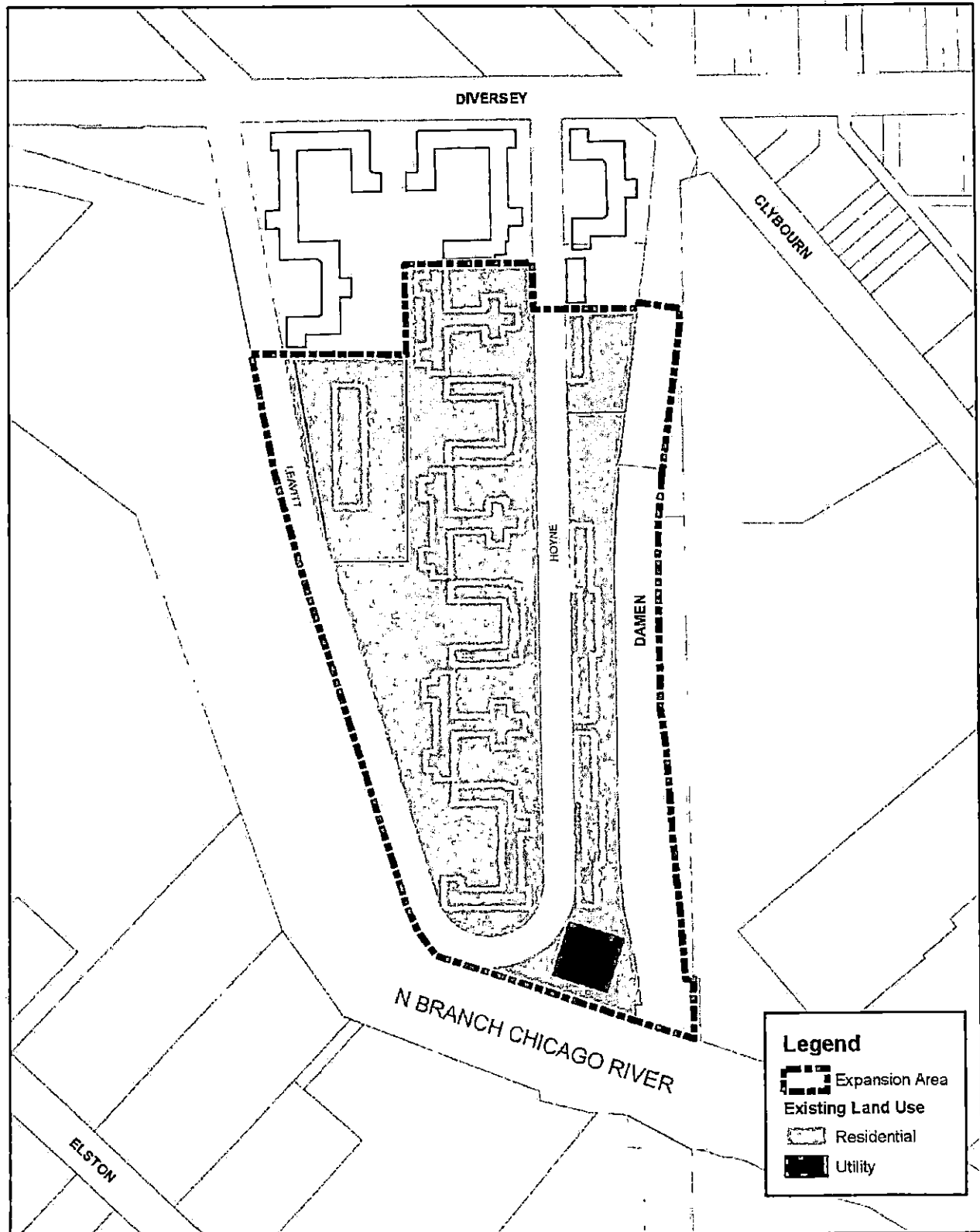


Figure 3: Existing Land Use
Diversey/Chicago River Expansion Area Eligibility Study

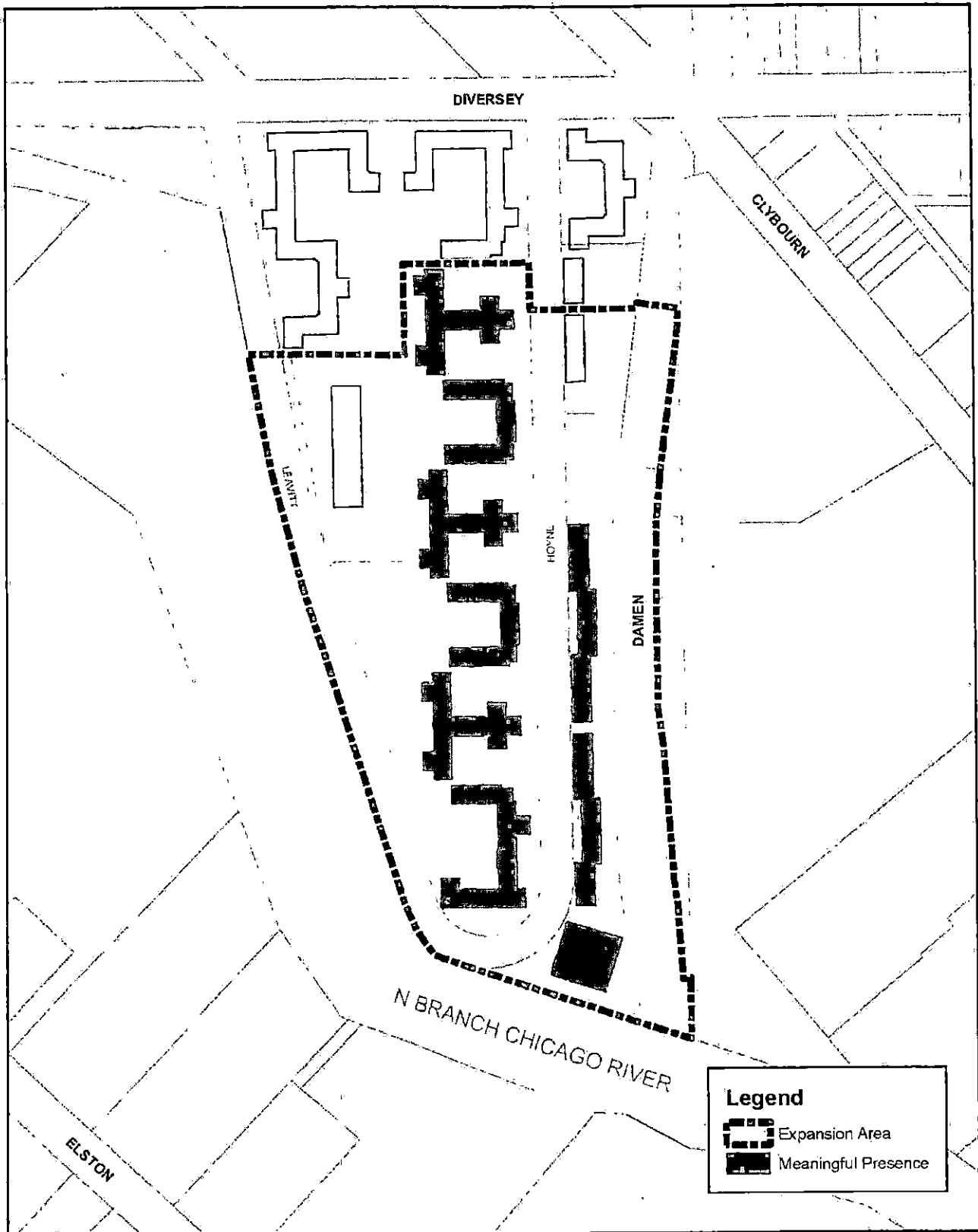


Figure 4: Obsolescence
Diversey/Chicago River Expansion Area Eligibility Study

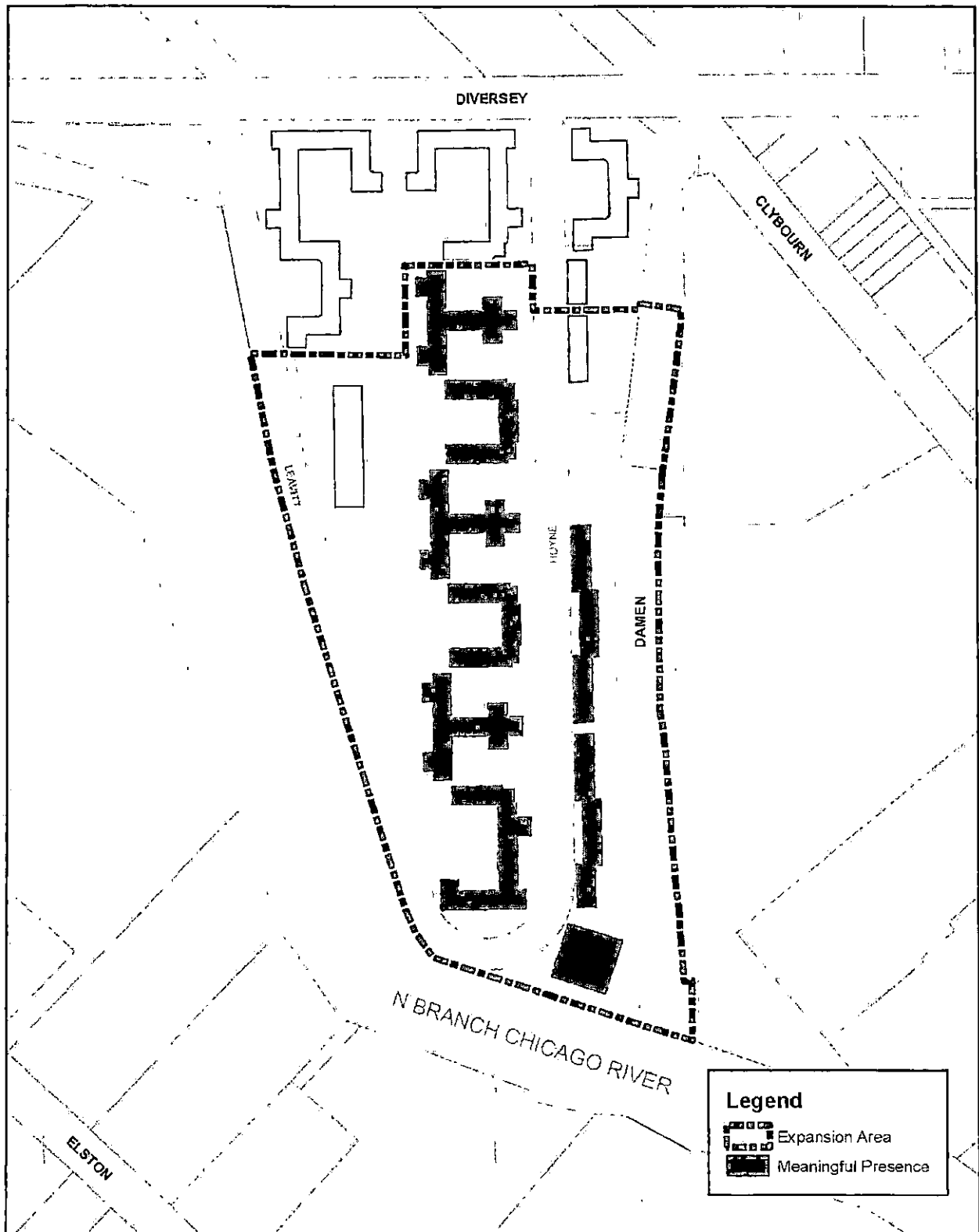


Figure 5: Deterioration
Diversey/Chicago River Expansion Area Eligibility Study

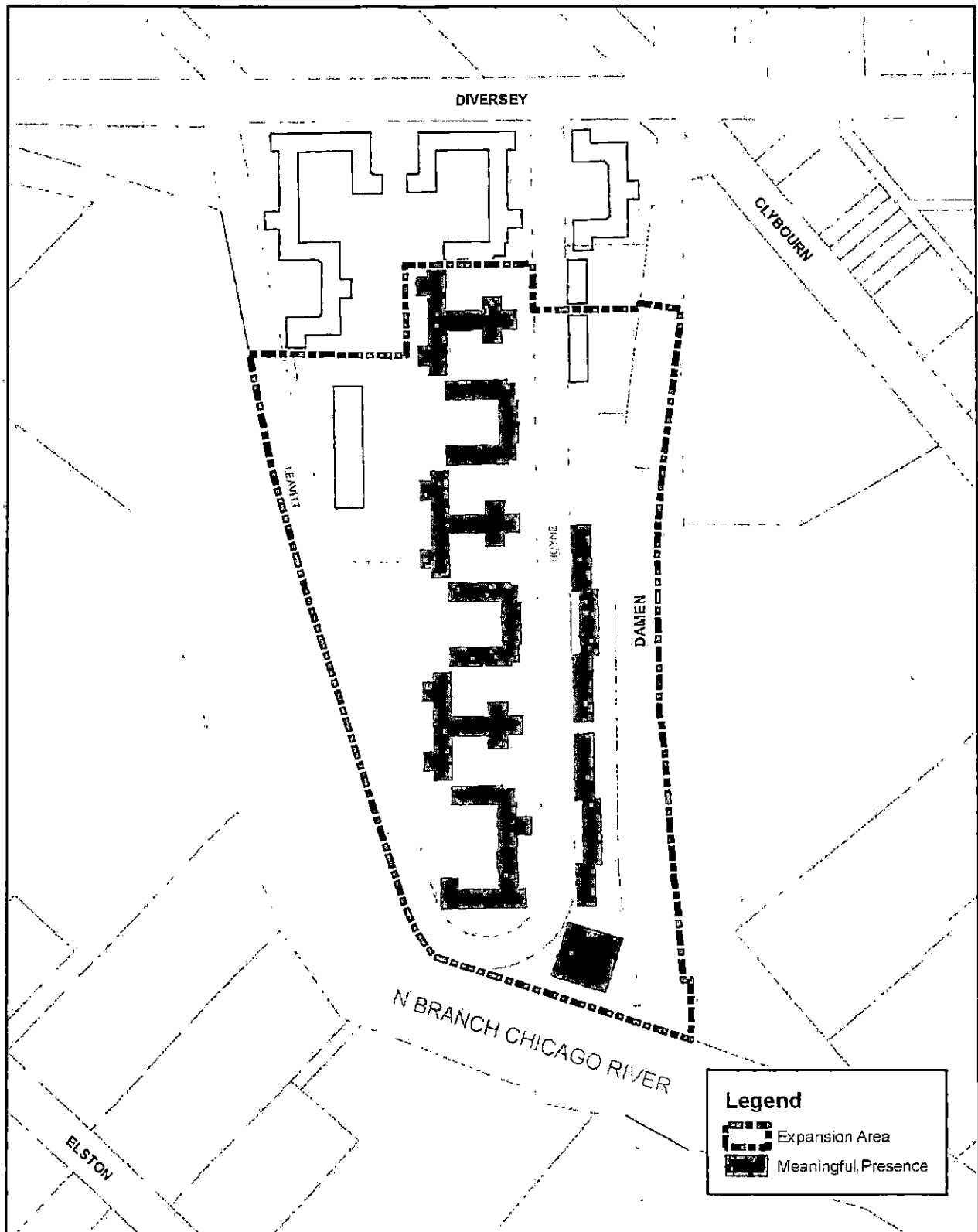


Figure 6: Buildings Below Minimum Code Standards
Diversey/Chicago River Expansion Area Eligibility Study

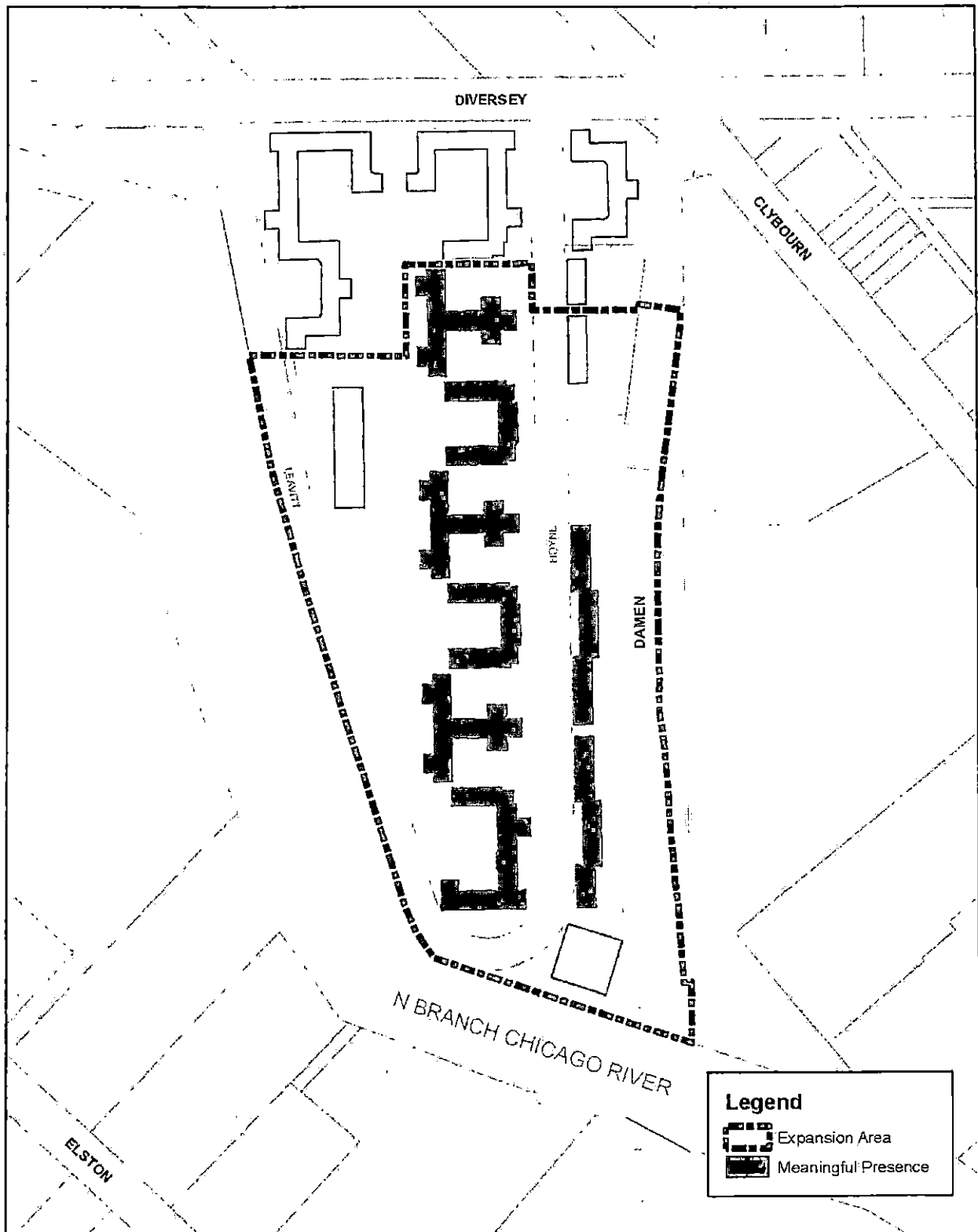


Figure 7: Excessive Vacancies
Diversey/Chicago River Expansion Area Eligibility Study

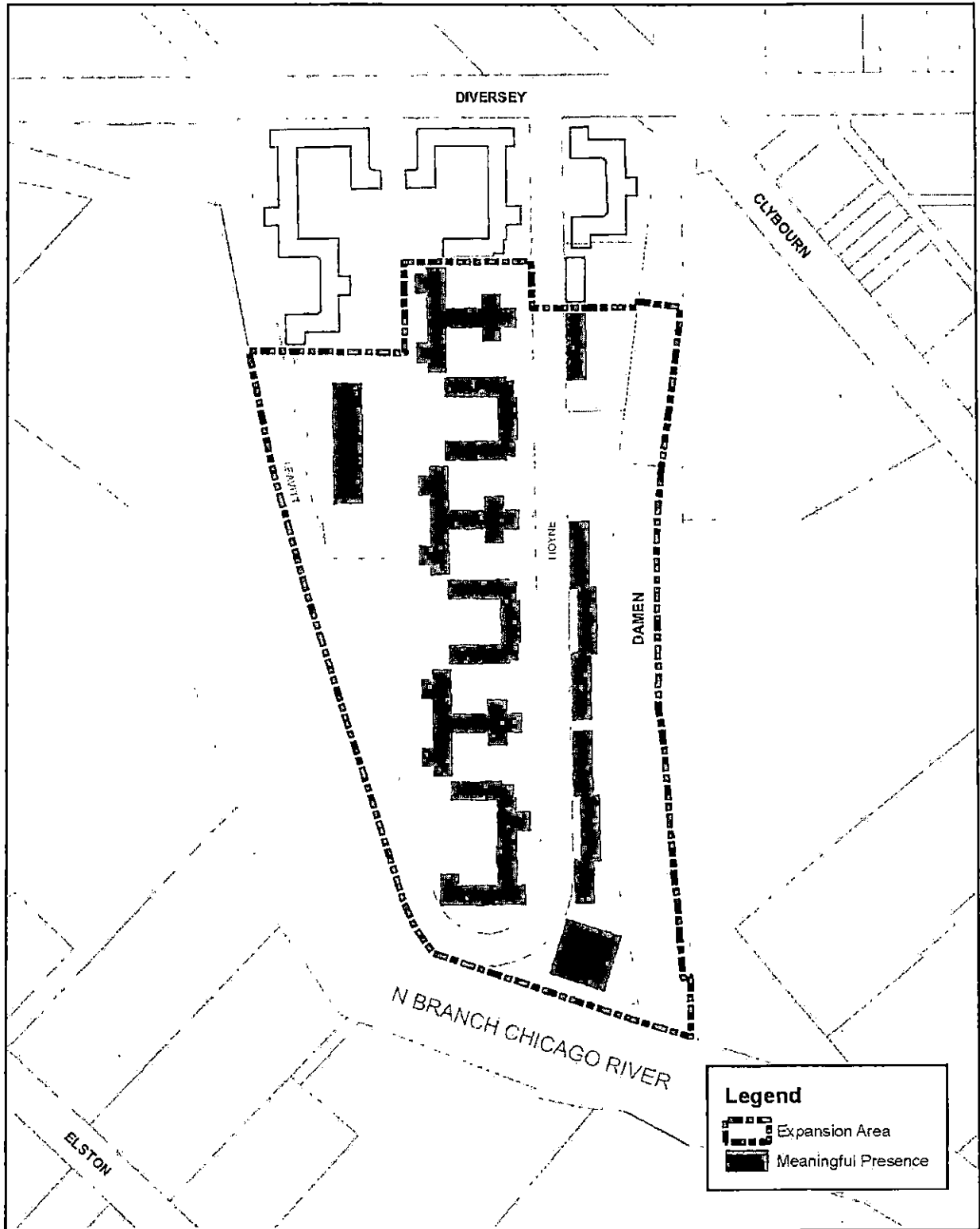


Figure 8: Inadequate Utilities
Diversey/Chicago River Expansion Area Eligibility Study

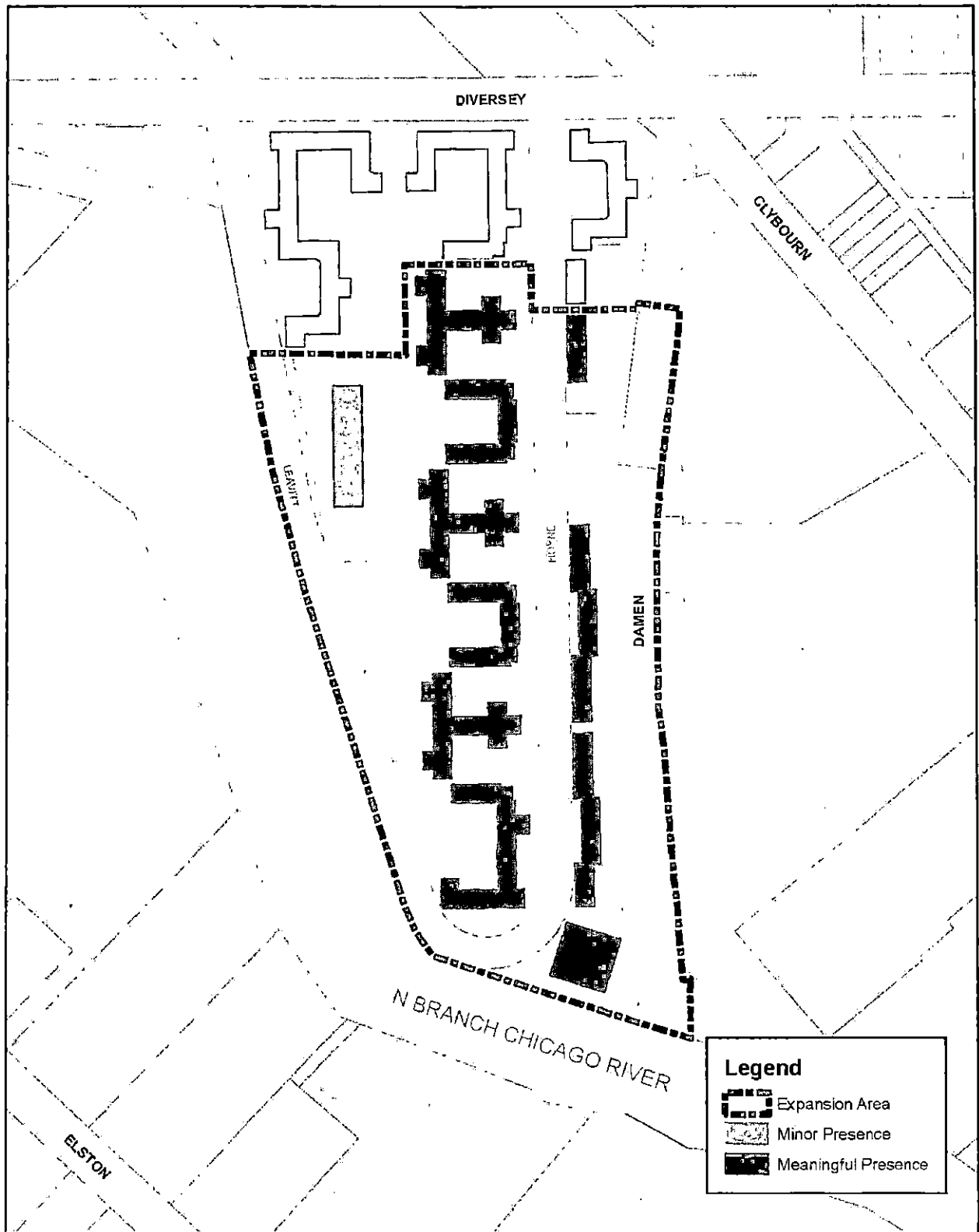


Figure 9: Excessive Land Coverage/Overcrowding of Buildings and Community Facilities
Diversey/Chicago River Expansion Area Eligibility Study