

No. 98-1807

Defendants.

)
)
) Appeal from the United
) States District Court for the
) Northern District of Illinois,
) Eastern Division
)
) No. 66 C 1459
)
) Chief Judge Marvin E. Aspen
)
)

Volume VI

**INDEX OF EXHIBITS SUBMITTED IN SUPPORT
OF RECEIVER'S STATEMENT IN RESPONSE
TO THE CHA' STAY MOTIONS**

EXHIBIT

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Exhibits Separately Bound

Volume I

Affidavit of Phillip Hickman dated 3/18/98
(with attached Exhibits)

A

EXHIBIT

TAB

Affidavit of Phillip Hickman dated 3/30/98
(with Exhibits 1-14, 16-24 and 26-29 attached and
Exhibits 15 and 25 bound
separately in Volumes III - VII)

B

Affidavit of Phillip Hickman dated 4/7/98
(with attached Exhibits)

C

Affidavit of Phillip Hickman dated 5/21/98
(with attached Exhibits)

D

Volume II

Declaration of Daniel Levin dated 3/17/98
(with attached Exhibits)

E

Affidavit of Daniel Levin dated 3/30/98
(with attached Exhibits)

F

Affidavit of Barry Miller dated 3/31/98
(with attached Exhibits)

G

Affidavit of Michael Shakman dated 4/15/98
(with attached Exhibits)

H

63 Fed. Reg. Pp.15577-15584
(SuperNOFA)

I

Excerpts from prior HOPE VI Applications
produced by CHA on 5/20/98

J

Affidavit of Valerie Jarrett dated 3/31/98
(with attached Exhibits)

K

Affidavit of Valerie Jarrett dated 5/27/98
(with attached Exhibits)

L

Receiver's Emergency Motion for Entry of Order Implementing
CHA's Duty of Cooperation dated May 18, 1998

M

EXHIBIT

TAB

Horner HOPE VI and ABLA/Brooks Extension HOPE VI
Development Management Agreement
(with April 30, 1997 cover letter)

N

Volume III

Exhibit 15 to Affidavit of Phillip Hickman dated 3/30/98

Volume IV

Exhibit 25 to Affidavit of Phillip Hickman dated 3/30/98 (1 of 4)

Volume V

Exhibit 25 to Affidavit of Phillip Hickman dated 3/30/98 (2 of 4)

Volume VI

Exhibit 25 to Affidavit of Phillip Hickman dated 3/30/98 (3 of 4)

Volume VII

Exhibit 25 to Affidavit of Phillip Hickman dated 3/30/98 (4 of 4)

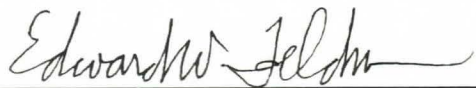
CERTIFICATE OF SERVICE

The undersigned, an attorney, hereby certifies that on May 27, 1998 he served a copy of the *Appendix of Exhibits Submitted in Support of Receiver's Statement in Response to the CHA's Stay Motions – Volume VI* on the parties listed below by causing a true and correct copy to be delivered to them via messenger delivery at their respective addresses as indicated below:

Susan Getzendanner, Esq.
Nancy Eisenhower, Esq.
Skadden, Arps, Slate,
Meagher & Flom (Illinois)
333 West Wacker Drive
Suite 2100
Chicago, IL 60606

Alexander Polikoff, Esq.
Business and Professional
People for the Public Interest
17 E. Monroe Street
Suite 212
Chicago, IL 60603

Dated: May 27, 1998



Edward W. Feldman

66 C 1459

THIRD OF FOUR PARTS

RECEIVED
MAR 21 1938
U.S. District Court

THE HABITAT COMPANY
AS RECEIVER FOR
THE CHICAGO HOUSING AUTHORITY

SCATTERED SITES PROGRAM

PHA DEVELOPMENT PROPOSAL
CABRINI EXTENSION (IL2-20) REPLACEMENT UNITS

44 UNITS

CABRINI EXTENSION
IL06-P002-182
CHICAGO, ILLINOIS

Volume 2 of 2

The White Oak Group, Inc.
Clearwater Division

January 25, 1996

Marilyn Walsh
MCL Construction
1337 West Fullerton
Chicago, IL 60614

Re: The property commonly known as: Parcels 7-10
 Bordered by North Mohawk, North Larrabee,
 and West Blackhawk
 Chicago, Illinois

INVOICE

Phase 1 Environmental/Ecological Audit \$1,200.00

TOTAL AMOUNT DUE \$1,200.00

Please make check payable to The White Oak Group, Inc.

Please include our file number on your check:

W96-006 C

Please enclose either copy of the invoice with your payment.

TERMS: Payable upon receipt

pd 2/19/96

Consultants on Environment & Conservation
(708) 755-9700 • (800) 637-6608 • Fax (708) 755-9730
Box 1, Flossmoor, IL 60422-0001

AN ENVIRONMENTAL REPORT PREPARED BY

The White Oak Group, Inc.

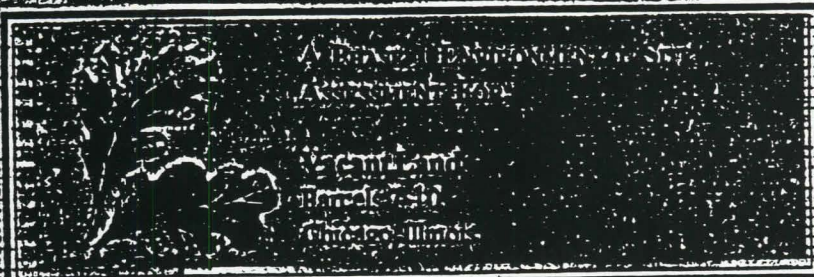
CONSULTANTS IN ENVIRONMENTAL
AND CONSERVATION

TELEPHONE 661-22

TELETYPE 9700

TELEFAX 6602

TELEVISION 101-111



A Phase I Environmental Site Assessment
With Additions Made For Ecological &
Human Health and Safety Liabilities

For A Property Commonly Known As:

Parcels 7 - 10
Bordered By North Mohawk, North Larrabee and West Blackhawk
Chicago, Illinois

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This report is printed on recycled paper

A Phase I Environmental Site Assessment With Additions Made For Ecological & Human Health and Safety Liabilities

Date	January 23, 1996
For A Property Known As:	Vacant Parcels 7 - 10 Bordered By North Mohawk, North Larrabee and West Blackhawk Chicago, Illinois
Prepared For:	MCL Construction 1337 West Fullerton Chicago, Illinois 60614
Prepared By:	John J. Sabuco, LLA The White Oak Group, Inc. Clearwater Division Box 1 Flossmoor, Illinois 60422 (708) 755-9700
For Exclusive Use By:	Aetna Bank 2401 North Halsted Chicago, Illinois 60614 Chuck Scott (312)935-6000
Ordered By:	Marilyn Walsh, Executive Vice President MCL Construction (312) 525-4814
Field Inspector:	Anngelia Richter
Date of Inspection:	January 22, 1996
White Oak Group File Number:	W96-006C

Summary

Issue	No Concern Identified	Minor Concern	Significant Concern Identified	Further Investigation Recommended
Current/Prior Use of Property	X			
Current/Prior Use of Adjacent Property	X			
Public Records Review	X			
On-site hazardous materials/condition	X			
ASTs/USTs	X			
Asbestos	X			
Lead	X			
Other	X			

The vacant parcels 7 - 10 bordered by North Mohawk, North Larrabee and West Blackhawk, in Chicago, are deemed to be free of the threat of environmental or ecological hazard or contamination either from current or past activities insofar as is practical to determine from all means available to this inspector.

Purpose

To make a **reasonable** determination or evaluation of environmental risks or presence of contamination or hazard in relation to the subject site. No special terms, conditions, limitations or exceptions are part of this assessment. Further, there were no limiting conditions which presented a hindrance to a full evaluation. This report was performed according to the guidelines set forth by ASTM E 1527-94 "Standard Practice For Environmental Site Assessments: Phase I Environmental Site Assessment Process," and Illinois SB 1296 an amendment to PA 88-602 (Section 5 of PA 88-438, The Environmental Protection Act, Sub-Section 22.2), with certain additions made for evaluation of the presence of asbestos, radon, lead and wetlands.

Site Description

Current Site Use and Conditions

Land Use:

The subject site is located in the "Old Town" section of Chicago. It is bordered by North Larrabee to the west, North Mohawk to the east, and West Blackhawk divides the property in half.

The subject site consists of four parcels

Parcel 7 measuring approximately .37 acres

Parcel 8 measuring approximately .43 acres

Parcel 9 measuring approximately 1.57 acres

Parcel 10 measuring 1.076 acres

Legal Description (for the property north of West Blackhawk Street, west of North Mohawk Street and East of North Larrabee Street):

Lots 25 through 45, both inclusive, and the 15 foot public alley lying south of the easterly extension of the north line of said Lot 45 in the Subdivision of Block 4, in the State Bank of Illinois Subdivision of the Northeast $\frac{1}{4}$ of Section 4, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

Legal Description of the property south of West Blackhawk Street, west of North Mohawk Street and east of North Larrabee Street):

Lots 1 through 6, both inclusive, in the subdivision of Lot 1 in Block 5 in the State Bank of Illinois Subdivision of the Northeast $\frac{1}{4}$ of Section 4, Township 39 North, Range 14 East, of the Third Principal Meridian, together with Lots 1, 3, the west half of Lots 4 through 7, both inclusive, and all of Lots 12 through 15, both inclusive, in the Assessor's Division of Lots 2, 3, 4, 5 and 6 in Block 5 in the Sate Bank of Illinois Subdivision of the Northeast $\frac{1}{4}$ of Section 4, Township 39 North, Range 14 East, of the Third Principal Meridian, together with Lots 1 through 6, both inclusive, in Schmitt's Subdivision of Lots 7, 8 and the North $\frac{1}{2}$ of Lot 9 in the Subdivision of Block 5 in the State Bank of Illinois Subdivision of the Northeast $\frac{1}{4}$ of Section 4, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

All of the parcels are vacant. Evidence of fly dumping was noted.

Source(s):

Plat of Topography

Personal observation

Geological Data

Topography, hydrology, and soils analysis as it may pertain to the conveyance of environmental contamination.

On site topography is level. Drainage goes to surface runoff which in turns goes to the city sewer system via curb and gutter.

The soil on site is of the Urban Land Milford association. This map unit consists of built up areas and nearly level soil that generally are flatter and lower than the surrounding land. The Milford soils are poorly drained and have a surface layer of silty clay loam. They have a seasonal high water table and medium to low compressibility when wet. The poorly drained soils have silty and clayey subsoil, and were formed in glacial lake sediment. The minor soils in this unit are altered Orthents, clayey, the somewhat poorly drained Del Rey and Hoopeston soils, the poorly drained Selma and Gilford soils, and the well drained Oakville soils.

Comments:

The geological conditions do not exert inordinate influence on, nor do they exacerbate the transmigration of topical or subsurface contamination, either in the vertical or horizontal plane of the cone of penetration, should such a release occur.

This geological condition is classified as Type "E" according to "Potential for Contamination of Shallow Aquifers from Land Burial of Municipal Waste" (Richard C. Berg, John P. Kempton; Illinois State Geological Survey, 1984). This geological sequence is uniform, relatively impermeable silty or clay till or other fine-grained materials more than 50 feet thick; no sand and gravel identified. This is the most widespread geologic condition mapped in Illinois. The potential for contamination is low because of low hydraulic conductivity, 1×10^{-9} to 1×10^{-7} cm/sec, and good attenuation capacities. Areas rated "E" are generally suitable for most wastes. There is one limitation that makes areas rated "E" less suitable than areas rated "F" and "G" (shale or dense Pennsylvanian limestone): an aquifer may occur below a depth of 50 feet.

Wetlands

Jurisdictional wetlands are determined by the presence of hydrophytic vegetation, hydric soils and hydrological conditions which produce an anaerobic, reducing, microbial condition for specific periods during the calendar year when soil temperatures are above biological zero. Developing jurisdictional wetlands requires permits from the Army Corps of Engineers (ACE), Illinois Department of Transportation/Division of Water Resources (IDOT/DWR), Illinois Environmental Protection Agency (IEPA), Illinois Department of Conservation (IDOC), and the Illinois Historical Preservation Agency (IHPA).

No wetlands were identified on the subject site.

History of the Subject Site

The subject site is currently vacant. There are some remnants of old building foundations and evidence of fly dumping. A review of the Sanborn Historical maps shows that the subject site has always been occupied by residential properties with some light commercial.

Prior to settlement this land was prairie, according to "The Forest Lands of Illinois, 1820 and 1980," Anderson (1970), U.S. Geological Survey, Digital Land Use and Land Cover Maps (LUDA) and the USGS Soil Survey.

No environmental contamination or hazard can be considered likely due to the past history of the greater areas of the subject site.

Source(s):

Sanborn Historical Maps
50-year chain of title
Plat of Topography
Personal observation

Adjoining and Adjacent Properties

The parcels are bordered in the following manner:

North:	CTA "El" Rapid Transport followed by a vacant commercial building and residential properties
Northeast:	Residential properties
East:	Residential properties
Southeast:	Residential properties followed by White Way Electric Sign Company
South:	White Way Electric Sign Company
Southwest:	White Way Electric Sign Company
West:	Near North Career Metro High School
Northwest:	Near North Career Metro High School followed by residential properties

Direct observation and on site examinations of adjacent properties by the inspector revealed no obvious sources of environmental contamination or hazard likely to impact the subject site now or in the immediate future.

Significant History of Adjacent Properties

There is no significant history generally available on the adjacent properties that would have an adverse impact on the subject site.

Site Investigation

SPECIFIC SITE OBSERVATIONS - EXTERIOR:

Potable Water Supply: Not applicable; no structure on site.

Disposal Systems:

Sewage Disposal Systems: Not applicable; no structure on site.

Solid Waste: Not applicable; no structure on site.

Waste Water: Not applicable; no structure on site.

Aerosol Emissions:

Air emissions are grouped into three categories according to their detectability. These categories include Visible Aerosol Emissions (VAEs), Invisible Aerosol Emissions (IAEs), and Undetectable Aerosol Emissions (UAEs).

Visible Aerosol Emissions consist of visible particulate matter which may also contain IAEs and UAEs.

Invisible Aerosol Emissions are detectable odors and are suspect by the types of chemicals found on site. Most solvents, volatile hydrocarbons, bases and acids have some detectable odor.

Undetectable Aerosol Emissions are not visible and they have no odor. They are suspect by inspection of on-site chemicals and chemical handling processes. Examples are carbon dioxide (CO₂), carbon monoxide (CO), argon (Ar), helium (He), hydrogen (H), oxygen (O), butane, propane and halon, all of which represent a health hazard of some sort.

Emission Type	Detectable	Undetectable	Suspect
Visible Aerosol Emissions (VAEs)		X	
Invisible Aerosol Emissions (IAEs)		X	
Undetectable Aerosol Emissions (UAEs)			Not suspect

Explanation:

Not required.

Pools of liquid, pits, ponds,
lagoons and dry wells:

None exist on site.

Storage Drums:

Not applicable; no structure on site.

Stained Soil:

No evidence of staining.

Stressed Vegetation:

No evidence of such.

Storage Tanks

Visible evidence of ASTs
(above-ground storage
tanks)

There was no visible evidence of ASTs on the subject
site.

Visible evidence of USTs
(underground storage
tanks)

There was no visible evidence of USTs on the subject
site.

SPECIFIC SITE OBSERVATIONS - INTERIOR

Containerized Materials:

Known and unknown whether used in production or stockpiled on site.

Not applicable; no structure on site.

Chemical Handling Processes:

What is being done and how it changes the chemicals being used.

Not applicable; no structure on site.

Manifests and Chains of Custody:

To properly track the movement of chemicals and chemical waste.

Not applicable; no structure on site.

Heating and Cooling Systems:

Not applicable; no structure on site.

Electrical Systems:

Not applicable; no structure on site.

Stains:

Floors:

Not applicable; no structure on site.

Walls:

Not applicable; no structure on site.

Ceilings:

Not applicable; no structure on site.

Glass and Plastic:

Not applicable; no structure on site.

ASBESTOS

Not applicable; no structure on site.

LEAD

Not applicable; no structure on site.

RADON

No basement on the subject site	
Subject site is not in a radon producing area	X
Subject site is in a radon producing area	
Recommend testing every six (6) months	
Recommend testing once a year	
Basement is properly sealed	

Comments:

Radon is only a concern in unsealed, excavated, habitable space where radon is known to have been present in the local geographical area.

PCBs

	Transformers	Hydraulic Systems	Fluorescent Light Ballasts
Sampled			
Fixture not on-site	X	X	X
Fixture on-site but non-PCB (less than 50 ppm)			
Fixture on-site; PCB contaminated (greater than 50 ppm but not more than 500 ppm)			
Fixture on-site; PCB fixture (500 ppm or more)			

Comments:

No sources of PCBs were noted within 30 meters of the subject site.

Records Review

Storage Tanks

Registrations

On-Site: There are no tanks registered for the subject site with the Office of the State Fire Marshall.

Adjacent properties: There are no adjacent properties with tanks registered with the Office of the State Fire Marshall.

L.U.S.T.s

A L.U.S.T. is a leaking underground storage tank. L.U.S.T.s outside of a .5 mile radius of the site are deemed to pose a probable hazard for groundwater or soil contamination. L.U.S.T.s within a .5 mile radius of the subject site are noted.

On-Site: The subject site does not appear on the L.U.S.T. report.

Properties within a .5 mile radius: The following sites appear on the L.U.S.T report.

Company	Address	Incident Number	Distance From Subject Site
Federal Express	875 West Division	891195	1/3 mile
General Paint and Chemical	823 West Blackhawk	900303 901517	1/4 mile
Shell Oil Company	130 West North Avenue	910780	1/2 mile
Siegle's Home Building	900 West North	911237	1/2 mile

All of the above are located over 200' from the subject site. Given the geological conditions and the distance from the subject site, the above are unlikely to pose a threat to the subject site. Furthermore, the State of Illinois has not documented cases of single event, point, source, pollution by volatile organic compounds or semi-volatile organic aromatics to have traveled more than 200' from the point of contamination in a colloidal matrix soil (types C-G) in the absence of a conduit, and therefore, we consider 200' to be a safe distance and a conceptual limit of transmigration of such contamination.

AD Finishing	1500 North Halsted	RCRIS
American Automotive	900 West Weed	RCRIS
Asylum	848 West Eastman	RCRIS
Cook County Disposal	800 West Division	RCRIS
		AFS/AIRS
Cotter and Company	823 West Blackhawk	RCRIS
		SST
		TRIS
Midland Industries	1424 North Halsted	AFS/AIRS
		TRIS
Seigle's Anzalone Home Center	900 West North	RCRIS
Wrightwood Enterprises	818 West Evergreen	RCRIS
Midwest Transformer	1642 North Halsted	RCRIS

Resource Conservation and Recovery Act - RCRA

The reporting system for hazardous waste generators. If the facility having the Phase 1 Environmental Site Assessment executed is a generator or hauler, it is noted and researched. All generators on adjoining properties or on the subject site itself are noted and records researched for violations.

The subject site is not, nor has it ever been a RCRA generator.

There are 11 small quantity generators located within a .5 mile radius of the subject site.

The following large quantity generator sites are located within a .5 mile radius of the subject site:

Company	Address
General Paint and Chemical	823 West Blackhawk
Seigle's Anzalone Home Center	900 West North
Midwest Transformer	1642 North Halsted

With the exception of General Paint and Chemical and Seigle's Anzalone Home Center, which appear on the LUST report, there are no public records of spills or mishandling of chemicals at these large quantity generator sites. Given the distance from the site and the geological conditions, the above do not pose a threat to the subject site.

Resource Conservation and Recovery Act - Treatment, Storage and/or Disposal Facilities - RCRA TSD

The reporting system for hazardous waste transport, storage, and disposal facilities. If the facility having the Phase 1 executed transports, stores or disposes of hazardous waste, it is noted and researched. All TSD facilities within a one mile radius of the subject site are noted.

The subject site is not a TSD facility.

There are no TSD facilities listed within a one mile radius of the subject site.

CERCLIS

The CERCLIS reports environmental violations qualifying for Superfund clean-up, in any of the report systems listed under FINDS. The following sites are within a .5 mile radius of the subject site.

The subject site is not a CERCLIS site.

There are no CERCLIS sites listed within a .5 mile radius of the subject site.

National Priorities List - NPL

This list identifies those hazardous waste sites targeted for accelerated clean-up under the Superfund program by Federal law. These are the most seriously impacted of all sites.

The subject site is not an NPL site.

There are no NPL sites listed within a one mile radius of the subject site.

State Remedial Action Priorities List - SRAPL

This is a comprehensive inventory of potential clean-up sites for remediation within the State of Illinois.

The subject site is not a SRAPL site.

There are no SRAPL sites listed within a one mile radius of the subject site.

Immediate Removal - IR

Those sites which are designated for partial clean-up action within a short term to help safeguard public or environmental health.

The subject site is not an IR site.

There are no IR sites listed within a one mile radius of the subject site.

Landfills

All landfills located within a one mile radius of the subject site are noted.

The subject site has never been a landfill.

There are no landfills listed within a one mile radius of the subject site.

Conclusion

The vacant parcels 7 - 10 bordered by North Larrabee, North Mohawk and West Blackhawk in Chicago, Illinois, are deemed to be free of the threat of environmental or ecological hazard or contamination either from current or past activities as is practical to determine from all means available to this researcher.

Research Standard

This study was created on the basis of a pre-defined scope of services derived from ASTM E 1527-94 "Standard Practice for Environmental Site Assessments: Phase 1 Environmental Site Assessment Process," and Illinois SB 1296 an amendment to PA 88-602 (Section 5 of PA 88-438, The Environmental Protection Act, Sub-Section 22.2). All site conditions noted herein are representative of observations made on the date of inspection.

This Phase 1 Environmental Site Assessment was performed in conformity with generally accepted practice, in accordance with the amount of care regularly used in this industry in the performance of a Phase 1 Environmental Site Assessment under similar conditions of time and information accessibility. No guarantee or warranty is included, and no other representations are intended to be part of this study.

This study has been prepared for our client and is confidential. Information contained herein may be used only if written permission is first obtained from our client and The White Oak Group, Inc. The White Oak Group, Inc.'s obligations and duties extend only to our client and to no other party. These obligations and duties are not transferable to any organization, corporation, or person without written consent of our client and The White Oak Group, Inc. The White Oak Group, Inc. retains all copy and duplication rights to this report, which remains the property of The White Oak Group, Inc.

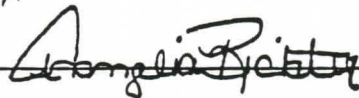
Affidavit

As the supervising environmental professional, I hereby and with the signature set forth hereon, swear that the facts contained within this document are true to my knowledge within the limits of possible or reasonable scrutiny, and I understand that these statements are made under the penalty of perjury as defined in Section 32-2 of the Criminal Code of 1961.

John J. Sabuco
Environmental Professional/Affiant

A handwritten signature in black ink, appearing to read "John J. Sabuco", written over a horizontal line.

Anngelia Richter
Environmental Professional/Affiant

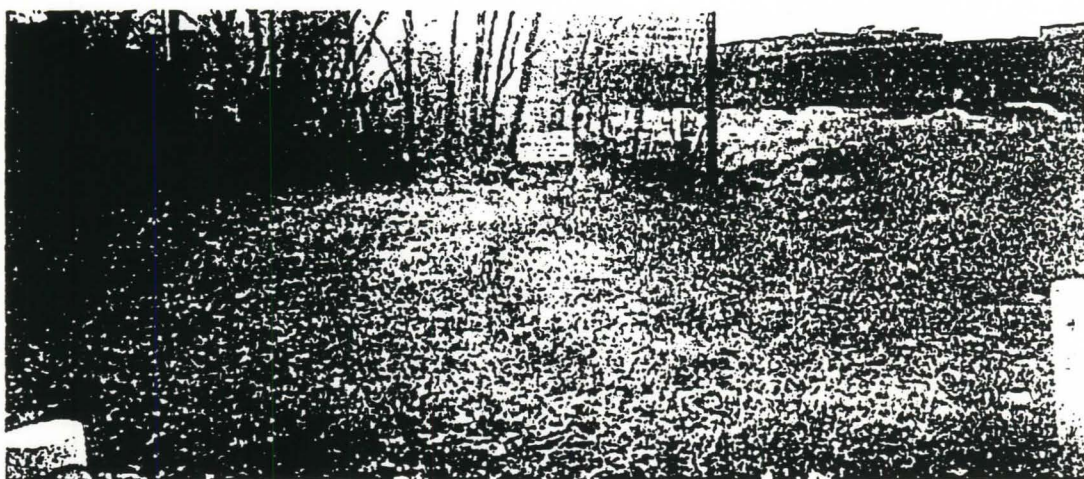
A handwritten signature in black ink, appearing to read "Anngelia Richter", written over a horizontal line.

Vacant Land
Lots 7 - 10
Chicago, Illinois
W96-006C

Subject Site



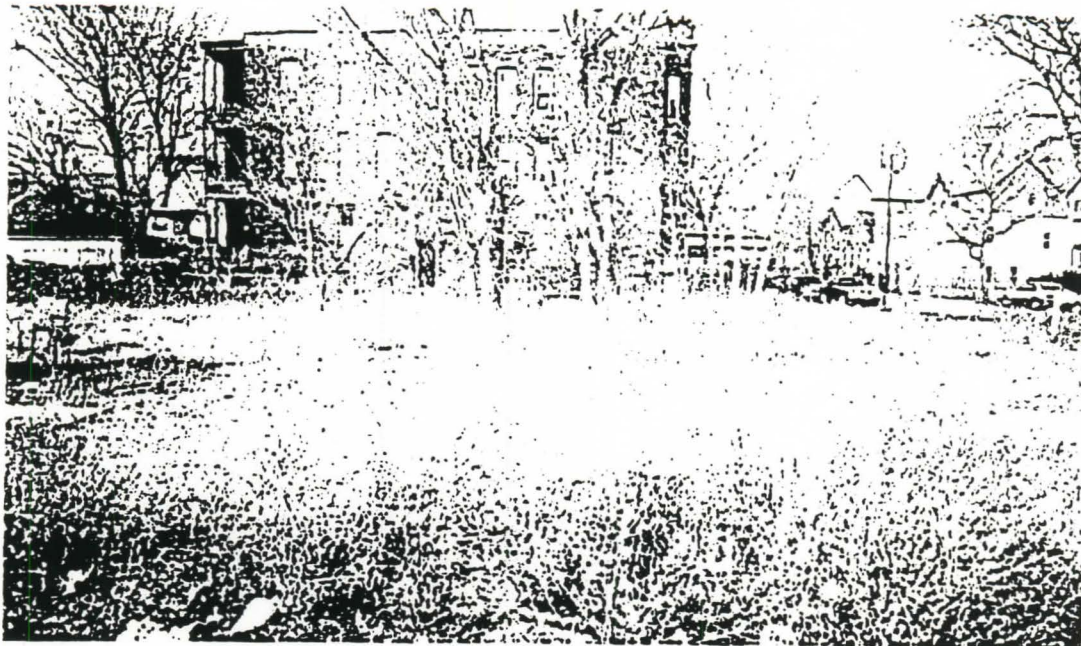
Parcel 7 - Looking South



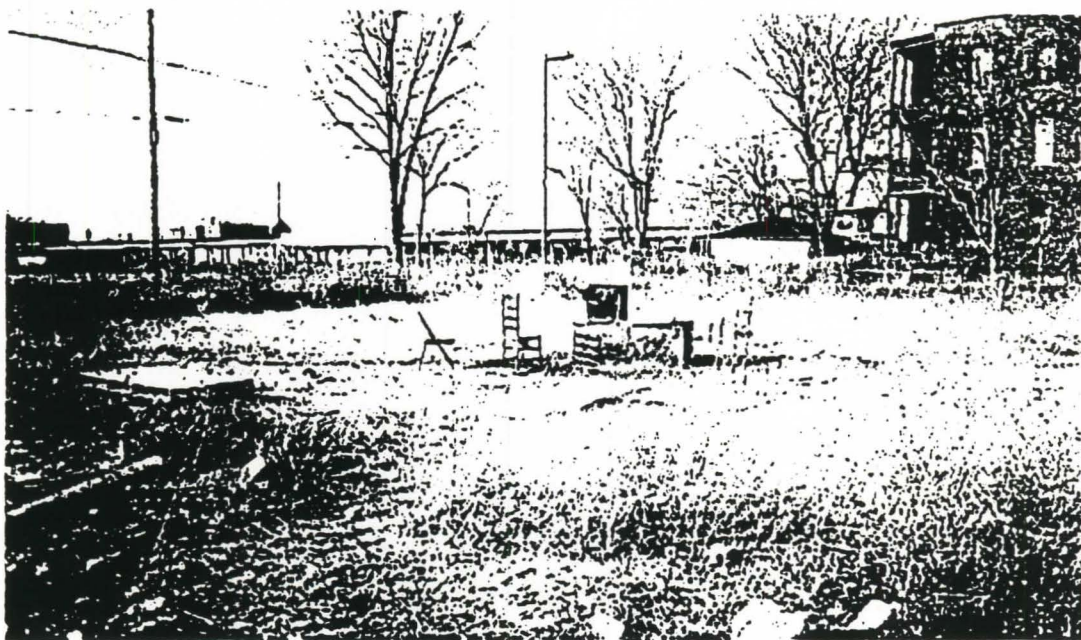
Parcel 7 - Looking Southwest

Vacant Land
Lots 7 - 10
Chicago, Illinois
W96-006C

Subject Site



Parcel 8 - Looking North



Parcel 8 - Looking Northwest

Vacant Land
Lots 7 - 10
Chicago, Illinois
W96-006C

Subject Site



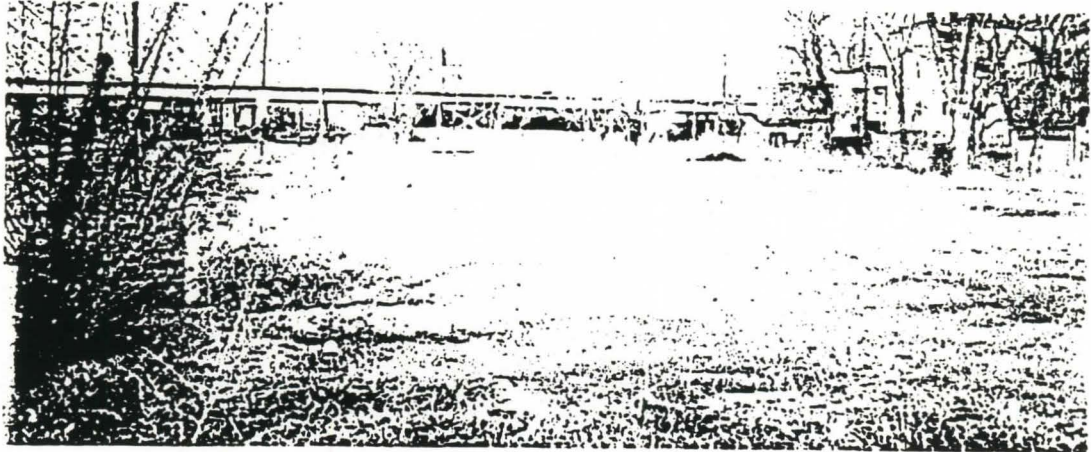
Parcel 9 - Looking South



Parcel 9 - Looking East

Vacant Land
Lots 7 - 10
Chicago, Illinois
W96-006C

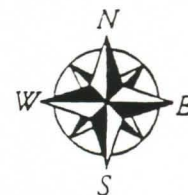
Subject Site



Parcel 10 - Looking North



Parcel 10 - Looking East



Chicago "El" Rapid Transit

Residential

Subject Site
Parcel 10
(~ 1.076 Acres)

Residential

Residential

Subject Site
Parcel 8
(~.43 Acres)

Residential

North Larrabee

West Blackhawk

North Mohawk

Near North Career
Metro High School

Subject Site
Parcel 9
(~1.57 Acres)

Residential

Residential

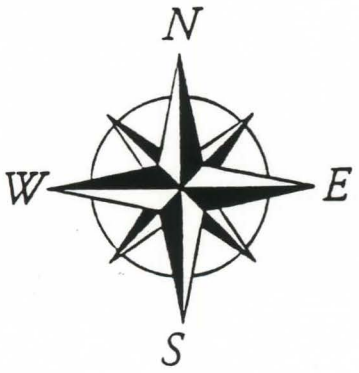
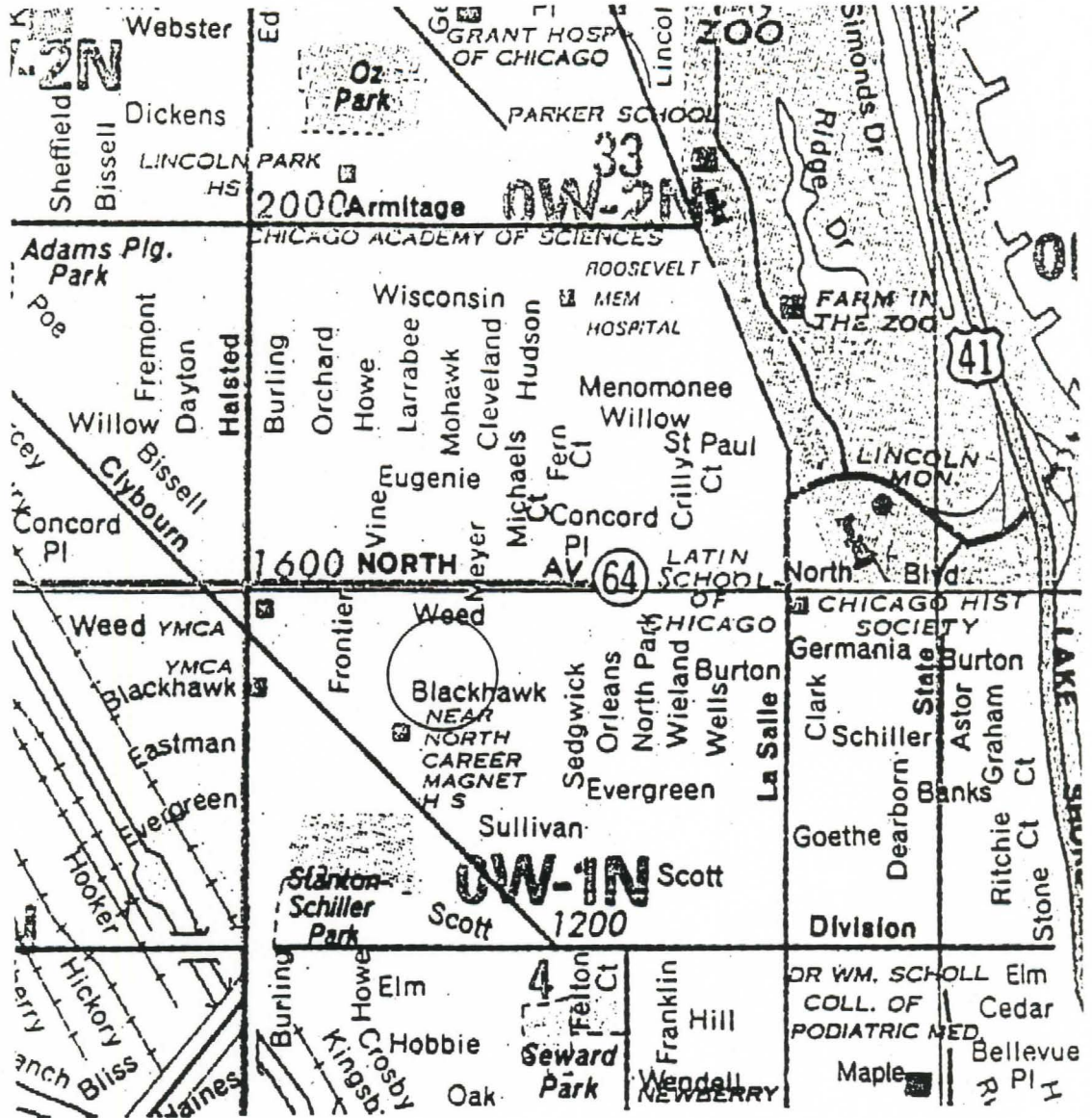
Subject Site
Parcel 7
(~.37 Acres)

White Way Electric
Sign Company

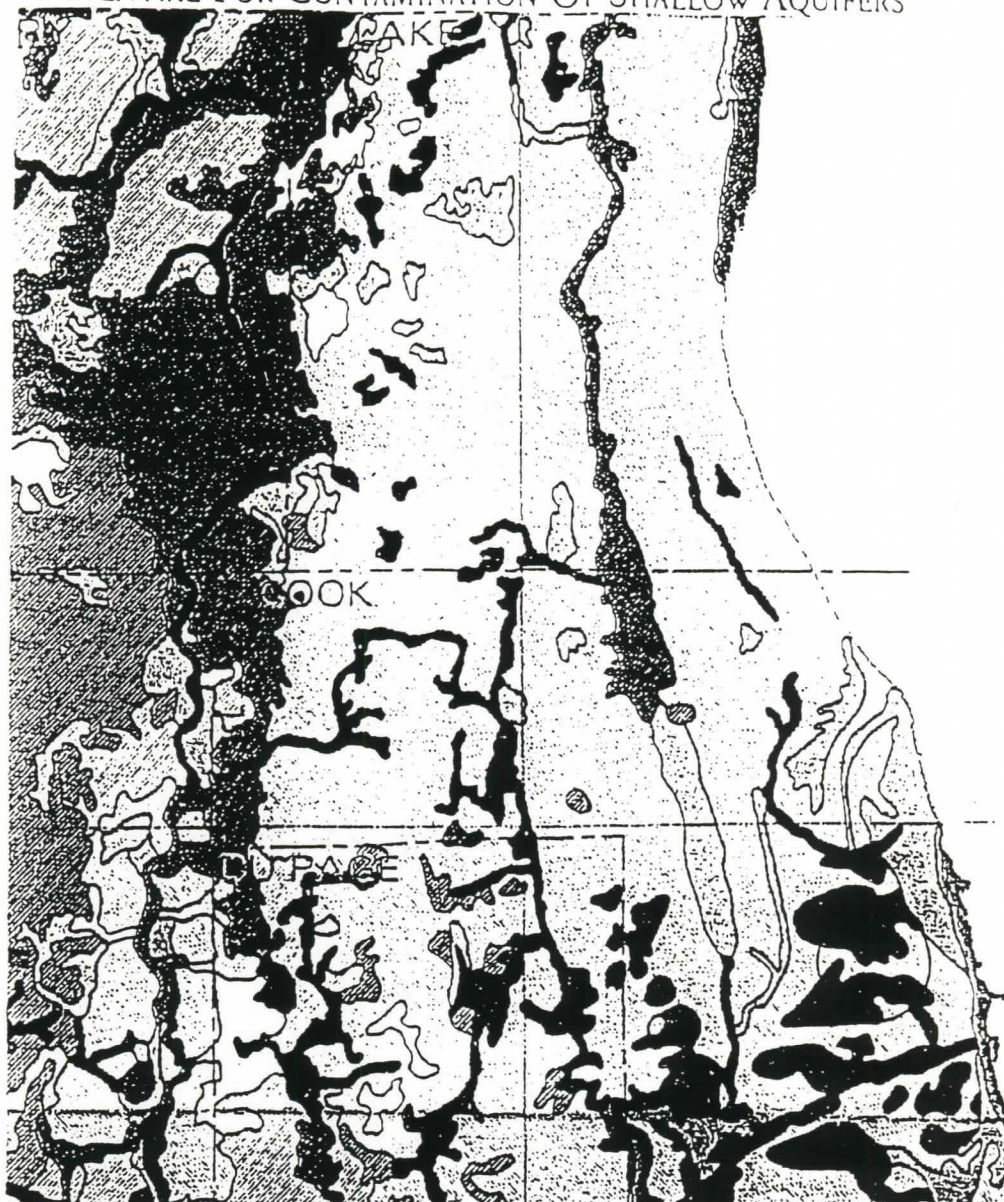
Parcels 7, 8, 9, and 10
Chicago, Illinois

Map created by
The White Oak Group, Inc.
Scale and positions are approximate
White Oak Group, Inc. File # W96-006C -

Subject Site

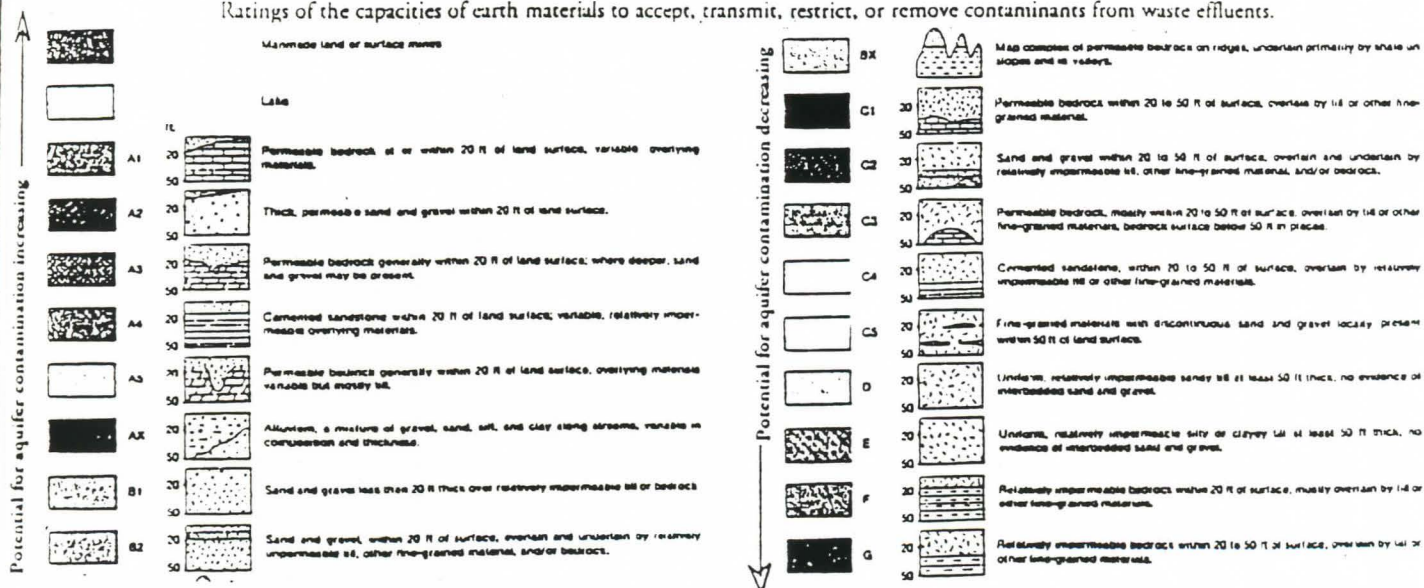


POTENTIAL FOR CONTAMINATION OF SHALLOW AQUIFERS



DESCRIPTION OF GEOLOGICAL MATERIALS

Ratings of the capacities of earth materials to accept, transmit, restrict, or remove contaminants from waste effluents.



Appendix I

Explanation of Phase I Contents By Section

THE CONTENTS

This appendix will help you to better understand your Phase I report.

A Phase I represents a frozen moment in time for a property and its surrounding environs. Conceptually it is divided into three major divisions plus a summary and conclusion. Those three divisions are:

Current Conditions and Setting

This is an artifactual, historical and environmental context which should provide a nearly visual concept of the property today for the reader.

Summary of Observations During Inspection

This section contains the very specific analysis of every area of potential environmental hazard both as an existing condition and as a procedural or future possibility for harm.

Records Review and Research

It is necessary to investigate the background and uses of the subject site and the surrounding areas to determine if environmental hazard or harm has occurred or may have occurred in the past.

The typical headings which appear in a report and how to analyze them are as follows:

Current Site Use and Conditions (or setting)

This section familiarizes the reader with the site and provides a mental image of the property. At this time the current use of the property is identified and called out as potentially harmful or not.

History

Further clarifies the mental image and calls into view whether past use may have contributed to a harmful or hazardous condition.

Adjoining and Adjacent Properties

Helps produce a setting for the subject site. Potentially harmful or hazardous conditions or contributions by these sites to an environmental condition are noted.

Significant History of Adjacent Properties

Past use of an adjacent property may be critical to the subject site. Perhaps a neighbor has three underground storage tanks containing hazardous chemicals which were known to have leaked in 1984. At that time clean-up was often ignored and left in place. That contamination could migrate to the subject site.

Geological Data

The section covers two different subjects: the propensity for soil to aggravate a surface release of hazardous chemicals, and the potential for a subsurface release to impact groundwater. This section of the report is intended to place a frame of reference around any release of a hazardous substance or pesticide, to determine how critical such a release might be.

The characterization of soils to 5' in depth is provided to analyze the effects of a surface release. The characterization is followed by a comment about whether the soil is conducive or non-conductive to migration or adsorption (binding), both vertically and horizontally.

Then follows a characterization of deep soil parent materials and sometimes bedrock to a depth of 50'. This characterization is rated A-G with the following explanation (in brief)

- A High potential to impact groundwater
- B Moderately high potential to impact groundwater
- C Moderate potential to impact groundwater
- D-G Low and very low potential to impact groundwater

Contamination in an "A" soil must be remediated. Contamination in a B or C soil may be left in place under certain monitoring conditions. Contamination in D-G soils may be left in place if there is no additional threat to health, safety, potable water, Class III protected waters, or adjacent properties. (Certain contaminants must be remediated under any circumstance.)

A very important purpose for this section is that the potential threat from offsite

sources can be evaluated quickly to delineate an appropriate level of concern.

Wetlands

Wetlands are considered by ASTM to be an "additional environmental issue" outside of the scope of ASTM E 1527-94. However, their presence may significantly impact buildable areas or plans for future development. The report should call attention to any protected wetlands on site.

SPECIFIC SITE OBSERVATIONS - EXTERIOR:

Potable Water Supply

There are only two sources of water likely: private well or municipal (which may also be a well). Municipal sources are rarely problematic. Only occasionally does water from these sources exceed federal drinking water standards. Normally we are only concerned with lead in the water supply from a municipal source and we will usually test for lead (and rarely anything else). Lead may find its way into our tap water from lead supply lines, collars, pipe solder, and brass faucets. Most of these sources are related directly to a building. Lead supply lines and occasionally collars are a municipal problem. The water supply should be tested for lead, in most cases, during a Phase I. Only when the building is new (less than 10 years) and the city is less than 20 years old (post 1973) is lead not a concern. Lead (as well as testing) is considered a non-scope "additional environmental issue" according to ASTM, however, it is the most significant and common poison in America today and as such deserves attention in our opinion.

Private wells offer a number of additional areas of potential concern:

1. Proximity to septic systems must be in excess of 75' in most jurisdictions to avoid contamination from coliform bacteria and nitrates.
2. Farm areas must be concerned about pesticides particularly the following herbicides:

Atrazine (and its degradates DEA and DIA)
Metolachlor
Alachlor
Trifluralin
Cyanazine

3. Seepage from local underground storage tanks. Most people do not realize that benzene, the primary constituent in all motor fuels and a known carcinogen, dissolves completely in water and is not detectable by taste until it reaches .50 ppm, 250 times the legal limit!
4. Any surface contamination which might flow down the outside of the well casing and contaminate the supply.

If the owner/operator of the subject site cannot provide verification of recent clean testing results or the consultants investigation cannot eliminate these potential concerns then Phase 2 testing for drinking water must be recommended. Samples for coliform bacteria and nitrates are simple to take and the testing is inexpensive. If the water source is suspect for these contaminants then samples should be taken at the time of inspection.

5. Radon

Disposal Systems

Disposal systems for sewage, solid waste and waste drain water are inspected for evidence of illegal dumping of hazardous material, petroleum hydrocarbons or pesticides.

Storage Tanks

Perhaps no other portion of the Phase I generates as much concern as the possible presence of contamination from chemical storage tanks. Those which are underground exacerbate that fear into rivers of cold sweat. The consultant must:

1. Identify above ground storage tanks (ASTs) and underground storage tanks (USTs) on site and detail their condition.
2. Identify all ASTs and USTs on adjoining sites (whether registered or otherwise).
3. All LUSTs (leaking underground storage tanks) within .5 mile radius of the subject site. (The White Oak Group, Inc. goes one step further and investigates all UST reports within $\frac{1}{4}$ mile on clay, and $\frac{1}{2}$ mile on sand, seeking what resolution, if any, took place.)

In almost all cases any UST past or present on a subject site will trigger a Phase 2 Subsurface Investigation. A leaking or suspect tank on an adjoining property will nearly always trigger a Phase 2 Subsurface Investigation. Tanks on adjoining sites which are not suspected of leaking need not trigger a Phase 2.

Aerosol Emissions

Air emissions are grouped into three categories according to their detectability:

Visible Aerosol Emissions (VAEs)

Consists of visible particulate matter which may also contain invisible aerosol emissions and undetectable aerosol emissions.

Invisible Aerosol Emissions (IAEs)

These are detectable odors and are suspect by the types of chemicals found on site. Most solvents, volatile hydrocarbons, bases, and acids have some detectable odors.

Undetectable Aerosol Emissions (UAEs)

Are not visible and they have no odor. They are suspect by inspection of on site chemicals and chemical handling processes. Examples are carbon dioxide (CO₂) carbon monoxide (CO), argon (Ar), hydrogen (H), oxygen (O), butane, propane and halon, all of which represent a health hazard of some sort.

Visible, invisible and undetectable aerosol emissions are investigated to determine if the subject site is currently in compliance with air pollution standards and health regulations both inside and outside any structure.

Pools of Liquid, Pits, Ponds, Lagoons and Dry Wells

The consultant must identify the intended purpose or current use of these structures and inspect each for a sheen of light chemical products or any other evidence of contamination. Many older industrial facilities simply built disposal facilities on site which would receive untreated hazardous waste. It is facilities of this type which so frequently are on the lists of the most severely contaminated sites known.

Storage Drums

The classic toxic waste dump is usually pictured as a jumbled mass of 55-gallon drums containing unspeakable chemicals. On the typical subject site however, 55-gallon drums are often used as common trash receptacles, for legitimate storage of raw materials, and for waste which is awaiting approved transport for disposal.

The consultant looks for those drums with unidentifiable contents long standing and forgotten on site. Particular attention is paid to those which are leaking.

Stained Soil and Stressed Vegetation

Any soil staining or vegetation showing signs of stress such as chemical burns are noted. Expertise in identifying incomplete plant associations is also valuable. For instance, when a field pothole type wetland shows a virtual monoculture of narrow-leaved cattail (*Typha angustifolia*) we know that its other associates have likely been eliminated by atrazine runoff, the herbicide most commonly used by Midwestern farmers.

SPECIFIC SITE OBSERVATIONS - INTERIOR:

Containerized Materials

A thorough inventory of chemicals on site kept in quantities of greater than five gallons must be established as well as their potential for human health hazard and environmental hazard. Those hazards must be delineated in the report. Some of the terms you may see in this section are:

Carcinogen -	Known cause of cancer
Suspect carcinogen -	Probable cause of cancer, testing incomplete
Mutagen -	Causes cell mutations
Teratogen-	Causes birth defects
Reproductive effects -	Disturbs normal human reproduction
Neo-plastigen -	Deforms the skin
Caustic -	Alkaline burns (surficial)
Corrosive -	Acidic burns (penetrating)
Tumorigen-	Causes benign tumors

Chemical Handling Processes

This is a step by step analysis for the production procedures used on site. We follow all chemicals and raw materials through the system to a finished product. All changes to chemicals and materials and their effects on man and the environment are noted. In addition, all disposal methods are described in detail including the handling of any of incidental degradents released during the process.

Manifests and Chains of Custody

Disposal and transport of hazardous and special wastes must be handled by registered hazardous material haulers and taken to special landfills, or treatment, storage and disposal facilities. Every step along the way state sanctioned manifests describing the material, the point of origin and destination, and the hauler, must be relinquished to the next person/facility to handle the waste. This provides a paper trail which is difficult to defeat.

Any samples which the owner/operator sends to a laboratory for analysis must be accompanied by a chain of custody document which tracks each step and handler much like a manifest.

The consultant must receive and review copies of these documents for verification of proper disposal and transport. The liability of improper disposal and transport falls permanently on the originator of the waste.

Heating and Cooling Systems

These systems are analyzed for two reasons:

1. The heating system or vestiges of old systems are often the only remaining visible clues regarding the past existence of heating oil USTs. While there is often no need to deal with heating oil underground storage tanks the contamination from these underground storage tanks is just as heavily regulated as any other underground storage tank.
2. The heating and ventilating system is an excellent source of evidence for atmospheric conditions within a building. An analysis of the residue on ducts can often indicate the types of chemical used on site in the past.

Electrical Systems

This determines whether all electrical fixtures, connections, cords or supplies were clear of potential contact hazards (explosion, excitation, ionization) with on site chemicals.

Stains

Any stains on floors, walls, and ceilings are analyzed.

Glass and Plastic

Glass and plastic often warps when a large scale release of volatile organic compounds (VOCs) occurs.

Disposal Systems

Toilets, drains, traps and sumps are inspected for evidence of illicit dumping of regulated substances.

Asbestos

Asbestos is a known carcinogen causing mesothelioma (a fatal cancer of the lung lining), lung cancer, and asbestosis, a scarring of the lung's bronchial sacks. Asbestos has been used in building structures since the 1870s. From 1973 to the present increasingly stringent regulation of asbestos in building materials has nearly eliminated its presence in modern structures. This is an additional environmental concern according to ASTM, however, its significance is too great to ignore in our opinion. The consultant should identify and characterize any asbestiform materials. The report should give clear direction on the treatment of asbestos containing materials (ACMs) on site. The following areas are routinely analyzed for ACMs, but this is not an exhaustive list.

Thermal System Insulation on Pipes

Thermal System Insulation on Joints and Fitting

Thermal System Insulation on the Boiler Jacket

Thermal System Insulation on the Boiler Breach

Water Heater Jacket

Furnace Jacket
Electrical Systems
Wall Insulation
Ceiling Insulation
Transite
Ceiling Tile
Floor Tile
Mastic
Ceiling Paint
Dry Wall Compound
Plaster Walls
Roofing Shingles
External Wall Tile
Steel Beam Insulation
Vaults
Fireproof File Cabinets

Lead

Though it is the most common and significant urban environmental poison, lead is a non-scope item according to ASTM. The following areas should be analyzed:

Water:

The EPA has set 15 ppb (parts per billion) in water as the standard for mandatory remediation. No level of lead is safe. Poisoning is cumulative.

Paint (and lacquer):

Lead particles become exposed on the surface of lead paint creating a dust and airborne particulate hazard. Even a breeze through a window can expose lead molecules. Touch and ingestion or inhalation of particles often follows. Encapsulating lead paint with new layers of non-lead based paints is good protection for 3-5 years. During that time lead particles randomize or percolate and eventually reach the surface once again. On site testing of older painted and lacquered surfaces should be performed by the environmental professional.

Pipes and Solder:

Lead solder effluent or lead from water pipes is one of

the most significant sources of lead in drinking water. Tap water is tested for lead.

Radiators: Lead radiators when unpainted are a significant source of lead poisoning.

Soil: Lead in soil may come from a variety of sources but is only significant when present in very high quantities (over 1,000 ppm). This may be of concern to a prospective buyer who plans on moving the soil.

Radon

Radon is the colorless, odorless gaseous emanation of Radium, a radioactive silver-white, crystalline metal. Radium oxidizes immediately upon contact with air, thereby producing radon. Radon was discovered in 1900 and was considered inert until 1962 when chemists created the first radon compound. There are only three isotopes of radon and very few compounds which can be constructed from it. Radium is a metal of the alkaline-earth group of metals, therefore, radon is found in clay soils born of alkaline parent rocks. It is most prevalent where clays meet limestone bedrocks. This condition is the prevalent soil/bedrock geological structure of the Midwest. Heavy concentrations of radon are known as radon wells.

The radioactive particles of radon are alpha-type. Alpha particles are large and slow relative to beta and gamma radiation. Alpha particles are very easily blocked or stopped. Alpha rays may even be stopped by the interference of electrons in the air and travel only a few centimeters. Any relatively solid surface will stop alpha particles. The barrier may be quite thin, such as a piece of paper, most clothing, or paint. The health risk to humans, however, is in the inhalation of the radon gas or constant exposure of the gas to skin. The gas acts as a carrier of the alpha particles, taking them much further than they would be able to travel on their own. Since radon is colorless and odorless a person may be exposed daily for years and never know. People come in contact with radon in homes or businesses where basements exist in radon producing geological structures. If a home is on or near a radon well, it may tap into radon gas. The gas normally escapes the ground by way of vent cracks in clay which open during droughts. However, it dissipates quickly in the overwhelming outdoor atmosphere.

A basement offers radon an easier path for escape. Radon is under pressure

and will seek the path of least resistance for venting which may be the basement foundation walls in a home. The following is important to understand: while the gas itself may find an opening for entry, nearly any barrier will have open cracks, bare cinder block, or concrete walls (they are porous) to seep through. A coat of paint is enough of a barrier to stop the alpha particles and therefore radon.

As radon decays, it transforms into polonium which in turn decays by alpha particle emanation. This scenario continues through various elements until stable lead isotopes are achieved. Each of the radioactive elements decays at a rate known as a half life. This is the time that a radioactive element takes to decay or disintegrate to half of its total mass. For instance, radon has a half life of 3.8 days in which half of its mass will become polonium. In 3.8 more days, half of what was left over will become polonium, and so on. Polonium has a half life of 140 days, but the alpha particles of polonium are much less active and pose little or no health threat. Other isotopes in this series, thoron and actinon, have half lives of just 54 seconds and 3.0 seconds respectively. This means that just 31 days after radon is stopped from entering a home, only one third of one percent of that radon still remains.

PCBs (Polychlorinated biphenyls)

Polychlorinated biphenyls are a by-product of the electrical/chemical transaction that takes place within transformers. And, often, PCBs were added to cooling oils to stabilize their viscosity. Transformers increase or decrease the amount of electricity between the generation source and the end user. PCBs are known human carcinogens. Because of this, federal regulations now require that all new transformers contain less than 50 ppm of PCBs. Further, these regulations stipulate that local utilities must test all transformers placed within 30 meters of a commercial facility to verify their PCB concentrations. There are five regulated forms of PCBs all known as arachlor.

A rarely mentioned hazard is associated with transformers. The mineral oils contained in most transformers are not only volatile and semi-volatile organic contaminants, but they are suffused with a series of very toxic substances that are not specifically regulated by federal standards. Any leakage from a transformer, therefore, even if it does not contain regulatory levels of PCBs, is very hazardous.

Old transformers are usually assumed to contain PCBs. Problems occur when leakage allows the PCBs and mineral oils to escape. There are two basic types of wet (liquid cooled) transformers: small canister types that are

pole mounted, and large, cube-shaped boxes that rest on the ground. Occasionally, a large series of transformers is linked together and fenced off from outside intrusion.

For clarification purposes, we offer the following definitions which are consistent with the United States Environmental Protection Agency (USEPA) regulations.

PCB Transformer: A transformer whose fluid has a PCB concentration of 500 ppm or more.

PCB Contaminated Transformer: A transformer whose fluid has a PCB concentration of greater than 50 ppm and less than 500 ppm.

Non-PCB Transformer: A transformer whose fluid has a PCB concentration of less than 50 ppm.

PCBs also occur in two other sources: the ballasts of old fluorescent lights, and the hydraulic systems of old machinery. Fluorescent light ballasts are not a regulated source of PCBs because the quantity of tainted oils in these ballasts is very low. Hydraulic systems are rarely present in buildings with the exception of elevator equipment. Old equipment often contains PCBs and should be checked.

Records Review and Research

The inspector is required to present a list of entities required to report under the following regulatory systems.

AFS/AIRS	Air Radiation (of toxic substances)
AIRS	Aerometric Information Retrieval System (air)
CERCLIS	Comprehensive Environmental Response Compliance and Liability Act
CICIS	Chemicals in Commerce Information System
CUS	Chemical Update System
DOCKET	Regional counsel
FATES	FIFRA and TSEA Enforcement System (pesticides)

and toxic substances)

FFIS	Federal Facilities Information System
FIFRA	Federal Insecticide Fungicide and Rodenticide Action Section 7 (FATES)
FRDS	Federal Reporting Data System
FTTS/NCDB	Pesticide and Toxic Substance
FURS	Federal Underground Infection Control
HWDMS	Hazardous Waste Data Management a.k.a. (RCRA) and HWSA
PADS	PCB Handlers
PCS	Permit Compliance System (water)
RCRIS	Resource Conservation and Recovery Act
RCRA - J	Resource Conservation and Recover Act - J System
SIA	Surface Impoundment Assessment
STATE	State System
SST	
TRIS	Toxic Release Inventory System .

Additionally, the property must be investigated for its possible inclusion in the following programs:

CERCLIS

The CERCLIS reports environmental violations qualifying for Superfund clean-up, in any of the reporting systems listed above.

NPL (National Priorities List)

Identifies those hazardous waste sites targeted for accelerated clean-up under the Superfund program by Federal law. These are the most seriously impacted sites.

SRAPL (State Remedial Action Priorities List)

Is a comprehensive inventory of potential clean-up sites for remediation within the state.

IR (Immediate Removal)

Immediate removal lists those sites which are designated for partial clean-up action within a short term to help safeguard public or environmental health.

RCRA (Resource Conservation and Recovery Act)

The reporting system for hazardous waste generators. If the facility having the Phase I study executed is a generator or hauler, it is noted and researched. All generators on adjoining properties or on the subject site itself are noted and records are researched for violations.

RCRA TSD Facilities (Resources Conservation and Recovery Act - Treatment, Storage and/or Disposal Facilities)

The reporting system for hazardous waste transport, storage and disposal facilities. If the facility having the Phase I executed transports, stores or disposes of hazardous waste, it is noted and researched. All TSD facilities within a one mile radius of the subject site are noted.

SEP 24 '97 10:14 FR

JUL 23 '96 14:03 FR

TO *003517735253823 P.02/03
312 525 8790 TO SACHOFF WEAVER P.04

JUL-22-96 MON 12:23

IL EPA-BUREAU OF LAND

FAX NO. 2175244183

P.04



State of Illinois

ENVIRONMENTAL PROTECTION AGENCY

Mary A. Gade, Director

2200 Churchill Road, Springfield, IL 62794-9716

217/782-6762

CERTIFIED MAIL

236362652

JUL 19 1996

Kraft Foods
Attn: Richard Pico
3 Lakes Dr. N4401
Northfield, Illinois 60093

Re: LDC# 0316005043 -- Cook County
Chicago / Oscar Mayer Food Corp
246-344 West Scott St.
LUST Incident No. 040514
LUST Tech File

Dear Mr. Pico:

The Illinois Environmental Protection Agency has reviewed the Site Classification Completion Report which has been submitted for the above referenced LUST incident. This information was dated June 17, 1996, was received by the Agency June 18, 1996, and was prepared by Conestoga-Rovers & Associates.

The Site Classification Completion Report and associated Certification state that this site is classified as "No Further Action" as identified in Section 57.7(b)(2) of the Illinois Environmental Protection Act and 35 Illinois Administrative Code Section 732.302(a).

Based upon (a) the certification by Wendy L. Edwards, a registered Professional Engineer of Illinois, and (b) the certification by Richard Pico, the owner and operator of the underground storage tank(s), it appears that all corrective action requirements of Title XVI of the Act and 35 Illinois Administrative Code Part 732 for the release of petroleum from the underground storage tank(s) have been satisfied.

For purposes of appeal, this constitutes the Agency's final decision regarding the above matters. Please see Appendix 1 for an owner or operator's appeal rights.

SIDLEY & AUSTIN

PAGE 006

JUL 23 '96 08:24

JUL 23 '96 17:57

312 525 8790



Chicago
Metropolitan
Housing
Development
Corporation

200 W. Adams St.
Suite 2103
Chicago, IL 60606
312.422.1680
Fax: 312.422.1726

July 16, 1997

Mr. James B. Mitchell
U.S. Department of Housing and Urban Development
Financial Policy Division
490 L'Enfant Plaza East
Room 3120
Washington, DC 20024

ATTN: Monika Martin

Dear Mr. Mitchell:

I recently spoke to Monika Martin of your staff to discuss two projects in which the Chicago Metropolitan Housing Development Corporation (CMHDC) is currently working. These two projects are part of larger redevelopment efforts of the Chicago Housing Authority (CHA). They involve the use of FAF money and will benefit public housing/very low income families. Following is a summary of those projects which comply with Exhibit B of the refunding agreement between HUD and CMEDC:

Cabrini Green:

A local developer has agreed to lease 44 units of two privately developed residential complexes as replacement housing for Cabrini Green (a public housing complex undergoing redevelopment) families. These two developments, Mohawk North and Old Town Square, also contain market rate housing. Mohawk North has a total of 92 units of which 16 are part of this transaction. Old Town Square consist of more than 100 units of which 28 are part of this transaction.

The developer is not willing to sell the units to the Chicago Housing Authority. However, he has agreed to a 40 year lease as stipulated by law in order to be considered public housing units. As part of the transaction, CHA and CMHDC have agreed to make an initial payment of \$5,500,000 or \$125,000 per unit (the market rate units range from \$144,000 to more than \$300,000). However, CHA is only able to pay \$4,444,000. Therefore CMHDC has agreed to provide a loan to the developer for \$1,056,000 in order to secure the units for the use of very low income families. This loan will be repaid over the 40 year term of the lease and will secure at least 8 units for very low income families. The interest rate of the loan will be 4.5% or an interest rate agreed upon by all parties.

ABLA

The CHA recently received a HOPE VI grant from HUD to build 200 public housing units at ABLA (another public housing complex). These dollars are not available yet, but CHA expects to obtain that money shortly. A number of the units will be built in an area currently occupied by a dilapidated shopping center. This structure will be demolished and approximately 50 public housing units will be built. CMHDC has agreed to provide a bridge loan to the Chicago Housing Authority in order to acquire the property and prevent potential price speculation. CHA has already entered into an option agreement to buy the property. CMHDC will provide a loan to CHA for the acquisition. This money will either be reimbursed to CMHDC once CHA receives the HOPE VI money, or be credited towards the creation of very low income housing units within ABLA.

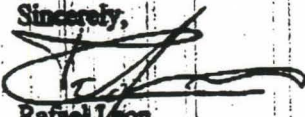
As stipulated in Appendix B of the refunding agreement, the savings will be used (on both of these project) to implement:

"...programs which provide housing of very low income households in economically integrated developments. CMHDC will also assist in the redevelopment of existing public housing communities through reducing unit density and creating alternative housing options for current residents...including Cabrini Green, Washington Park, ABLA..."

You are hereby notified of CMHDC's intention to use \$1,056,000 (plus expenses such as attorneys, appraisal, closing costs) of FAF proceeds to secure housing units for the use of very low income families at Cabrini Green; and \$735,000 (plus expenses - attorneys, appraisal, etc.) of FAF proceeds to provide a bridge loan to the Chicago Housing Authority to purchase a parcel of land to be developed with public housing units. If there are any objections to these transactions, please notify me as soon as possible.

Please do not hesitate to call me at (312) 422-1680 if you have any questions. I look forward to receiving your concurrence with our present endeavors.

Sincerely,



Rafael Leon
Executive Director

RL/ec/cabala



U. S. Department of Housing and Urban Development
Washington, D.C. 20410-8000

AUG 13 1997

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

Mr. Rafael Leon
Executive Director
Chicago Metropolitan Housing
Development Corporation
200 W. Adams Street, Suite 2103
Chicago, IL 60606

Subject: Revision of Plan of Use of McKinney Act Savings;
Governed by the Refunding Agreement for FAF/Ethnics
#268A-P, #397, and #417A-B

Dear Mr. Leon:

Thank you for your letter of July 22, 1997, advising the Department of contemplated changes/additions to your existing Plan of Use of Funds.

Specifically, you plan to use FAF payments to secure 94 rental housing units from two local developers as replacement units for an equal number of Cabrini Green units, a public housing complex undergoing redevelopment. Forty-four of the housing units would be located in two mixed income residential complexes, Mohawk North and Old Town Square, while the remaining units would be a part of a 200 unit development. Your Agency would make a low-interest-rate long-term loan of approximately \$1,056,000 to one of the developers, and a bridge loan of approximately \$735,000 to the Chicago Housing Authority for the purchase of certain parcels of land for the development of the 50 very low-income units.

The Department finds this use of funds consistent with the FAF McKinney Refunding Agreement and Section 1012 of the McKinney Act, provided that the benefits are restricted to very low income persons and families in housing that is decent, safe and sanitary. Please note that 24 CFR 913.102 defines a very low income family as a family whose Annual Income does not exceed 50 percent of the median income for the area, as determined by HUD.

We wish you success in implementing this additional
FAP/McKinney initiative.

Sincerely,



Kevin G. East
Acting Associate Director
for Program Operations
Office of Asset Management
and Disposition



TRACY CROSS & ASSOCIATES, INC.

DRAFT

(FOR REVIEW AND COMMENT)

*An Analysis of the Potential
for Market Rate Residential Development
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois*

Prepared on behalf of:

THE HABITAT COMPANY
as Receiver for

**THE CHICAGO HOUSING AUTHORITY'S
SCATTERED SITE PROGRAM**

February 1997

REAL ESTATE MARKET ANALYSIS

2000 EAST ALGONQUIN ROAD • SUITE 109 • SCHAUMBURG, ILLINOIS • 60173-4167 • PHONE: 847.925.5400 • FAX: 847.925.5415

SECTION I - INTRODUCTION

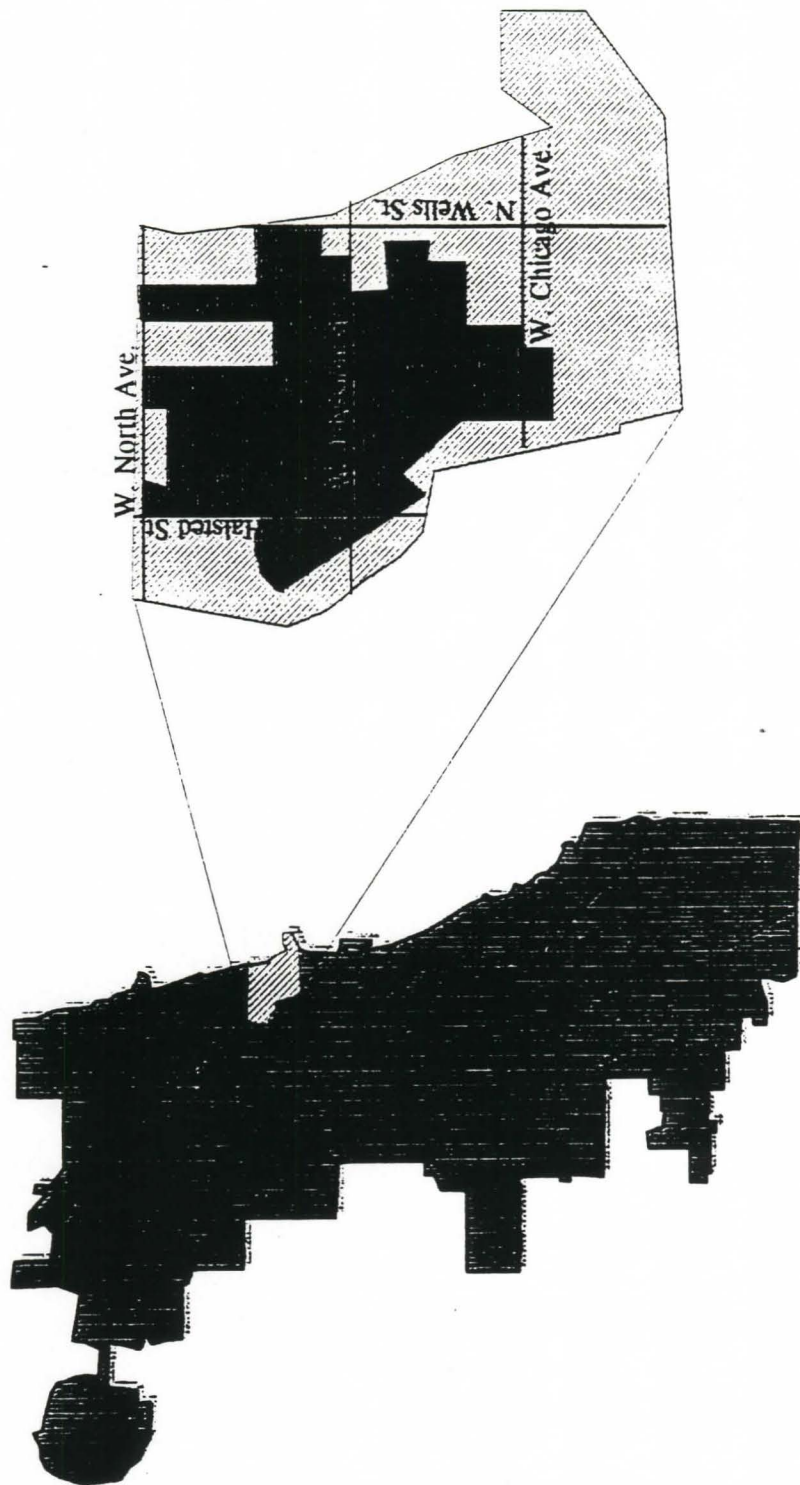
OBJECTIVES

At the request of the Habitat Company and in association with the Chicago Housing Authority, Tracy Cross & Associates, Inc. provided selected research services to determine the market potential for various types of *market* rate for sale and rental housing in the Cabrini Green area of the city of Chicago. The Cabrini Green area, which is part of the Near North Planning Area as depicted in Figure I-1, is generally bounded on the north by North Avenue, on the south by Chicago Avenue, on the east by Wells Street, and on the west by the North Branch of the Chicago River and Halsted Street.

This analysis accounts for the implementation of 2,100+ new housing units to be developed under the Hope VI Urban Revitalization Demonstration Program (URD). The URD program is designed to stimulate creative neighborhood planning by taking isolated public housing projects like Cabrini Green and weaving them back into the community through mixed income development. Within the housing component, the comprehensive Near North Redevelopment Plan, which includes Cabrini Green, contemplates: 50 percent market rate, 20 percent affordable and 30 percent public housing units. The anticipated income levels for the affordable housing component equal 80 to 120 percent of the area median income, which currently stands at \$55,800, with the public housing sector split between low income at 50 percent of area median and low to moderate income at 50 to 80 percent of the area median.

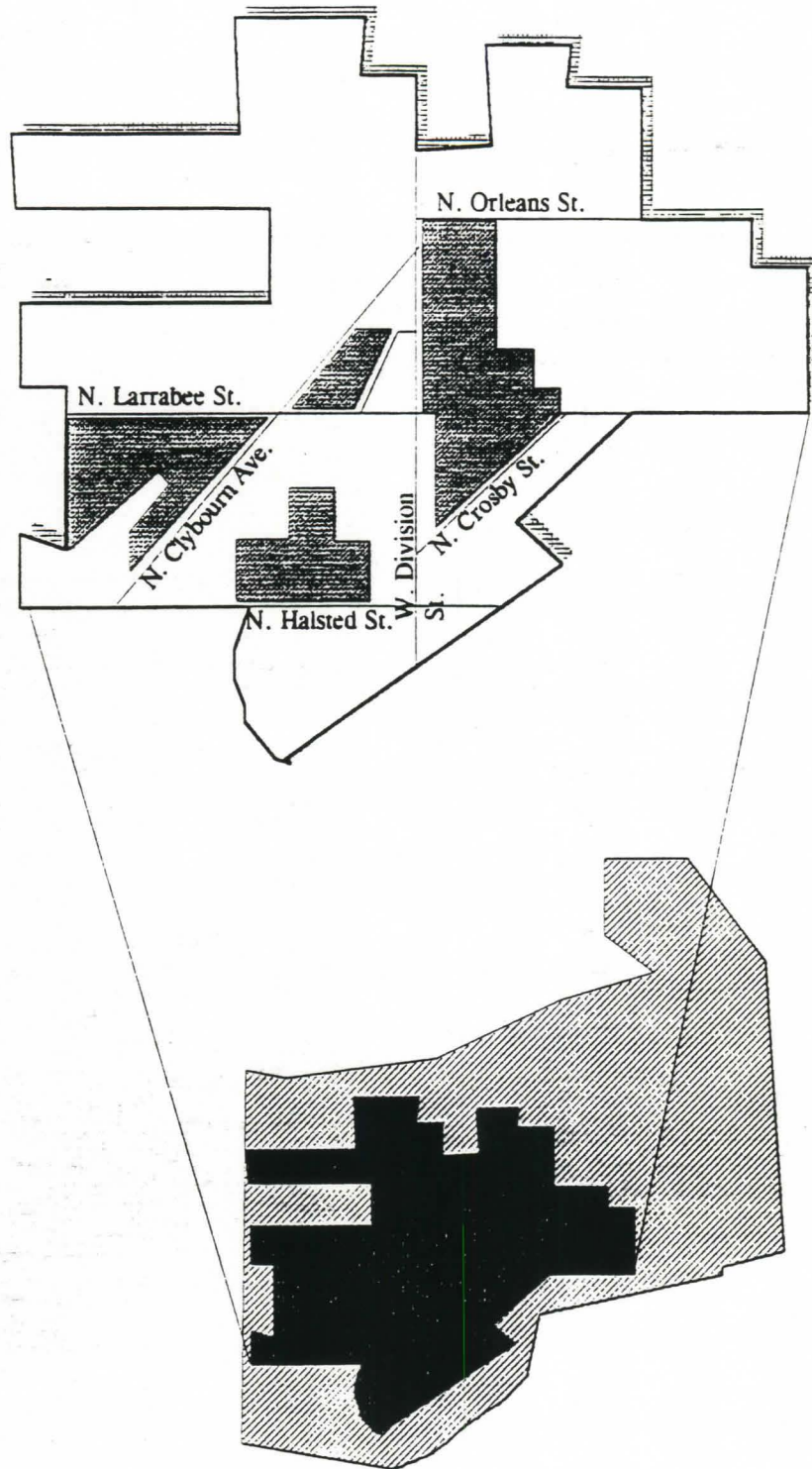
It is anticipated that the Cabrini Green development, which covers approximately 71 acres, will yield at least 30 units per gross acre to be offered in a variety of single family, townhome, condominium and rental forms. Identifiable residential areas include: (1) areas adjacent to the Near North Magnet High School and west of and contiguous to Larrabee; (2) the area north and east of vacated Ogden Avenue north of Division Street referred to as *the Hill*; (3) the area north of Division Street and east of Larrabee Street; and (4) properties south of Division Street generally directed east of Crosby Street and west of Orleans Street. These areas are shown in Figure I-2.

Figure I-1
Delineation of the Near North Planning Area
City of Chicago



Source: Tracy Cross & Associates, Inc.

Figure 1-2
Delineation of Residential Cabrini-Hope VI Development Areas
Near North Planning Area
City of Chicago



Source: Tracy Cross & Associates, Inc.

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(FOR REVIEW AND COMMENT)

Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

METHODOLOGY

In order to meet the objectives of this analysis, the following methodology was utilized:

- ☐ A comprehensive economic, demographic, and housing market analysis of the Chicago metropolitan area as a whole and the city of Chicago in particular focusing upon employment, population, and residential construction trends as they may affect market rate housing potentials within the Near North Planning Area.
- ☐ An on-site investigation of the Cabrini Green and Near North Planning Area in order to identify factors likely to affect market rate housing demand in the immediate area, e.g. accessibility, proximity to shopping, access to public transportation, etc..
- ☐ A comprehensive audit of all market rate for sale residential developments considered to represent either a direct or indirect source of competitive influence within the Near North Planning Area. This audit details model offerings, sales characteristics, unit size, bedroom/bath mix and price/value positioning on an individual program basis.
- ☐ A comprehensive audit of all market rate rental apartment programs in the Lake View, Lincoln Park, Loop and Near North community areas built or fully renovated after 1984. This audit details model offerings, project mix, rental characteristics, and levels of features and amenities on a project-by-project basis.

GENERAL LIMITING CONDITIONS

Tracy Cross & Associates, Inc. has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with developers and their agents, government officials and other third parties. Although Tracy Cross & Associates, Inc. believes all information in this study to be correct, it does not warrant the accuracy of said information and assumes no responsibility for inaccuracies in the information provided by third parties.

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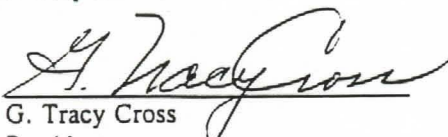
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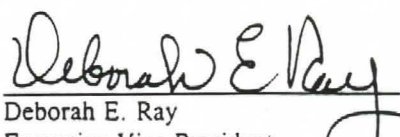
Market Support Analysis
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Demonstration Program
Chicago, Illinois

CERTIFICATION AND SIGNATURE

This analysis represents our *objective* and *independent* opinion regarding the market potential for future market rate residential development within the Cabrini Green and Near North Planning Area as certified below:

TRACY CROSS & ASSOCIATES, INC.
an Illinois Corporation

By: 
G. Tracy Cross
Its: President

By: 
Deborah E. Ray
Its: Executive Vice President



TRACY CROSS & ASSOCIATES, INC.

**SECTION II - SUMMARY OF BASIC FINDINGS,
CONCLUSIONS AND RECOMMENDATIONS**

THE SUBJECT PROPERTIES

The Cabrini Green property consists of approximately 71 acres which is part of the Near North Planning Area located roughly between North Wells Street on the east, on the north by North Avenue, on the south by Chicago Avenue and on the west by the North Branch of the Chicago River and Halsted Street. Primary access to the area is provided from the east and west by North Avenue, Chicago Avenue, and Division Street with the areas of residential concentrations served better by either North Avenue or Division Street. From the north and south, the immediate area is best served by Wells, Orleans, Larrabee, Halsted, or Clybourn.

Access to the central business district is excellent with either Orleans Street or Wells Street providing direct linkage. In turn, CTA bus lines and the "L" connect the immediate area with the Loop and to some of the 250,000 jobs found there. Additionally, both North Avenue and Division Street access the Kennedy Expressway within blocks, with this arterial providing connections with other interstates and satellite suburban employment concentrations.

While isolated to ethnically-oriented convenience shopping within the immediate vicinity, areas contiguous to the Near North Planning Area include a vast variety of retail establishments extending from grocery stores anchored by Jewel and Whole Foods to "big box" retailers like Home Depot, Sams, Best Buy, the Electric Company, Homemakers, Super Crown, The Gap, Bed Bath and Beyond, Crate & Barrel, and Cost Plus, among others. Additionally, boutique-type retailers are found along Wells Street from its intersection at Schiller north to Lincoln, along the Clybourn Street corridor from North Avenue to Fullerton, and on Halsted Street from North Avenue through the Lake View community area.

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Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

*Proximate
Residential
Development*

In the market-rate sector, a significant number of new projects are found both within the Near North Planning Area and nearby. These communities include single family, townhome, and condominium developments, apartment conversions, and rental development as summarized below:

- ☐ **Chicago Homes on North Park** is a 14-unit single family development in the Near North Planning Area which opened April, 1995, on the west side of North Park Avenue immediately south of North Avenue. In this area, one generic house type was offered priced initially at \$419,000 for 2,400 square feet of living area. After six months, prices moved up to the \$525,000 mark and at closeout in July, 1996, the average sales price stood at \$585,000. During this development's 16-month marketing life, sales averaged 0.9 units monthly.
- ☐ **The Homes of Mohawk North** is a multi-product community occupying an elongated land area along Larrabee south of North Avenue. This Near North Planning Area development by MCL features condominium, townhome, and single family living forms totaling some 76 units:
 - The *condominium* phase of the Homes of Mohawk represents nearly two-thirds of the total community and features one 1,100 square foot floor plan in a two and one-half story configuration. This model is currently base priced at \$134,900 marking a \$10,000 increase since the program opened in March 1996. Through the close of the 4th Quarter 1996, 47 units have been sold for a 5.3 monthly sales rate with approximately 20 percent of all sales originating from the investor market and 16 units designated for occupancy by low to moderate income households at an even distribution.
 - Eleven *townhome* units are also within the Mohawk North community with two floor plans being offered at 1,655 and 2,483 square feet. Prices extend from \$294,900 to \$316,900 with a total of four sales recorded between the project's opening in mid-March 1996 and the close of the 4th Quarter 1996 for an average monthly sales rate of 0.5.

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- The *single family* offerings within the community total 15 units which reached sellout in a 147-day marketing period, or 37.4 sales on an annualized basis. These units, which featured one floor plan at 1,890 square feet, were priced at \$250,000.
- **Cleveland Court**, located at Cleveland and Blackhawk, consists of 57 townhome units ranging in price from \$259,800 to \$359,000 and in size from 1,725 to 2,240 square feet. Opening in mid-November 1996, this Near North Planning Area development registered four sales at the close of the 4th Quarter 1996, a seasonally adjusted, annualized pace of 58.0 sales.
- **Old Town Square**, also by MCL Development Company, is situated on Scott Street immediately west of Wells in the Near North Planning Area. This community features three product series including condominium units, townhomes, and single family detached units:
 - A total of 24 *condominium* residences are proposed for the Old Town Square area with two models ranging in size from 836 to 1,140 square feet priced from \$124,900 to \$154,900. Opening in mid-February 1996, a total of six contracts were taken through the close of the 4th Quarter 1996 equal to a monthly sales rate of 0.6 since opening.
 - The *townhome* offerings at Old Town Square range from 1,425 to 2,000 square feet priced from \$249,900 to \$345,900. Since opening, sales have averaged 2.1 monthly with 21 contracts taken between February 15, 1996 and the close of the 4th Quarter 1996.
 - Representing a later entrant to the Old Town Square community are the 30 *single family* units which began marketing in late August 1996. Through the close of the 4th Quarter 1996, 13 units had been sold at an average sales price of \$327,500 for a 2,268 square foot residence, equal to an annualized sales rate of 44.1 units.
- **Orchard Park Townhomes** represents a 54-unit program located at the southeast corner of Clybourn and Halsted within the Near North Planning Area. Opening in late January 1996, this development sold 15 units through the 4th Quarter 1996 at a monthly rate of 1.5 units. Initially, three models were offered priced from \$152,900 to

\$195,000 which were increased by \$10,000 at the close of the year for 1,100 to 1,500 square feet of living area. Today, three new models are being developed in a three-story configuration which will average 1,877 square feet in size priced at \$238,333.

- ☐ **1309 North Wells Condominiums**, formerly known as Michael's Terrace, since its September 1994 takeover by Belleard/Gordon, reached sellout in March 1996 of 50 mid-rise condominium units for an average monthly sales rate of 2.6. When a full compliment of floor plans were available, sales prices averaged \$129,354 for a 1,062 square foot residence, equal to a value ratio of \$121.80 per square foot.
- ☐ Located in the 1400 block of Wells, **Schiller Place** provided 39 townhome units priced from \$264,500 to \$414,500 for 1,809 to 2,677 square feet. Offered by the Belgravia Group, this program, which carried an average price of \$330,000 for a 2,175 square foot residence (\$151.72 per square foot), reached sellout in a 25-month timeframe between March 1994 and March 1996, for an average monthly sales rate of 1.6.
- ☐ Next to Schiller Place is **1414 North Wells**, a 52-unit condominium program by Bill Moran and Associates, which began marketing at the end of the 1st Quarter 1994 and reached sellout at the close of the 2nd Quarter 1996. Averaging 1.9 sales monthly during its marketing life, 1414 North Wells offered 13 different floor plans ranging from 1,021 to 1,687 square feet in size priced, on average, at \$208,213 for a 1,361 square foot unit, or a value ratio of \$152.99 per square foot.
- ☐ In the apartment conversion sector, the closest project to the Near North Planning Area is **1212 North LaSalle** which began its initial marketing efforts late in 1992. This 230-unit development reached sellout in a short 15-month period achieving 15.5 sales on a monthly basis. The development offered three basic floor plans extending from 650 to 1,100 square feet priced from \$50,900 to \$127,900. Averaging \$86,233 for an 833 square foot residence, 1212 North LaSalle held a value ratio of \$103.52 per square foot.
- ☐ **Cobbler Square**, located in the 1300 block of Wells, is the newest and closest market-rate rental development to the Near North Planning Area. This 295-unit program, constructed in 1985, features six unit types extending from 510 to 1,120 square feet with monthly rents ranging from \$805 to \$1,585. Currently maintaining an occupancy rate of 99.7 percent, Cobbler Square supports an

average monthly rent of \$1,076 for a 736 square foot unit equal to \$1.46 per square foot. Relative to other apartment programs in the Lake View, Lincoln Park, Loop, and Near North community areas built in 1985 or later, Cobbler Square is presently positioned \$65 monthly over market.

The single family projects marketing within the Near North Planning Area in 1996 included two developments which may be compared with the Terraces of Old Irving Park, Landmark Village, and Picardy Place located in the Irving Park and Lake View community areas. In the Near North Planning Area, The Homes of Mohawk North and Old Town Square, which have averaged 3.4 sales monthly per project, support an average sales price of \$288,750 for a 2,079 square foot residence, equal to a value ratio of \$138.89 per square foot. The three single family offerings in the Irving Park and Lake View neighborhoods, which have averaged 2.0 sales monthly, carry an average sales price of \$248,763 in 1996 for a 1,963 square foot unit, a value position 8.8 percent lower at \$126.72 per square foot.

Additionally, within the Near North Planning Area, Cleveland Court, The Homes of Mohawk North, Old Town Square, and Orchard Park are presently marketing lower density townhomes or condominiums which support an average sales price of \$231,992 for a 1,576 square foot unit. This average compares with other lower density product marketing in the communities of Lake View, Lincoln Park, the Loop, Near North, Near South, Near West and West Town areas where a comparably sized residence is currently priced at \$251,561, or \$19,569 higher (8.4 percent).

Outside of projects in the conventional, market-rate sector, the newest non-market-rate development proximate to the Near North Planning Area is **Maple Pointe Apartments**, a 342-unit age-restricted, senior citizen apartment program located at Maple and LaSalle, south of Division Street. This rental development, restricted to persons aged 55 and over earning

\$24,360 yearly or less from all sources of income, began preleasing in February 1996 and through the close of the 4th Quarter 1996 had leased 246 units at a rate 22.4 units monthly. Marking the first privately developed affordable seniors housing development in the Near North side community area in more than a decade, initial occupancies at Maple Pointe occurred in July 1996 with all units being of 558 square feet leased at a monthly rent of \$579.

*The
Environs*

The Near North Planning Area is part of the Near North Side community area, one of the oldest areas of Chicago. The Near North Side currently supports a population base of 62,196 persons distributed among 37,605 households. One of the more affluent areas in the city, the Near North community area's 1996 median household income stood at \$50,757 annually, with 20.7 percent of all households supporting annual incomes of \$100,000 or more.

While ranking third in income among all community areas of the city behind Lincoln Park and the Loop, there are striking contrasts between the Near North Planning Area and the remainder of the Near North Side relative to its socio-economic and ethnic composition. These contrasts are shown in tabular form in Table II-1 and summarized below:

- ☐ In the Near North Planning Area, the African-American component presently equals 78.1 percent of the total population compared with 12.2 percent for the remainder of the Near North Side.
- ☐ The Near North Planning Area supported a median household income of \$14,788 in 1996 compared with \$54,433 for the rest of the Near North Side and \$55,800 for the metropolitan area as a whole.

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(FOR REVIEW AND COMMENT)

Table II-1

Pertinent Socio-Economic Characteristics
Near North Planning Area and Near North Side

Trait	Near North Side		Near North Planning Area		Remainder	
	Number	Percent	Number	Percent	Number	Percent
Population (1996)	62,196	100.0	12,070	100.0	50,126	100.0
White	42,320	68.0	2,354	19.5	39,966	79.7
African American	15,554	25.0	9,425	78.1	6,129	12.2
Other	4,322	7.0	291	2.4	4,031	8.1
Households (1996)	37,605	100.0	4,819	100.0	32,786	100.0
Incomes						
Under \$10,000	4,567	12.1	2,012	41.8	2,555	7.8
10,000-19,999	3,099	8.2	664	13.8	2,435	7.4
20,000-24,999	1,582	4.2	175	3.6	1,407	4.3
25,000-29,999	1,569	4.2	181	3.8	1,388	4.2
30,000-34,999	2,104	5.6	206	4.3	1,898	5.8
35,000-49,999	5,604	14.9	412	8.5	5,192	15.8
50,000-74,999	7,300	19.4	555	11.5	6,745	20.6
75,000-99,999	3,974	10.6	289	6.0	3,685	11.2
100,000-149,999	3,887	10.3	206	4.3	3,681	11.2
150,000 And Over	3,919	10.4	119	2.5	3,800	11.6
Median	\$50,757		\$14,788		\$54,433	
Population Aged 16+ In Labor Force (1990)	40,428	100.0	4,842	100.0	35,586	100.0
Persons Employed	38,166	94.4	3,861	79.7	34,305	96.4
Persons Unemployed	2,262	5.6	981	20.3	1,281	3.6
Population Travel Time To Work (1990)	37,527	100.0	3,800	100.0	33,727	100.0
Under 15 Minutes	11,978	31.9	806	21.2	11,172	33.1
15-19 Minutes	7,276	19.4	690	18.2	6,586	19.5
20-29 Minutes	7,867	21.0	827	21.8	7,040	20.9
30-44 Minutes	6,436	17.2	869	22.9	5,567	16.5
45 Minutes and Over	3,970	10.6	608	15.9	3,362	10.0
Median	18.7 Minutes		23.9 Minutes		18.3 Minutes	
Total Households (1990)	37,455	100.0	5,251	100.0	32,204	100.0
Own	11,632	31.1	378	7.2	11,254	34.9
Rent	25,823	68.9	4,873	92.8	20,950	65.1

Source: Claritas, Inc.: *Markerview Comparison Report*

- ☐ In the Near North Planning Area, the unemployment rate in 1990 stood at 20.3 percent. In comparison, only 3.6 percent of the work force participants in the areas to the east and south were unemployed.
- ☐ Ownership tenure represented only 7.2 percent of the occupied housing stock of the Near North Planning Area in 1990 while in the remainder of the Near North Side community area, 34.9 percent were owner occupied.

DEMAND POTENTIALS

The qualifications for new market-rate residential demand are represented by employment, population and household growth, and income. Since these components are interwoven throughout the entire nine-county metropolitan area, the construction of market-rate demand in the city, the Near North Planning Area and the Cabrini Green area first begins with potentials derived from a regional context.

During the 1997-2001 forecast period, the Chicago area will produce an average of 33,400 new residential housing units annually distributed between 29,820 units in the for sale sector of the market and 3,580 units in the form of rental apartments. This level of market-rate construction compares with long term trendlines when, during the 1983-1996 period, the nine-county region produced an average of 30,860 residential units yearly. The above trend forecast for the five-year period ending in 2001 is founded on the following basis:

- ☐ The regional economy will add an average of 70,320 workers yearly over the next five years representing a growth rate of 1.7 percent. This level of job formation compares with annual additions which averaged 65,593 during the 1983-1996 period.
- ☐ In recognition that a slowdown in the national economy is underway and that job growth in Chicago moderated over the past year, from annual additions of 85,300 in 1994 and 98,000 in 1995 to 67,500 last year, new worker additions in the region will likely fluctuate from annual average gains of 60,000 during 1997 and 1998 to 77,200 during the 1999-2001 period.
- ☐ In direct concert with job growth in the region, building permit volumes and new housing absorption will range from a low of 31,600 units in 1997 and 1998 to an average high of 34,600 units yearly through 2001.

Based upon employment expansion in the region as a whole, the city of Chicago can be expected to increase its level of employment by approximately 6,400 workers yearly over the next five years representing 9.1 percent of total job growth in the nine-county area. Consistent with the stimulus given by local employment opportunities and the city's strength as a desirable place to live, new, market-rate housing absorption in Chicago during the 1997-2001 period will account for 9.7 percent of total region-wide demand, a level consistent with 1996's capture rate. This level of demand will translate to an average of 3,250 units yearly during the forecast period.

Of the 3,250 units expected to be absorbed on a yearly basis in the city, demand potentials will most likely favor ownership housing forms which are expected to account for 65.0 percent of all activity, or 2,110 units per year. In this sector, new housing absorption will move across broad price categories based largely upon location and the diverse nature of the market which extends from singles to young married couples, and from compact families to more affluent mature couples originating from suburban locales. For the most part, however, new housing absorption will be concentrated at price points below \$250,000, as shown in the following text table:

Annual Qualitative Distribution of New Construction
For Sale Housing Demand
City of Chicago
1997-2001

Price Range	Number of Units	Percent of Total	Cumulative Percent
Under \$100,000	17	0.8	0.8
100,000-124,999	135	6.4	7.2
125,000-149,999	323	15.3	22.5
150,000-174,999	395	18.7	41.2
175,000-199,999	222	10.5	51.7
200,000-224,999	196	9.3	61.0
225,000-249,999	156	7.4	68.4
250,000-299,999	156	7.4	75.8
300,000-349,999	84	4.0	79.8
350,000-399,999	48	2.3	82.1
400,000 and over	378	17.9	100.0
Totals	2,110	100.0	---

Source: Tracy Cross & Associates, Inc.

In the rental sector, annual market-rate demand in the city will average 1,140 units yearly during the 1997-2001 timeframe. It should be noted here, however, that it is highly unlikely that this level of demand will be met by new construction given the relatively high cost of land in the city and elevated expenses associated with Cook County's tax burden. Because of these factors, most larger scale rental developments in the city will be forced to carry monthly rents in the \$1.75 to \$2.00+ per square foot range to be economically viable, and at these rent levels, there is little precedent and, for some, market uncertainty. Where the outcome is not locked in, lenders and institutional investors are slow and reluctant to provide the necessary capital for new large scale development and are fast to recall the dangers of speculative apartment construction that surfaced during the mid-1980s.

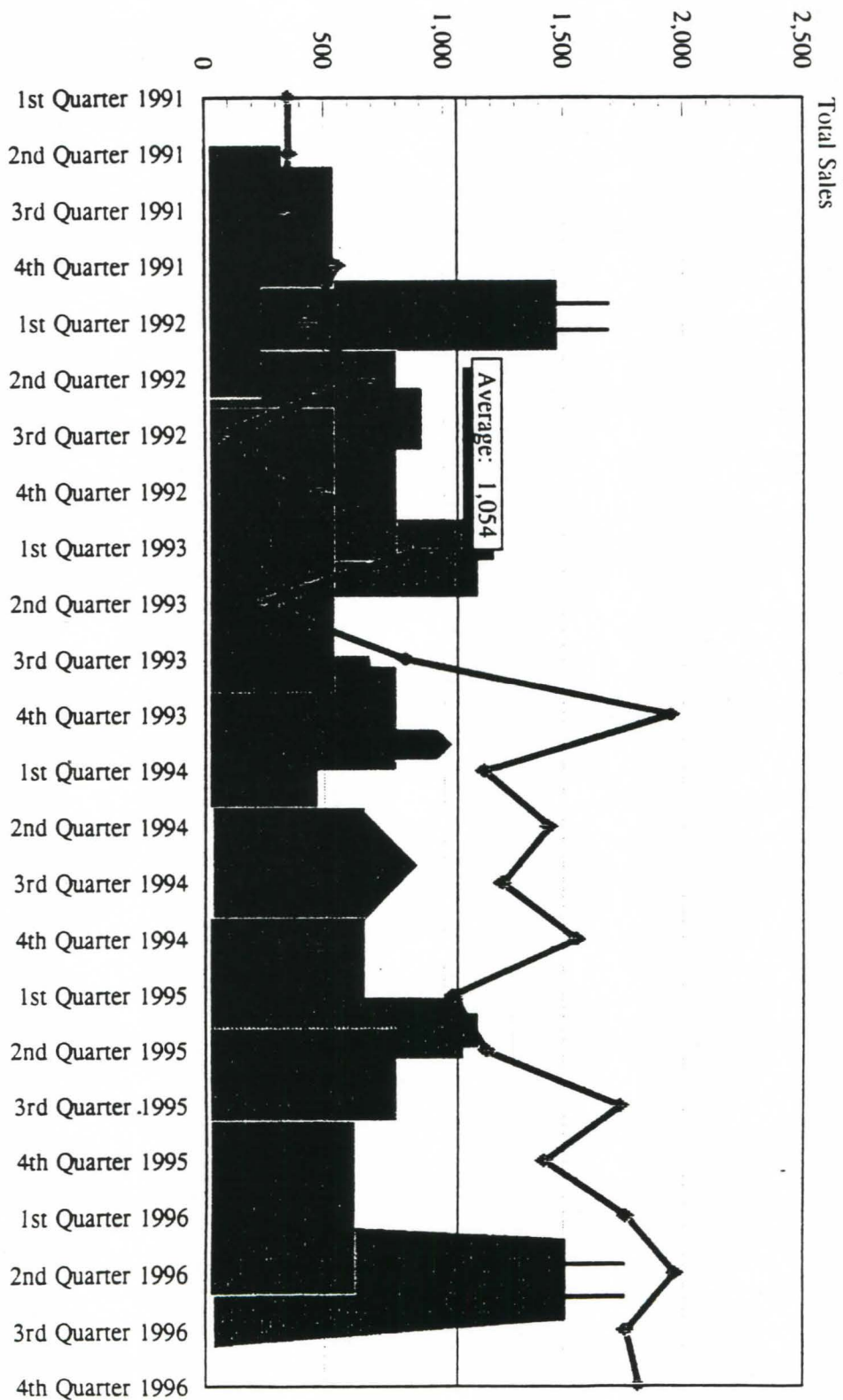
COMPETITIVE FACTORS - A HISTORICAL PERSPECTIVE

In the city, single family and townhome/condominium sales in the new construction sector have increased dramatically since 1991 and 1992 when an average of 405 sales annually were recorded among projects of scale. In 1993, for instance, sales increased to 951 units and in 1994 and 1995 an average of 1,329 units were contracted. The increasing volume of activity which is shown quarterly on a seasonally adjusted, annualized basis in Figure II-1, continued through 1996 when 1,833 sales were registered.

For the most part, new construction sales in larger scale developments in the city have been concentrated in the townhome/condominium sector of the market which, during the 1993-1996 period, represented 97.5 percent of all activity. In this sector, annual sales over the past four years have averaged 1,326 units ranging from a low of 951 units in 1993 to a high of 1,726 in 1996.

In addition to sales registered in the new construction sector, apartment conversion activity in the city has also been quite strong. From a relatively meek 198 sales in 1991, conversion absorption moved upward to 420 units in 1992 and to 691 in 1993. In 1994, conversion activity more than doubled from the previous year as 1,579 units were sold and in 1995 total sales in this sector stood at 1,148. Last year, the annual rate of sales in conversions equalled 847, marking a 26.2 percent decline from 1995 as most apartment programs suitable to conversion found their way to the for sale market during the market's peak between 1994 and 1995 or earlier.

Figure II-1
Trends in New Construction Production Sales
City of Chicago Competitive Market Area
1st Quarter 1991 - 4th Quarter 1996
(Seasonally Adjusted, Annualized Rate)



Source: Tracy Cross & Associates, Inc.

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(FOR REVIEW AND COMMENT)

Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

Townhome and condominium development in the city can be divided into four generic product forms: apartment conversions and in the new construction sector: loft condominiums; high and mid-density condominiums; and lower density townhome and condominium forms. As shown in the following text table, the most dramatic increase in sales activity since 1993 has occurred in loft condominiums which climbed from 238 sales in 1993 to 920 sales in 1996:

Total Townhome/Condominium Sales by Product Type
City of Chicago
1993 - 1996

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Total	1,642	2,921	2,433	2,573
<i>New Construction</i>	951	1,342	1,285	1,726
Percent of Total	57.9	45.9	52.8	67.1
Loft Condominiums	238	690	614	920
Percent of Total	14.5	23.6	25.2	35.8
High and Mid-Density Condominiums	260	266	224	340
Percent of Total	15.8	9.1	9.2	13.2
Low Density Townhomes/Condominiums	453	386	447	466
Percent of Total	27.6	13.2	18.4	18.1
<i>Apartment Conversions</i>	691	1,579	1,148	847
Percent of Total	42.1	54.1	47.2	32.9

Source: Tracy Cross & Associates, Inc.

THE NEAR NORTH PRIMARY MARKET AREA

Forming the nucleus of direct competition to potential future market-rate residential development in the Near North Planning Area and Cabrini Green is the degree of activity found in the community areas of Lake View, Lincoln Park, the Loop, Near North, Near South, Near West, and West Town, defined as the *Near North Primary Market Area (PMA)*.

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Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

In this area, six single family programs of scale were active in the market in 1996 which collectively generated a total of 55 sales. These programs included the following:

<u>Program(Location)</u>	<u>1996 Total Sales</u>	<u>Annualized Sales Rate (By Product Days) 1996</u>	<u>Average Monthly Sales Rate Since Opening</u>
Landmark Village (Lake View)	6	11.97	2.1
Picardy Place (Lake View)	5	5.16	1.0
Chicago Homes on Altgeld (Lincoln Park)	7	10.68	0.9
Chicago Homes on North Park (Near North)	9	16.72	0.9
Homes of Mohawk North (Near North)	15	37.35	3.1
Old Town Square (Near North)	13	44.06	3.7

Source: Tracy Cross & Associates, Inc.

Clearly representing the bulk of activity in the Near North PMA has been the multi-family sector which during the 1993-1996 timeframe accounted for 84.1 percent of total sales volume in the city in both the new construction and apartment conversion categories. Averaging 2,013 sales annually over the last four years, the Near North PMA's level of activity was distributed between 1,044 units in the new construction sector and 969 units yearly in the conversion sector.

As shown in Table II-2, the Near North PMA's total sales volumes over the last three years have held in a narrow band from a low of 2,117 sales in 1995 to a high of 2,355 in 1995. In 1996, when total sales reached 2,180 units, 39.9 percent of all activity was found in the loft condominium sector followed in rank order by sales in the apartment conversion sector (38.2 percent), low density townhomes and condominiums (14.3 percent), and high and mid-density condominiums (7.5 percent).

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(FOR REVIEW AND COMMENT)

Table II-2

Townhome/Condominium Sales by Product Type
Selected Community Areas*
City of Chicago
1993 - 1996

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Total	1,399	2,355	2,117	2,180
As a Percent of City Total	85.2	80.6	87.0	84.7
As a Percent of Selected Communities	100.0	100.0	100.0	100.0
New Construction	708	1,113	1,006	1,347
As a Percent of City Total	74.4	82.9	78.3	78.0
As a Percent of Selected Communities	50.6	47.3	47.5	61.7
Loft Condominiums	238	690	559	870
As a Percent of City Total	100.0	100.0	91.0	94.6
As a Percent of Selected Communities	17.0	29.3	26.4	39.9
High and Mid-Density Condominiums	75	53	39	164
As a Percent of City Total	28.8	19.9	17.4	48.2
As a Percent of Selected Communities	5.4	2.3	1.8	7.5
Low Density Townhomes/Condominiums	395	370	408	313
As a Percent of City Total	87.2	95.9	91.3	67.2
As a Percent of Selected Communities	28.2	15.7	19.3	14.3
Apartment Conversions	691	1,242	1,111	833
As a Percent of City Total	100.0	78.7	96.8	98.3
As a Percent of Selected Communities	49.4	52.7	52.5	38.2

*Includes Lake View, Lincoln Park, the Loop, Near North, Near South, Near West and West Town

Source: Tracy Cross & Associates, Inc.

PRICE CHARACTERISTICS AND PROJECT ACTIVITY

While the preceding sections have offered an understanding of the dynamics of the city's single family and townhome/condominium sector, it is also necessary to understand specific aspects of price and sales on an individual program basis. In this regard, the following paragraphs highlight particular characteristics of individual developments within the Near North PMA by generic product form.

The Overall Market

In the selected community areas of Lake View, Lincoln Park, the Loop, Near North, Near South, Near West and West Town, a total of six single family and 89 multi-family developments were active in 1996. In the detached sector, development activity was found in the Lake View, Lincoln Park and Near North community areas while in the townhome/condominium sector representations were distributed throughout the PMA as noted below:

Number of Active Developments 1996 Townhome/Condominium Sector Near North Primary Market Area

<u>Community Area</u>	<u>Total</u>	<u>Loft Condominiums</u>	<u>High and Mid-Density Condominiums</u>	<u>Low Density Townhomes/ Condominiums</u>	<u>Apartment Conversions</u>
Lake View	10	4	---	3	3
Lincoln Park	6	---	---	6	---
Loop	11	4	---	2	5
Near North	24	3	4	11	6
Near South	11	4	---	7	---
Near West	8	7	---	1	---
West Town	19	9	--	10	---
Total	89	31	4	40	14

Source: Tracy Cross & Associates, Inc.

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(FOR REVIEW AND COMMENT)

Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

During the January - December 1996 period, the six single family developments in the Near North PMA recorded 55 sales with the average development attaining 16.01 sales on an annualized basis for the year. Sales leaders in the market for 1996 included The Homes of Mohawk North with 15 sales and Old Town Square with 13.

Excluding the sold out programs of Landmark Village, the Chicago Homes of North Park, and The Homes of Mohawk North and the higher priced Chicago Homes on Altgeld, finds Picardy Place and Old Town Square supporting a current average sales price of \$264,800 for a 2,128 square foot residence, equal to a value ratio of \$124.44 per square foot.

In 1996, the 89 developments active in the townhome/condominium sector of the PMA generated a total of 2,180 sales with the average program recording 38.34 sales annually on the basis of the number of marketing days a particular development was active. Of the total number of units contracted in 1996, a median sales price of \$179,673 was reflected distributed by product type as follows:

	Total Sales	1996 Median Sales Price	Percent Distribution	
			Under \$225,000	\$225,000 And Over
Total Market	2,180	\$179,673	79.0	21.0
<i>New Construction</i>	<i>1,347</i>	<i>195,642</i>	<i>67.2</i>	<i>32.8</i>
Loft Condominiums	870	181,781	88.2	11.8
High and Mid-Density Condominiums	164	353,731	1.8	98.2
Low Density Townhomes/Condominiums	313	248,929	43.3	56.7
<i>Apartment Conversions</i>	<i>833</i>	<i>154,977</i>	<i>98.2</i>	<i>1.8</i>

Source: Tracy Cross & Associates, Inc.

Of the 89 developments active in the Near North PMA in 1996, 24 reached sellout sometime during the year (all in the new construction sector), with the remaining 65 projects supporting an average offering price of \$226,971 for a 1,459 square foot residence. In the new construction sector of the market models offered carried an average price of \$240,206 at the close of the 4th Quarter 1996 for a residence that was 1,531 square feet in size while in the conversion sector an average unit, which contained 1,145 square feet of living area, was priced at \$168,852.

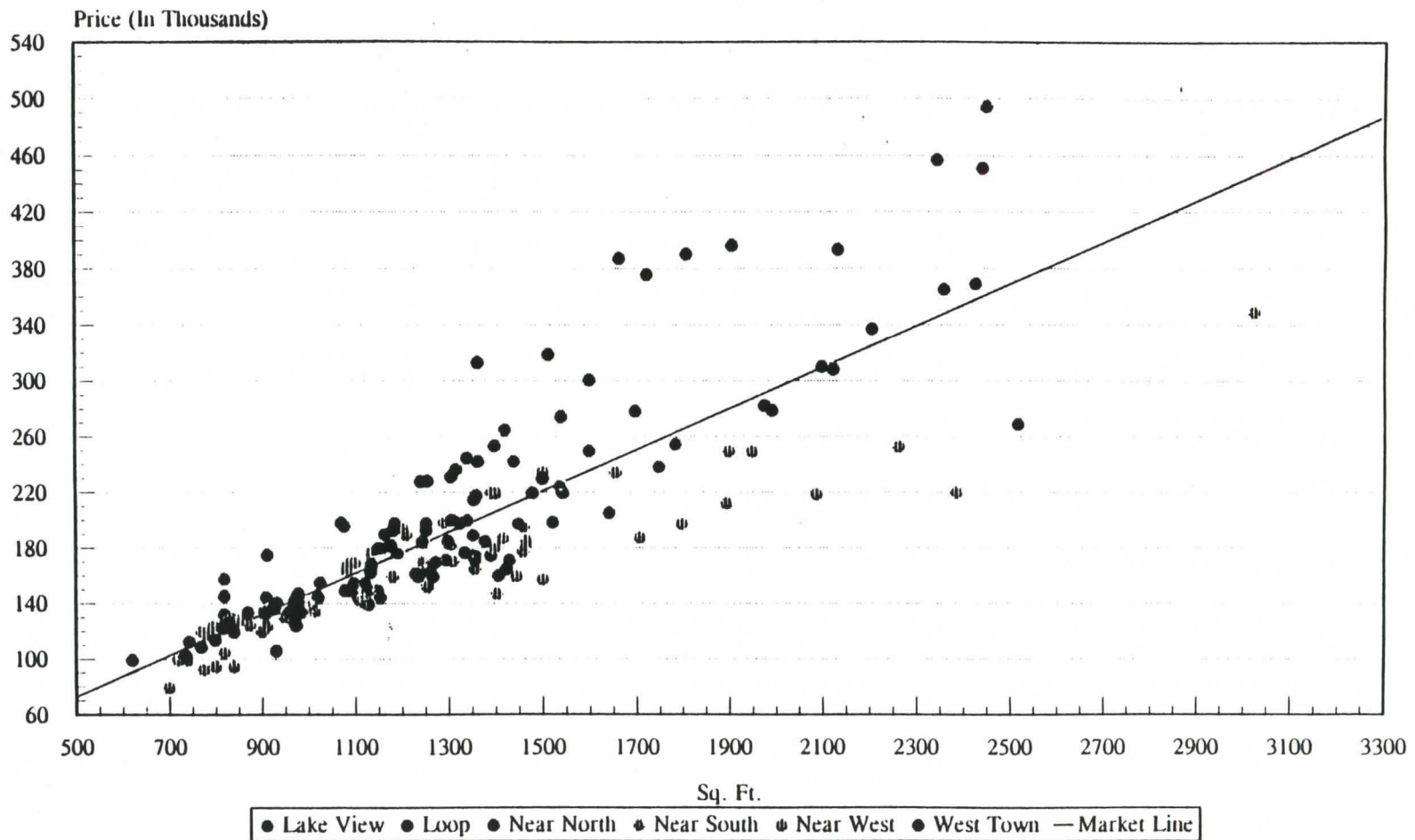
*Loft
Condominiums*

In the loft condominium market, 31 programs were active during 1996 in the seven selected community areas comprising the Near North PMA. During this twelve-month period, these programs generated 870 total sales with the average development attaining 50.69 sales on an annualized basis. During 1996, the leading loft condominium programs included Clock Tower Lofts with 113 sales, Cinema Lofts (106), Michigan Avenue Lofts (86), China Club Lofts (88), Union Square Lofts (66), and Bicycle Station Lofts (50).

In the loft condominium sector, the average residence *offered* in the market contains 1,300 square feet of living area priced at \$191,438 with the median price of a unit *sold* in 1996 standing at \$181,781. In terms of total activity in this sector during the January 1996-December 1996 period, 88.2 percent occurred at price points under \$225,000.

Figure II-2 presents a price/value analysis of 23 loft condominium programs in the selected community areas marketing at the end of the 4th Quarter 1996 while Table II-3 offers the reader a glimpse of the price/value position of each development. These developments currently provide product in the 500 to 3,300 square footage range priced, on average, from \$73,030 to \$487,458.

Figure II-2
Price/Value Analysis
Loft Condominium Developments
by Selected Neighborhood - City of Chicago
4th Quarter 1996



Price/Value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated sales prices. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the sales rate of currently available product lines.

Source: Tracy Cross & Associates, Inc.

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(FOR REVIEW AND COMMENT)

Table II-3
 Price Value Analysis
 Loft Condominium Developments
 By Selected Neighborhood - City of Chicago
 4th Quarter 1996

	Plan Size (Sq. Ft.)	Average Market Price				
	500	\$ 73,030				
	600	87,831				
	700	102,632				
	800	117,433				
	900	132,234				
	1,000	147,035				
	1,100	161,836				
	1,200	176,637				
	1,300	191,438				
	1,400	206,239				
	1,500	221,040				
	1,600	235,841				
	1,700	250,642				
	1,800	265,443				
	1,900	280,244				
	2,000	295,045				
	2,100	309,846				
	2,200	324,647				
	2,300	339,448				
	2,400	354,249				
	2,500	369,050				
	2,600	383,851				
	2,700	398,652				
	2,800	413,453				
	2,900	428,254				
	3,000	443,055				
	3,100	457,856				
	3,200	472,657				
	3,300	487,458				
Program/Location (Builder)	Average Plan Size (Sq. Ft.)	Average Sales Price	Average Market Price	Price Variance From Market	Annualized Sales Rate (By Project Days) 1996	Sales Rate Since Opening
Union Square Lofts/Near North (Spectrum RE)	1,277	\$228,383	\$ 188,034	\$ +40,349	355.24	30.0
*300 West Grand Lofts/Near North (Atlantis)	1,157	203,896	170,273	+33,623	39.09	3.2
850 West Adams/West Town (Annie Properties)	2,194	349,375	323,759	+25,616	0.0	0.0
Market Square/Loop (Patten Partners)	1,294	215,275	190,550	+24,725	18.56	3.4
Michigan Avenue Lofts/Loop (Vilas Dev.)	1,420	230,190	209,199	+20,991	95.09	7.9
Erie Center Lofts/Near North (Chicago Urbn P)	1,247	194,500	183,594	+10,906	157.47	13.2
Singer Lofts/Near West (C&J Development)	978	150,619	143,779	+6,840	0.00	0.2
Grand Avenue Lofts/West Town (Kahn Realty)	848	128,429	124,538	+3,891	7.68	0.6
— Market —	1,300	191,438	191,438	+0	50.69	5.7
China Club/Near West (MCZ)	1,081	157,050	159,024	-1,974	90.98	8.3
St. Paul Lofts/West Town (Chicago Urban Ptn)	974	141,150	143,187	-2,037	98.10	8.1
Clinton Street Lofts/Near West (MCZ Dev.)	1,002	143,443	147,331	-3,888	0.00	0.0
Sky Box Lofts/Lake View (Koenig-Strey)	1,280	184,100	188,478	-4,378	16.55	1.4

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(FOR REVIEW AND COMMENT)

<u>Program/Location/Builder</u>	<u>Average Plan Size (Sq. Ft.)</u>	<u>Average Sales Price</u>	<u>Average Market Price</u>	<u>Price Variance From Market</u>	<u>Sales Rate (By Project Days) 1996</u>	<u>Sales Rate Since Opening</u>
<i>Loft Condominiums, continued</i>						
Electric Company Lofts/West Town (Property)	1,040	144,900	152,956	-8,056	105.58	8.8
Bicycle Station Lofts/Near South (Garrison Ptn)	1,165	161,567	171,457	-9,890	75.31	6.3
Cityview Lofts/West Town (Property Consult)	1,128	152,757	165,980	-13,223	33.27	2.6
Cinema Lofts/Lake View (LR Development)	1,427	197,000	210,235	-13,235	153.34	12.8
Trevi Square/Near South (Kahn Realty)	1,015	135,000	149,255	-14,255	9.36	2.9
Haberdasher Square/Loop (Home by Invsco)	1,221	159,360	179,745	-20,385	55.74	7.6
West Bucktown Lofts/West Town (Bill Moran)	1,215	152,688	178,857	-26,169	43.92	3.8
1000 West Washington/Near West (Fortune)	1,613	211,275	237,765	-26,490	39.40	5.3
Wabansia Lofts/West Town (Capital Entr)	2,142	286,390	316,063	-29,673	1.04	0.4
701 West Jackson/Near West (Snitzer Homes)	1,360	167,588	200,319	-32,731	45.24	3.8
Bell Tower Lofts/Near West (Carlton Dev)	1,644	186,563	242,354	-55,791	4.02	0.1

*Reflects selected floor plans/prices only.

Source: Tracy Cross & Associates, Inc.

Also in the Near North Market PMA are the Sexton, a 231-unit development by Concord which will open early this year and MCZ's One Financial Center, a 400-unit development in the Canal Street corridor earmarked for a fall opening. The Sexton is likely to be positioned close to Union Square on a price/value basis (\$177 per square foot) while One Financial Center will likely support a price/value relationship consistent with the loft market as a whole.

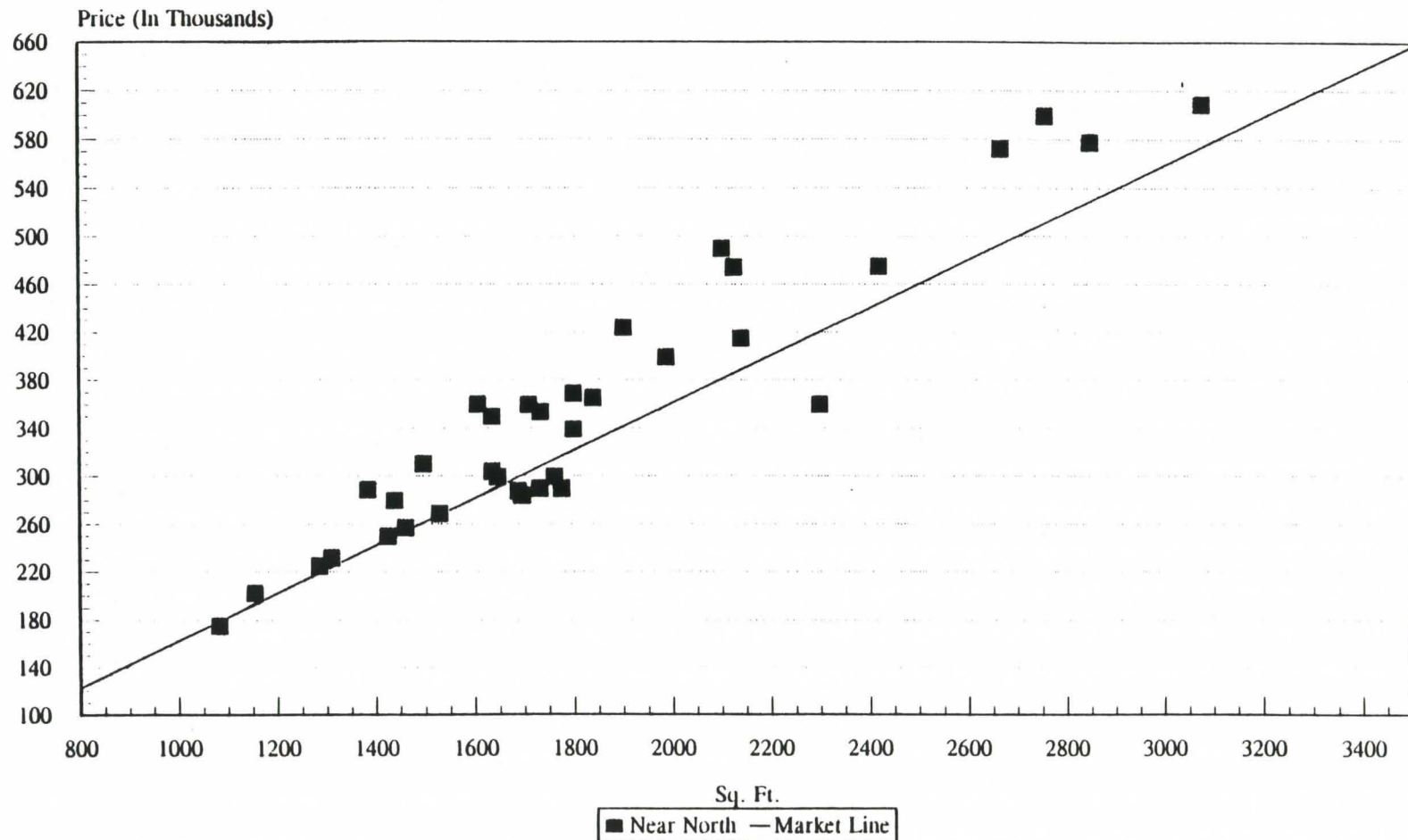
***High and
Mid-Density
Condominiums***

In 1996, there were four mid-rise condominium programs marketing in the Near North PMA including: 1309 North Wells, Park Newberry, The Whitney, and 33 West Huron. In 1996, these four developments averaged 56.85 sales on an annual basis. Sales volumes were paced by Park Newberry with 106 sales followed by The Whitney (34) and 33 West Huron (21).

Excluding the sold out 1309 North Wells development, the three developments marketing at the close of the 4th Quarter 1996 supported an average residence containing 1,826 square feet of living area priced at \$355,363, equal to a value ratio of \$194.61 per square foot. Plan offerings of Park Newberry, The Whitney, and 33 West Huron are distributed from 1,084 to 3,068 square feet as represented in Figure II-3. On average, prices move from one plan to the next at an incremental rate of \$226.42 per square foot with average market prices extending from \$168,340 at 1,000 square feet to \$643,822 at 3,100 square feet.

Table II-4 presents the tabular results of straight line regression analysis and also indicates the price/value position of the three developments currently active in this sector of the market. As represented, each of the three programs occupies a relatively narrow variance band revealing that there is a high degree of competitive cognizance.

Figure II-3
Price/Value Analysis
High and Mid-Density Condominium Developments
by Selected Neighborhood - City of Chicago
4th Quarter 1996



Price/Value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated sales prices. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the sales rate of currently available product lines.

Source: Tracy Cross & Associates, Inc.

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Table II-4
 Price Value Analysis
 High and Mid-Density Condominium Developments
 by Selected Neighborhood - City of Chicago
 4th Quarter 1996

<u>Plan Size</u> <u>(Sq. Ft.)</u>	<u>Average</u> <u>Market Price</u>
1,000	\$ 168,340
1,100	190,982
1,200	213,624
1,300	236,266
1,400	258,908
1,500	281,550
1,600	304,192
1,700	326,834
1,800	349,476
1,900	372,118
2,000	394,760
2,100	417,402
2,200	440,044
2,300	462,686
2,400	485,328
2,500	507,970
2,600	530,612
2,700	553,254
2,800	575,896
2,900	598,538
3,000	621,180
3,100	643,822

<u>Program/Location (Builder)</u>	<u>Average</u> <u>Plan Size</u> <u>(Sq. Ft.)</u>	<u>Average</u> <u>Sales</u> <u>Price</u>	<u>Average</u> <u>Market</u> <u>Price</u>	<u>Price</u> <u>Variance</u> <u>From Market</u>	<u>Annualized</u> <u>Sales Rate</u> <u>(By Project Days)</u> <u>1996</u>	<u>Monthly</u> <u>Sales Rate</u> <u>Since</u> <u>Opening</u>
The Whitney/Near North (Sandz Dev.)	1,916	\$388,490	\$ 375,741	\$+12,749	35.76	2.4
Park Newberry/Near North (Pontarelli)	1,714	337,714	330,004	+7,710	114.44	7.7
— Market —	1,826	355,363	355,363	+0	56.84	4.1
33 West Huron/Near North (Bill Moran)	1,820	343,822	354,004	-10,182	27.65	2.3

Source: Tracy Cross & Associates, Inc.

DRAFT

(FOR REVIEW AND COMMENT)

Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

The strongest performer in the mid-rise sector is Park Newberry which sold 106 units in 1996 and at a rate of 7.7 since opening. Located at Delaware and Dearborn streets this development represents *highly* disciplined design with minimal *in-unit* corridor inefficiencies. In fact, virtually all of the units far surpass designs incorporated at The Whitney and also 33 West Huron, although this latter project does offer an innovative tiered terrace/balcony design concept.

Focusing further upon Park Newberry finds the project nearly evenly weighted in all unit types extending from 900 square feet to approximately 2,300 square feet. This has also allowed the development to cover the entire spectrum of demand with the builder (Pontarelli) highly knowledgeable of competitive interferences with other product forms (e.g. lower density condominiums and townhomes and lofts) in the lower footage ranges. Hence, Park Newberry features lower square footage units at an average of \$164 per square foot and then moves upward between \$190 and \$224 per square foot as units pass the 1,400 square footage mark.

In addition to Park Newberry, The Whitney and 33 West Huron, three other projects of scale are presently on the drawing boards. Park Hyatt at Chicago Avenue and Water Tower Place is likely to enter the higher end luxury market in 1998 with \$300+ per square foot product as part of a mixed hotel and condominium development. Additionally, the Belgravia Group is planning 196 mid-rise units west of the Chicago River at Clinton and Jefferson streets. This project is likely to offer product near the \$180,000 average sales price for 1,100 square feet of living area. Finally, Erie Center Tower contains 126 units which will be developed in a 24-story complex at 425 West Erie. Residences will be priced from \$124,000 at 787 square feet to \$485,000 at 2,260 square feet.

*Low Density
Condominiums
and Townhomes*

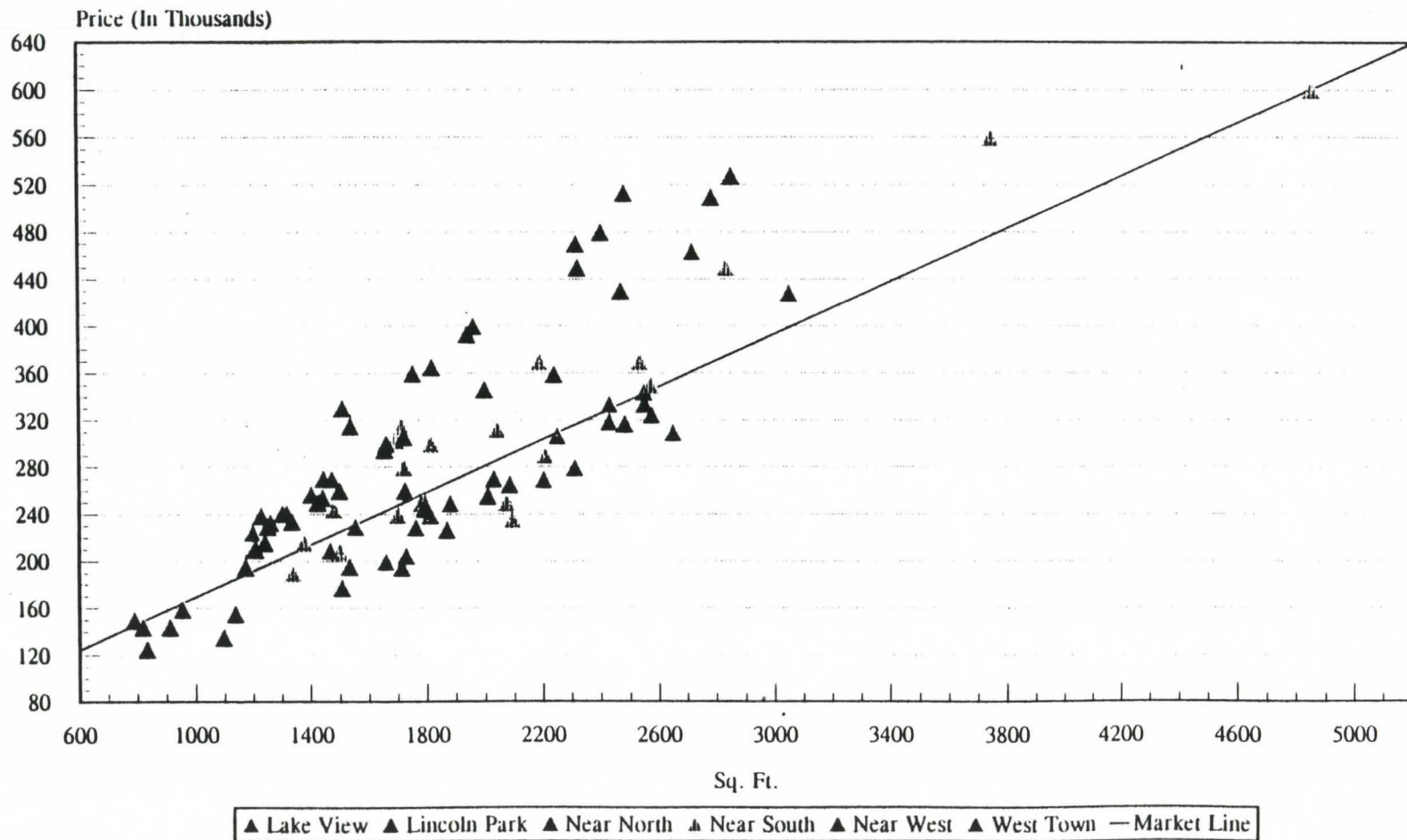
The 40 lower density condominium and townhome programs active in the selected neighborhoods comprising the Near North PMA during 1996 combined to record 313 sales during the twelve-month period, with the average development registering 13.69 sales on an annualized basis. During this period, only two developments, East Water Place (49 sales) and the Homes of Mohawk North-Condominium (47 sales) sold over 40 units. In 1996, the median sales price of a lower density condominium or townhome sold stood at \$248,929 with 63.1 percent of all activity occurring at price points below \$300,000.

In the higher price range of \$300,000 and above, 36.9 of all activity occurred with the market leader being East Water Place which occupies an excellent Streeterville location within the Chicago Dock & Canal properties. This program, which is on a land lease which averages \$480 monthly, provides three townhome models extending from 1,940 to 2,850 square feet at prices of \$318,000 to \$445,000.

Figure II-4 presents lower density condominium and townhome programs active at the close of the 4th Quarter 1996 on a price/value basis while Table II-5 presents a summary of average sales prices across an extended square footage band and the pricing relationship of individual programs on a value basis. As represented, the market for these developments ranges from 800 square feet at \$150,771 to 4,900 square feet at \$689,224.

Relative to value variances of projects active in the Near North Planning Area, projects like the Homes of Mohawk North Condominiums and Townhomes, Cleveland Court, Old Town Square-Condominiums and Orchard Park are priced, on average, \$34,383 under market while selling at an annualized rate that averages 23.30 per project, or nearly double the

Figure II-4
Price/Value Analysis
Low-Density Condominium/Townhome Developments
by Selected Neighborhood - City of Chicago
4th Quarter 1996



Note: East Water Place adjusted for land-lease.

Source: Tracy Cross & Associates, Inc.

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(FOR REVIEW AND COMMENT)

Table II-5

Price/Kiosk Analysis
Low Density Townhome/Condominium Developments
by Selected Neighborhood - City of Chicago
4th Quarter 1996

<u>Plan Size</u> <u>(Sq. Ft.)</u>	<u>Average</u> <u>Market Price</u>
800	\$ 150,771
900	163,904
1,000	177,037
1,100	190,170
1,200	203,303
1,300	216,436
1,400	229,569
1,500	242,702
1,600	255,835
1,700	268,968
1,800	282,101
1,900	295,234
2,000	308,367
2,100	321,500
2,200	334,633
2,300	347,766
2,400	360,899
2,500	374,032
2,600	387,165
2,700	400,298
2,800	413,431
2,900	426,564
3,000	439,697
3,100	452,830
3,200	465,963
3,300	479,096
3,400	492,229
3,500	505,362
3,600	518,495
3,700	531,628
3,800	544,761
3,900	557,894
4,000	571,027
4,100	584,160
4,200	597,293
4,300	610,426
4,400	623,559
4,500	636,692
4,600	649,825
4,700	662,958
4,800	676,091
4,900	689,224

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Low Density Townhome/Condominiums, continued

(FOR REVIEW AND COMMENT)

Program/Location (Builder)	Average Plan Size (Sq. Ft.)	Average Sales Price	Average Market Price	Price Variance From Market	Annualized Sales Rate (By Project Days) 1996	Sales Rate Since Opening
**East Water Place/Near North (Ogden Ptrs)	2,423	\$478,000	\$ 363,920	\$ +114,080	58.99	5.0
*Altgeld Club Th/Lincoln Park (MCL Dev.)	2,088	419,900	319,924	+99,976	5.23	0.4
*Tuxedo Park/Near North (Bejco)	2,080	395,733	318,874	+76,859	19.26	1.6
Burnham Pl-Harbor Square/No. So. (MCL Dev)	1,704	309,000	269,494	+39,506	4.12	1.5
Terraces on LaSalle/Near North (Plati)	1,660	299,900	263,715	+36,185	3.94	0.5
Old Town Square TH/Near North (MCL)	1,623	288,567	258,856	+29,711	25.53	2.1
Altgeld Club Condo/Lincoln Park (MCL Dev.)	1,249	225,959	209,739	+16,220	24.40	2.0
Prairie Pl@Central Station/Near South (MCL)	2,376	372,186	357,748	+14,438	10.31	0.8
Erie Pointe Th/West Town (Chicago Capital)	1,200	217,400	203,303	+14,097	8.25	1.4
— Market —	1,866	290,769	290,769	+0	13.67	1.5
Bicycle Station Th/Near South (Garrison Ptrs)	1,600	245,233	255,835	-10,602	5.52	0.5
Homes of Mohawk N-Th/Near North (MCL)	2,069	305,900	317,429	-11,529	5.34	0.5
Cleveland Court/Near North (Wooton Constr)	1,794	265,640	281,313	-15,673	47.23	4.0
One Historic Boulevard/West Town (Morrison)	3,050	428,900	446,264	-17,364	1.04	0.4
Park Terr@Bucktown/West Town (Urbanscape)	2,488	350,333	372,456	-22,123	0.00	0.0
Landmark Village/Lake View (Enterprise)	1,470	209,500	238,763	-29,263	19.04	4.5
Old Town Square Condo/Near North (MCL)	988	139,900	175,461	-35,561	7.32	0.6
The Montreaux/West Town (Jack Berger)	1,779	242,833	279,344	-36,511	0.00	0.0
Winchester Court/West Town (Jameson)	1,858	246,467	289,719	-43,252	7.32	0.6
*Orchard Park Th/Near North(Chicago Dwell)	1,877	238,333	292,214	-53,881	17.43	1.5
Townhomes on Wabash/Near South (Simms)	3,210	413,333	467,277	-53,944	2.06	0.5
The Millennium/Near South (FWK Dev.)	1,753	221,150	275,929	-54,779	13.81	1.1
Hms of Mohawk N-Condo/Near North (MCL)	1,100	134,900	190,170	-55,270	62.78	5.3
Urban Garden Th/West Town (KBC & Senco)	2,354	291,150	354,858	-63,708	19.83	1.7
Smithpark Commons/Near West (Smith Pk Inc.)	1,697	200,820	268,574	-67,754	1.73	0.1

*Reflects selected floor plans/pricing only.

**Program adjusted to reflect land lease rate.

Source: Tracy Cross & Associates, Inc.

overall rate of the market. The only development in the Near North Planning Area positioned over market is Old Town Square Townhomes which is priced an average of \$29,711 higher than the market as a whole. In 1996, this development attained 25.53 sales on an annualized basis.

Apartment Conversions

In the conversion sector, 14 developments active in the Near North PMA attained 833 sales in 1996 with the average program registering 59.92 sales on an annualized basis. In terms of total sales volumes during the year, The Hermitage with 214 contracts, The Parkshore with 120, and River Plaza with 78 led the market.

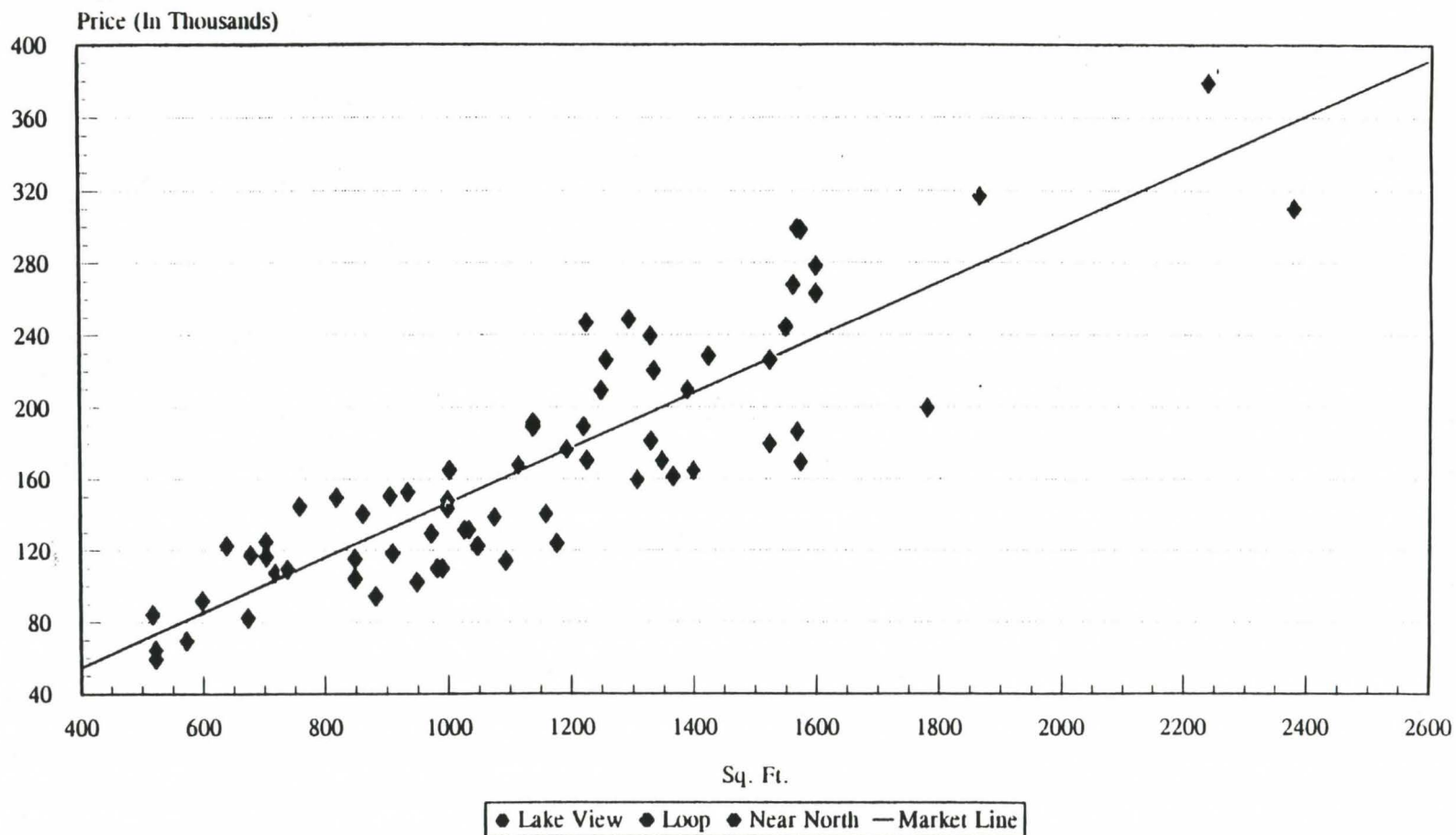
In terms of units sold in 1996, apartment conversions carried a median sales price of \$154,977 with 68.7 percent of all sales recorded at price points under \$175,000. Relative to current offerings, the average apartment conversion supports an average sales price of \$168,852 for a 1,145 square foot unit with individual floor plans ranging from \$54,539 at 400 square feet to \$392,100 at 2,600 square feet, as shown in Figure II-5 and Table II-6.

THE RENTAL MARKET

In the Lake View, Lincoln Park, Loop and Near North neighborhoods, 30 market-rate rental apartment developments were surveyed as part of this investigation. These projects, all built in 1985 or later, or fully renovated between 1985 and 1996, contain a total of 12,427 units. Specific highlights of this sector are summarized in the following paragraphs:

- ☐ The current vacancy rate in the four selected neighborhoods stands at 1.8 percent reflective of an extremely tight market condition.

Figure II-5
Price/Value Analysis
Conversion to Condominium Ownership Developments
by Selected Neighborhood - City of Chicago
4th Quarter 1996



Price/Value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated sales prices. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the sales rate of currently available product lines.

Source: Tracy Cross & Associates, Inc.

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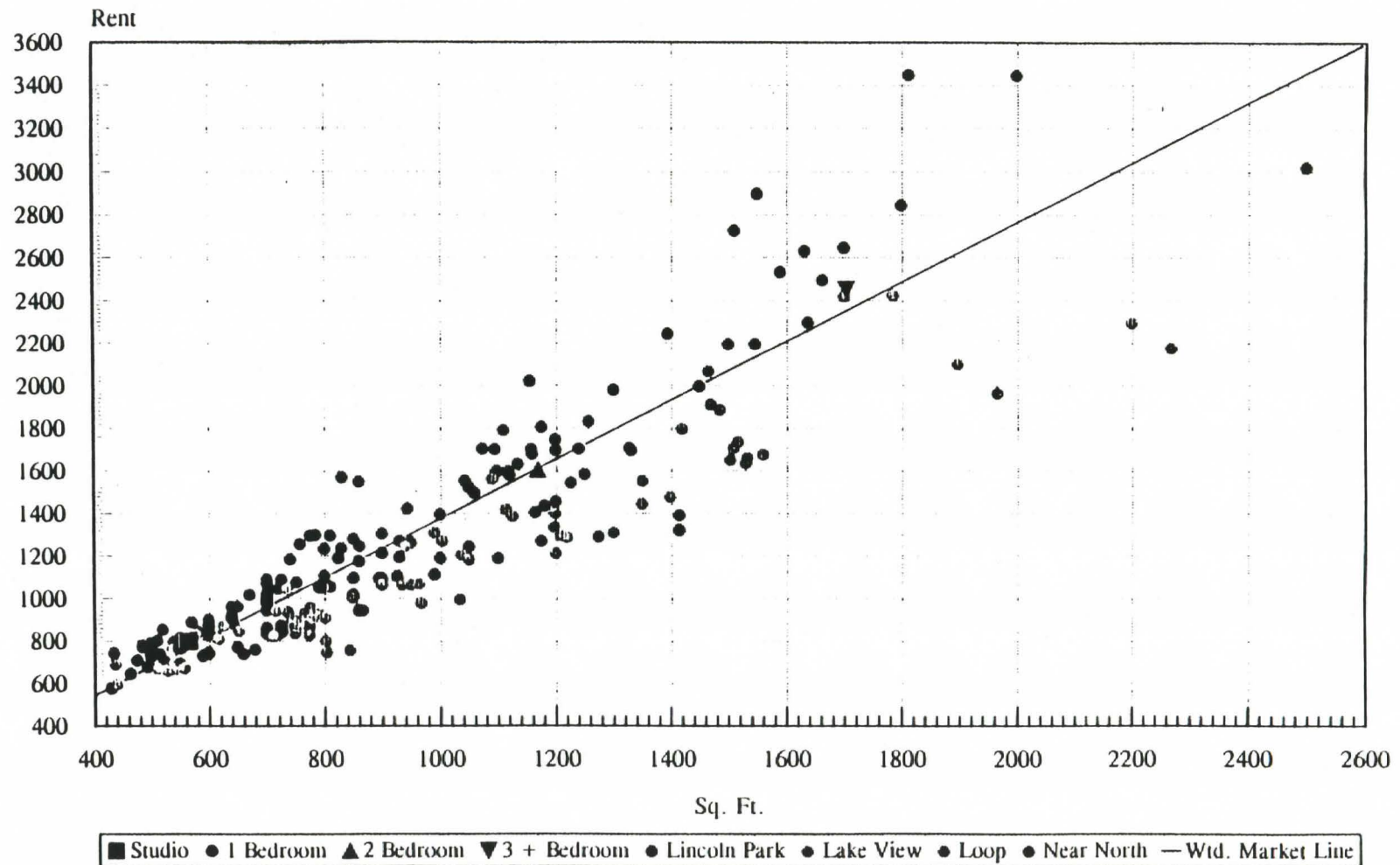
Table II-6
Price/Value Analysis
Conversion to Condominium Ownership Developments
by Selected Neighborhood - City of Chicago
4th Quarter 1996

<u>Plan Size</u> <u>(Sq. Ft.)</u>	<u>Average</u> <u>Market Price</u>
400	\$ 54,539
500	69,883
600	85,227
700	100,571
800	115,915
900	131,259
1,000	146,603
1,100	161,947
1,200	177,291
1,300	192,635
1,400	207,979
1,500	223,323
1,600	238,667
1,700	254,011
1,800	269,355
1,900	284,699
2,000	300,043
2,100	315,387
2,200	330,731
2,300	346,075
2,400	361,419
2,500	376,763
2,600	392,107

<u>Program/Location (Builder)</u>	<u>Average</u> <u>Plan Size</u> <u>(Sq. Ft.)</u>	<u>Average</u> <u>Sales</u> <u>Price</u>	<u>Average</u> <u>Market</u> <u>Price</u>	<u>Price</u> <u>Variance</u> <u>From Market</u>	<u>Annualized</u> <u>Sales Rate</u> <u>(By Project Days)</u> <u>1996</u>	<u>Monthly</u> <u>Sales Rate</u> <u>Since</u> <u>Opening</u>
3400 Lake Shore Drive/Lake View (Habitat)	2,053	\$348,500	\$ 308,175	\$+40,325	10.91	1.2
1313 Ritchie Court/Near North (Amer. Invsco)	795	151,767	115,148	+36,619	38.30	5.3
40 E. Delaware/Near North (Golub & Co.)	1,147	203,667	169,159	+34,508	36.92	4.1
The Parkshore/Loop (Barton Group)	1,178	207,650	173,915	+33,735	119.02	15.8
River Plaza/Loop (Atlantis Prop)	941	164,500	137,550	+26,950	79.30	20.2
The Buckingham/Loop (Habitat)	1,372	226,333	203,683	+22,650	44.69	8.7
111 E. Chestnut/Near North (Amer. Invsco)	1,245	202,560	184,196	+18,364	54.64	10.3
The Hermitage/Near North (Home by Invsco)	999	154,267	146,449	+7,818	238.07	19.9
— Market —	1,145	168,852	168,852	+0	59.92	8.5
33 East Cedar/Near North (Atlantis Prop)	813	113,895	117,910	-4,015	54.00	6.2
230 East Ontario/Near North (Inland Dev)	1,095	149,150	161,180	-12,030	18.95	2.3
3410 Lake Shore Drive/Lake View (Vilas)	964	123,900	141,079	-17,179	65.97	5.5
Fairbanks Lofts/Loop (Coldwell Banker)	971	118,675	142,153	-23,478	9.47	1.6
Post Card Place/Lake View (Enterprise Dev)	1,377	174,774	204,450	-29,676	92.18	7.7
The Transportation Bldg/Loop (BBE Assoc.)	1,083	119,400	159,338	-39,938	63.25	9.7

Source: Tracy Cross & Associates, Inc.

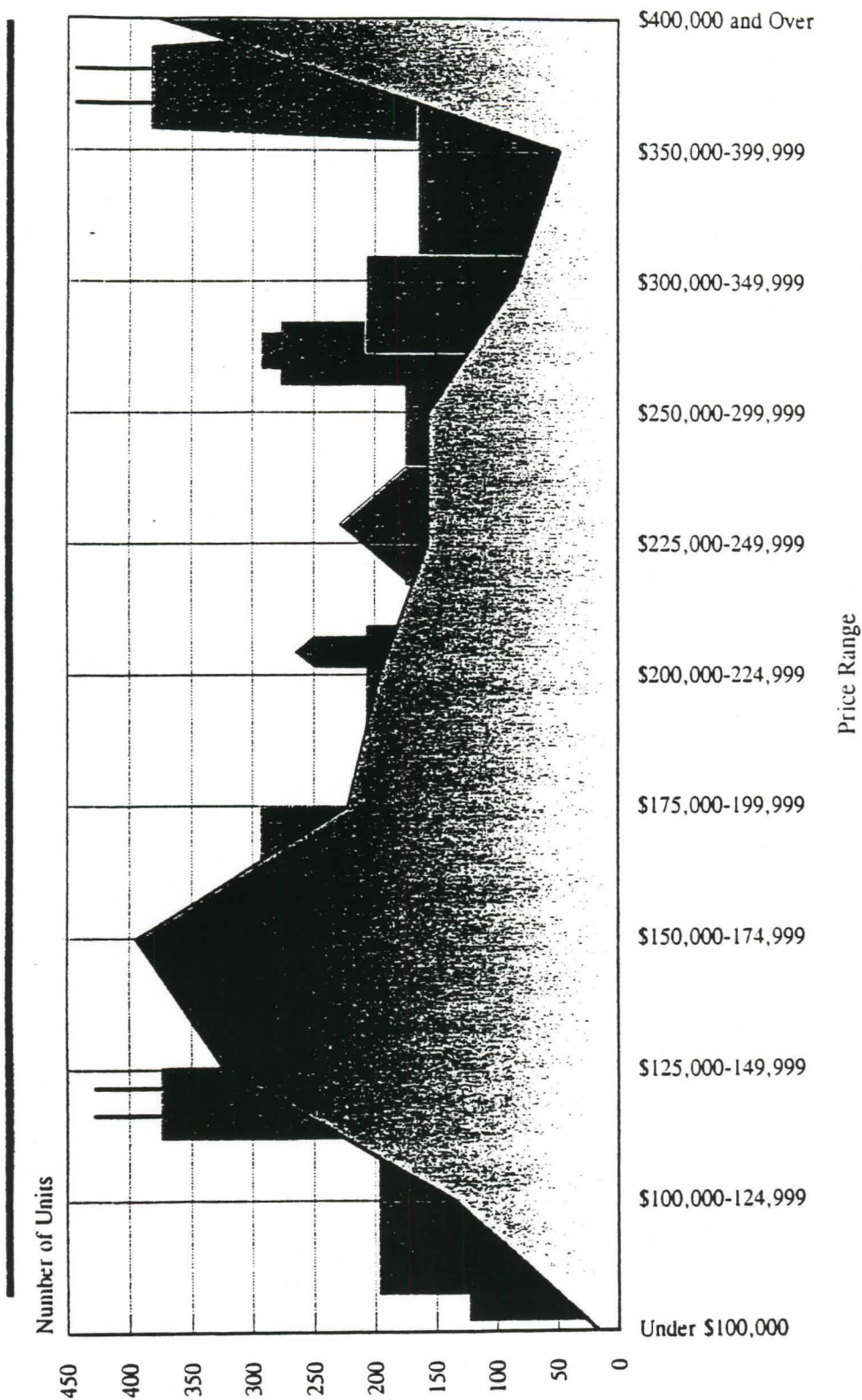
Figure II-6
Rent/Value Analysis
Selected Apartment Developments
City of Chicago



Rent/Value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated monthly rent. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the vacancies or absorption rates of available units.

Source: Tracy Cross & Associates, Inc.

Figure II-7
Qualitative Distribution of Annual New Construction For Sale Housing Demand
City of Chicago
1997 - 2001



Source: Tracy Cross & Associates, Inc.

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- ☐ With an improved economy and the conversion of some 29 projects to condominium form, vacancies have declined steadily and markedly over the last three years from 6.4 percent during the 4th Quarter 1992 to the current level of 1.8 percent.
- ☐ Rents in the apartment sector of the market currently average \$1,117 for an 813 square foot residence, equal to a value ratio of \$1.37 per square foot. This rental rate compares with \$1.20 per square foot recorded 30 months ago reflecting an annual increase of 5.3 percent.
- ☐ On an average basis, as shown in Figure II-6, rents in apartment programs in the Lake View, Lincoln Park, Loop, and Near North neighborhoods range from \$544 monthly for a 400 square foot unit to a high of \$3,602 monthly for units as large as 2,600 square feet.
- ☐ The highest rents in the market are currently carried by The Belden in Lincoln Park, North Pier Apartments, The Parkshore, Cityfront Place, Dearborn Place, Gold Coast Galleria, The Chicagoan, and One East Delaware. Each of these developments supports an over market variance of \$99 or more monthly with the highest over market variance noted for The Belden at \$363 monthly.

CONCLUSIONS

On the basis of a synthesis of location, economic, and competitive information detailed in this section and throughout the remainder of this report, the Near North Planning Area and the Cabrini Green area represent excellent market-rate residential opportunities with this general conclusion founded on the basis of the following factors:

- ☐ The city of Chicago is one of the strongest urban markets in the country, if not *the* strongest. Over the next five years, for example, the absorption of new townhome, condominium, single family, and apartment units will average 3,250 annually distributed between 2,110 units in the for sale sector and 1,140 units annually in the form of rental apartments.
- ☐ In the for sale sector, demand in the city will be spread across relatively wide price bands with the heaviest level of absorption found in the \$125,000 to \$300,000 category where, as shown in Figure II-7, close to 1,450 units yearly are expected to be contracted.
- ☐ The Near North Planning Area and its component Cabrini Green possess the necessary locational ingredients to meet the requirements of the market-rate sector including proximity to employment, shopping, and transportation. Further, both areas are within the Near North Primary Market Area, a consolidated geographic locale of seven community areas which, over the past four years, has accounted for close to 80 percent of total sales in the new construction

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sector and 85 percent of all sales in the city when conversions are considered. Furthermore, relative to apartment demand, virtually all of the construction of new rental complexes of scale in the city since 1984 has been concentrated in the Near North Primary Market Area.

- In the competitive environment, new construction townhome and condominium sales in the Near North Primary Market Area have been quite strong over the past three years. In this area, for example, new construction sales between 1994 and 1996 have ranged between 1,006 and 1,347 units annually and when apartment conversions are included, between 2,117 and 2,355 units.
- The strength of the market in a general location like the Near North Planning Area is also evidenced by the sales experience of individual programs. In 1996, for instance, among the 29 projects in the city which registered 30 or more sales during the year, 25 were located within the Near North Primary Market Area while eleven were located within the Near North Side community area as depicted below:

<u>Program</u>	<u>Community Area</u>	<u>Product Type</u>	<u>Total Sales 1996</u>
<i>The Hermitage</i>	<i>Near North</i>	<i>Apartment Conversion</i>	214
<i>The Parkshore</i>	<i>Loop</i>	<i>Apartment Conversion</i>	120
<i>Clock Tower</i>	<i>West Town</i>	<i>Loft</i>	113
<i>Park Newberry</i>	<i>Near North</i>	<i>High/Mid-Density Condominium</i>	106
<i>Cinema Lofts</i>	<i>Lake View</i>	<i>Loft</i>	106
<i>Glenlake Condominiums</i>	<i>Dunning</i>	<i>High/Mid-Density Condominium</i>	105
<i>China Club</i>	<i>Near West</i>	<i>Loft</i>	88
<i>Michigan Avenue Lofts</i>	<i>Loop</i>	<i>Loft</i>	86
<i>River Plaza</i>	<i>Loop</i>	<i>Apartment Conversion</i>	78
<i>Union Square</i>	<i>Near North</i>	<i>Loft</i>	66
<i>3410 Lake Shore</i>	<i>Lake View</i>	<i>Apartment Conversion</i>	62
<i>Transportation Building</i>	<i>Loop</i>	<i>Apartment Conversion</i>	61
<i>River's Edge</i>	<i>Sauganash</i>	<i>High/Mid-Density Condominium</i>	55
<i>33 East Cedar</i>	<i>Near North</i>	<i>Apartment Conversion</i>	54
<i>Haberdasher Square</i>	<i>Loop</i>	<i>Loft</i>	53
<i>111 East Chestnut</i>	<i>Near North</i>	<i>Apartment Conversion</i>	53
<i>Bicycle Station</i>	<i>Near South</i>	<i>Loft</i>	50
<i>East Water Place</i>	<i>Near North</i>	<i>Low Density Townhome/Condominium</i>	49
<i>Homes of Mohawk North-Condos</i>	<i>Near North</i>	<i>Low Density Townhome/Condominium</i>	47
<i>Larchmont Lofts</i>	<i>North Center</i>	<i>Loft</i>	42
<i>The Buckingham</i>	<i>Loop</i>	<i>Apartment Conversion</i>	42
<i>Whispering Glen</i>	<i>O'Hare</i>	<i>Low Density Townhome/Condominium</i>	38
<i>1000 West Washington</i>	<i>Near West</i>	<i>Loft</i>	38
<i>Erie Center</i>	<i>Near North</i>	<i>Loft</i>	37
<i>1313 Ritchie Court</i>	<i>Near North</i>	<i>Apartment Conversion</i>	36

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40 East Delaware	Near North	Apartment Conversion	35
The Whitney	Near North	High/Mid-Density Condominium	34
Post Card Place	Lake View	Apartment Conversion	34
Electric Company	West Town	Loft	30

Source: Tracy Cross & Associates, Inc.

- ☐ The apartment market in the community areas of Lake View, Lincoln Park, the Loop, and the Near North is in an extremely tight condition as evidenced by a current vacancy rate of only 1.8 percent among projects built or fully renovated over the last 11 years. Additionally, current rents in the market stand at \$1.37 per square foot reflecting an annual increase of 5.3 percent over the last 30 months.
- ☐ Finally, the apartment market in the city is not likely to reach its anticipated level of forecasted demand as supply constraints will continue to undermine the rental market's true potential. This is likely to leave the market in a tight, imbalanced condition throughout the near term.

While the factors delineated above clearly describe heightened market-rate opportunities within the Near North Planning Area and Cabrini Green, a number of negative factors must be forwarded before final product and/or price/rent recommendations can be made. These include the following:

- ☐ While demand for new for sale housing in the city has increased dramatically over the last three to four years, the same proportionate increases cannot be expected over the forecast period given the region's overall economic outlook. From this perspective, it must be clearly understood that for sale absorption levels are likely to only replicate those of the past three years with the average demand of 2,110 units representing finite potentials.
- ☐ There has and will continue to be a substantial increase in the level of for sale competition. Given the fact that absorption will remain constant, per project rates, in turn, will suffer. This trend has already occurred to some extent. In 1993, for example, 46 townhome and condominium developments of scale were actively marketing in the city's new construction sector which, during the year sold 951 units. In 1996, 95 developments were marketing throughout the city with total sales reaching 1,726 units for the year. With the number of projects *more* than doubling and sales moving upward by 81.5 percent, it is not hard to understand why, in some developments, per project sales have deteriorated.
- ☐ The selected community areas of Lake View, Lincoln Park, the Loop, Near North, Near South, and West Town, which represent the most direct competitive influence to development within the Near North Planning Area, do not constitute *all* of the residential market in the city. In fact, there is a considerable amount of demand leakage focused toward other areas of the

city such as Lincoln Square, Hyde Park, Logan Square, North Center, and most importantly, Sauganash, Dunning and Norridge, where Pontarelli and Norwood have found acceptance of mid-rise product directed toward the more mature consumer. Relative to for sale demand in the consolidated seven community area defined as the *Near North Primary Market Area*, this area has represented 78.7 percent of total new construction absorption in the city over the past four years, a trend which will continue.

- ☐ In the overall scheme of residential demand in the city, a substantive look at both the socio-economic components of demand and the responsiveness of supply reveals that *price* and *price alone* has been the principal market accelerant to the area's gentrification over the past four years. With regional incomes increasing by only 3.2 percent annually over the past four years and new employment in the city focused toward business services and retail, it is not hard to understand why the loft market and moderately priced townhomes have been the two major components of the city's recent upturn. In 1989, for instance, with supply directed toward the more affluent double-income household, the average sales price of a new townhome/condominium unit sold in the city stood at \$264,144. By 1994, the average sales price of a residence sold moved substantially downward to the \$204,068 level and in 1995 and 1996, the average stood at \$195,987 and \$204,777, respectively.
- ☐ The concept of the Near North Planning Area as a mixed income residential community also represents a negative to market-rate development, especially as it relates to the for sale sector of the market. In this segment, consumers who are willing to make an ownership *commitment* desire, first and foremost, to safeguard their investment. To accomplish this goal, homebuyers tend to prefer developments that are more insular in nature and more restricted in their socio-economic composition.
- ☐ While the Near North Planning Area, which includes Cabrini Green, is part of a larger market area, there remains a striking contrast between the two. Even though a significant part of the market area shares in the wealth of the Gold Coast and other areas are more fashionable, developed in the world of gentrification, the Near North Planning Area represents a counterpoint and a depressing example of American apartheid: poor, predominantly African American and, for all practical purposes, an isolated part of the city. Because of this separatism, the Near North Planning Area cannot, at least during the near term, enjoy the full compliment of market-rate housing demand that the Near North Primary Market Area as a whole has to apportion. In other words, the Near North Planning Area will not be able to attract, in a feasible quantity, buyers or renters who can afford an alternative to the east or in Lincoln Park. Rather, the Near North Planning Area's market-rate potential *must be leveraged* against less favorably located options in other areas of the city.

IMPLICATIONS

Principally as a result of the Near North Planning Area's need to be properly positioned against other alternatives in the city, market-rate development in the area must be planned in such a way that allows the introduction of the right product at the correct price or rent level. While this prerequisite usually accompanies most successful residential developments, the emphasis on this requirement cannot be overstated. Simply put, future market-rate residential development in the Near North Planning Area must be competitive and offer the correct balance in terms of product mix, unit size, price or rent, and affordability. To accomplish this goal, the following paragraphs summarize those product lines which have identifiable market support within the Near North Planning Area and also those which do not.

Single Family In the single family detached sector of the market, the success of the Homes of Mohawk North, Old Town Square, and the Chicago Homes on North Park in the Near North Planning Area and Landmark Village and Picardy Place in Lake View indicates that this generic housing form has identifiable market support *within* the Near North Planning Area. Since opening, these six programs have averaged 2.0 sales monthly on a per project basis with the strongest volumes registered by two Near North Planning Area participants, the Homes of Mohawk North and Old Town Square, which have averaged 3.1 and 3.7 sales per month, respectively.

In this sector, two types of housing forms are common. The first generic type represents a two and one-half or three-story configuration where parking is separate from the unit. Although a garage may be attached to the unit, it is not integral to the residence and occupies a space to itself accessed by either a driveway or from an alley. In this form, basements may or may not be included in the base price with this standard feature or option usually being half above grade.

The second form of single family housing found in the city makes the garage component integral to the unit which is accessed from the street or an alley. Units are commonly three stories with the ground level serving as a basement substitute half occupied by a garage and half being living area.

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For planning purposes and in concert with the market, single family detached housing forms developed within the Near North Planning Area should contain approximately 2,000 square feet of living area *exclusive* of the basement or ground level component. When the garage is not integral to the unit, the "English" basement area should contain 950 square feet. If the garage is integral to the unit, the ground level of the home should offer between 550 and 600 square feet of potential living area.

Prices for the single family component with a two-car garage and unfinished basement or ground level condition should average \$290,000 which represents a value ratio of \$145.00 per square foot. This price point would allow a single product line to attain a sustaining rate of 2.0 sales monthly with rationale for this forecast provided below:

- ☐ With an optional garage, the Homes of Mohawk North attained 3.1 sales monthly while supporting a value ratio of \$132.27 per square foot.
- ☐ Old Town Square, since opening, has achieved 3.7 sales monthly while carrying a value position of \$144.40 per square foot.
- ☐ When actively marketing, Landmark Village in Lake View sustained an average monthly sales rate of 2.1 at a sales price of \$239,900 for a 1,700 square foot residence (\$141.12 per square foot). While a one-car garage was included in the base price of this unit, Landmark Village's basements were optional.
- ☐ Outside of the Near North Primary Market Area and in a subordinate location, The Terrace of Old Irving Park has maintained a sales pace of 2.1 units per month with single family product positioned at \$122.57 per square foot (2,202 square feet @ \$269,990).

***Traditional
Townhomes***

The traditional townhome represents another for sale product form which could be marketed within the Near North Planning Area. Like the single family sector, the townhome concept could offer a detached or integral garage with "English" basements or ground level basement substitutes available. Typical in the market are two and one-half and three-story conditions which provide 1,300 to 1,900 square feet of living area on the upper two floors with an additional 350 to 800 square feet available within the basement level or at ground level.

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Representing the market norm is a 1,650 to 2,300 square foot development which features a one or two-car integral garage and a finished lower level at grade which is used as a study or den with powder room. Living area components include a living/dining room, kitchen, powder room, and possibly a family room on the second floor and two to three bedrooms on the third floor together with one or two baths. In some instances, it is not uncommon to see a rooftop deck area or when the garage is not fully integral to the unit to find some form of decking as a component part.

In the traditional townhome sector, units are found in a variety of land plan configurations. These range from rowhouses and back-to-back units to courtyard complexes, each unique in its own way, in an attempt to achieve competitive differentiation. Relative to price, the positioning of townhome product in the Near North Planning Area is difficult as there are a number of competitive substitutes available throughout the city. Furthermore, given the intensity of competition, very few programs have moved past the 2.0 monthly sales rate with the market in low density townhome and condominium sector of the Near North Primary Market Area yielding an average per project sales rate among 24 active developments of only 1.5 monthly. Finally, there is competition and substitution represented in the loft conversion sector where 23 developments currently active in the primary market area are vying for market share.

Three projects currently active in the Near North Planning Area, however, do provide an initial guide. At Old Town Square, Homes of Mohawk North and Cleveland Court, an average sales price of \$286,702 is reflected for a townhome residence of 1,828 square feet. In two of these developments, Old Town Square and the Homes of Mohawk North, sales volumes of 2.1 and 0.5 have been reported, while at Cleveland Court this development registered 4.0 sales monthly during its first month on the market.

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Using a realistic and achievable 2.0 monthly sales volume as a target for traditional townhome product in the Near North Planning Area yields the fact that an under market price position will be necessary, much like that currently maintained by Cleveland Court. In this regard, prices for the townhome product line should range from \$240,000 to \$325,000 for 1,650 to 2,300 square feet of living area (including the lower level) and average \$260,000 for a 1,850 square foot residence. At an average value ratio of \$140.54 per square foot, the 2.0 monthly forecast is substantiated by the following:

- ☐ At the suggested price point, the Near North Planning Area townhome program would be positioned \$28,688 under lower density townhome and condominium programs found in the community areas of Lake View, Lincoln Park, the Loop, Near North, Near South, Near West and West Town. This value position is roughly \$13,000 under Cleveland Court which occupies a location more removed from the isolation of Cabrini Green.
- ☐ At 1,850 square feet of living area, there will be very limited competitive interference from the loft conversion sector of the market where the average plan offered is 1,300 square feet in size.
- ☐ Relative to the loft market, as an additional comparison, developments which offer units as large as 1,850 square feet currently support an average price of \$272,843 with these projects typically found in locales subordinate to the Near North (e.g. West Town, Near West, and Lake View).
- ☐ Most importantly, the price position recommended for the townhome offering(s) within the Near North Planning Area finds a handful of developments priced lower on a value basis. Virtually all of these projects, however, are found outside of the Near North or the Lincoln Park community areas.

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For planning and financial purposes, a product form of one and two-car garage flat and townhome units should range from 1,200 to 1,650 square feet with prices extending from \$173,000 to \$232,000. At an average of \$206,000 for a 1,450 square foot residence, sales of 4.0 monthly could be achieved within the Near North Planning Area given the following rationale:

- ☐ At \$30,000 under market, the recommended program would be positioned directly with Landmark Village and Wolcott Row which, when fully active, registered an average of 4.3 sales monthly per project.
- ☐ At suggested prices, the product line detailed would be priced approximately \$14,000 under Cleveland Court and \$25,000 over the Homes of Mohawk North - Condominiums.
- ☐ Against the loft market, where the average program has attained 5.7 sales monthly, the recommended Near North Planning Area program would be priced, on average, approximately \$7,700 lower on a value basis.

Mid-Density

Condominiums This generic housing form, comprised of flats, represents a significant element of development opportunity within Cabrini Green and the Near North Planning Area provided that common areas are minimized or eliminated. Much like the Homes of Mohawk North where only three units occupy a building or in courtyard or mid-rise concepts where building "wings" can be divided by stair and elevator cores, these design elements go a long way in alleviating or eliminating the diseconomy associated with a mixed income community. These product concepts target price as the driving stimulus to demand and, where competitive substitution is limited to loft condominiums or apartment conversions, can feature *more* light and larger windows, bathrooms, kitchens, and *closets*.

*Other
Townhome
Products
and Their
Derivatives*

There are a number of different product lines, other than those found in mid-rise or loft-type condominium buildings, that will allow a builder in the Near North Planning Area to move into the lower footage ranges just above the loft market by mixing various unit types within a single building or deleting the grade level or lower level basement condition. Examples of the first product concept are found at Landmark Village, the Pointe at Lincoln Park, the Oak Club and numerous other developments, most notably those in the Dearborn Park II and Central Station communities. This type of development uses two or three-story townhome units *along* with flats. Typically, flats are 1,000 to 1,200 square feet in size with at least one flat unit being at grade in order to provide a handicapped accessible residence. Townhome units without a lower level are then configured with flats in such a way as to provide from 1,350 to 1,650 square feet of living area in both two and three bedroom alternatives.

The second product form takes its lead form suburban development most common to areas of the East Coast. Like Wolcott Row in Lincoln Park, this straight townhome idiom makes the garage component integral to the residence at grade with kitchen, living, and dining functions also found at this level. The second level offers two and three bedroom units along with an optional, over-the-garage roof deck. Plans in this configuration usually range from 1,350 to 1,650 square feet.

What makes these two product concepts so adaptable to the Near North Planning Area is found in the scale of the buildings which can be limited to three to eight units without the burden of internal common areas. This design element is critical in a mixed income community.

For planning and financial purposes, a product form of one and two-car garage flat and townhome units should range from 1,200 to 1,650 square feet with prices extending from \$173,000 to \$232,000. At an average of \$206,000 for a 1,450 square foot residence, sales of 4.0 monthly could be achieved within the Near North Planning Area given the following rationale:

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- ☐ Against the loft market, where the average program has attained 5.7 sales monthly, the recommended Near North Planning Area program would be priced, on average, approximately \$7,700 lower on a value basis.

Mid-Density

Condominiums This generic housing form, comprised of flats, represents a significant element of development opportunity within Cabrini Green and the Near North Planning Area provided that common areas are minimized or eliminated. Much like the Homes of Mohawk North where only three units occupy a building or in courtyard or mid-rise concepts where building "wings" can be divided by stair and elevator cores, these design elements go a long way in alleviating or eliminating the diseconomy associated with a mixed income community. These product concepts target price as the driving stimulus to demand and, where competitive substitution is limited to loft condominiums or apartment conversions, can feature *more* light and larger windows, bathrooms, kitchens, and *closets*.

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For this product type, units should extend from 950 to 1,400 square feet with prices ranging from \$139,000 to \$198,000. Prices, which include open parking with an optional enclosed space at a one-to-one ratio available at \$13,000, should average \$168,500 for a 1,175 square foot residence. At this average, sales rates of 4.0 units monthly could be achieved as reconciled below:

- ☐ On a value basis, the recommended mid-density condominium development would be positioned an average of \$4,400 under the loft condominium market. In this sector, the average development has attained 5.7 sales monthly.
- ☐ Relative to the low density townhome/condominium sector of the Near North PMA, the recommended development would be priced \$31,500 lower. While this sector of the market has moved at an average sales rate of only 1.5 units monthly on a per project basis, developments like Cleveland Court, Landmark Village, and the Homes of Mohawk North-Condominiums have averaged 4.6 sales monthly while being priced at a similar value position.
- ☐ Compared with apartment conversions in the Near North PMA, which at a similar average unit size of 1,175 square feet support a sales price of \$173,445, the recommended mid-density condominium program would be positioned approximately \$5,000 lower with no single conversion development *within* the Near North Side community area providing better value.

**High Density
Condominiums**

With a location like the Near North Planning Area so strong, it would appear on the surface, that a higher-density, market-rate condominium could find an appropriate niche. This is not the case, however, as in today's environment, the following barriers are present:

- ☐ In the higher priced condominium categories there exist formidable competitive obstacles in locations to the east that are superior to those of the Near North Planning Area. Not only is the more affluent market being absorbed by developments like Park Newberry, The Whitney, or 33 West Huron but other development will likely occur in areas along Michigan Avenue (Park Hyatt), Chicago Dock & Canal, and to the south in areas of River North and even River West.

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- ☐ In the lower priced category, there will continue to be strong competitive interference from apartment conversions and in the loft market by developments which have a lower cost basis and are insular in nature from a socio-economic point of view. Additionally, relating especially to conversions, most development activity will be focused toward areas to the east placing the Near North Planning Area in a subordinate locational and, in turn, competitive position.
- ☐ A higher density condominium program developed within the Near North Planning Area would most likely contain common area elements and include couples and individuals of mixed income. In the for sale sector and in the consumer's mind, this does not enhance nor fully protect the investment criteria of ownership.

The above barriers, however, do not imply that a higher density condominium program will never work in the Near North Planning Area, as numerous social and economic issues may accelerate the current parochial logic of prospective homebuyers. But, this process will take time and available substitutes in both the loft and apartment conversion sector will continue to undermine potentials at least through the next five to ten years.

Apartments

While the next decade for the apartment industry is uncertain and demographics and homeownership patterns suggest limited growth, one only has to recall the fact that *all* real estate is local to envision the strong potentials that exist for rental development in the Near North Planning Area. The strength of this market is manifest by the following:

- ☐ In the Lake View, Lincoln Park, Near North, and Loop community areas of the city, vacancies currently stand at 1.8 percent. This rate compares with 9.9 percent seen in the nation as a whole (3rd Quarter 1996) and the 3.4 percent rate seen in the nine-county metropolitan area.
- ☐ Since 1990, there have been only nine major apartment developments built in the Lake View, Lincoln Park, Near North, and Loop community areas of the city. However, only one new market-rate development, of scale, has entered the market later than 1991.

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- ☐ Beginning in 1990, a total of 29 apartment complexes in the Lake View, Lincoln Park, Near North, and Loop neighborhoods have converted to condominium form taking some 5,780 units out of the rental inventory.
- ☐ Market-rate rental demand in the city, which should average 1,140 new units annually over the next five years, will most likely be undermined by supply due to caution on the part of lenders and institutional investors still unsure that the overproduction and financial crises of the 1980s and early 1990s have been fully corrected.
- ☐ Unlike the for sale sector, where it is perceived that a mixed income community does not fully safeguard a homebuyer's investment, this barrier is much less acute in the rental market.

Considering these factors, it is possible that the Near North Planning Area could account for as much as 20 percent of total new, market-rate apartment absorption in the city especially given the fact that competitive supply will be limited to higher rent developments to the east or to Class C office conversions in the Loop. For new projects in the Near North neighborhood outside of the Near North Planning Area, probable rent levels will range from \$1.75 to \$2.00 per square foot while in the Loop, converted office buildings will most likely carry rents equal to what is seen in the current market.

With the requirement to establish a competitive alliance with possible office conversions in the Loop, new market-rate apartment development in the Near North Planning Area will need to support rental rates close to the current market average carried by projects built or fully renovated in 1985 or later. In this regard, Table II-7 provides unit sizes, mix, and rental structure which should form a strong conceptual prototype based upon competitive profiles found in the market.

The conceptual Near North Planning Area apartment program should support an average rent of \$1,194 for an 866 square foot residence, equal to a value ratio or \$1.38 per square foot. At this average, the Near North Planning Area development would be positioned directly on market as shown in Table II-8.

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Table 11-7
Conceptual Market Rate Rental Program
Near North Planning Area - Cabrini Green

Plan Type (Bedroom/Baths)	Percent Distribution	Plan Size (Sq. Ft.)*	Suggested Base Monthly Rent**	
			\$	\$/Sq. Ft.
0/1.0	15.0	500	\$ 685	\$ 1.37
Convertible/1.0	15.0	625	860	1.38
1/1.0	15.0	800	1,100	1.38
1/1.0	20.0	875	1,205	1.38
2/2.0	17.5	1,050	1,450	1.38
2(Dbl.Master)/2.0	17.5	1,250	1,730	1.38
Total/Average	100.0	866	\$1,194	\$ 1.38

* The square footage recommendation reflects living area only and does not include balcony/terrace areas.

** Base rents, which are reflected in 1997 dollars, do not include premiums for floor or view.

INTERIOR AND BUILDING FEATURES

INTERIOR FEATURES

- ☐ Solid Core Passage Doors
- ☐ Vinyl Trim
- ☐ Full Carpeting
- ☐ Two-coat "White" Interior Paint Finish
- ☐ Direct Wire Smoke Detectors
- ☐ Central Air Conditioning
- ☐ Television/Telephone Prewire
- ☐ Polished Brass Door Hardware
- ☐ Decorator Blinds

KITCHEN FEATURES

- ☐ European Cabinetry
- ☐ Electric Range/Oven with Microwave
- ☐ Built-in Two-cycle Dishwasher
- ☐ No-wax Vinyl Flooring
- ☐ Double-Bowl Stainless Steel Sink
- ☐ Laminate Countertops
- ☐ Unilever Faucet (Chrome)
- ☐ 16 Cubic Foot Refrigerator

BATH FEATURES

- ☐ Cultured Marble Vanity Tops
- ☐ European Cabinetry
- ☐ Ceramic Tile Flooring
- ☐ Plate Glass Mirror and Recessed Medicine Cabinet
- ☐ Unilever Faucets (Chrome)
- ☐ Cast Iron Tub with Ceramic Surround
- ☐ Theatrical Lighting

CLOSET, UTILITIES AND STORAGE

- ☐ Lighted Walk-in Closets Per Plan
- ☐ Ventilated Wire Shelving
- ☐ Storage Closets

BUILDING FEATURES

- ☐ Cable Ready Antenna System
- ☐ Balconies or Terraces
- ☐ Outdoor Pool with Sun Deck
- ☐ Exercise Room
- ☐ 24-Hour Doorman
- ☐ Business Center
- ☐ Storage Room
- ☐ Central Laundry
- ☐ Bicycle Storage
- ☐ Garage Parking @ \$150/Mo.

Source: Tracy Cross & Associates, Inc.

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Table #18
Competitive Comparisons
Recommended Near North Planning Area Apartment Program

<u>Development</u>	<u>Community Area</u>	<u>Average Plan Size (Sq. Ft.)</u>	<u>Average Monthly Rent</u>	<u>Average Market Rent</u>	<u>Rent Variance From Market</u>
The Belden	Lincoln Park	1,286	\$2,139	\$1,176	\$+363
North Pier Apartments	Near North	1,035	1,597	1,427	+170
The Parkshore	Loop	1,304	1,964	1,801	+163
Cityfront Place	Near North	668	1,057	917	+140
Dearborn Place	Near North	721	1,107	990	+117
Gold Coast Galleria	Near North	719	1,100	987	+113
The Chicagoan	Near North	924	1,383	1,272	+111
One East Delaware	Near North	699	1,059	960	+99
401 East Ontario	Near North	974	1,425	1,342	+83
Cobbler Square	Near North	736	1,076	1,011	+65
Eugenie Terrace	Lincoln Park	846	1,226	1,164	+62
1133 North Dearborn	Near North	762	1,105	1,047	+58
Plaza 440 Apartments	Near North	852	1,193	1,172	+21
<i>Conceptual Near North Planning Area Development</i>	<i>Near North</i>	<i>866</i>	<i>1,194</i>	<i>1,192</i>	<i>+2</i>
Market Average		813	1,117	1,117	0
Presidential Towers	Loop	654	892	897	-5
Onterie Center	Near North	886	1,212	1,220	-8
North Harbor Tower	Loop	986	1,340	1,359	-19
Clark Elm Apartments	Near North	892	1,196	1,228	-32
420 East Ohio	Near North	1,003	1,284	1,382	-98
200 North Dearborn	Loop	790	985	1,086	-101
River City	Loop	833	1,039	1,146	-107
Polk Street Station	Loop	824	1,014	1,133	-119
Orleans Court	Near North	704	847	967	-120
Old Franklin Building	Loop	712	844	978	-134
Huron Street Lofts	Near North	801	962	1,101	-139
10 West Elm	Near North	752	893	1,033	-140
The New York	Lake View	819	977	1,126	-149
River West Lofts	Near North	844	946	1,161	-215
Terminal Building	Loop	894	980	1,231	-251
Burnham Park Plaza	Loop	920	995	1,267	-272
801 South Wells	Loop	1,136	1,234	1,567	-333

Source: Tracy Cross & Associates, Inc

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With the understanding that densities of 30+ dwelling units per acre will be necessary to support public and private neighborhood services and retail and in *direct* response to forces fundamental to the success of market-rate residential development, the following text table offers but one *example* of how a new Near North neighborhood can emerge:

<u>Product Type</u>	<u>Approximate Average Density In Units Per Acre</u>	<u>Approximate Number of Units</u>	<u>Approximate Number of Acres Required</u>
Single Family	10.0	60	6.0
Traditional Townhome	15.0	150	10.0
Townhome Derivatives/ Townhomes & Flats	25.0	290	11.6
Mid-Density Condominiums	35.0	290	8.3
Apartments	40.0	1,400	71.0
<i>Total/Average</i>	<i>30.8(Avg.)</i>	<i>2,190</i>	<i>71.0</i>

Source: Tracy Cross & Associates, Inc.

While it is not the purpose of this analysis to verify or substantiate the demand for affordable and public housing forms, these two components will constitute 50 percent of all new development within the Cabrini Green and Near North Planning Area. In this regard, two factors should be considered in order to properly plan for market-rate development:

- ☐ Given the Chicago area's median income benchmark of \$55,800, it is highly probable that a portion of the requirement for affordable/public housing could be satisfied without public sector participation under the price/rent guidelines established for market-rate development. The most visibly affected market-rate housing forms in this context include the mid-density condominium product and rental apartments.

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- ☐ It is also likely (if not mandated by policy) that some acreage and unit allotments for affordable and low-income housing may be devoted to uses outside of the product types outlined for the market-rate sector such as housing for seniors, the development of units for single room occupancy or other forms of housing that encompass nontraditional living arrangements.

Incorporating these elements into the overall planning scenario yields a somewhat different *example* of land use allocations as illustrated below:

<u>Product Type</u>	<u>Approximate Average Density In Units Per Acre</u>	<u>Approximate Number of Units</u>	<u>Approximate Number of Acres Required</u>
Single Family	10.0	55	5.5
Traditional Townhome	15.0	135	9.0
Townhome Derivatives/ Townhomes & Flats	25.0	260	7.4
Mid-Density Condominiums	35.0	260	7.4
Apartments	40.0	1,250	31.2
Affordable/Public Housing "Units" Allocated to Nontraditional Developments	40.0	300	7.5
<i>Total/Average</i>	<i>31.8(Avg.)</i>	<i>2,260</i>	<i>71.0</i>

Source: Tracy Cross & Associates, Inc.

Citing this latter matrix and excluding nontraditional units yields a total of 1,960 units which, in exemplary fashion, could be allocated to 1,130 units as market-rate and 830 units that meet the

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requirement for the public sector component. Divided among five separate and distinct product forms, the distribution of these products into planning areas or "pods" should accomplish the following in order to ensure acceptable levels of absorption:

- ☐ In terms of density, planning areas should recognize adjoining uses or the development pattern which has already occurred in the Near North Planning Area. Hence product allocations in the higher densities should favor locations adjacent to or south of Division Street with lower densities found to the north.
- ☐ In the for sale sector, the allocation of an individual product line within a planning area should have a marketing life of no more than two years in order to avoid architectural and design obsolescence. Furthermore, with the exception of single family housing which could be scattered to some degree, each product line offered by a single builder participant must be of sufficient size to allow for marketing efficiency, create a sense of community, and provide for comfortable economies of scale which will benefit the cost and development side of the equation.
- ☐ In the rental sector, the number of units reasonable for an individual development should range between 175 and 225. This allocation, which compares with the 414-unit average represented by newer market-rate rental development in the Lake View, Lincoln Park, Near North, and Loop community areas, is large enough to support the direct cost of development and the required level of unit and building features and amenities. Additionally, it is small enough to shelter the risk borne by the financial community. More subtly, keeping the intensity of rental development on the more moderate side, will permit higher density development to dissipate over a wider area thus avoiding replication of the large island of brick and concrete that we, today, call *Cabrini Green*.

Taking the example which incorporates nontraditional housing forms into the development equation and focusing upon the five conventional product lines with a potential of 1,960 units, yields the following prototypical illustration which suggests one way in which market-driven planning can be executed:

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<u>Product Type</u>	<u>Approximate Number of Units</u>	<u>Approximate Number of Planning Areas or "PODS"</u>	<u>Approximate Number of Units Per "POD"</u>
Single Family	55	Scattered	10-15
Traditional Townhome	135	3	45-50
Townhome Derivatives/ Townhomes & Flats	260	3	80-90
Mid-Density Condominiums	260	3	80-90
Apartments	1,250	6	175-225
<i>TOTAL</i>	<i>1,960</i>		

Source: Tracy Cross & Associates, Inc.

CLOSING REMARKS

The intent of this analysis was to bring market awareness to the planning process of Cabrini Green in order to assist in the development of market-rate housing to an area which, until recently, has been insensitive to any pressure outside of the public sector. This objective has been accomplished and, by the set of examples given, can be forwarded to help shape the entire Near North Planning Area to encompass more than just 71 acres.

Whether or not this analysis offers all of the answers, it clearly does not. What it does do, however, is to stimulate, by example, market-driven planning in an effort to encourage planners, builders and their architectural partners to create *new* designs and product concepts. While the final plan for Cabrini

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Green and the Near North Planning Area may be different from the prototypical illustrations given in this report, we are hopeful that whatever is derived in the final plan comes from an unobstructed view of what the market-rate consumer buys and rents and from an understanding of just what is acceptable and supportive in Chicago.



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SECTION III - BACKGROUND TO THE MARKET

INTRODUCTION

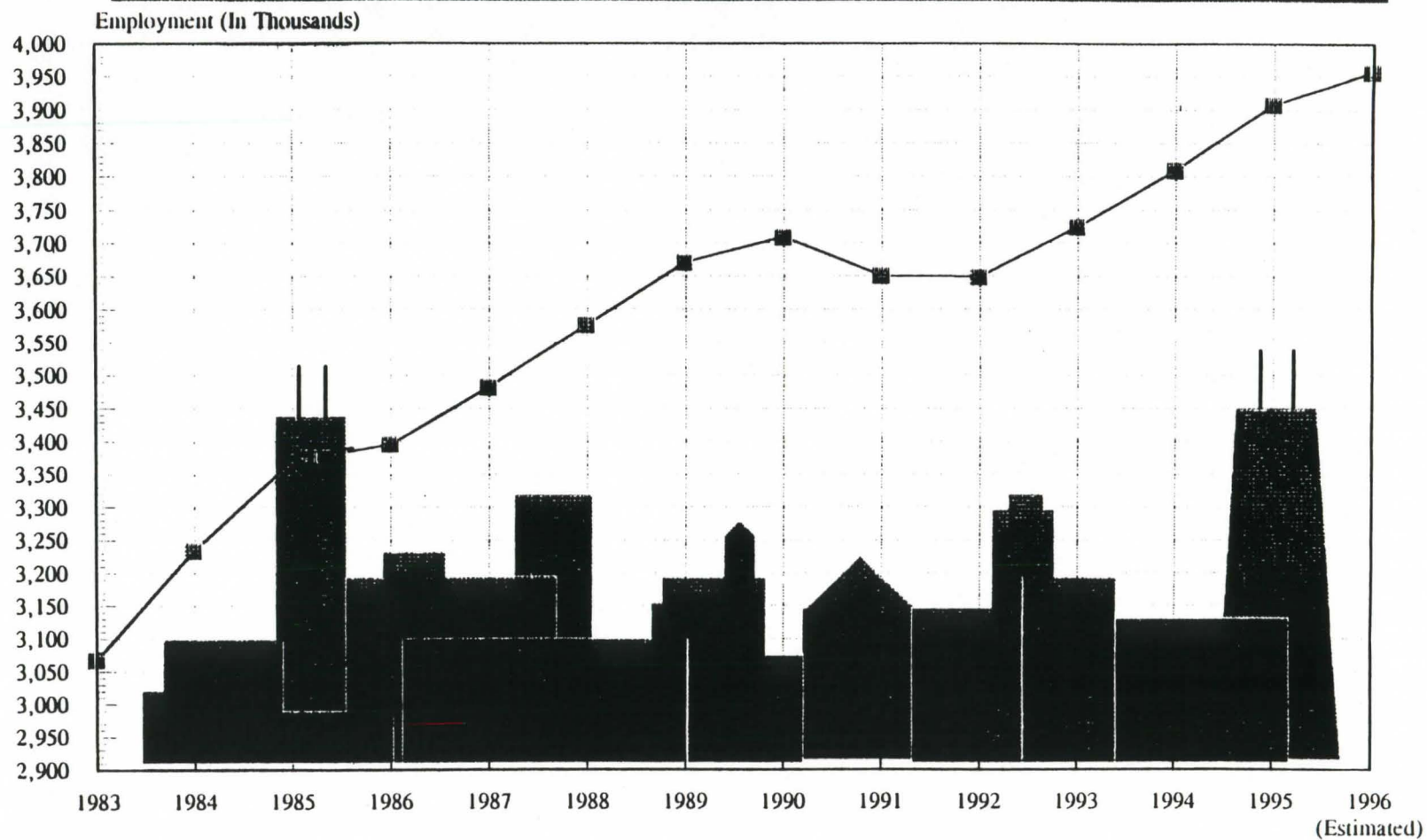
An analysis of the market for new housing in a particular locality will be conditioned by the overall economy serving potential residents. For example, a sagging economy will typically be a poor market for housing, whereas new employment opportunities will generally signal a rise in population and households with a simultaneous increase in the demand for housing.

This overview provides a setting for housing demand in the nine-county Chicago area and analyzes significant economic and demographic factors on a historical basis. It also offers conclusions about the relative strength of the regional housing market in the future and the market forces behind demand for the 1997-2001 time period. From this basis, the analysis then turns to focus upon the city of Chicago and the underlying economic and demographic currents behind market-rate housing in the Near North Planning Area.

THE CHICAGO METROPOLITAN AREA

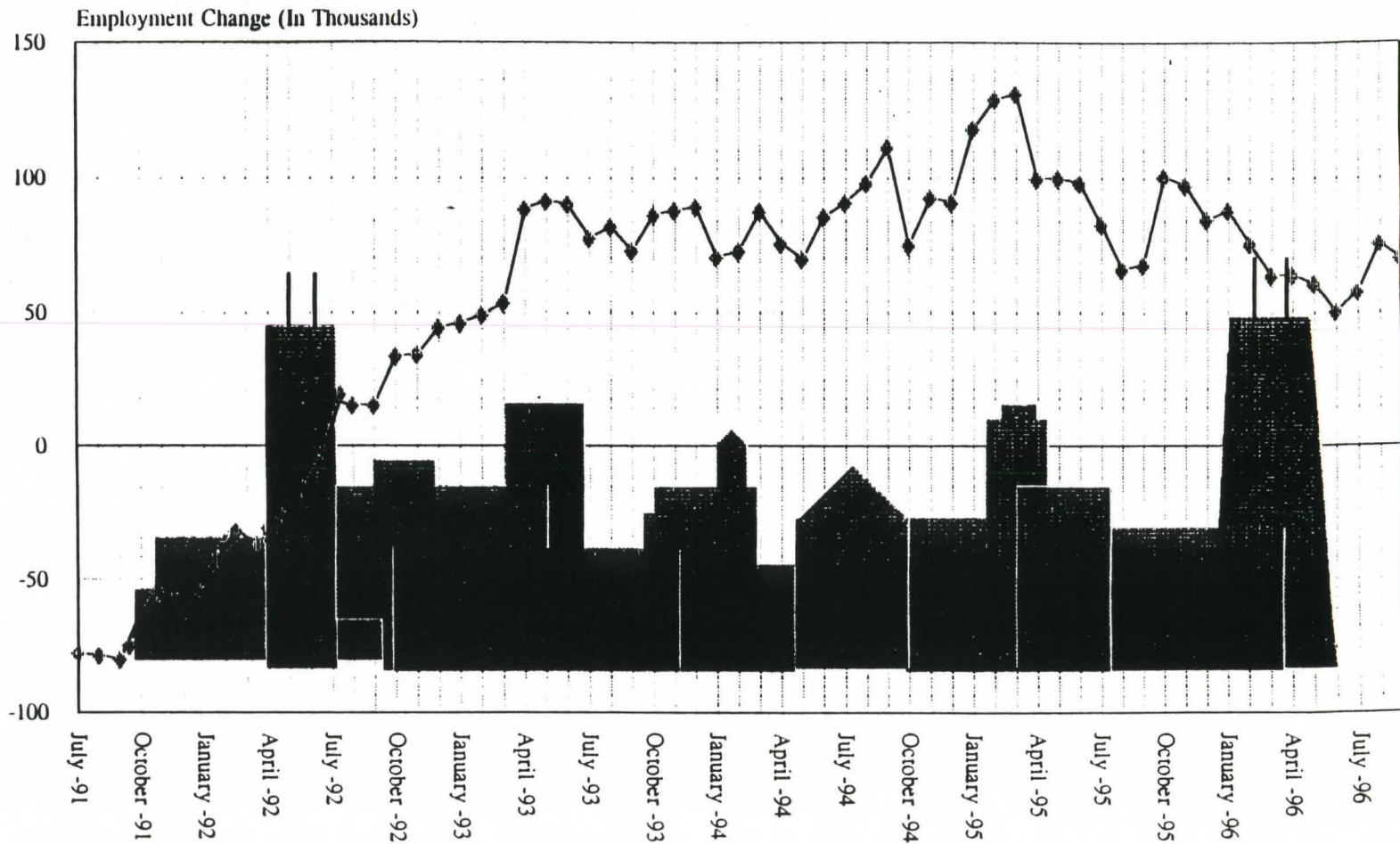
The Chicago Primary Metropolitan Statistical Area (PMSA) is defined as nine counties: Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will. Encompassing over 4,800 square miles in northeastern Illinois, the Chicago PMSA operates as a functional unit and has one of the most complex and potent economies in the United States. As shown in Figure III-1, the nine-county area currently employs close to 4.0 million workers and currently heads the nation in the manufacture of electrical machinery and fabricated metal products, and printing and publishing. It is the financial center of the mid-continent and is a major distribution center with the average distance from Chicago to the other 500 largest cities in the U.S. being the 24th least average of all these cities. Chicago also ranks as the third largest center in the nation for nonmanufacturing activities in the U.S. with transportation, business services, tourism, and even retailing commanding a significant portion of the local economy's export base infrastructure.

Figure III-1
Trends in Nonagricultural Wage & Salary Employment
Chicago PMSA



Source: Illinois Department of Employment Security

Figure III-2
Trends in Nonagricultural Wage & Salary Employment
Chicago PMSA
(Change From Previous Year)
July 1991 - September 1996



Source: State of Illinois: Department of Employment Security

The PMSA ranks second among major metropolitan areas as the headquarters location of Fortune Industrial 500 companies and third as to Service 500 companies. Major employers in the region are household names. They include:

•	Motorola Inc.	23,500 employees
•	Ameritech Corp.	19,038 employees
•	First Chicago NBD Corp.	16,708 employees
•	Abbott Laboratories	15,300 employees
•	UAL Corp.	14,613 employees
•	Sear, Roebuck & Co.	13,000 employees
•	Walgreen Co.	12,508 employees
•	AMR Corp. (American Airlines)	11,422 employees
•	Anderson WorldWide	8,709 employees
•	Montgomery Ward & Co.	8,490 employees
•	Allstate Corp.	7,630 employees

Source: Crain's *Chicago Business*, November 25, 1996

EMPLOYMENT

Growth in Chicago's economy, as measured by gains in nonagricultural wage and salary employment, remained quite healthy during 1995 and, while some moderation in the rate of nonfarm job advances occurred during the late summer months, average additions in 1995 were 15.0 percent ahead of those recorded in 1994. During 1995, job gains in the Chicago region averaged 98,000 workers marking a 34-month growth cycle when annual job growth on a month-to-month basis averaged over 60,000 workers (Figure III-2).

Employment growth for the first nine months of 1996 offers a prelude to the Chicago area's economic future -- that being moderated expansion from the explosive growth evidenced during 1994 and 1995. During the January-September period, for instance, annual gains averaged 67,500 workers translating into an annual rate of growth of 1.7 percent. This rate compared with the 2.3 percent rate established in 1994 and the 2.6 percent rate noted in 1995. The slowing of growth is due in part to the tight job market that exists in the Chicago region. The current low unemployment rate of 4.8 percent and the

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lack of available skilled workers represents an impetus for slowing industry expansion. This decline in employment growth leads to a somewhat boring forecast for economic growth in the Chicago area for 1997 as the region, as a whole, is expected to add 62,000 workers during the year.

In recognition of the fact that a slowdown in the national economy is underway, it is likely that the Federal Reserve will probably have little to do other than sit on the sidelines during the next two years and make no substantial moves in the federal funds rate. Given this scenario, Chicago's economy is expected to continue to downshift in 1998 before settling down to a pattern of trend growth. This will result in nonfarm job additions of 58,000 workers in 1998 (1.4 percent) and gains of 77,200 annually during 1998-2001 timeframe.

Summarizing the entire five-year forecast period ending in 2001 finds that the Chicago economy will add an average of 70,320 workers annually, equal to an annual rate of 1.7 percent. Job increases will occur in both the goods producing sector (construction, building materials, trucking, warehousing, electronics and manufacturing) and in the non-population serving services sector (insurance and real estate, tourism and hospitality, business services, and health services.)

GEOGRAPHICAL DISTRIBUTION OF EMPLOYMENT GROWTH

Since 1970, there has been a continuous shift of employment toward the suburbs. Between 1972 and 1995, for instance, while the city of Chicago lost 256,500 jobs in the private sector, the suburban area added over 950,000. Clusters of high growth suburban areas during the 1972-1980 period favored four geographic localities including the Elk Grove/Addison area near O'Hare, the Woodfield area of Schaumburg, the Arlington Heights/Rolling Meadows area along the Northwest Tollway, and the Oak Brook area of eastern DuPage County.

The geographic distribution of employment growth in the region during the 1980-1990 resembled trends experienced during the 1970s. While the city of Chicago continued to lose private sector employment, declining by 23,200 workers during the decade, two other satellite areas emerged as major sources of new employment in the suburban area. These included the Interstate 88 corridor extending west of Oak

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Brook through Naperville and Aurora and southern Lake County along Lake Cook Road, Milwaukee Avenue and the Tri-State Tollway through Deerfield. Combined with the four previously mentioned suburban employment areas of O'Hare, Woodfield, the Northwest Tollway, and Oak Brook, these two new labor sheds accounted for close of two-thirds of all worker gains in the region during the 1980-1990 period.

Reversing trends seen in the region since 1972 through the early 1990s when employment declines still plagued the city of Chicago, employment growth expanded in city in 1994 and 1995 approximately 6,300 workers yearly. Stimulated in large part to growth in the outer business ring due to retail growth along the Miracle Mile and its tributaries coupled with strength in the business services and hospitality sectors, most of the city's new worker additions during the 1994-1995 period were found in industries associated with trade, services, and tourism.

In addition to expanding employment opportunities in the city, a new and emerging trend in the geographic distribution of employment growth in the region appeared in the suburban area with the opening and subsequent maturation of the Interstate 355 Tollway which connects Interstate 55 with employment concentrations located to the north from Bolingbrook through Palatine. Attracting new business along its right-of-way, the heaviest concentration of job growth in the region over the last two years developed between the Tri-State Tollway and I-355 from Downers Grove through the Woodfield area of Schaumburg. In this area, for instance, over one-quarter of new private sector employment growth in the region occurred, complimented by continued growth at O'Hare, along the Interstate 88 corridor, and in southern Lake County.

Over the 1997-2001 forecast period, the geographic distribution of employment growth will remain much like it has been during the last two years with the city of Chicago increasing its worker base by approximately 6,400 annually while the suburban area will add close to 63,900 jobs yearly. Of this latter total, the strongest new job gains will occur in the northwest and east-west corridors, along the I-355 Tollway, in southern and central Lake County, and along Interstate 55 from Woodridge to Joliet.

POPULATION, HOUSEHOLDS, AND INCOME

The nine-county Chicago PMSA currently supports a population base of 7.77 million persons reflecting an annual increase of only 0.8 percent, or 59,600 persons over the 1990 Census. However, when compared with growth during the 1980-1990 timeframe, the number of persons added to the region is up significantly from the 16,500 annual gain recorded during the 1980 decade.

In terms of households, the region currently has a household base of 2.82 million which represents an increase of 24,300 annually since 1990. This growth over the last six years compares with the 13,800 households added annually to the region during the 1980-1990 timeframe.

Over the 1997-2001 forecast period, the region's population base is expected to increase by approximately 55,300 annually, distributed among 22,500 households. In effect, there will be a modest slowing of household formation during the early part of the forecast period due to retrenchment in the rate of new job formation seen over the past three years only to move upward after 1998 as long term trendlines take hold.

In the PMSA, the median household income currently stands at \$45,389 marking an increase of 3.2 percent annually since 1989. In terms of current household incomes in the region, 44.8 percent earn \$50,000 or more annually with 3.4 percent earning \$150,000 or more.

RESIDENTIAL CONSTRUCTION TRENDS

Effective quantitative housing demand analysis also includes a thorough investigation of trends in residential construction activity in order to reconcile the state of the economy with levels of absorption. In this regard, the following paragraphs review building permit volumes in the region as a whole since 1983 with specific detail offered by type of structure, tenure, and Chicago's relationship to the nation as a whole.

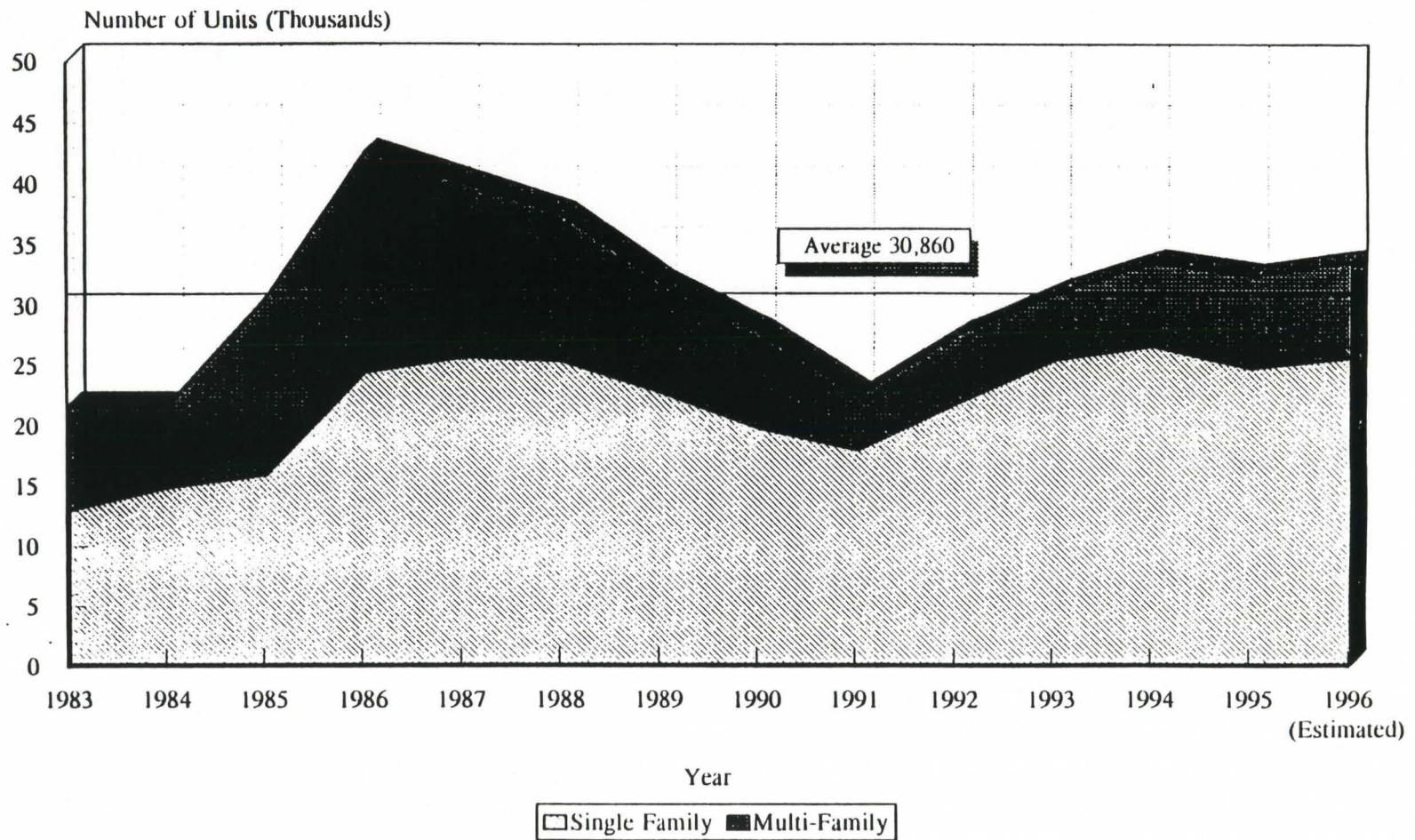
Single family housing (including attached forms) was an early contributor to recession recovery in Chicago. New building permit authorizations in this sector rose 22.2 percent in 1992, followed by a further 16.5 percent increase in 1993. These gains were not repeated in the multi-family sector as during the 1991-1993 period, permits in the entire metropolitan area averaged only 5,293 units yearly (Figure III-3).

Monetary tightening by the Federal Reserve -- seven rounds of interest rate increases begun on February 4, 1994 -- had only a modest effect upon the single family sector and, with strength seen in condominium forms, building permits in the Chicago region moved to the 33,375-unit level in 1994, a pace 8.2 percent ahead of 1993. While some influence may be given to a surge in construction early in 1994 resulting from strong sales during the 4th Quarter 1993, the residential market in Chicago held throughout the year bolstered, in large part, to the persistent expansion of the area's economy.

For 1995 and 1996, the Chicago region authorized an average of 32,882 new residential building permits, representing a modest decline of 3.4 percent from 1994. This decline compares with a slight 0.4 percent increase in the nation's level of permit activity. In terms of the current residential market in Chicago, the following paragraphs represent important specifics:

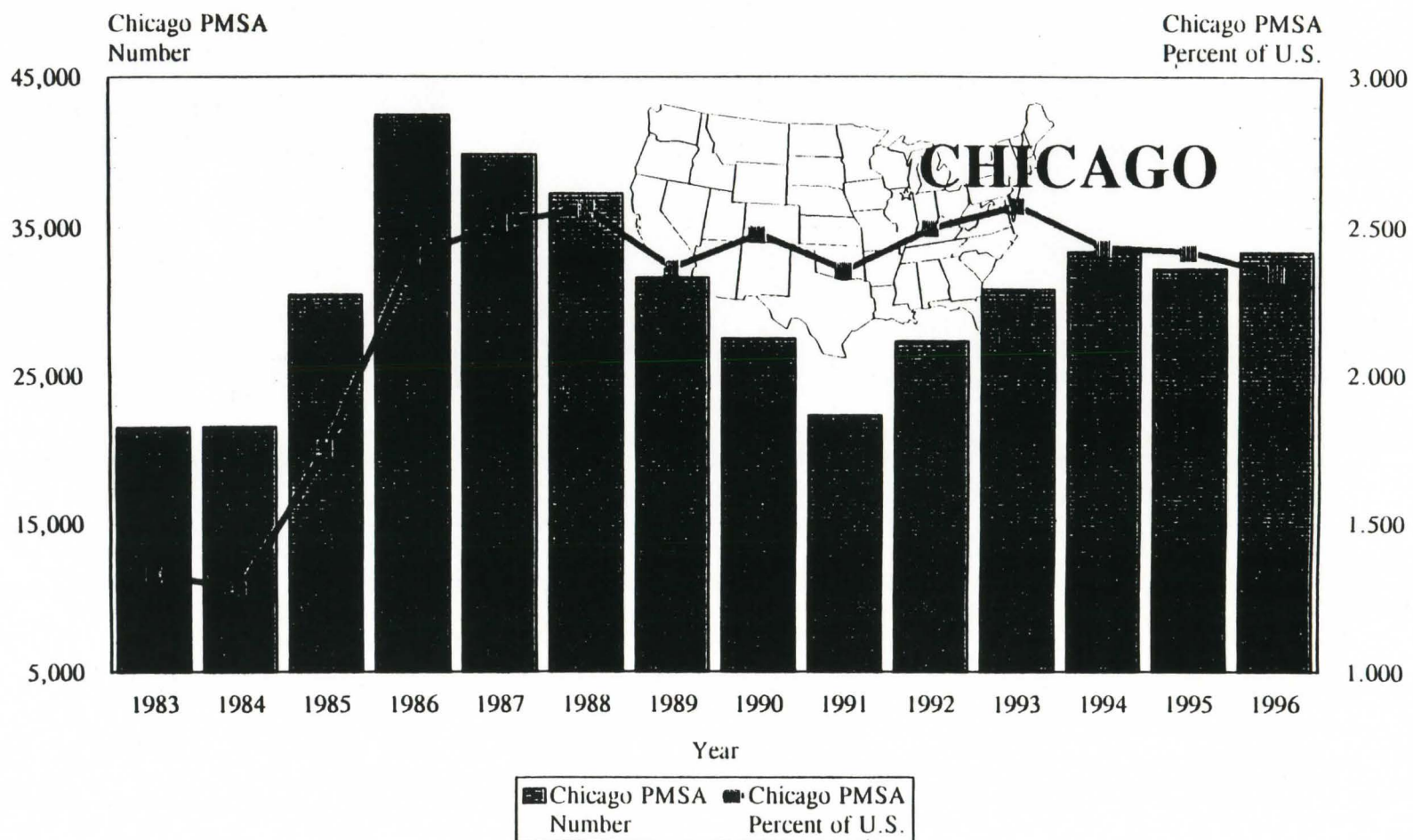
- ❑ The annualized pace of building activity in the nine-county Chicago region during 1995 and 1996 was distributed between 24,864 single family detached units and 8,018 units in multi-family structures.
- ❑ Compared with 1994, the single family market in Chicago in 1995 and 1996 was down 5.7 percent while the multi-family market was up by 14.4 percent due principally to increased levels of for sale activity in the city of Chicago and upbeat sales of condominium forms in mature suburban locales.
- ❑ Residential building construction in the Chicago area during 1995 and 1996 represented 2.388 percent of total volume in the entire U.S. As shown in Figure III-4, the Chicago area has performed remarkably well in terms of total levels of activity compared with the nation as a whole. During the 1986-1996 period, for instance, the Chicago region accounted for an average of 2.450 percent of total building volume nationwide with only modest deterioration seen over the last three years as a result of stronger growth in the Mountain states, Nevada, Texas, the South Atlantic region, and most recently, California.
- ❑ With virtually no new apartment construction of scale over the last four years and with employment increases of 81,775 workers annually, vacancies in apartment buildings

Figure III-3
Residential Building Permit Trends
Chicago PMSA
1983 - 1996



Source: U.S. Department of Commerce, *C-40 Reports*

Figure III-4
Residential Building Permit Activity
Chicago PMSA
1983 - 1996



Source: U.S. Department of Commerce, *C-40 Reports*

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constructed in 1985 or later plummeted region-wide. At the close of the 2nd Quarter 1996, for instance, vacancies in the metropolitan area stood at only 3.4 percent.

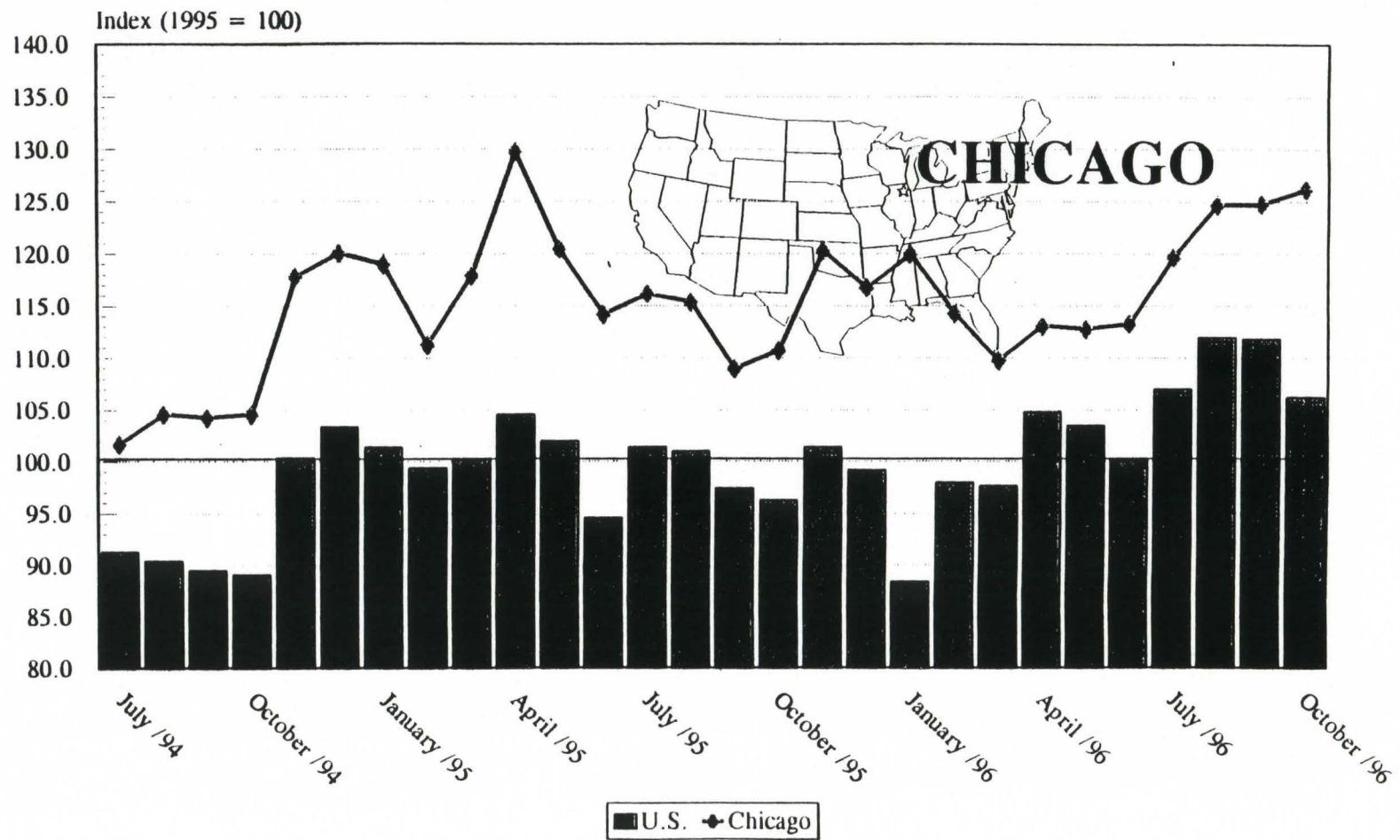
- ☐ During 1995 and 1996, there was near balance in production single family detached and townhome/condominium sales resulting from intensifying development of in-fill locations in many of the region's more mature suburban markets and in the city of Chicago itself.
- ☐ Through late 1994 and for both 1995 and 1996, production single family builders found success in under-building premium sites. These sites had limited competitive interference which resulted in strong per project sales.
- ☐ While some single family submarkets observed softening in 1996 due to slower economic growth in the region as a whole, others did not. In fact, production housing sales in both the single family and townhome/condominium sectors of the market during 1996 were 3.4 percent ahead of sales in 1995 and 14.3 percent higher than volumes recorded in 1994.
- ☐ Consumer confidence in October 1996 stood at 126.2, with the Chicago region considerably ahead of the 106.2 national average (Figure III-5).

GEOGRAPHICAL DISTRIBUTION OF RESIDENTIAL ACTIVITY

During the last four years the strongest residential markets in the region included Southwestern DuPage County/Aurora, the southern suburbs of Orland Park, Tinley Park, Mokena, and Frankfort, the Southwestern Corridor which includes Bolingbrook, Plainfield, Joliet, and Romeoville, and McHenry County and the northern area of Lake County. Combined, these five submarkets accounted for 57.0 percent of all new residential construction volume, representing the annual addition of some 18,355 units.

In the last two years, a much more pronounced shift in residential construction volume has occurred toward the southwest with Southwestern DuPage County/Aurora and the communities of Bolingbrook, Plainfield, Joliet and Romeoville combining to represent 27.5 percent of total activity regionwide. These two areas were followed by the linked communities of Orland Park, Tinley Park, Mokena, and Frankfort, McHenry County, Northern Lake County, and the city of Chicago. Most significant has been the emergence of the city of Chicago as a dominant residential market which, in the last two years, has accounted for 9.5 percent of total new residential construction in the metropolitan area with

Figure III-5
Trends in Consumer Confidence
Chicago PMSA
July 1994 - October 1996



Source: The Conference Board

volumes increasing from an average of 1,511 units yearly in 1991 and 1992 to over 3,000 units annually during both 1995 and 1996.

DEMAND FOR HOUSING

This section offers a clear understanding of the components of new housing demand on a regional context and establishes an outlook for annual new housing absorption in the single family, townhome, condominium, and rental sectors of the market during the 1997-2001 period. The basis for these forecasts rests with household formations of 22,500 expected yearly for the region which, coupled with anticipated demolition activity and abandonment of some 10,900 units yearly (0.36 percent of the region's 1996 housing stock/year), will produce demand levels of 33,400 units yearly.

In 1997 and in 1998, the Chicago region will produce 31,600 units distributed among 24,000 units in the single family and townhome sector, 4,200 units in the condominium sector and 3,400 units in the rental apartment category. Overall, the residential market during this two-year timeframe will represent a slide of 2.8 percent from the 1993-1996 period's annual pace of 32,495 units. For the most part, the overall slump in the market will reflect the impact of slower economic growth, moderating levels of consumer confidence, and fulfillment of pent-up demand created during the recession of the early 1990s.

During the 1999-2001 forecast period, housing absorption will climb upwards to the 34,600 annual unit mark with potentials distributed among 26,300 single family and townhome units, 4,600 condominium units, and 3,700 units in the apartment sector.

For the entire 1997-2001 forecast period, regional housing demand potentials will average 33,400 units annually. During this timeframe, for sale housing absorption will average 29,820 units yearly representing a level virtually equal to the unit average registered during the 1993-1996 period. In the apartment sector, demand potentials between 1997 and 2001 will increase by 31.1 percent from the 2,730 annual unit level recorded on average between 1993 and 1996 to 3,580 units over the next five years. It should be noted, however, that apartment supply may not reach the level of forecasted absorption resulting in even tighter market conditions as time moves forward.

For a summary of these forecasts by year, refer to the following text table and Figure III-6:

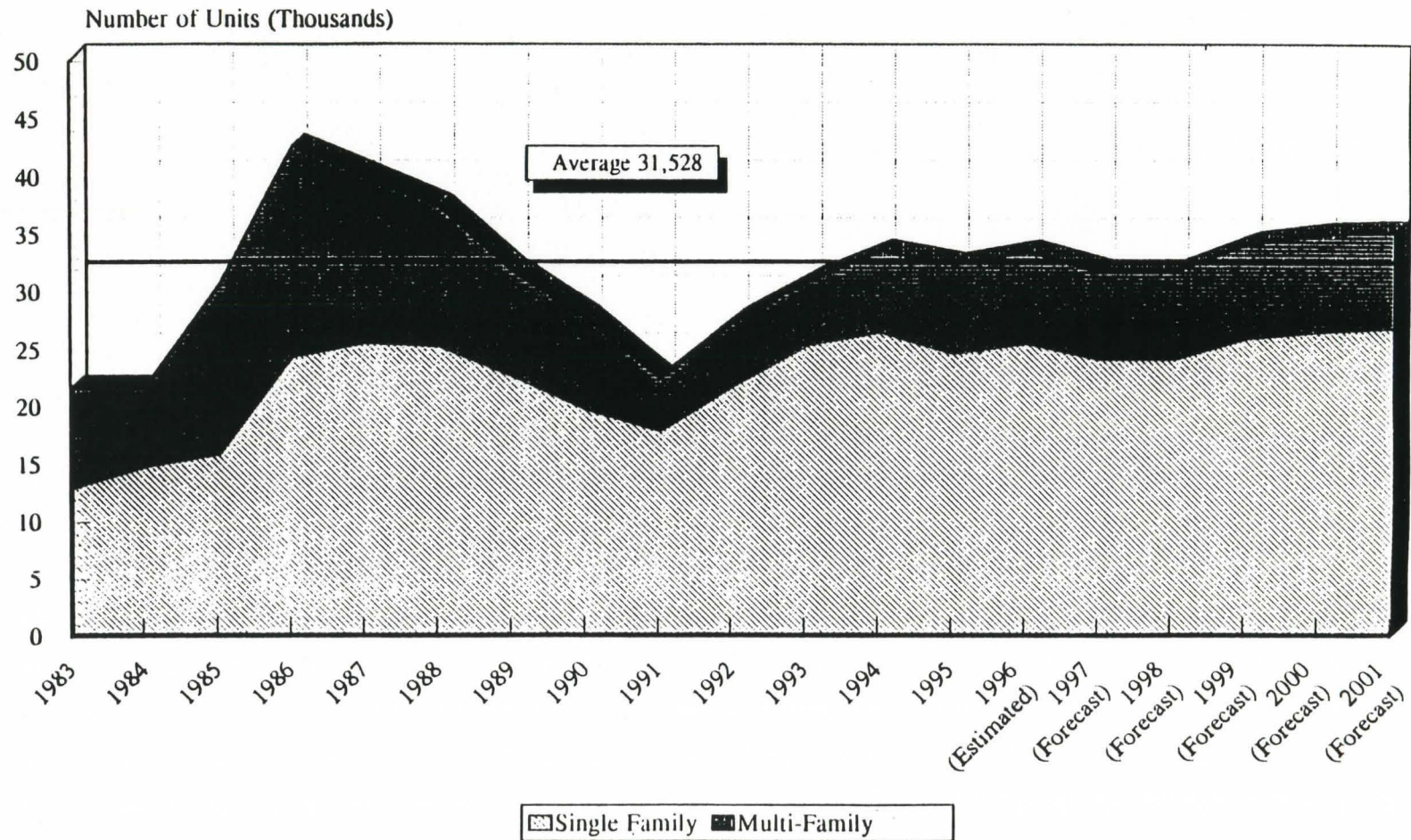
<u>Year</u>	<u>Total</u>	<u>Single Family/ Townhomes</u>	<u>Multi-Family</u>		
			<u>Total</u>	<u>For Sale</u>	<u>For Rent</u>
1997	31,600	24,000	7,600	4,200	3,400
1998	31,600	24,000	7,600	4,200	3,400
1999	34,000	25,800	8,200	4,500	3,700
2000	34,800	26,400	8,400	4,600	3,800
2001	35,000	26,700	8,300	4,700	3,600
Average	33,400	25,380	8,020	4,440	3,580

Source: Tracy Cross & Associates, Inc.

During this five-year forecast period, the following regional trends will be evident:

- ☐ As affordable single family housing forms push farther and farther out geographically over time, increased demand will continue to rise for apartment and condominium forms in closer-in suburban locations. This trend will also impact the city of Chicago where rental potentials will strengthen and demand for moderately-priced townhome, loft, and condominium forms will resemble movement seen since late 1993.
- ☐ The 1997-2001 forecast period will represent a modest increase over long-term trends with the overall market moving toward more pronounced ownership housing forms. During the 1983-1996 period, for instance, building permit volume in the metropolitan area averaged 30,860 units distributed between 24,904 units in the for sale sector and 5,946 units in the rental sector.
- ☐ As noted above, rental absorption during the 1997-2001 period will likely fall 39.8 percent from the 1983-1996 pace of construction - from 5,946 units annually to 3,580. This deterioration will be due, in large part, to continued limits placed upon supply through restrictive and exclusionary zoning practices found among the vast majority of political jurisdictions which comprise the region.
- ☐ Given the fact that regional household incomes have increased by only 3.2 percent annually over the last seven years, with this trend likely to continue over the next five, moderately priced housing, whether it be in the form of detached or attached alternatives, will command the most significant portion of the market regardless of where it is -- in the city, in mature in-fill locales, or in emerging markets.

Figure III-6
Residential Building Permit Trends and Demand Forecast
Chicago PMSA
1983 - 2001



Source: U.S. Department of Commerce, C-40 Reports

- ☐ The luxury market for housing priced in excess of \$500,000 will remain dormant accounting for less than 5.5 percent of total activity in the region. In fact, trends established during the 1990-1992 recession, which continued during the 1993-1996 growth period, will remain much the same through the next five years -- in stark contrast to what occurred between 1983 and 1989 when this segment represented close to ten percent of the region's aggregate single family market.
- ☐ Residential growth will be focused toward the southwestern suburban area. For instance, the areas of Naperville, Aurora, Bolingbrook, Plainfield, Joliet, and Romeoville will account for 28.5 percent of total new construction in the region over the next two years. These communities will be followed by the southern suburbs, the northern Fox Valley area, and McHenry County with other major growth components including northern Lake County and the city of Chicago.
- ☐ The city will remain a strong part of the region's housing demand matrix with annual absorption levels expected to average 3,250 units. Of this average, for sale development will command a 65 percent representation level translating into potentials of 2,110 units yearly. Close to 60 percent of all for sale absorption, however, will occur in loft condominium forms or in product which is priced under \$225,000 where the average price of a new unit sold in both the single family and townhome/condominium sector stood at \$209,175 in 1996.
- ☐ The region's housing market will remain a competitive battlefield. As a result, consumers in the region will continue to get excellent value from the homebuilding community.
- ☐ As development continues to occur in the same emerging markets of the late 1980s and 1990s, builders will find that they are competing with their own resales more than ever before. And most of these resales have the same design features found in current product. That's tough competition since resales frequently represent a better value for the consumer.
- ☐ Production builders will move toward the higher end of the market in an effort to avoid internal competition from resales and from others in the new home sector. This move will have a significant effect upon the custom home market where competitive interference from production builders will undermine more discretionary purchases.
- ☐ Builders and developers, however, will just move to the higher end of the market or merely assume that there is enough demand to go around but will also combat new and existing home competition through more intense *community* development. And it will *not* be in the glamour golf course communities that occurred during the mid-1980s, but in development that has its own neighborhoods, its own parks, and its own sense of place. From now through the close of the decade, the Chicago marketplace will be the recipient of a larger number of more traditional types of development that feature more than one product, more than one builder, more than one type of buyer, and move toward replication of community planning that occurred prior to the last world war.

- *Community development will also provide the venue for apartment supply to increase ever so modestly in the suburban area from levels reached over the past five years. In the majority of political jurisdictions of the Chicago metropolitan area, however, the need for the type of part, are zoned out because of a village's or municipality's concern that rental forms being with them associated levels of social discrimination and lower standards of living within a particular area. Through apartment building within the context of a larger newer community, the public sector will realize that rental development can serve a beneficial interplay with the basic economic needs of society.*

THE CITY OF CHICAGO

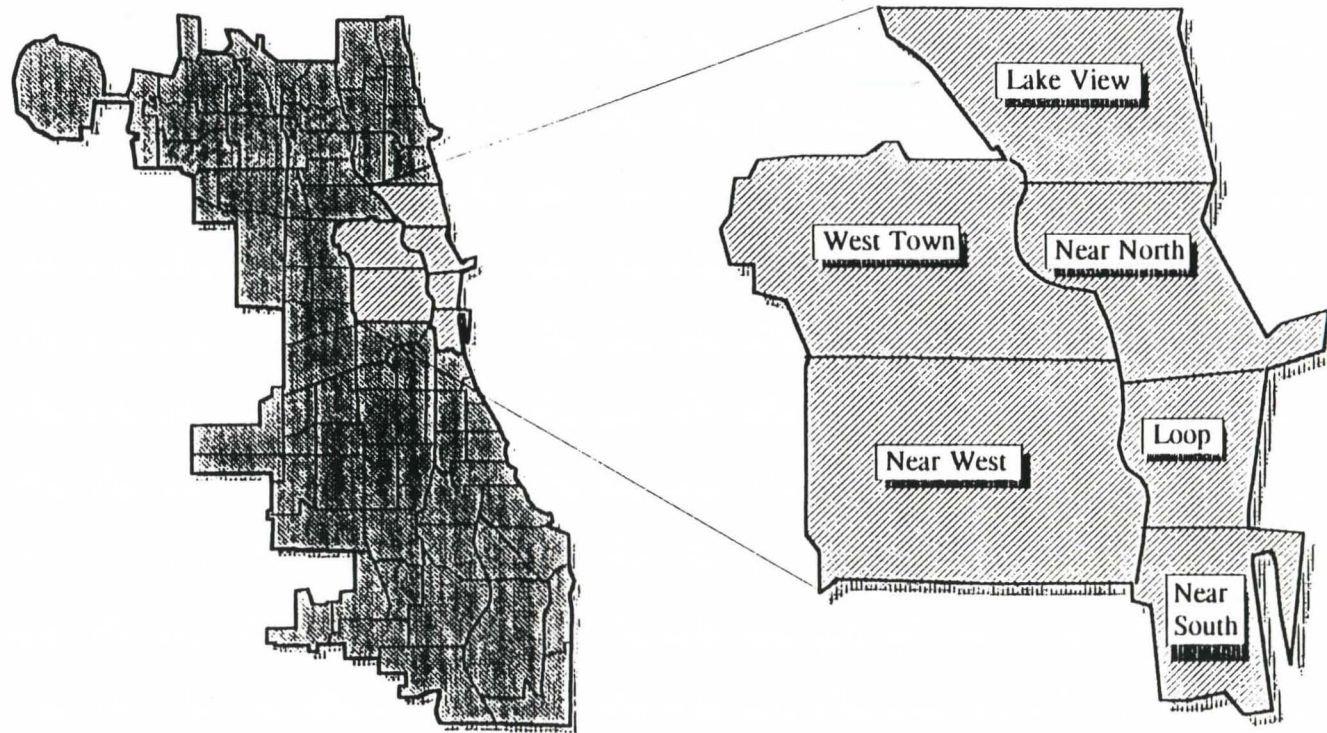
The city of Chicago is the core of the Chicago metropolitan area employing close to 4.2 million of the region's work force and home to a population base of 2.71 million persons and among 1.01 million households. The median household income in the city stood at \$31,046 in 1996 with 29.0 percent of all households supporting incomes of \$50,000 or more annually representing a relatively large base of some 292,000 households.

As a component of the city and encompassing the Near North Planning Area is the Near North Primary Market Area (PMA), a consolidation of seven community areas where principal economic and income support for market-rate housing in the Cabrini-Hope VI area will be derived. These areas, as detailed in Figure III-7, include Lake View, Lincoln Park, the Loop, Near North, Near South, Near West, and Near South, which in the past four years have accounted for roughly 80 percent of all new construction sales activity in the city and close to 85 percent of all sales volume when conversions are considered.

The Economy

Today, the city of Chicago's economy is rebounding. The city's economic recovery from the early 1990's recession was visible in 1994 and 1995 with a net gain of 6,270 new workers annually. This economic upturn occurred after a four-year slump where a total decrease of 127,732 workers was reflected. Year-to-year job losses in the city were the most severe in 1991 when a decrease of 55,049 workers was reported followed by 1992, when 49,987 jobs were lost. Both positive and negative economic highlights for the city of Chicago are outlined below:

Figure III-7
Geographic Delineation
of the Near North Primary Market Area



Source: Tracy Cross & Associates, Inc.

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(FOR REVIEW AND COMMENT)

Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

- ☐ During the 1983-1995 period, in absolute numbers, the city of Chicago's total covered employment figure decreased by 25,990 jobs.
- ☐ Over the past 12 years, the city's economic history has been characteristic of one step forward and two steps backwards. For example, during the 1984 and 1985 timeframe a total gain of 40,086 jobs was recorded followed by a decrease of 13,629 workers in 1986. From 1987 thru 1989, once again job increases were visible with a total gain of 62,745 new workers, but only to be followed by a decrease of 127,732 jobs during the 1989-1993 period. Year-to-year employment trends during the 1983-1995 period are provided in the following text table:

<u>Year</u>	<u>Total Covered Employment</u>	<u>Annual Change (Number of Jobs)</u>
1983	1,123,536	- 44,019
1984	1,149,111	+25,575
1985	1,163,622	+14,511
1986	1,149,993	- 13,629
1987	NA	-----
1988	1,211,701	+30,854*
1989	1,212,738	+ 1,037
1990	1,201,136	- 11,602
1991	1,146,087	- 55,049
1992	1,096,100	- 49,987
1993	1,085,006	- 11,094
1994	1,091,118	+ 6,112
1995	1,097,546	+ 6,428

* Denotes annual increase for the two-year period between 1986 and 1988.

Source: Illinois Department of Employment Security

- ☐ By individual districts within the city, the most positive impetus in new employment growth over the last two years occurred in the outer business ring centered upon the Chestnut Street and Fort Dearborn areas which, over the past two years, added an average of 4,419 new jobs in the covered employment sector. Following this area were the Elsdon and Clearing districts given the renaissance of Midway Airport with the presence of Southwest Airlines and the

North Loop, Wicker Park and Cragin areas. Collectively these areas added 6,270 workers annually during 1994 and 1996 which offset losses in other areas, most notably the South Inner Loop and districts emanating south of the Loop from 16th Street through the Jackson Park and Englewood neighborhoods.

- Based upon employment expansion expected in the Chicago region, as a whole, as well as a resurgence in the city of Chicago, the forecast for the city's employment growth is established at 5,200 new jobs in 1997 and a slowdown to 4,900 new workers in 1998, consistent with regional forecasts. After 1998, employment gains in the city of Chicago are expected to average 7,300 workers yearly during the 1999-2001 period. These levels of employment expansion will represent 8.4 percent of region-wide growth in 1997 and 1998 and an average of 9.5 percent yearly during the 1999-2001 period.

*Population and
Households*

The Near North PMA currently supports a population base of 369,184 persons distributed among 184,914 households. In terms of both components, the PMA, as a consolidated area, was one of the few areas of the city to register gains since 1980 due largely to gentrification of the Lake View, Lincoln Park, Loop and Near South neighborhoods during the 1984-1989 period, the general stability of the Near North area east of Wells and the 1993-1996 revitalization of the Near West and West Town areas principally as a result of loft conversions.

In terms of incomes, the Near North PMA supported a median household income level of \$41,361 in 1996 with close to one-quarter of its constituent householders having annual incomes of \$50,000 or more. This more affluent base of households, which totaled 76,642 in 1996, represented 26.2 percent of all households in the city earning \$50,000 or more yearly.

*Residential
Construction*

During the 1983-1996 period, the city of Chicago authorized an average of 2,704 new residential units annually. This level of activity represented 8.8 percent of region-wide permit volume. Peak construction volumes in the city over the past 14 years occurred in 1983 when 4,384 units were authorized and in 1986 when volumes totaled 3,504.

More recently, the city of Chicago authorized an annual average of 2,766 units during the 1993-1996 time period with volumes ranging from a low of 2,208 units in 1993 to highs of over 3,000 units in both 1995 and 1996. During both 1995 and 1996, the city's regional representation climbed over 9.0 percent with this 24-month window representing an average of 9.5 percent of all activity in the nine-county metropolitan area as shown in Figure III-8.

The recent re-emergence of the city as a dominant part of the region's housing market was (and is) due to the success of loft conversions which became a prevalent product form in late 1993. The acceptance of this type of housing occurred for two reasons:

- First, the city's economy changed rather dramatically after the recession of the 1990-1992 period with new employment additions manifest in sectors like business services, retail trade, and categories related to tourism and the convention business. The growth of these sectors combined with the lower price provided by the loft conversion, created a synergy that has placed the city atop the ranks of any other urban residential market in the country.
- Second, the loft conversion and the moderate priced townhome and condominium sector found and attracted an investor market with close to 15 percent of all sales during the 1993-1996 period registered by non-users. The stimulus to investor participation arose from a tight rental market and the lack of formidable apartment construction in the city since 1989.

***Residential Market
Rate Demand In
The City***

During the five-year forecast period between 1997 and 2001, the city of Chicago will continue to represent a significant component of the nine-county regional residential demand equation fostered for the most part by the expanding employment opportunities locally and in the region, as a whole. As such, the city of Chicago will sustain an annual penetration rate of 9.7 percent of region-wide housing demand which is a level modestly above the growth trend noted in 1995 and 1996. This level of demand potential is equal to an average of 3,250 units yearly during the five-year forecast period.

Of the 3,250-unit forecast, demand potentials will favor ownership housing forms which are expected to account for 65.0 percent of all activity, equal to 2,110 units yearly. Based upon empirical evidence and/or historical sales trends, as well as the housing affordability based upon income, the following text table outlines the qualitative distribution of ownership housing demand *potential* for the city of Chicago, on an average annualized basis over the next five years:

**Annual Qualitative Distribution
of New Construction For Sale Housing Demand
City of Chicago
1997-2001**

<u>Price Range</u>	<u>Number of Units</u>	<u>Percent of Total</u>	<u>Cumulative Percent</u>
Under \$100,000	17	0.8	0.8
100,000-124,999	135	6.4	7.2
125,000-149,999	323	15.3	22.5
150,000-174,999	395	18.7	41.2
175,000-199,999	222	10.5	51.7
200,000-224,999	196	9.3	61.0
225,000-249,999	156	7.4	68.4
250,000-299,999	156	7.4	75.8
300,000-349,999	84	4.0	79.8
350,000-399,999	48	2.3	82.1
400,000-and over	378	17.9	100.0
Totals	2,110	100.0	---

Source: Tracy Cross & Associates, Inc.

The 3,250-unit forecast is inclusive of rental apartment demand potential equal to 1,140 units yearly. Beginning in 1991, there was a formidable drop in rental apartment construction in the city with little, if any, development of scale coming to market since that time. After a momentary lull during the 1990-1992 recessionary time period, and during 1993 when favorable interest rates moved renters to ownership housing forms, apartment vacancies in the city of Chicago have declined markedly. This lack of supply has forced many would-be renters into the for sale sector of the market.

The employment and housing demand forecasts for the city of Chicago are realistic within the overall scheme of potential regional growth, but it is *unlikely* that the annual demand of 3,250 units will be fully met by new construction. Instead, the level of construction activity is expected to be closer to the 2,800 unit level for the following reasons:

- In order to reach maximum demand potential for housing within any specific market area there must be adequate supply of differential product offerings at varying price points. As noted in the qualitative distribution of demand text table, 378 units are forecast at \$400,000 and over, and today, there is a limited supply and specifically within larger scale developments in the city's more affluent neighborhoods. This market condition will affect the overall housing demand potential, resulting in unfulfilled demand at the \$400,000 and over sector of the market in a premier location.
- Also, the more affluent neighborhood characteristics are most representative of the Near North and Lincoln Park areas. Compared to these areas, there is limited neighborhood substitution within the city for significant upper-end housing demand. In other words, although scattered site and/or smaller scale higher priced development opportunities may exist throughout other areas of the city, only the Near North and Lincoln Park areas provide *inplace* upper-scale infrastructure and community amenities most associated with the lifestyles of the more affluent buyers.

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(FOR REVIEW AND COMMENT)

Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

- In the rental sector of the market, the dwindling supply of rental units due to the conversion of rental apartment programs to condominium ownership, the lack of new construction and the growing demand potential within a tight rental market have helped encourage strong interest among *investors* willing to fund more apartment construction. This positive investor market, however, is diluted by three negative factors which include the rising cost of construction materials, the unwillingness of the lender community to support larger scale development combined with the per unit Cook County tax burden which have hindered most development opportunities. These market conditions will continue to force an under supply condition in the rental sector of the market in the city of Chicago throughout the near term.



TRACY CROSS & ASSOCIATES, INC.

SECTION IV - COMPETITIVE FACTORS

INTRODUCTION

In this section of the report, we turn to those elements which will present either direct or indirect competitive influence upon market-rate residential efforts within the Near North Planning Area. As such this competitive analysis includes an overview of single family, townhome and condominium development in the city of Chicago as a whole as well as a refined competitive evaluation of single family detached programs of scale and townhome/condominium development including conversions in the Near North PMA. The analysis then departs to focus upon the rental sector of the market.

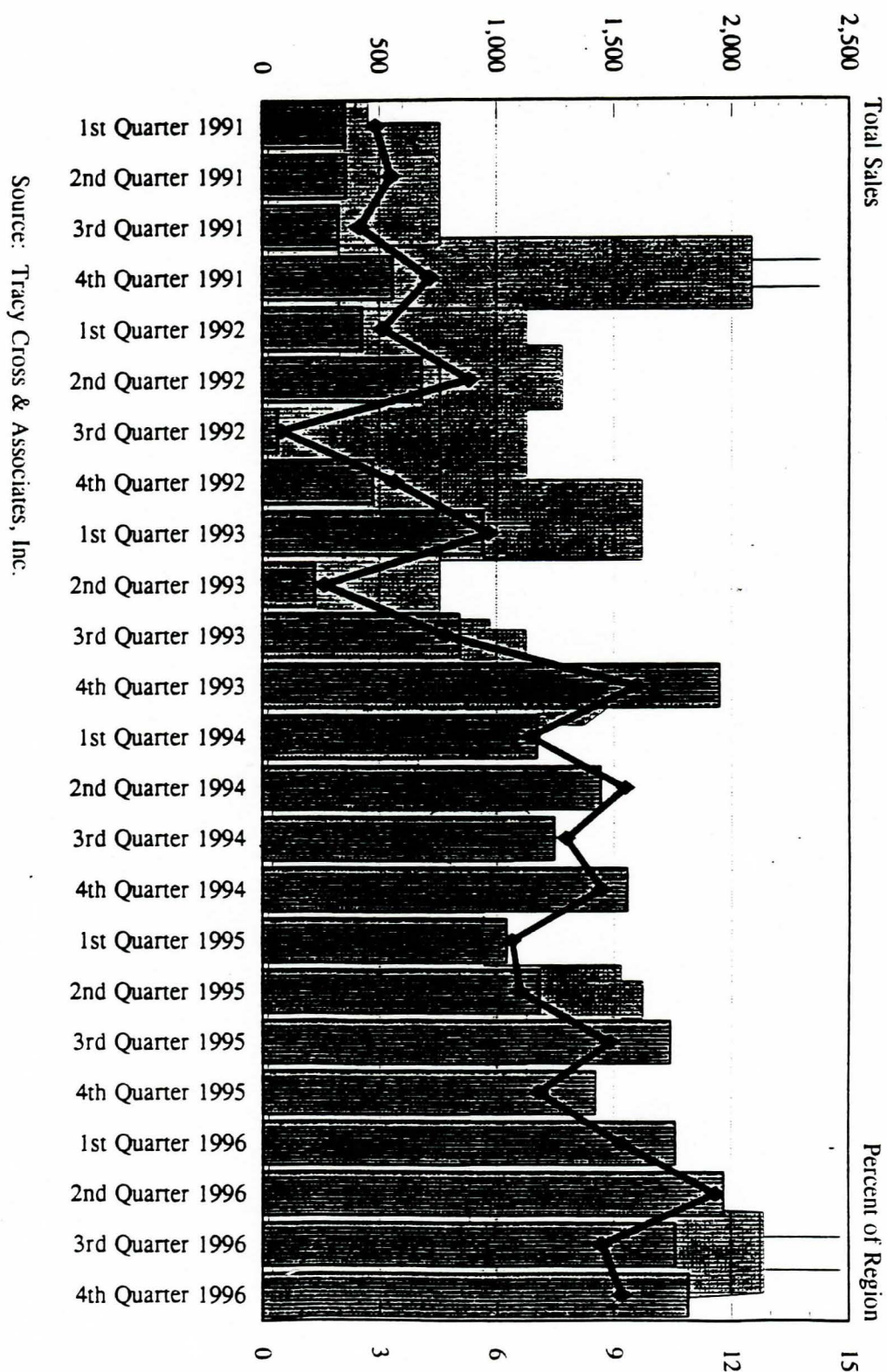
AN OVERVIEW

During the 1991-1996 period sales in larger scale single family and townhome/condominium developments in the city of Chicago have averaged 1,054 units per quarter on the basis of a seasonably adjusted annualized rate (SAAR). As shown in Figure IV-1, the SAAR has ranged from a low of 64 units during the 3rd Quarter 1992 to highs of 1,950 and 1,967 units during the 4th Quarter 1993 and 2nd Quarter, 1996 respectively. Most recently, in 1996, sales in the new construction sector in the city totaled 1,813 units with Chicago itself representing 9.7 percent of total activity in the nine-county metropolitan area. This representation rate compares with lows of 3.0 percent in 1992 and 3.2 percent in 1991, capture rates of 5.8 percent and 8.2 percent in 1993 and 1994, and 1995's penetration rate of 7.3 percent.

Principally responsible for the upturn in the city's regional capture rate has been the introduction of loft condominium development to the new construction sector beginning in late 1993. Since that time, loft condominium sales in the city have moved upward steadily and consistently each year with this sector's volume extending from 238 sales in 1993 to 920 units in 1996.

In addition to sales registered in the new construction sector, apartment conversion activity in the city has also been quite strong. From a relatively weak 198 sales in 1991, conversion sales moved to 420 units in 1992 and, in 1993, conversion absorption increased to 691 units. In 1994, conversion activity move than doubled from the previous year as 1,579 units were sold and in 1995 total sales in this sector

Figure IV-1
Trends in Production Sales
City of Chicago Competitive Market Area
1st Quarter 1991 - 4th Quarter 1996
(Seasonally Adjusted, Annualized Rate)



Source: Tracy Cross & Associates, Inc.

equaled 1,148. Last year, the rate of conversion activity declined to 847 units marking a decline of 26.2 percent from 1995 as most apartment programs suitable to conversion found their way to the for sale sector during previous years.

THE SINGLE FAMILY MARKET

During 1996, a total of 128 single family detached units were sold in larger scale developments in the city outside of activity on scattered sites. During the year, the average sales price of a unit sold stood at \$267,762 for a 2,069 square foot residence. This sales price compares with the \$245,256 average registered in 1995 when the average size of a unit sold equaled 1,948 square feet.

At the close of the 4th Quarter 1996, there were six single family detached programs of scale marketing within the city including two in the Ashburn community area, one in the Irving Park neighborhood and three in the selected community areas comprising the Near North PMA. Referencing the latter, the Near North PMA programs include Picardy Place in Lake View, Chicago Homes on Altgeld in Lincoln Park and Old Town Square found within the Near North Planning Area. Since opening, Old Town Square has averaged 3.7 sales monthly with product currently positioned at \$327,500 for 2,268 square feet of living area.

THE TOWNHOME/CONDOMINIUM MARKET

In the city of Chicago, townhome and condominium sales in the new construction sector have risen steadily since the 3rd Quarter 1993 with the volume of activity recorded in 1996 representing 19.1 percent of total sales in the region as a whole compared with a market share position of only 6.9 percent in 1993.

During the 4th Quarter 1996, 65 new construction townhome/condominium developments were active throughout the city with the average program registering 3.3 sales monthly since opening and 30.04 sales in 1996 based upon the number of days a particular development was actively marketed during the year.

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(FOR REVIEW AND COMMENT)

Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

Relative to the overall market, a total of nine developments achieved 50 or more sales in 1996. As shown in the following text table, volumes were paced by the loft market which accounted for seven of the top nine projects:

<u>Program/Location</u>	<u>Type</u>	<u>1996 Total Number of Sales</u>
Clock Tower/West Town	Loft	113
Cinema Lofts/Lake View	Loft	106
Park Newberry/Near North	Higher Density Condo	106
Glenlake Condominiums/Dunning	Higher Density Condo	105
China Club/Near West	Loft	88
Michigan Avenue Lofts/Loop	Loft	86
Union Square/Near North	Loft	66
Haberdasher Square/Loop	Loft	53
Bicycle Station/Near South	Loft	50

Source: Tracy Cross & Associates, Inc.

In 1996, the *average* sales price of a townhome/condominium residence sold in the new construction sector of the city stood at \$204,777 for a 1,399 square foot residence (\$146.37 per square foot). This price point compares with the \$195,987 average reflected in 1995 and is similar to the \$204,068 average represented in 1994.

***The Near
North PMA***

In 1996, there were 89 townhome/condominium programs active in the Lake View, Lincoln Park, Loop, Near North, Near South, Near West, and West Town community areas which during the year generated 2,180 sales. Of these programs, 75 were found in the new construction sector of the market while 14 were apartment conversions.

In the new construction sector, 1,347 townhome/condominium sales were recorded by programs in the Near North PMA which represented 78.0 percent of total activity

in the city as a whole. In the conversion sector, Near North PMA developments registered a total of 833 sales during 1996 equal to 98.3 percent of the city's aggregate sales volume. Combined the 2,180 units sold in both the new construction and conversion sector of the PMA in 1996 accounted for 84.7 percent of total volume in the city of Chicago.

In the Near North PMA, the median price of a townhome/condominium unit contracted in 1996 stood at \$179,673 with new construction carrying a median price of \$195,642 compared with the \$154,977 median represented in the conversion sector. As shown in Table IV-1, new construction sales volumes were heavily concentrated at price points below \$225,000 where over two-thirds of all contracts in 1996 were found. In the conversion sector, most sales activity in the PMA occurred at price levels under \$175,000.

In the new construction sector of the townhome/condominium market in the Near North PMA, the average residence *offered* contains 1,531 square feet of living area priced at \$240,206. Equal to a value ratio of \$156.89 per square foot, plans range, on average, approximately 600 square feet at \$89,876 to 4,900 square feet at \$784,197 as shown in Figure IV-2. In the conversion sector, the average residence offered in the PMA presently stands at \$168,852 for a 1,145 square foot unit with individual models extending from 400 to 2,600 square feet at prices ranging from \$54,539 to \$392,100 as shown in Figure IV-3.

*Project Analysis -
Loft Condominiums
Near North PMA*

In the Near North PMA, loft condominiums active in the market in 1996 generated a total of 870 sales representing 39.9 percent of *total* activity in the PMA and 64.5 percent of all volume in the new construction sector. The 870 sales recorded during 1996 depicted a 55.6 percent increase from the 559 units sold one year earlier.

In 1996, the average loft condominium program active in the Near North PMA attained 56.38 sales with the highest level of activity registered by Clock Tower Lofts in West Town with 113 sales. This program was followed by Cinema Lofts with 106

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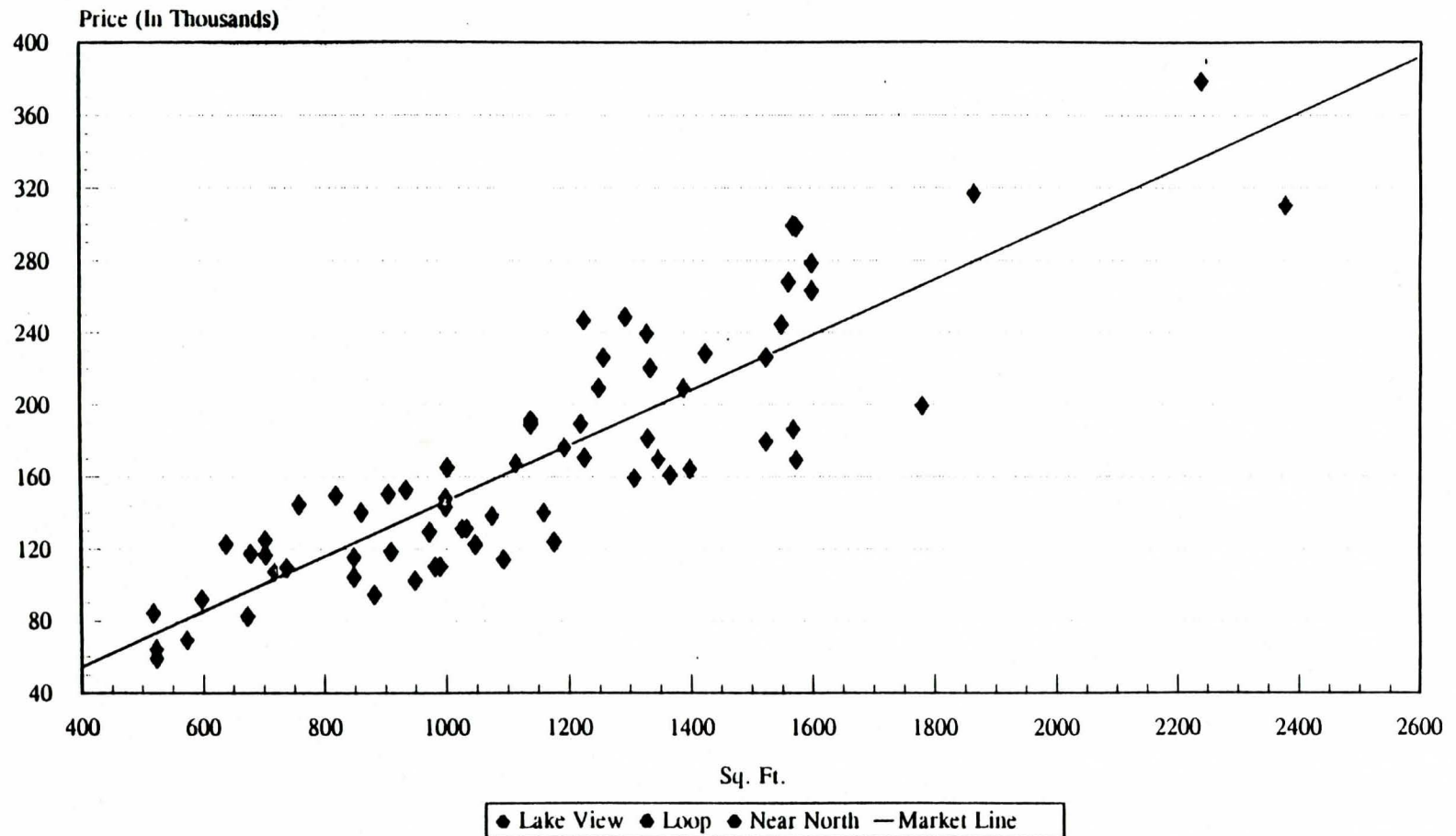
Table D-1
Townhome/Condominium Sales by Price Range
Selected Community Areas*
City of Chicago
1996

Price Range	Total		Total New Construction		Loft Condominiums		High and Mid-Density Condominiums		Low Density Townhome/Condominiums		Apartment Conversions	
	#	%	#	%	#	%	#	%	#	%	#	%
Under \$100,000	8	0.3	0	0.0	0	0.0	0	0.0	0	0.0	8	1.0
100,000-124,999	286	13.1	103	7.6	65	7.5	0	0.0	38	12.1	183	22.0
125,000-149,999	290	13.3	93	6.9	68	7.8	3	1.8	22	7.0	197	23.6
150,000-174,999	420	19.3	236	17.5	230	26.4	0	0.0	6	1.9	184	22.1
175,000-199,999	467	21.4	293	21.8	266	30.6	0	0.0	27	8.6	174	20.9
200,000-224,999	253	11.6	181	13.4	138	15.9	0	0.0	43	13.7	72	8.6
225,000-249,999	126	5.8	122	9.1	100	11.5	0	0.0	22	7.0	4	0.5
250,000-299,999	42	1.9	42	3.1	2	0.2	0	0.0	40	12.8	0	0.0
300,000-349,999	156	7.2	154	11.4	1	0.1	127	77.4	26	8.3	2	0.2
350,000-399,999	72	3.3	63	4.7	0	0.0	34	20.7	29	9.3	9	1.1
400,000 And Over	60	2.8	60	4.5	0	0.0	0	0.0	60	19.2	0	0.0
Total	2,180	100.0	1,347	100.0	870	100.0	164	100.0	313	100.0	833	100.0
Median	\$179,673		\$195,642		\$181,781		\$353,731		\$248,929		\$154,977	

*Includes Lake View, Lincoln Park, the Loop, Near North, Near South, Near West and West Town

Source: Tracy Cross & Associates, Inc.

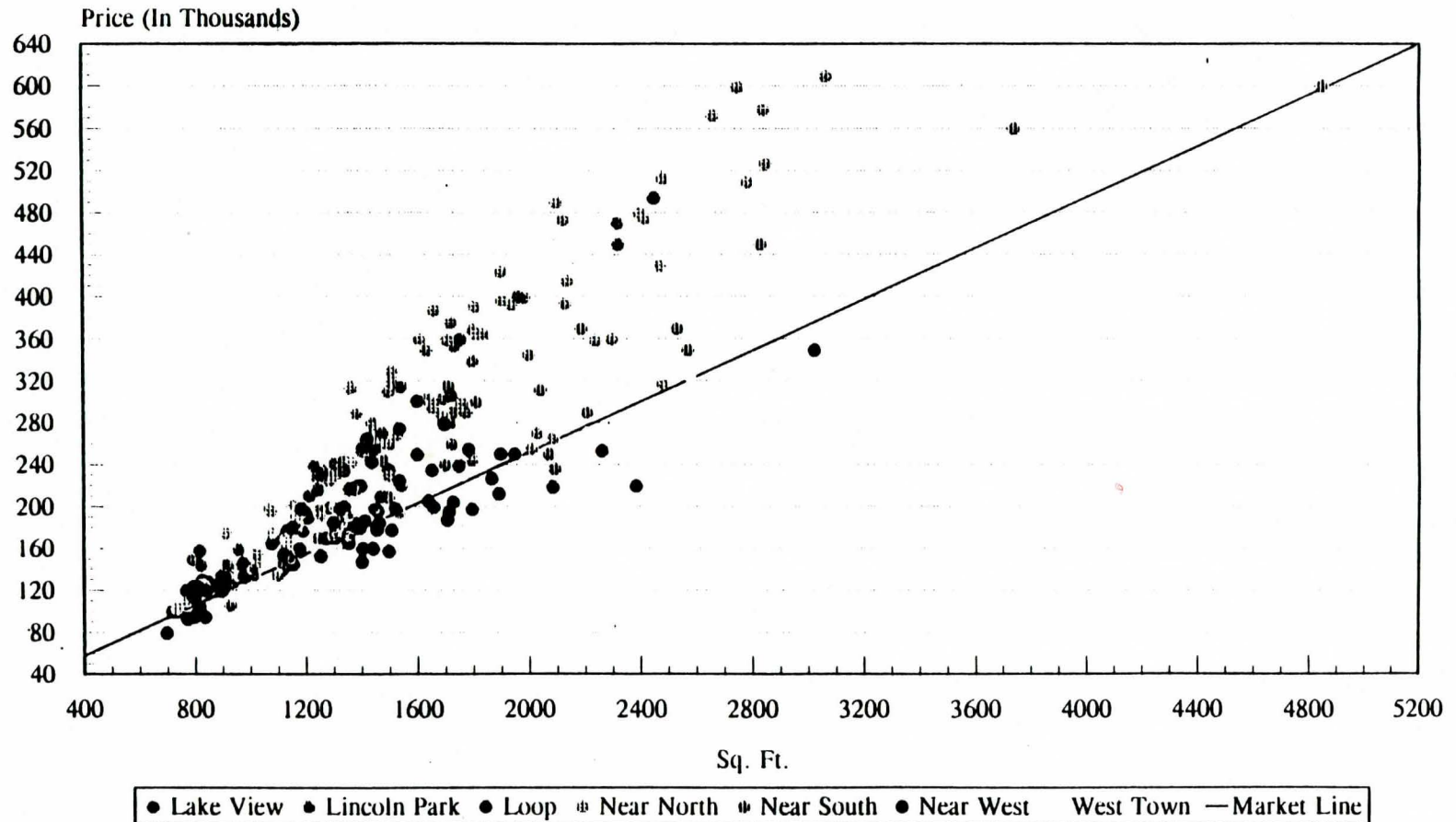
Figure IV-3
Price/Value Analysis
Conversion to Condominium Ownership Developments
by Selected Neighborhood - City of Chicago
4th Quarter 1996



Price/Value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated sales prices. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the sales rate of currently available product lines.

Source: Tracy Cross & Associates, Inc.

Figure IV-2
Price/Value Analysis
New Construction Townhome/Condominium Developments
by Selected Neighborhood - City of Chicago
4th Quarter 1996



Price/Value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated sales prices. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the sales rate of currently available product lines.

Source: Tracy Cross & Associates, Inc.

sales, China Club Lofts at 88, Michigan Avenue Lofts with 86, and Union Square Lofts with 66 sales.

In the loft sector of the PMA, the average plan offered at the close of the 4th Quarter 1996 contained 1,300 square feet of living area priced at \$191,438 placing this sector of the market 5.7 percent under the PMA's new construction sector as a whole.

***Project Analysis -
Higher and
Mid-Density
Condominiums
Near North PMA***

In the higher and mid-density condominium sector of the Near North PMA, four projects active during 1996 generated a total of 164 sales which represented 7.5 percent of all multi-family sales volume in the PMA and 12.2 percent of total sales in the new construction sector. During the year, the average development recorded 56.85 sales on a per project basis inflated to a significant degree by the sales leader, Park Newberry, which reached 106 sales during the 12-month period.

With the close-out of 1309 North Wells, the remaining three projects, Park Newberry, The Whitney, and 33 West Huron supported an average sales price of \$355,363 for a 1,826 square foot unit at the close of the 4th Quarter 1996.

***Project Analysis -
Low Density
Townhomes and
Condominiums
Near North PMA***

In 1996, 37 lower density townhome and condominium developments were active in the Near North PMA which during the year contracted 313 units for sale, or 23.2 percent of total volume in the new construction sector and 14.3 percent of all sales when conversions are considered. For the January-December 1996 period, only two programs, East Water Place and Homes of Mohawk North registered over 25 sales with the average development moving at an annualized rate of 13.67 units on a per project basis.

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Market Support Analysis
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The average home offered by a competitor in this sector of the market at the close of 1996 stood at \$290,769 for a 1,866 square foot unit with models ranging, on average, from 800 square feet at \$150,771 to 4,900 square feet at \$689,224.

Project Analysis - Apartment Conversions Near North PMA

A total of 835 apartment conversion sales were evidenced in the Near North PMA in 1996 down 24.8 percent from the 1,111-unit volume recorded in 1995 and 32.9 percent from 1994's volume of 1,242. During 1996, 14 active developments moved at an annual rate of sales of 59.92 per project with seven programs generating 50 or more sales: The Hermitage (214), The Parkshore (120), River Plaza (78), 3410 Lake Shore Drive (62), The Transportation Building (61), 33 East Cedar (54), and 11 East Chestnut (53).

Among the conversion developments active at the close of the 4th Quarter 1996, an average sales price of \$168,852 for a 1,145 was represented in the PMA, equal to a value ratio of \$147.47 per square foot.

THE RENTAL MARKET

In this section of the report, we focus upon those competitive elements expected to influence possible apartment development. In this regard, 30 rental apartment programs in the downtown area of Chicago were surveyed by our firm. Specifically, all of these *selected* competitors represent "newer" buildings in the market, as they were all either constructed or completely renovated within the last 11 years.

Of the 30 rental apartment programs selected for this analysis, eight are located within the immediate Loop neighborhood while the remaining 22 are situated in the Lake View, Lincoln Park and Near North community areas. A profile on each of these competitive programs is provided below:

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Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

Selected Apartment Developments
City of Chicago
1st Half 1996

<u>Neighborhood/Development</u>	<u>Number Of Units</u>	<u>Number Vacant</u>	<u>Percent Vacant</u>
<i>Near North</i>			
10 West Elm	124	0	0.0
1133 N. Dearborn	273	0	0.0
401 E. Ontario	394	16	4.1
420 East Ohio	264	13	4.9
Cityfront Place	904	36	4.0
Clark Elm Apartments	302	0	0.0
Cobbler Square	295	1	0.3
Dearborn Place	185	0	0.0
Gold Coast Galleria	324	0	0.0
Grand Ohio	593	4	0.7
Huron Street Lofts	100	0	0.0
Lake Shore Plaza	567	11	1.9
North Pier Apartments	505	10	2.0
One East Delaware	306	0	0.0
Onterie Center	594	0	0.0
Orleans Court	394	8	2.0
Plaza 440 Apartments	486	5	1.0
River West Lofts	158	2	1.3
The Chicagoan	221	0	0.0
<i>Sub Total</i>	<i>6,989</i>	<i>106</i>	<i>1.5</i>
<i>Lincoln Park</i>			
Eugenie Terrace	575	6	1.0
The Belden	61	0	0.0
<i>Sub Total</i>	<i>636</i>	<i>6</i>	<i>0.9</i>
<i>Lakeview</i>			
The New York	590	11	1.9
<i>Sub Total</i>	<i>590</i>	<i>11</i>	<i>1.9</i>
<i>Loop</i>			
200 N. Dearborn	310	2	0.6
801 S. Wells	99	1	1.0
Burnham Park Plaza	292	16	5.5
North Harbor Tower	600	2	0.3

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Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

Selected Apartment Developments
City of Chicago
1st Half 1996

<u>Neighborhood/Development</u>	<u>Number Of Units</u>	<u>Number Vacant</u>	<u>Percent Vacant</u>
<i>Loop continued</i>			
Old Franklin Building	54	1	1.9
Presidential Towers	2,355	82	3.5
River City	446	2	0.4
Terminal Building	56	2	3.6
<i>Sub Total</i>	<i>4,212</i>	<i>108</i>	<i>2.6</i>
<i>Total</i>	<i>12,427</i>	<i>231</i>	<i>1.8</i>

Source: Tracy Cross & Associates, Inc.

As outlined in the preceding text table, of the 12,427 overall units among the selected rental apartment competitors, 231 units are currently unoccupied. As such, vacancies among the competitive apartment developments reflect extremely *tight* market conditions with the overall vacancy factor standing at 1.8 percent. In a normal market, a *balanced* condition requires vacancies to be near the 5.0 percent mark to allow for filtering.

By individual development, vacancies range from a low of 0.0 percent at 10 West Elm, 1133 North Dearborn, Clark Elm Apartments, Dearborn Place, Gold Coast Galleria, Huron Street Lofts, One East Delaware, Onterie Center, The Chicagoan and The Belden to a high of 5.5 at Burnham Park Plaza.

In terms of monthly rent levels, the average rent in the competitive market area stands at \$1,117 per month for a residence containing 813 square feet of living area, translating to a value ratio of \$1.37 per square foot. However, by bedroom count, the market reveals a wide range of per square foot value ratios, as shown in the following text table:

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Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

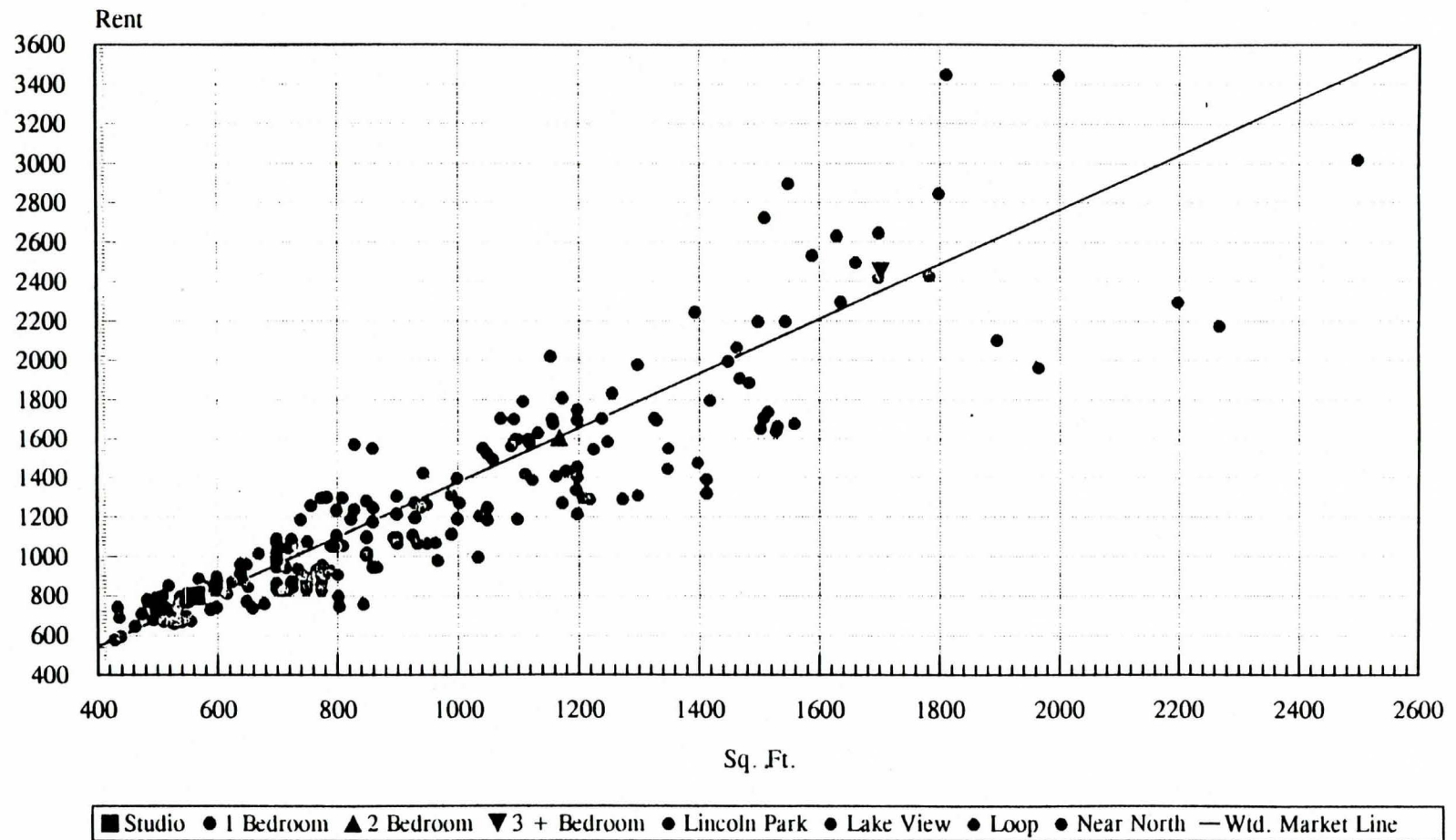
<u>Unit Type</u>	<u>Weighted Average (Unit Size Sq. Ft.)</u>	<u>Weighted Average Monthly Rent</u>	<u>Value Ratio (Rent Per Sq. Ft.)</u>
Studio/Convertible	563	\$ 798	\$1.42
One Bedroom	790	1,055	1.34
One Bedroom+Den/Two Bedrooms	1,168	1,605	1.37
Three Bedrooms	1,702	2,451	1.44
Overall Average	813	\$1,117	1.37

Source: Tracy Cross & Associates, Inc.

Through the application of linear regression analysis (as depicted in Figure IV-4) it was determined that market rental rates among the selected programs extend from an average of \$544 for a unit containing 400 square feet to \$3,602 for a 2,600 square foot residence. Over a wide range of square footages, with market-rate rents moving at \$1.39 per incremental square foot, the following text table depicts the results of this analysis:

<u>Plan Size (Sq. Ft.)</u>	<u>Average Market Rent (Weighted Basis)</u>	
	<u>\$</u>	<u>\$/Sq. Ft.</u>
400	544	1.360
500	683	1.366
600	822	1.370
700	961	1.373
800	1,100	1.375
900	1,239	1.377
1,000	1,378	1.378
1,100	1,517	1.379
1,200	1,656	1.380
1,300	1,795	1.381
1,400	1,934	1.381
1,500	2,073	1.382
1,600	2,212	1.383
1,700	2,351	1.383
1,800	2,490	1.383
1,900	2,629	1.384
2,000	2,768	1.384
2,100	2,907	1.384
2,200	3,046	1.385
2,300	3,185	1.385
2,400	3,324	1.385
2,500	3,463	1.385
2,600	3,602	1.385

Figure IV-4
Rent/Value Analysis
Selected Apartment Developments
City of Chicago
First Half 1996



Rent/Value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of an apartment residence and its associated monthly rent. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding occupancy and absorption rates of currently available product lines.

Source: Tracy Cross & Associates, Inc.

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Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

Subsequently, each program's average rent was compared to the market average, at a comparable square footage, to determine the individual development's variance from the market-rate. Overall, rental variances among competing developments represent an extremely broad range with the highest rents (on a value basis) currently being attained by The Belden in Lincoln Park, and the lowest by Burnham Park Plaza and 801 South Wells in the South Loop as shown below:

<u>Program/Location</u>	<u>Community Area</u>	<u>Average Plan Size (Sq. Ft.)</u>	<u>Average Monthly Rent</u>	<u>Average Market Rent</u>	<u>Rent Variance From Market</u>
The Belden	Lincoln Park	1,286	\$2,139	\$1,776	\$+363
North Pier Apartments	Near North	1,035	1,597	1,427	+170
The Parkshore	Loop	1,304	1,964	1,801	+163
Cityfront Place	Near North	668	1,057	917	+140
Dearborn Place	Near North	721	1,107	990	+117
Gold Coast Galleria	Near North	719	1,100	987	+113
The Chicagoan	Near North	924	1,383	1,272	+111
One East Delaware	Near North	699	1,059	960	+99
401 East Ontario	Near North	974	1,425	1,342	+83
Cobbler Square	Near North	736	1,076	1,011	+65
Eugenie Terrace	Lincoln Park	846	1,226	1,164	+62
1133 North Dearborn	Near North	762	1,105	1,047	+58
Plaza 440 Apartments	Near North	852	1,193	1,172	+21
Market Average		813	1,117	1,117	- 0 -
Presidential Towers	Loop	654	892	897	-5
Onterie Center	Near North	886	1,212	1,220	-8
North Harbor Tower	Loop	986	1,340	1,359	-19
Clark Elm Apartments	Near North	892	1,196	1,228	-32
420 East Ohio	Near North	1,003	1,284	1,382	-98
200 North Dearborn	Loop	790	985	1,086	-101
River City	Loop	833	1,039	1,146	-107
Polk Street Station	Loop	824	1,014	1,133	-119
Orleans Court	Near North	704	847	967	-120
Old Franklin Building	Loop	712	844	978	-134
Huron Street Lofts	Near North	801	962	1,101	-139
10 West Elm	Near North	752	893	1,033	-140
The New York	Lake View	819	977	1,126	-149
River West Lofts	Near North	844	946	1,161	-215
Terminal Building	Loop	894	980	1,231	-251
Burnham Park Plaza	Loop	920	995	1,267	-272
801 South Wells	Loop	1,136	1,234	1,567	-333

Source: Tracy Cross & Associates

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(FOR REVIEW AND COMMENT)

Market Support Analysis
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois

The 30 selected apartment competitors outlined above have primarily attracted younger (professional) couples and singles with 58.1 percent of all apartment developments being dominated by tenants ranging in age from 25 to 34. This group is followed by the more mature couples and singles ranging in age from 35 to 49 (consult Table IV-2).

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(FOR REVIEW AND COMMENT)

Table IV-2
 Tenant Profile - Age Characteristics
 Selected Apartment Developments
 City of Chicago

Program	Age Categories			
	18-24	25-34	35-49	50+
10 West Elm	S	D	S	S
1133 North Dearborn	S	S	D	S
200 North Dearborn	S	D	S	S
401 East Ontario	S	D	S	S
420 East Ohio	S	S	D	S
801 South Wells	S	S	D	S
Burnham Park Plaza	S	S	D	S
Cityfront Place	S	D	S	S
Clark Elm Apartments	S	D	S	S
Cobbler Square	S	D	S	S
Dearborn Place	S	D	S	S
Eugenie Terrace	S	S	D	S
Gold Coast Galleria	S	S	D	S
Grand Ohio	S	D	S	S
Huron Street Lofts	S	D	S	S
Lake Shore Plaza	S	D	S	S
North Harbor Tower	S	S	D	S
North Pier Apartments	S	D	S	S
Old Franklin Building	S	D	S	S
One East Delaware	S	D	S	S
Onterie Center	S	D	S	S
Orleans Court	S	D	S	S
Plaza 440 Apartments	S	S	D	S
Polk Street Station	S	D	S	S
Presidential Towers	S	S	D	S
River City	S	S	D	S
River West Lofts	S	S	D	S
Terminal Building	S	D	S	S
The Belden	S	D	S	S
The Chicagoan	S	S	D	S
The New York	S	S	D	S
Total (Dominant Age Group)	0	18	13	0
Percent	0.0	58.1	41.9	0.0

Note: D = Dominant Age Group in Development
 S = Secondary Age Group in Development

Source: Tracy Cross & Associates, Inc



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Appendix Table III-2
Trends in Nonagricultural Wage & Salary Employment
Chicago RMSA
1983 - 1996
(FOR REVIEW AND COMMENT)

<u>Year</u>	<u>Total Change in Nonagricultural Wage & Salary Employment from Previous Year</u>
1983	11,500
1984	165,900
1985	134,800
1986	26,900
1987	85,800
1988	94,600
1989	94,100
1990	38,100
1991	-58,400
1992	-2,100
1993	76,300
1994	85,300
1995	98,000
1996 (Estimated)	67,500
<i>Averages</i>	65,593

Source: Illinois Department of Employment Security

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FOR REVIEW AND COMMENT

Appendix Table III-3
Trends in Nonagricultural Wage & Salary Employment

Chicago BMSA
January 1993 - September 1996

Month	Employment (In Thousands)				Change from Previous Year		
	1993	1994	1995	1996	1993-1994	1994-1995	1995-1996
January	3610.5	3681.3	3799.6	3887.6	+70,800	+118,300	+88,100
February	3619.9	3692.9	3822.0	3897.7	+73,000	+129,100	+75,700
March	3638.5	3726.1	3857.3	3921.3	+87,600	+131,200	+64,000
April	3696.6	3772.5	3872.3	3936.5	+75,900	+99,800	+64,200
May	3739.1	3809.3	3909.4	3970.3	+70,200	+100,100	+60,900
June	3765.3	3850.9	3949.1	3999.5	+85,600	+98,200	+50,400
July	3758.6	3849.6	3932.4	3990.3	+91,900	+82,800	+57,900
August	3760.7	3858.8	3925.2	4000.9	+98,100	+66,400	+75,700
September	3761.4	3872.8	3940.7	4010.9	+111,400	+67,900	+70,200
October	3774.9	3850.1	3950.6		+75,200	+100,500	
November	3779.8	3872.6	3970.0		+92,800	+97,400	
December	3794.0	3884.9	3969.6		+90,900	+84,700	

Source: Illinois Department of Employment Security

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(FOR REVIEW AND COMMENT)

Appendix Table III
Trends in Population and Households
Chicago PMSA
1980-2001

<u>Years</u>	<u>Population</u>	<u>Households</u>
1980	7,246,018	2,533,888
1990	7,410,858	2,671,540
1996	7,768,495	2,817,085
2001	8,045,001	2,952,133
Average Annual Change		
1980-1990	16,484	13,765
1990-1996	59,606	24,258
1996-2001	55,302	22,508

Sources: 1980 and 1990: U.S. Department of Commerce, Bureau of the Census; 1996 and 2001 estimates by Claritas, Inc. and Tracy Cross & Associates, Inc.

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(FOR REVIEW AND COMMENT)

Appendix Table III-5
Residential Building Permit Trends
Chicago Metropolitan Area
1983-1996

<u>Year</u>	<u>Total</u>	<u>Single Family</u>	<u>Multi- Family</u>
1983	21,527	12,805	8,722
1984	21,576	14,630	6,946
1985	30,488	15,689	14,799
1986	42,471	24,209	18,262
1987	39,872	25,457	14,415
1988	37,282	25,167	12,115
1989	31,647	22,537	9,110
1990	27,526	19,559	7,967
1991	22,340	17,726	4,614
1992	27,336	21,667	5,669
1993	30,839	25,243	5,596
1994	33,375	26,368	7,007
1995	32,425	24,356	8,069
1996(Estimated)	33,339	25,371	7,968
Averages			
1983-1996	30,860	21,485	9,375
1983-1989	32,123	20,070	12,053
1990-1992	25,734	19,651	6,083
1993-1996	32,495	25,335	7,160

Source: U.S. Department of Commerce, *C-40 Reports*

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Appendix Table III-6
 Employment and Levels of Residential Activity
 Chicago Metropolitan Area
 (Nine Counties)

<u>Year</u>	<u>Total Change in Nonagricultural Wage & Salary Employment From Previous Year</u>	<u>Total Residential Permits</u>	<u>Employment/ Permit Ratio</u>
1983	11,500	21,527	0.53
1984	165,900	21,576	77.69
1985	134,800	30,488	4.42
1986	26,900	42,471	0.63
1987	85,800	39,872	2.15
1988	94,600	37,282	2.54
1989	94,100	31,647	2.97
1990	38,100	27,526	1.38
1991	(58,400)	22,340	NEG
1992	(2,100)	27,336	NEG
1993	76,300	30,839	2.47
1994	85,300	33,375	2.56
1995	98,000	32,425	3.02
1996	67,500	33,339	2.02
<u>Averages:</u>			
1983-1996	65,593	30,860	2.13
1983-1989	87,657	32,173	2.73
1990-1992	-7,467	25,734	NEG
1993-1996	81,775	32,495	2.52

Source: U.S. Department of Commerce, C-40 Reports

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(FOR REVIEW AND COMMENT)

Appendix Table III-7
Trends in Residential Building Permits
by Purpose of Construction
Chicago Metropolitan Area
(Nine Counties)

<u>Year</u>	<u>Total</u>	<u>Single Family</u>	<u>Multi-Family</u>	
			<u>For Sale</u>	<u>For Rent</u>
1983	21,527	12,805	2,006	6,716
1984	21,576	14,630	2,256	4,690
1985	30,488	15,689	2,459	12,340
1986	42,471	24,209	3,862	14,400
1987	39,872	25,457	3,696	10,719
1988	37,282	25,167	3,962	8,153
1989	31,647	22,537	3,550	5,560
1990	27,526	19,559	3,069	4,898
1991	22,340	17,726	2,707	1,907
1992	27,336	21,667	3,381	2,288
1993	30,839	25,243	3,335	2,261
1994	33,375	26,368	4,664	2,343
1995	32,425	24,356	4,454	3,615
1996	33,339	25,371	4,461	2,699
<i>Averages</i>				
<i>1983-1996</i>	<i>30,860</i>	<i>21,485</i>	<i>3,419</i>	<i>5,956</i>
<i>1983-1989</i>	<i>32,123</i>	<i>20,070</i>	<i>3,113</i>	<i>8,940</i>
<i>1990-1992</i>	<i>25,734</i>	<i>19,651</i>	<i>3,052</i>	<i>3,031</i>
<i>1993-1996</i>	<i>32,495</i>	<i>25,335</i>	<i>4,229</i>	<i>2,931</i>

Source: U.S. Department of Commerce, *C-20 Construction Reports*
and Tracy Cross & Associates, Inc.

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(FOR REVIEW AND COMMENT)

Appendix Table III-8
Trends in Residential Building Activity
United States and Chicago PMSA
1983-1996

<u>Year</u>	<u>Total United States</u>	<u>Chicago PMSA</u>	
		<u>Number</u>	<u>Percent of U.S.</u>
1983	1,613,254	21,527	1.334
1984	1,686,376	21,576	1.279
1985	1,735,204	30,488	1.757
1986	1,769,443	42,471	2.400
1987	1,584,772	39,872	2.516
1988	1,455,623	37,282	2.561
1989	1,338,423	31,647	2.364
1990	1,110,766	27,526	2.478
1991	948,794	22,340	2.355
1992	1,094,933	27,336	2.497
1993	1,199,063	30,839	2.572
1994	1,371,637	33,375	2.433
1995	1,332,549	32,425	2.433
1996 (Estimated)	1,422,917	33,339	2.343
<i>Annual Averages</i>			
<i>1983-1996</i>	<i>1,404,554</i>	<i>30,860</i>	<i>2.197</i>
<i>1983-1989</i>	<i>1,597,585</i>	<i>32,123</i>	<i>2.011</i>
<i>1990-1992</i>	<i>1,051,498</i>	<i>25,734</i>	<i>2.447</i>
<i>1993-1996</i>	<i>1,331,542</i>	<i>32,495</i>	<i>2.440</i>

Source: U.S. Department of Commerce, Bureau of the Census: *C-40 Construction Reports*

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(FOR REVIEW AND COMMENT)

Appendix Table III-9
Trends in Population and Households
Near North Primary Market Area
1990-1996

<u>Population</u>	<u>1990</u>	<u>1996</u>	<u>Average Annual Change</u>
City of Chicago	2,783,726	2,707,644	-12,680
Near North PMA	367,647	369,118	+245
Remainder of City	2,416,079	2,338,526	-12,925

Households

City of Chicago	1,025,174	1,006,854	-3,053
Near North PMA	180,342	184,914	+762
Remainder of City	844,832	821,940	-3,815

Housing Units

City of Chicago	1,133,039	1,113,116	-3,321
Near North PMA	208,349	214,800	+1,075
Remainder of City	924,690	898,316	-4,396

<u>Tenure (1990)</u>	<u>Total Occupied Housing Units</u>	<u>Owner Occupied</u>		<u>Renter Occupied</u>	
		<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
City of Chicago	1,025,174	425,411	41.5	599,763	58.5
Near North PMA	180,342	47,363	26.3	132,979	73.7
Remainder of City	844,832	378,048	44.7	466,784	55.3

Source: Claritas, Inc.: *Markerview Comparison Report*

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(FOR REVIEW AND COMMENT)

Appendix Table III-10
Household Income Characteristics
Near North Primary Market Area
1996

	<u>Number</u>	<u>Percent</u>	<u>Cumulative Percent</u>
Under \$10,000	27,921	15.1	15.1
\$10,000-19,999	20,176	10.9	26.0
\$20,000-24,999	9,961	5.4	31.4
\$25,000-29,999	10,789	5.8	37.2
\$30,000-34,999	10,924	5.9	43.1
\$35,000-49,999	28,501	15.4	58.5
\$50,000-74,999	33,848	18.3	76.8
\$75,000-99,999	17,223	9.3	86.1
\$100,000-149,999	14,161	7.7	93.8
\$150,000 And Over	11,410	6.2	100.0
Total	184,914	100.0	—
Median	\$41,361		

Source: Claritas, Inc.: *Markerview Comparison Report*

Appendix Table III-11
Residential Building Permit Trends
Chicago Metropolitan Area and City of Chicago
1983-1996

<u>Year</u>	<u>Chicago Metropolitan Area</u>			<u>City of Chicago</u>					
	<u>Total</u>	<u>Single Family</u>	<u>Multi- Family</u>	<u>Total</u>	<u>Percent of Region</u>	<u>Single Family</u>	<u>Percent of Region</u>	<u>Multi- Family</u>	<u>Percent of Region</u>
1983	21,527	12,805	8,722	4,384	20.4	427	3.3	3,957	45.4
1984	21,576	14,630	6,946	1,595	7.4	461	3.2	1,134	16.3
1985	30,488	15,689	14,799	2,611	8.6	351	2.2	2,260	15.3
1986	42,471	24,209	18,262	3,504	8.3	435	1.8	3,069	16.8
1987	39,872	25,457	14,415	2,886	7.2	641	2.5	2,245	15.6
1988	37,282	25,167	12,115	2,259	6.1	776	3.1	1,483	12.2
1989	31,647	22,537	9,110	3,292	10.4	518	2.3	2,774	30.5
1990	27,526	19,559	7,967	3,240	11.8	570	2.9	2,670	33.5
1991	22,340	17,726	4,614	1,290	5.8	463	2.6	827	17.9
1992	27,336	21,667	5,669	1,733	6.3	563	2.6	1,170	20.6
1993	30,839	25,243	5,596	2,208	7.2	830	3.3	1,378	24.6
1994	33,375	26,368	7,007	2,587	7.8	952	3.6	1,635	23.3
1995	32,425	24,356	8,069	3,189	9.8	937	3.8	2,252	27.9
1996	33,339	25,371	7,968	3,078	9.2	871	3.4	2,207	27.7
<i>Averages:</i>									
1983-1996	30,860	21,485	9,375	3,704	8.8	628	2.9	2,076	22.1
1990-1996	25,734	19,651	6,083	2,088	8.1	532	2.7	1,556	25.6
1993-1996	32,495	25,335	7,160	2,766	8.5	898	3.5	1,868	26.1

Source: U.S. Department of Commerce, Department of the Census, *C-40 Construction Reports*

Appendix Table IV-1
Trends in Production Sales
City of Chicago Competitive Market Area
1st Quarter 1991 - 4th Quarter 1996
(Seasonally Adjusted, Annualized Rate)

	Region			City of Chicago					
	Total	Single Family	Townhome/ Condominium	Total		Single Family		Townhome/Condominium	
				Number	Percent of Region	Number	Percent of Region	Number	Percent of Region
1st Quarter 1991	12,282	7,258	5,024	353	2.9	NA	NA	353	7.9
2nd Quarter 1991	10,664	6,115	4,549	356	3.3	NA	NA	356	7.8
3rd Quarter 1991	13,207	7,245	5,962	325	2.5	NA	NA	325	5.5
4th Quarter 1991	12,877	6,994	5,883	556	4.3	NA	NA	556	9.5
1st Quarter 1992	13,680	8,018	5,662	427	3.1	NA	NA	427	7.5
2nd Quarter 1992	12,811	6,527	6,284	680	5.3	NA	NA	680	10.1
3rd Quarter 1992	13,923	8,248	5,675	64	0.5	NA	NA	64	1.1
4th Quarter 1992	13,933	8,028	5,905	472	3.4	NA	NA	472	8.9
1st Quarter 1993	16,098	9,054	7,044	941	5.8	NA	NA	941	13.3
2nd Quarter 1993	13,985	7,934	6,051	223	1.6	NA	NA	223	3.1
3rd Quarter 1993	18,094	9,000	9,094	842	4.7	NA	NA	842	9.1
4th Quarter 1993	20,360	10,272	10,088	1,950	9.6	NA	NA	1,950	19.3
1st Quarter 1994	17,086	8,972	8,114	1,175	6.9	NA	NA	1,175	14.5
2nd Quarter 1994	15,436	7,917	7,519	1,443	9.3	NA	NA	1,443	19.2
3rd Quarter 1994	16,020	7,966	8,054	1,248	7.8	NA	NA	1,248	15.5
4th Quarter 1994	17,972	8,994	8,978	1,556	8.7	NA	NA	1,556	17.3
1st Quarter 1995	16,407	7,989	8,418	1,042	6.4	NA	NA	1,042	12.4
2nd Quarter 1995	17,865	9,413	8,452	1,183	6.6	60	0.6	1,123	13.3
3rd Quarter 1995	19,564	9,726	9,838	1,739	8.9	98	1.0	1,641	16.7
4th Quarter 1995	20,022	11,072	8,950	1,422	7.1	44	0.4	1,378	15.4
1st Quarter 1996	19,194	10,136	9,058	1,762	9.2	28	0.3	1,734	19.1
2nd Quarter 1996	16,952	8,836	8,116	1,967	11.6	107	1.2	1,860	22.9
3rd Quarter 1996	20,268	10,655	9,613	1,761	8.7	325	3.1	1,436	14.9
4th Quarter 1996	19,678	10,595	9,083	1,817	9.2	67	0.6	1,750	19.3
Average	16,182	8,624	7,559	1,054	6.5	104	1.2	1,024	13.5

Source: Tracy Cross & Associates, Inc.

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APPENDIX IV-2
COMPOSITE SALES SUMMARY
SINGLE FAMILY DEVELOPMENTS
CITY OF CHICAGO
4TH QUARTER 1996

PAGE: (FOR REVIEW AND COMMENT)

PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	SALES HISTORY	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
MARYCREST PLACE 85TH & KEDZIE CHICAGO-ASHBURN MARYCREST 100	4/01/93	129	BUTTERFIELD	3-1	1300	139,990	150,040	9/30/95	59	2.0
			AMBER-C	3-1.5	1468	165,990	167,040	12/31/95	4	1.3
			BUTTERFIELD I -	3-1	1600	147,990	158,040	3/31/96	16	5.3
			BRISTOL-C	3-2.5	1658	179,990	179,040	6/30/96	6	2.0
			CAMBRAY-C	3-2.5	1838	194,990	194,040	9/30/96	9	3.0
			BRITTANY-E	3-2.5	1956	209,990	209,040	12/31/96	7	2.3
			BUTTERFIELD II	3-1	1957	154,990	165,040			
			STURBRIDGE-E	3-2.5	2220	218,990	218,040			
			MAPLE II-C	3-2	2275	186,990	187,040			
			AVERAGES		1808	177,768	180,818	SINCE OPENING	101	2.2

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COMPOSITE SALES SUMMARY
SINGLE FAMILY DEVELOPMENTS
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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	----- SALES HISTORY -----		
								QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
CORNELL SQUARE-SF 50TH & CORNELL CHICAGO-HYDE PARK MCL 107	10/01/94	26	HARPER FRANKLIN	3-2.5	2385	347,900	340,250	9/30/95		0.3
								12/31/95		0.0
								3/31/96		0.0
								6/25/96		0.0
								9/25/96		0.3
								12/16/96		-0.4
								SINCE OPENING		0.2
			AVERAGES		2385	366,400	358,750			

PAGE:	3
TORY	
L E- AL S	AVG MO: SALES RATE FOR QTR.
19	5.1
4	1.2
2	0.7
5	1.7
8	2.9
1	0.4
39	2.1

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TOTAL		AVG MO.
INCRE-		SALES
MENTAL		RATE
SALES		FOR
FOR		QTR.
QTR.		

PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	SALES FOR QTR.	RATE FOR QTR.
TERRACE OF OLD IRVING PARK	6/01/95	51	ARBOR	3-2.5	1800	249,990	233,040	9/21/95	19	5.1
BERTEAU & KILBOURN			LAUREL	3-2.5	2014	259,990	243,040	12/30/95	4	1.2
CHICAGO-IRVING PARK			IVY	3-2.5	2284	269,990	250,040	3/31/96	2	0.7
GARISSON PRTRNS 103			HAWTHORNE	4-2.5	2709	299,990	280,040	6/30/96	5	1.7
								9/25/96	8	2.9
								12/09/96	1	0.4
				AVERAGES	2202	269,990	251,540	SINCE OPENING	39	2.1

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COMPOSITE SALES SUMMARY
SINGLE FAMILY DEVELOPMENTS
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									----- SALES HISTORY -----	
PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG. MO SALES RATE FOR QTR.
LANDMARK VILLAGE-SF DIVERSEY & WOLCOTT CHICAGO-LAKE VIEW ENTERPRISE DEV. 101	2/12/94	60	STYLE 1	3-2	1700	SOLD OUT	SOLD OUT	3/30/95	37	2.7
								6/27/95	9	3.1
								9/30/95	4	1.3
								12/30/95	4	1.3
								3/31/96	5	1.7
								6/30/96	1	0.3
								AVERAGES	SINCE OPENING	60
PICARDY PLACE DIVERSEY & WOLCOTT CHICAGO-LAKE VIEW JOS FREED HMS 102	4/01/94	58	ASTOR	2-2.5	1208	SOLD OUT	SOLD OUT	9/30/95	27	1.5
			ELLIOT	2-2	1542	211,900	197,500	12/31/95	0	0.0
			CARLYLE	3-2.5	1953	SOLD OUT	SOLD OUT	3/31/96	1	0.3
			BELDEN	2-2.5	2141	259,900	244,500	6/30/96	1	0.3
			DANA	2-2.5	2280	259,900	241,500	9/25/96	2	0.7
							12/20/96	1	0.4	
			AVERAGES	SINCE OPENING	1988	243,900	227,833	32	1.0	

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SINGLE FAMILY DEVELOPMENTS
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4TH QUARTER 1996

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	----- SALES HISTORY -----	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVE MO SALES RATE FOR QTR.
CHICAGO HOMES ON ALTGELD ALTGELD EAST OF ASHLAND CHICAGO-LINCOLN PARK MCL 105	4/30/96	14	STANDARD PLAN II	3-2.5	2456	525,000	494,250	4/30/96	0	0.4
				4-3.5	3498	547,000	527,250	6/30/96	9	4.5
								9/24/96	-4	-1.4
								12/26/96	2	0.6
				AVERAGES	2977	536,000	510,750	SINCE OPENING	7	0.9

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SINGLE FAMILY DEVELOPMENTS
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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	----- SALES HISTORY -----	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVG. MO. SALES RATE FOR QTR.
CHICAGO HOMES ON NORTH PARK NORTH AVENUE AND NORTH PARK AV CHICAGO-NEAR NORTH MCL 106	4/01/95	14	PLAN 2400	3-2.5	2400	SOLD OUT	SOLD OUT	6/30/95	2	0.7
								9/30/95	2	0.7
								12/31/95	1	0.3
								3/31/96	2	0.7
								6/27/96	2	0.7
								7/15/96	5	8.3
								AVERAGES	SINCE OPENING	14 0.9
HOMES OF MOHAWK NORTH-SF LARRABEE SOUTH OF NORTH AVENUE CHICAGO-NEAR NORTH MCL 104	3/01/96	15	PLAN I	3-2	1890	SOLD OUT	SOLD OUT	3/01/96	0	8.3
								6/26/96	14	3.7
								7/25/96	1	1.0
									0	0.0
								AVERAGES	SINCE OPENING	15 3.1
OLD TOWN SQUARE-SF SEDGEWICK & GOETHE CHICAGO-NEAR NORTH MCL 109	8/24/96	30	SEDGEWICK	3-2.5	2268	327,500	306,300	8/24/96	0	0.0
								9/25/96	11	11.0
								12/10/96	2	0.8
									0	0.0
								AVERAGES	SINCE OPENING	13 3.7

APPENDIX IV-3
COMPOSITE SALES SUMMARY
TOWNHOME/CONDOMINIUM DEVELOPMENTS
CITY OF CHICAGO
4TH QUARTER 1996.

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----- SALES HISTORY -----

PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG. NO. SALES RATE FOR QTR.
300 WEST GRAND LOFTS GRAND & FRANKLIN CHICAGO-NEAR NORTH ATLANTIS PROP. 199	9/08/96	51	301-601	1-1	819	145,635	141,835	9/08/96	0	0.0
			304-604	1-1	913	175,430	165,630	9/30/96	2	2.9
			211/310/41	1-1.5	979	147,560	136,760	12/20/96	9	3.3
			213/312/412	2-2	1070	198,270	188,470		0	0.0
			06/07/08	2-2	1164	190,040	180,240		0	0.0
			212/311/411	2-2	1177	181,740	171,940		0	0.0
			206/305/405	2-2	1180	192,500	182,700			
			303-603	2-2	1241	228,180	224,380			
			302-602-	2-2	1306	231,570	227,770			
			210/309/409	2-2	1307	200,250	190,450			
			506/606	2-2	1362	313,120	303,320			
			209/308/408	2-2	1364	242,460	232,660			
			505/605	3-2.5	2379	527,670	517,870			
			AVERAGES		1251	228,802	220,310	SINCE OPENING	11	3.2
33 EAST CEDAR CONDOMINIUMS 33 EAST CEDAR CHICAGO-NEAR NORTH ATLANTIS PROP 186	11/15/95	120	INTERIOR	1-1	740	110,000	111,300	11/10/95	0	0.0
			CORNER	1-1	850	115,842	117,142	12/30/95	30	17.6
			CORNER W/ TERRA	1-1	850	115,842	117,142	3/27/96	7	2.4
								6/30/96	17	5.5
								9/25/96	11	3.9
								12/30/96	19	5.9
			AVERAGES		813	113,895	115,195	SINCE OPENING	84	6.2

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TOWNHOME/CONDOMINIUM DEVELOPMENTS
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									----- SALES HISTORY -----	
PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
									REVIEW AND COMMENT)	
33 WEST HURON HURON & LASALLE CHICAGO-NEAR NORTH BILL MORAN 157	3/18/96	67	I	1-1.5	1084	175,000	168,750	3/18/96	0	5.9
			A	1-1.5	1156	202,500	196,250	3/29/96	0	0.0
			B	1-2	1287	225,000	217,750	6/30/96	14	4.7
			E	2-2	1312	232,000	226,750	9/30/96	4	1.3
			H	2-2	1426	250,000	244,750	12/20/96	3	1.1
			G	2-2	1461	257,000	251,750		0	0.0
			M	2-2	1571	SOLD OUT	SOLD OUT			
			L	2-2	1588	SOLD OUT	SOLD OUT			
			K	3-2	1648	299,500	295,250			
			C	2-2	1688	287,500	282,250			
			R.1	2-2	1709	359,500	354,250			
			F	2-2	1731	289,900	284,650			
			D	2-2	1761	299,500	294,250			
			F.1	2-2	1776	289,900	284,650			
			R.2	2-2	1838	365,500	360,250			
			J	2-2	1935	SOLD OUT	SOLD OUT			
			Q	2-2	1986	399,500	394,250			
			N	3-2	2417	475,000	470,750			
			S	3-2.5	2662	572,500	567,250			
			P	3-2	2751	599,500	595,250			
			O	3-2	3068	609,500	605,250			
				AVERAGES	1820	343,822	338,572	SINCE OPENING	21	2.3
40 EAST DELAWARE 40 EAST DELAWARE CHICAGO-NEAR NORTH GOLUB & CO. 187	11/01/95	77	STUDIO	0-1	680	118,000	110,350	11/01/95	0	0.0
			ONE BEDROOM	1-1	705	117,000	110,350	12/30/95	19	9.5
			DELUXE ONE BEDR	1-1	950	SOLD OUT	SOLD OUT	3/27/96	8	2.8
			2 BEDROOM / 125	2-2	1258	227,000	220,350	6/30/96	13	4.2
			2 BEDROOM / 132	2-2	1329	240,000	233,350	9/24/96	13	4.6
			2 BEDROOM / 133	2-2	1335	221,000	214,350	12/10/96	1	0.4
			3 BEDROOM	3-2	1575	299,000	293,350			
							AVERAGES	1147	203,667	197,017

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CITY OF CHICAGO
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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	SALES HISTORY	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
BICYCLE STATION LOFTS 16TH & INDIANA CHICAGO-NEAR SOUTH GARRISON PTNRS 191	4/17/96	53	04	1-1	704	SOLD OUT	SOLD OUT	4/17/96	0	0.4
			03/07	1-1	1035	SOLD OUT	SOLD OUT	6/25/96	48	20.9
			05/06	1-1	1074	SOLD OUT	SOLD OUT	9/30/96	2	0.6
			09	2-2	1117	144,900	143,850	12/16/96	0	0.0
			02	2-2	1131	169,900	168,850		0	0.0
			PLAN 1246	1-1.5	1246	169,900	167,850		0	0.0
				AVERAGES	1165	161,567	160,183	SINCE OPENING	50	6.3
BICYCLE STATION TOWNHOMES 16TH & INDIANA CHICAGO-NEAR SOUTH GARIRISON PTNRS 190	6/01/96	10	B1/B4	2-2	1380	215,900	208,800	6/01/96	0	0.0
			B2/B3	2-2	1700	SOLD OUT	SOLD OUT	6/26/96	3	3.8
			C1/C4	2-2	1700	SOLD OUT	SOLD OUT	9/24/96	-1	-0.3
			C2/C3	2-2	1700	239,900	232,800	12/16/96	1	0.4
			A	2-2.5	1720	279,900	271,800		0	0.0
				AVERAGES	1600	245,233	237,800	SINCE OPENING	3	0.5
BURNHAM PLACE-HARBOUR SQUARE MICHIGAN/ROOSEVELT @ CENTRAL S CHICAGO-NEAR SOUTH MCL DEVELOPMENT 151	5/31/92	88	PLAN C	2-2	1319	SOLD OUT	SOLD OUT	9/21/95	76	1.9
			PLAN G	2-2.5	1495	SOLD OUT	SOLD OUT	12/27/95	2	0.6
			PLAN F	2-2.5	1522	SOLD OUT	SOLD OUT	3/25/96	0	0.0
			PLAN E	2-2	1526	SOLD OUT	SOLD OUT	6/30/96	2	0.6
			PLAN I	2-2.5	1694	303,000	293,250	9/24/96	2	0.7
			PLAN H	2-2.5	1714	315,000	305,250	12/16/96	0	0.0
			PLAN J	2-2.5	2008	SOLD OUT	SOLD OUT			
				AVERAGES	1704	309,000	299,250	SINCE OPENING	82	1.5

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----- SALES HISTORY -----											
PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.	
BURNHAM PLACE-PARK ROW MICHIGAN/ROOSEVELT AT CENTRAL CHICAGO-NEAR SOUTH MCL DEVELOPMENT 152	5/31/92	69	PLAM K	2-2.5	1857	SOLD OUT	SOLD OUT	3/25/95	66	2.0	
			PLAN L	3-2.5	2414	SOLD OUT	SOLD OUT	6/26/95	0	0.0	
			PLAN M	3-2.5	2698	SOLD OUT	SOLD OUT	9/21/95	0	0.0	
			PLAN N	3-2.5	2698	SOLD OUT	SOLD OUT	12/27/95	2	0.6	
			PLAN O	3-2.5	3078	SOLD OUT	SOLD OUT	3/25/96	0	0.0	
								6/30/96	1	0.3	
AVERAGES								SINCE OPENING	69	1.4	
EASTSIDE LOFTS 16TH & INDIANA CHICAGO-NEAR SOUTH MCZ DEVELOPMENT 153	6/01/95	74	104/110	1-1	830	SOLD OUT	SOLD OUT	6/01/95	0	0.3	
			101	1-1	950	SOLD OUT	SOLD OUT	6/21/95	15	21.4	
			107/108	1-1.5	1000	SOLD OUT	SOLD OUT	9/21/95	27	9.0	
			202	1-1.5	1025	SOLD OUT	SOLD OUT	12/28/95	18	5.6	
			206	1-1.5	1060	SOLD OUT	SOLD OUT	3/31/96	14	4.5	
			103	1-1.5	1070	SOLD OUT	SOLD OUT		0	0.0	
			109	1-1.5	1110	SOLD OUT	SOLD OUT				
			110	1-1.5	1320	SOLD OUT	SOLD OUT				
AVERAGES								SINCE OPENING	74	7.4	
MILLENNIUM CLARK & 19TH STREETS CHICAGO-NEAR SOUTH FWK DVLPMNT 210	9/15/96	32	C	3-2	1340	189,900	187,450	9/15/96	0	0.0	
			D	3-2	1500	208,900	206,450	9/30/96	4	8.0	
			A	3-3	2075	249,900	245,450	12/30/96	0	0.0	
			B	3-3	2095	235,900	231,450		0	0.0	
								AVERAGES	1753	221,150	217,700

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	SALES HISTORY	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
PARK PLACE LOFTS 15TH AND WABASH CHICAGO-NEAR SOUTH SIMS PROPERTIES 159	9/01/95	61	09	1-1	669	SOLD OUT	SOLD OUT	9/30/95	0	0.0
			3-7	2-2	935	SOLD OUT	SOLD OUT	12/31/95	0	0.0
			03/07	1-1.5	950	SOLD OUT	SOLD OUT	3/31/96	0	0.0
			03	1-1.5	950	SOLD OUT	SOLD OUT	6/30/96	0	0.0
			5-7	2-2	994	SOLD OUT	SOLD OUT	9/30/96	0	0.0
			08	2-2	1022	SOLD OUT	SOLD OUT	12/20/96	0	0.0
			01	2-2	1218	SOLD OUT	SOLD OUT			
			02	2-2	1312	SOLD OUT	SOLD OUT			
			05	2-2.5	1316	SOLD OUT	SOLD OUT			
			06	2-2.5	1520	SOLD OUT	SOLD OUT			
			04	3-3.5	1738	SOLD OUT	SOLD OUT			
			PENTHOUSE	3-3	2000	SOLD OUT	SOLD OUT			
			PH I	3-3.5	2500	SOLD OUT	SOLD OUT			
			PH II	3-3.5	3000	SOLD OUT	SOLD OUT			
			AVERAGES					SINCE OPENING	0	0.0
PRAIRIE PLACE @ CENTRAL STATIO PRAIRIE PLACE & 14TH CHICAGO-NEAR SOUTH MCL 170	7/10/94	110	E	2-2.5	1480	243,900	231,600	9/21/95	10	0.7
			H	2-2.5	1813	299,900	284,600	12/27/95	4	1.3
			GRANT	2-2.5	2043	311,900	299,600	3/27/96	0	0.0
			D	3-2.5	2189	369,900	355,600	6/30/96	3	1.0
			FRANKLIN	3-2.5	2533	369,900	355,600	9/30/96	0	0.0
			A	4-2.5	2832	449,900	435,600	12/16/96	7	2.8
			M	3-2.5	3040	SOLD OUT	SOLD OUT			
			JACKSON	3-3.5	3744	559,900	543,600			
			AVERAGES					SINCE OPENING	24	0.8

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	----- SALES HISTORY -----	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
TOWNHOMES ON WABASH WABASH & 14TH STREET CHICAGO-NEAR SOUTH SIMMS PRPRTYS 148	11/15/94	32	B	3-3	2208	290,000	273,150	9/30/95	10	1.0
			A	3-3.5	2571	350,000	332,150	12/31/95	0	0.0
			C	4-6.5	4850	600,000	576,150	3/31/96	1	0.3
								6/30/96	1	0.3
								9/30/96	0	0.0
								12/20/96	0	0.0
			AVERAGES		3210	413,333	393,817	SINCE OPENING	12	0.5
TREVI SQUARE 1439 S. MICHIGAN CHICAGO-NEAR SOUTH KAHN 111	1/15/95	69	201	1-1.5	1015	135,000	130,550	9/21/95	57	7.0
			205	1-1.5	1100	SOLD OUT	SOLD OUT	12/30/95	0	0.0
			305	1-1.5	1100	SOLD OUT	SOLD OUT	3/27/96	5	1.7
			203	2-2	1195	SOLD OUT	SOLD OUT	6/30/96	2	0.6
			610	2-2	1290	SOLD OUT	SOLD OUT	9/30/96	2	0.7
			506	1-2	1320	SOLD OUT	SOLD OUT	12/17/96	0	0.0
			105	2-2	1380	SOLD OUT	SOLD OUT			
			103	2-2	1580	SOLD OUT	SOLD OUT			
			AVERAGES		1015	135,000	130,550	SINCE OPENING	66	2.9

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	SALES HISTORY	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
BELL TOWER LOFTS HURON & OAKLEY CHICAGO-NEAR WEST CARLTON DVLPMNT 130	1/15/96	18	N	1-1	1350	175,500	174,150	10/01/96	0	0.0
			P/Q	1-1.5	1356	165,450	163,100	12/30/96	1	0.3
			D	2-1.5	1403	147,350	147,000		0	0.0
			E	2-1.5	1445	159,900	159,550		0	0.0
			R	2-2	1458	177,900	176,550		0	0.0
			O	1-1	1467	184,500	183,150		0	0.0
			C	2-1.5	1501	157,600	157,250			
			G/H	2-1.5	1708	187,900	187,550			
			J/K	2-1.5	1798	197,800	197,450			
			M	2-2	1895	212,300	210,950			
			A	2-2	2087	219,150	217,800			
			F	2-2	2262	253,400	252,050			
			AVERAGES		1644	186,563	185,546	SINCE OPENING	1	0.1
CHINA CLUB LOFTS FULTON & DES PLAINES CHICAGO-NEAR WEST MCZ 184	12/15/95	112	12	1-1	875	124,800	122,250	12/15/95	0	0.0
			13/14	1-1.5	980	144,800	141,250	12/29/95	13	26.0
			11	2-1.5	1090	SOLD OUT	SOLD OUT	3/31/96	38	12.3
			10	1-1.5	1130	SOLD OUT	SOLD OUT	6/30/96	21	7.0
			15/19	2-2	1180	159,800	157,250	9/24/96	18	6.4
			7	2-2	1240	SOLD OUT	SOLD OUT	12/17/96	11	3.9
			1/2/3/4/5	2-2	1265	SOLD OUT	SOLD OUT			
			SEVENTH FLOOR	2-2	1290	198,800	196,250			
			PH	3-2.5	1760	SOLD OUT	SOLD OUT			
			AVERAGES		1081	157,050	154,250	SINCE OPENING	101	8.3

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	----- SALES HISTORY -----	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
CLINTON STREET LOFTS FULTON & CLINTON CHICAGO-NEAR WEST MCZ DEVELOPMENT 205	11/23/96	176	5/7/8/14/19/25	1-1	700	79,800	77,250	11/23/96	0	3.9
			06	1-1	740	99,800	97,250	12/17/96	0	0.0
			15	1-1	775	92,800	90,250		0	0.0
			03	1-1	780	117,800	115,250		0	0.0
			11/13	1-1	800	94,800	92,250		0	0.0
			09	1-1	820	104,800	102,250		0	0.0
			10	1-1	840	94,800	92,250			
			17	1-1	900	119,800	117,250			
			04	2-1.5	1080	164,800	163,250			
			02*	2-2	1100	169,800	167,250			
			16*	2-2	1200	194,800	192,250			
			01*	2-2	1390	219,800	217,250			
			14*	2-2	1400	219,800	217,250			
			18*	2-2	1500	234,800	232,250			
			AVERAGES		1002	143,443	140,964	SINCE OPENING	0	0.0
GARDEN COURT TOWNHOMES 1157 VERNON PARK PLACE CHICAGO-NEAR WEST CACCIATORE 169	3/01/94	16	A	2-1.5	1260	SOLD OUT	SOLD OUT	12/29/94	8	0.8
			B	3-1.5	1400	SOLD OUT	SOLD OUT	3/29/95	1	0.3
			C	3-1.5	1480	SOLD OUT	SOLD OUT	6/26/95	4	1.4
								9/21/95	2	0.7
								12/27/95	0	0.0
								3/27/96	1	0.3
			AVERAGES					SINCE OPENING	16	0.6

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	SALES HISTORY	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVG. MO. SALES RATE FOR QTR.
SINGER LOFTS JACKSON & HALSTED CHICAGO-NEAR WEST C & J DVLPMNT 141	3/01/95	20	2G	1-1	720	99,990	98,290	9/21/95	5	0.7
			2F	1-1	765	SOLD OUT	SOLD OUT	12/31/95	0	0.0
			2H	1-1	770	119,900	118,200	3/26/96	0	0.0
			2I	1-1	795	123,900	122,200	6/30/96	0	0.0
			3RD FLOOR H	1-1	799	SOLD OUT	SOLD OUT	9/30/96	0	0.0
			2K	1-1	830	128,900	127,200	12/16/96	0	0.0
			2A	2-1	920	138,000	138,300			
			2J	2-2	1085	168,900	167,200			
			2E	2-2	1135	176,900	175,200			
			G	1-1	1147	SOLD OUT	SOLD OUT			
			2D	2-2	1155	179,900	178,200			
			2C	2-2	1160	179,900	178,200			
			2B	2-2	1210	189,900	188,200			
			2ND FLOOR F	1-1.5	1289	SOLD OUT	SOLD OUT			
			C/D	2-2	1388	SOLD OUT	SOLD OUT			
			3RD FLOOR A	2-2	1584	SOLD OUT	SOLD OUT			
			2ND FLOOR A	2-2	1646	SOLD OUT	SOLD OUT			
			AVERAGES		978	150,619	149,119	SINCE OPENING	5	0.2
SMITHPARK COMMONS GRAND AVENUE WEST OF WESTERN CHICAGO-NEAR WEST SMITH PARK, INC. 143	6/02/96	39	B	3-2	1510	177,400	171,500	6/02/96	0	0.0
			A	3-2	1660	199,900	191,000	6/30/96	1	1.1
			WEST BRIDGE	4-3	1715	195,000	187,100	9/30/96	1	0.3
			C	3-3	1730	204,900	197,000	12/30/96	-1	-0.3
			EAST BRIDGE	3-3	1870	226,900	216,000		0	0.0
			AVERAGES		1697	200,820	192,520	SINCE OPENING	1	0.1

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
1000 WEST WASHINGTON	11/06/94	182	LOFT 1	1-1	850	127,900	125,950	9/22/95	90	8.6
1000 WEST WASHINGTON			211	1-1	910	123,900	121,950	12/29/95	7	2.2
CHICAGO-NEAR WEST			UNIT 330	1-1	1000	SOLD OUT	SOLD OUT	3/27/96	9	3.1
FORTUNE MGMT 175			DUPLEX 1	1-1	1125	SOLD OUT	SOLD OUT	6/30/96	11	3.5
			UNIT 442	1-1	1180	SOLD OUT	SOLD OUT	9/30/96	16	5.3
			LOFT 2	1-1	1200	SOLD OUT	SOLD OUT	12/16/96	2	0.8
			DUPLEX 2	1-1	1305	182,900	180,950			
			206	2-2	1310	170,900	168,950			
			UNIT 441	2-2	1655	234,900	232,950			
			DUPLEX 3	3-2	1689	SOLD OUT	SOLD OUT			
			205	2-2	1725	SOLD OUT	SOLD OUT			
			201	2-2	1900	249,900	247,950			
			TRIPLEX 2	2-3	1950	249,900	245,950			
			TRIPLEX 3	2-2.5	3025	349,900	346,950			
			AVERAGES		1613	211,275	208,950	SINCE OPENING	135	5.3

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG/MO SALES RATE FOR QTR.
701 WEST JACKSON JACKSON & DES PLAINES CHICAGO-NEAR WEST SNITZER HOMES 131	6/29/96	46	E	2-1	900	133,900	133,450	6/29/96	0	0.8
			F	2-1	949	130,900	130,450	6/30/96	0	0.8
			B	2-1	1120	140,900	140,450	9/25/96	14	5.0
			M	2-1	1205	SOLD OUT	SOLD OUT	12/23/96	8	2.8
			A	2-1.5	1255	152,900	151,450		0	0.0
			N	2-1.5	1305	SOLD OUT	SOLD OUT		0	0.0
			D	2-2	1397	179,900	177,450			
			C	2-2	1415	186,900	184,450			
			P	2-1.5	1425	SOLD OUT	SOLD OUT			
			G	2-2	1460	195,400	192,950			
			L	2-1.5	1465	SOLD OUT	SOLD OUT			
			H	2-1.5	1486	SOLD OUT	SOLD OUT			
			I	2-1.5	1490	SOLD OUT	SOLD OUT			
			J	2-1.5	1505	SOLD OUT	SOLD OUT			
			Q	2-1.5	1560	SOLD OUT	SOLD OUT			
			O	2-1.5	1585	SOLD OUT	SOLD OUT			
			K	2-1.5	1595	SOLD OUT	SOLD OUT			
			R	2-2.5	2385	219,900	216,450			
			AVERAGES		1360	167,588	165,888	SINCE OPENING	22	3.8
850 WEST ADAMS 850 WEST ADAMS CHICAGO-NEAR WEST ANNIE PROPERTIES 209	10/01/96	37	2E-6E	2-2	1977	282,900	277,500	10/01/96	0	0.0
			2A-6A	2-2	1994	279,500	274,100	12/30/96	0	0.0
			2B-6B	2-2	2100	310,900	305,500		0	0.0
			2F-6F	2-2	2124	308,900	303,500		0	0.0
			2D-6D	2-2	2206	337,500	332,100		0	0.0
			7A	2-2	2346	457,500	452,100		0	0.0
			2C-6C	2-2	2360	365,900	360,500			
			7B	2-2	2442	451,900	446,500			
			AVERAGES		2194	349,375	343,975	SINCE OPENING	0	0.0

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FOR REVIEW AND COMMENT		PAGE: 20		TORY		AVG MO SALE RATE FOR QTR.	
15	0.0	39	30.0	3	12.6	0	1.1
3	0.0	0	0.0	0	0.0	0	0.0
57	9.0	0	0.0	0	0.0	0	0.0
0	0.0	6	5.2	12	4.0	1	0.4
0	0.0	0	0.0	0	0.0	0	0.0

								SALES HISTORY		
PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
LARCHMONT LOFTS	12/15/95	57	PLAN 649	1-1	649	SOLD OUT	SOLD OUT	12/15/95	0	0.0
LARCHMONT & RAVENSWOOD			PLAN 967	1-1	967	SOLD OUT	SOLD OUT	12/29/95	15	30.0
CHICAGO-NORTH CENTER			PLAN 1024	1-1	1024	SOLD OUT	SOLD OUT	3/31/96	39	12.6
MCZ 185			PLAN 1119	2-1	1119	SOLD OUT	SOLD OUT	6/25/96	3	1.1
			PLAN 1217	2-1	1217	SOLD OUT	SOLD OUT		0	0.0
			PLAN 1486	2-2	1486	SOLD OUT	SOLD OUT		0	0.0
			PLAN 1580	2-2	1580	SOLD OUT	SOLD OUT			
			PLAN 1601	2-2	1601	SOLD OUT	SOLD OUT			
			AVERAGES					SINCE OPENING	57	9.0
RIVER PARK LOFTS	2/01/96	42	08	1-1	702	105,900	102,200	2/01/96	0	0.0
222 W. DIVERSEY			07	2-1	834	SOLD OUT	SOLD OUT	3/28/96	0	0.0
CHICAGO-NORTH CENTER			13	1-1	850	127,900	124,200	6/30/96	16	5.2
NATL GLDBRG/PRL 125			02/03	2-1.5	867	131,900	129,200	9/30/96	12	4.0
			04	2-1.5	876	127,900	125,200	12/20/96	-1	0.4
			11	1-1	886	142,900	139,200		0	0.0
			09	1-1.5	906	SOLD OUT	SOLD OUT			
			05	2-1.5	918	140,900	138,200			
			10	1-1.5	922	SOLD OUT	SOLD OUT			
			12	2-1	936	155,900	154,200			
			14	1-2	978	147,900	142,200			
			06	2-1.5	1000	142,900	140,200			
			01	2-2	1114	161,900	158,200			
			AVERAGES		913	138,600	135,300	SINCE OPENING	27	2.5

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	SALES HISTORY	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
RIVER PARK TOWNHOMES 2222 W. DIVERSEY CHICAGO-NORTH CENTER NATL GLDBRG/PRL 121	2/01/96	19	15	1-2.5	1530	219,900	207,950	2/01/96	0	0.0
			16/17	2-2.5	1600	SOLD OUT	SOLD OUT	3/28/96	3	1.6
			19	2-2.5	1665	239,900	229,950	6/30/96	6	1.9
			5-14	2-2.5	1674	231,900	221,950	9/30/96	-2	0.7
			18	3-2.5	1800	SOLD OUT	SOLD OUT	12/20/96	0	0.0
			2	2-2.5	2088	SOLD OUT	SOLD OUT		0	0.0
				AVERAGES	1623	230,567	219,950	SINCE OPENING	7	0.7

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.	
MAYFAIR COURT CONDOMINIUMS 4738 NORTH ELSTON AVENUE CHICAGO-NORTH PARK PONTARELLI 178	10/01/94	48	BRIGHTON ASCOT	1-1	1131	SOLD OUT	SOLD OUT	3/27/95	9	1.5	
				2-2	1245	SOLD OUT	SOLD OUT	6/22/95	5	1.8	
								9/22/95	6	2.0	
								12/31/95	5	1.5	
								3/27/96	22	7.6	
								6/30/96	1	0.3	
AVERAGES									SINCE OPENING	48	2.3
THE CONSERVANCY AT NORTH PARK BRYN MAWR & NORTH PULASKI CHICAGO-NORTH PARK PONTARELLI 150	4/15/94	160	FORSYTHIA	1-1	973	SOLD OUT	SOLD OUT	3/25/95	120	10.6	
			HYACINTH	2-1	1190	SOLD OUT	SOLD OUT	6/27/95	9	2.9	
			DAISY	2-1	1197	SOLD OUT	SOLD OUT	9/30/95	14	4.5	
			EVERGREEN	2-2	1280	SOLD OUT	SOLD OUT	12/31/95	8	2.7	
			ASTER	2-2	1340	SOLD OUT	SOLD OUT	3/27/96	8	2.8	
			CARNATION	2-2	1452	SOLD OUT	SOLD OUT	6/30/96	1	0.3	
			GLADIOLA	3-2.5	1775	SOLD OUT	SOLD OUT				
			BLUEBELL	3-2.5	1836	SOLD OUT	SOLD OUT				
			AVERAGES								

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----- SALES HISTORY -----

PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE PER QTR.
FILMWORKS LOFTS	5/17/94	87	3	1-1	970	SOLD OUT	SOLD OUT	3/23/95	67	6.6
1322 S. WABASH			4	1-1	1207	SOLD OUT	SOLD OUT	6/26/95	0	0.0
CHICAGO-LOOP			9	2-1.5	1216	SOLD OUT	SOLD OUT	9/22/95	12	4.1
WOLVERINE INVST 165			2	2-2	1387	SOLD OUT	SOLD OUT	12/31/95	0	0.0
			6	2-2	1452	SOLD OUT	SOLD OUT	3/27/96	4	4.4
			1	2-2	1492	SOLD OUT	SOLD OUT	6/24/96	4	4.4
			5A	1-1	1532	SOLD OUT	SOLD OUT			
			PLAN 1832	2-2	1832	SOLD OUT	SOLD OUT			
				AVERAGES				SINCE OPENING	87	5.5

DRAFT
(FOR REVIEW AND COMMENT)

APPENDIX IV-3
COMPOSITE SALES SUMMARY
TOWNHOME/CONDOMINIUM DEVELOPMENTS
CITY OF CHICAGO
4TH QUARTER 1996

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----- SALES HISTORY -----										REVIEW AND COMMENT	
PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.	
SCHILLER PLACE SCHILLER & WELLS CHICAGO-NEAR NORTH BELGRAVIA GROUP 112	3/01/94	39	UNIT C38	2-2	1809	SOLD OUT	SOLD OUT	12/27/94	21	2.1	
			UNIT C39	2-1.5	1809	SOLD OUT	SOLD OUT	3/22/95	12	4.3	
			UNIT B	3-3	2079	SOLD OUT	SOLD OUT	6/28/95	2	0.6	
			UNIT E	3-3	2079	SOLD OUT	SOLD OUT	9/21/95	1	0.4	
			UNIT F32	4-3	2099	SOLD OUT	SOLD OUT	12/28/95	2	0.6	
			UNIT A	4-3	2425	SOLD OUT	SOLD OUT	3/27/96	1	0.3	
			UNIT G31	4-3	2425	SOLD OUT	SOLD OUT				
			UNIT A25	4-3	2677	SOLD OUT	SOLD OUT				
				AVERAGES				SINCE OPENING	39	1.6	
THE TERRACES ON LASALLE 1430 NORTH LASALLE CHICAGO-NEAR NORTH PLATI 172	8/01/94	14	A/B/F/GI	2-2.5	1660	299,900	287,650	9/21/95	8	0.6	
			DI	2-2.5	1870	SOLD OUT	SOLD OUT	12/31/95	2	0.6	
			EII	2-2.5	1972	SOLD OUT	SOLD OUT	3/31/96	1	0.3	
			F/G/II	2-2.5	1985	SOLD OUT	SOLD OUT	6/30/96	1	0.3	
			DII	2-2.5	2300	SOLD OUT	SOLD OUT	9/24/96	1	0.4	
								12/09/96	1	0.4	
				AVERAGES	1660	299,900	287,650	SINCE OPENING	14	0.5	
TUXEDO PARK ORLEANS BETWEEN HURON & SUPERI CHICAGO-NEAR NORTH BEJCO 198	8/24/96	56	G	2-2	1501	259,900	252,800	8/24/96	0	0.4	
			C	2-2.5	1510	329,900	321,800	9/15/96	2	2.9	
			A	3-2.5	1817	364,900	357,800	12/16/96	4	1.3	
			D	4-2.5	2400	479,900	472,800		0	0.0	
			B	3-2.5	2470	429,900	422,800		0	0.0	
			E	3-2.5	2500	559,900	549,800		0	0.0	
			B1	4-3.5	2784	509,900	500,800				
			F	3-3.5	2830	599,900	587,800				
				AVERAGES	2227	441,775	433,300	SINCE OPENING	6	1.6	

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(FOR REVIEW AND COMMENT)

APPENDIX IV-3
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CITY OF CHICAGO
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----- SALES HISTORY -----

PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
UNION SQUARE-LOFTS	10/11/96	167	212-612	1-1	737	102,494	98,894	10/11/96	0	0.0
ORLEANS BETWEEN KINZIE & HUBBA			213-613	1-1	927	136,205	132,605	12/18/96	66	30.0
CHICAGO-NEAR NORTH			215-615	1-1	931	106,454	102,854		0	0.0
SPECTRUM R.E. 204			204-604	1-1	960	134,530	130,930		0	0.0
			221-621	1-1	971	142,444	138,844		0	0.0
			201-601	1-1	1026	155,388	151,788		0	0.0
			710-1010 P	2-2	1077	196,098	192,498			
			205-605 P	2-2	1134	162,336	158,736			
			210-310	1-1.5	1252	193,038	188,438			
			711-1011 P	2-2	1256	228,550	224,950			
			709-1009 P	2-2	1316	236,318	232,718			
			223-623	2-2	1335	176,640	173,040			
			708-1008 P	2-2	1340	244,640	241,040			
			712-1012 P	2-2	1398	253,400	249,800			
			703-1003 P	2-2	1512	319,176	315,576			
			706-1006P	2-2	1662	387,640	384,040			
			707-1007 P	2-2	1721	375,992	372,392			
			701-1001 P	2-2	1807	390,935	387,335			
			713-1013 P	2-2	1905	396,990	393,390			
			AVERAGES		1277	228,383	224,730	SINCE OPENING	66	30.0

DIRECTOR (FOR REVIEW AND COMMENT)

APPENDIX IV-3
COMPOSITE SALES SUMMARY
TOWNHOME/CONDOMINIUM DEVELOPMENTS
CITY OF CHICAGO
4TH QUARTER 1996.

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PROGRAM/LOCATION/ DEVELOPER	OPENING DATE	TOTAL UNITS	MODEL NAME	BEDS/ BATHS	SQ FT	SALES PRICE	ADJUSTED SALES PRICE	QUARTER ENDING	SALES HISTORY	
									TOTAL INCRE- MENTAL SALES FOR QTR.	AVG MO SALES RATE FOR QTR.
WHITNEY DEARBORN AND GOETHE CHICAGO-NEAR NORTH SANDZ DVLMP CO 182	9/30/95	95	F	2-2	1530	269,000	260,850	9/30/95	0	0.0
			D	2-2	1635	304,000	295,850	12/27/95	0	0.0
			C	2-2	1696	284,000	275,850	3/27/96	25	8.3
			E	2-2	1734	354,000	345,850	6/30/96	3	1.0
			A	2-2.5	1800	339,000	329,850	9/25/96	0	0.0
			P	2-2	1800	369,000	360,850	12/09/96	6	2.4
			G	2-2.5	1900	424,000	414,850			
			B	3-2.5	2100	489,900	481,750			
			L	3-3	2124	474,000	464,850			
			O	3-2.5	2844	578,000	569,850			
			AVERAGES		1916	388,490	380,040	SINCE OPENING	34	2.4
111 EAST CHESTNUT CONDOMINIUMS CHESTNUT & MICHIGAN CHICAGO-NEAR NORTH AMERICAN INVSCO 133	11/15/94	444	B	0-1	600	SOLD OUT	SOLD OUT	9/30/95	178	17.0
			E	0-1	600	92,300	92,700	12/31/95	29	9.7
			D	0-1	675	SOLD OUT	SOLD OUT	3/31/96	28	9.3
			B1	1-1	925	SOLD OUT	SOLD OUT	6/30/96	2	0.7
			D1	1-1	925	SOLD OUT	SOLD OUT	9/30/96	7	2.3
			F/G/H/J	1-1	1000	148,500	148,900	12/20/96	16	5.9
			C	2-2	1425	229,000	229,400			
			A	2-2	1600	264,000	264,400			
			K	2-2	1600	279,000	279,400			
			AVERAGES		1245	202,560	202,960	SINCE OPENING	260	10.3

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(FOR REVIEW AND COMMENT)

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(FOR REVIEW AND COMMENT)

Appendix Table III-1
Trends in Nonagricultural Wage & Salary Employment
Chicago PMSA
1983 - 1995

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u> (Estimated)
<u>Total (In Thousands)</u>	<u>3068.9</u>	<u>3234.8</u>	<u>3369.6</u>	<u>3396.5</u>	<u>3482.3</u>	<u>3576.9</u>	<u>3671.0</u>	<u>3709.1</u>	<u>3650.7</u>	<u>3648.6</u>	<u>3724.9</u>	<u>3810.2</u>	<u>3908.2</u>	<u>3975.7</u>
Mining	2.0	2.2	2.8	2.9	2.4	2.7	2.2	2.3	2.1	2.2	2.1	2.0	1.8	1.8
Construction	104.9	122.6	137.9	139.1	147.3	149.0	154.7	158.8	144.9	134.9	138.3	139.4	144.9	146.1
Manufacturing	665.1	697.7	681.2	654.6	657.8	672.9	675.5	670.5	640.4	628.2	637.5	649.4	656.1	661.7
Transportation & Public Utilities	180.5	192.8	203.7	207.4	210.2	213.9	223.5	225.8	222.9	221.8	226.0	233.6	237.2	240.4
Wholesale Trade	227.6	252.4	274.6	274.1	276.3	275.2	287.3	280.3	275.1	264.2	262.9	263.8	269.9	272.9
Retail Trade	497.9	529.2	556.7	572.6	598.4	609.1	616.9	615.5	602.4	594.6	610.5	628.6	645.8	665.9
Finance, Insurance, & Real Estate	242.6	248.3	260.1	269.6	278.3	286.8	293.3	296.3	295.0	294.8	300.9	303.8	301.2	301.2
Services	738.8	780.0	829.8	849.9	882.9	925.5	971.2	1006.0	1009.6	1045.6	1081.4	1117.0	1166.4	1197.6
Government	409.5	409.6	422.8	426.3	428.7	441.8	446.4	453.6	458.3	462.3	465.4	472.7	484.9	485.7

Source: Illinois Department of Employment Security

This document prepared by
and after recording return to:
Michael M. Kaplan
Sachnoff & Weaver, Ltd.
30 South Wacker Drive
Suite 2900
Chicago, Illinois 60606
Recorder's Box # 367

DECLARATION OF CONDOMINIUM
PURSUANT TO THE CONDOMINIUM
PROPERTY ACT
OLD TOWN SQUARE UNIT ONE CONDOMINIUM

This Declaration made and entered into this ____ day of _____, 1996, by MELK DEVELOPMENT/MCL SCOTT SEDGWICK L.P., an Illinois limited partnership (hereinafter referred to as "Owner"):

WITNESSETH:

WHEREAS, Owner is the developer and owner in fee simple of certain real estate, hereinafter described, in Chicago, Cook County, Illinois; and

WHEREAS, Owner intends to, and does hereby submit such real estate together with all buildings, structures, improvements and other permanent fixtures of whatsoever kind thereon, and all rights and privileges belonging or in anywise pertaining thereto, to the provisions of the Illinois Condominium Property Act; and

WHEREAS, Owner desires to establish certain rights and easements in, over and upon said real estate for the benefit of itself and all future owners of any part of said real estate, and any unit or units thereof or therein contained, and to provide for the harmonious, beneficial and proper use and conduct of the real estate and all units; and

WHEREAS, Owner desires and intends that the several unit owners, mortgagees, occupants, and other persons hereafter acquiring any interest in the Property, hereinafter defined, shall at all times enjoy the benefits of, and shall hold their interests subject to the rights, easements, privileges, and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspect of the Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property.

P.I.N. 17-04-219-066

MMK202244.0035.MMK60298.WPF

NOW, THEREFORE, Owner DECLARES as follows:

1. Definitions. Certain words and terms used in this Declaration are defined as follows:
 - (a) Act: The Condominium Property Act of the State of Illinois, as amended from time to time.
 - (b) Additional Parcel: The real estate described in Paragraph 27 hereof which may be annexed and added to the Parcel and Property pursuant to the terms of Paragraph 27 hereof.
 - (c) Amendment: An amendment to the Declaration annexing and adding all or a portion of the Additional Parcel to the Parcel and Property pursuant to the terms of Paragraph 27 hereof.
 - (d) Association: The Association of all the Unit Owners acting pursuant to the By-Laws, as amended, through its duly elected Board.
 - (e) Board: The board of managers of the Association as constituted at any time and from time to time. In the event the Association is incorporated, the Board shall mean the Board of Directors of the incorporated Association.
 - (f) Building: All structures, attached or unattached, containing one or more Units.
 - (g) By-Laws: The By-Laws of the Association.
 - (h) Common Elements: All portions of the Property except the Units, including without limiting the generality of the foregoing, the Parcel, roofs, exterior walls and structural parts of the improvements on the Parcel, wherever located.
 - (i) Common Expenses: The proposed or actual expenses affecting the Property, including Reserves, if any, lawfully assessed by the Board.
 - (j) Condominium Instruments: All documents and authorized amendments thereto Recorded pursuant to the provisions of the Act, including the Declaration, By-Laws and Plat.
 - (k) Developer: Melk Development/MCL Scott Sedgwick L.P. and its successors and assigns, or such other persons or entities as Owner may from time to time designate.
 - (l) First Mortgagee: The holder of a note secured by a bona fide first mortgage or first trust deed covering any portion of the Property.
 - (m) Limited Common Elements: That part of the Common Elements contiguous to and serving a single Unit exclusively as an inseparable appurtenance thereto including specifically such portions of the perimeter walls, floors and ceilings, windows, doors, and all fixtures and structures therein which lie outside the Unit boundaries, perimeter doors, windows in perimeter doors, pipes, ducts, flues, shafts, electrical wiring or conduits or other system or component part thereof which serve a Unit exclusively to the extent such system or component part is located outside the boundaries of a Unit and driveways, private balconies, roof decks and private fenced yards which have been designated on the plat as Limited Common Elements.

(n) Maintenance Fund: All monies collected or received by the Association pursuant to the provisions of the Condominium Instruments.

(o) Majority of Unit Owners: The owners of more than 50% in the aggregate in interest of the undivided ownership of the Common Elements. Any specified percentage of the Unit Owners means such percentage in the aggregate in interest of such undivided ownership.

(p) Occupant: A person or persons, other than a Unit Owner, in possession of a Unit.

(q) Parcel: The lot or lots, tract or tracts of land, submitted to the provisions of the Act pursuant to the Declaration, as amended.

(r) Person: A natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

(s) Plat: A plat or plats of survey of the Parcel and of all Units in the Property submitted to the provisions of the Act, which shall consist of a three dimensional horizontal and vertical delineation of all such Units and such other data as may be required by the Act.

(t) Property: All land, property and space comprising the Parcel, all improvements and structures erected, constructed or contained therein or thereon, including the Building and all easements, rights and appurtenances belonging thereto, and all fixtures and equipment intended for the mutual use, benefit and enjoyment of the Unit Owners, submitted to the provisions of the Act.

(u) Record: To record in the Office of the Recorder of Deeds of Cook County, Illinois.

(v) Reserves: Those sums paid by Unit Owners which are separately maintained by the Board for purposes specified by the Board or the Condominium Instruments.

(w) Unit: Any part of the Property designed and intended for any type of independent use and which is designated on the Plat as a Unit.

(x) Unit Owner: The person or persons whose estates or interests, individually or collectively, aggregate fee simple absolute ownership of a Unit.

2. Legal Description of Parcel. The Parcel hereby submitted to the provisions of the Act is legally described as follows:

A portion of the following described property:

The West 53.0 feet of Lot 8 in Oscar Mayer's Resubdivision of various Lots and vacated alleys in various subdivisions in the West Half of the Northeast Quarter and in the East Half of the Northwest Quarter of Section 4, Township 39 North, Range 14, East of the Third Principal Meridian, recorded November 21, 1980 as document 25677341 and registered in the Registrar's Office of Cook County, Illinois November 21, 1980 as document LR3189994, in Cook County, Illinois.

Proposed Easement for Ingress and Egress: The East 6.0 feet of the West 53.0 feet of Lot 8 in Oscar Mayer's Resubdivision of various Lots and vacated alleys in various subdivisions in the West Half of the

Northeast Quarter and in the East Half of the Northwest Quarter of Section 4, Township 39 North, Range 14, East of the Third Principal Meridian, recorded November 21, 1980 as document 25677341 and registered in the Registrar's Office of Cook County, Illinois November 21, 1980 as document LR3189994, in Cook County, Illinois.

3. Description of Units. All Units are delineated on the Plat attached hereto as Exhibit E and made a part of this Declaration. The legal description of each Unit shall consist of the identifying number or symbol of such Unit as shown on the Plat. Said Units are legally described on Exhibit A attached hereto and made a part hereof.

4. Use and Ownership of the Common Elements. (a) The use of the Common Elements and the right of the Unit Owners with respect thereto shall be subject to and governed by the Act, the Condominium Instruments and the rules and regulations of the Board.

(b) Each Unit Owner shall own an undivided interest in the Common Elements, in the percentage set forth in Exhibit B attached hereto and made a part hereof, as a tenant in common with all the other Unit Owners. Except for the Limited Common Elements, each Unit Owner, his agents, permitted Occupants, family members and invitees shall have the right to use the Common Elements for all purposes incident to the use and occupancy of his Unit as a place of residence and such other incidental uses permitted by the Condominium Instruments, which right shall be appurtenant to, and run with, his Unit. Each Unit Owner shall have the right to the exclusive use and possession of the Limited Common Elements contiguous to and serving only his Unit and the Limited Common Elements access to which is available only through his Unit. The right to the exclusive use and possession of the Limited Common Elements as aforesaid shall be appurtenant to and run with the Unit of such Unit Owner. Except as set forth in the preceding sentence, Limited Common Elements may not be transferred between or among Unit Owners.

5. Encroachments and Easements. (a) If any part of the Common Elements encroaches or shall hereafter encroach upon any part of any Unit, or any part of any Unit encroaches or shall hereafter encroach upon any part of the Common Elements, or any portion of any Unit encroaches upon any part of any other Unit as a result of the construction, repair, reconstruction, settlement or shifting of the Building, valid easements for the maintenance of such encroachment are hereby established and shall exist for the benefit of such Unit or Common Elements so encroaching so long as all or any part of the Building containing such Unit or Common Elements so encroaching shall remain standing; provided, however, that after the date this Declaration is recorded, a valid easement for an encroachment shall in no event be created in favor of any owner of a Unit other than the Owner or in favor of the owners of the Common Elements if such encroachment occurred due to the willful conduct of said owner or owners.

(b) Easements are hereby declared and granted for utility purposes, including the right to install, lay, maintain, repair and replace water mains and pipes, sewer lines, gas mains, telephone wires and equipment, and electrical conduits, wires and equipment over, under, along and on any part of the Common Elements, as they exist on the date any Parcel is submitted to the Act.

(c) Upon approval by at least 67% of the Unit Owners, portions of the Common Elements may be dedicated to a public body for purposes of streets or utilities. Where such a dedication is made, nothing in the Act or any other law shall be construed to require that the real property taxes of every Unit must be paid prior to recordation of the dedication. Upon approval by a Majority of the Unit Owners, an easement may be granted for the laying, maintenance, and repair of cable television cable. Upon approval by a Majority of the Unit Owners, an easement may be granted to a governmental body for

construction, maintenance, and repair of a project for protection against water damage or erosion. Any action pursuant to this subparagraph (c) of paragraph 5 must be taken at a meeting of Unit Owners duly called for that purpose.

(d) All easements and rights described herein are easements appurtenant, running with the Parcel, and shall inure to the benefit of and be binding on the undersigned, its successors and assigns, and any owner, purchaser, mortgagee and other person having an interest in said Parcel, or any part or portion thereof.

(e) Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration, shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees of such parcels as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such documents.

6. Pipes, etc. All pipes, wires, ducts, flues, chutes, conduits, public utility lines (to the outlets), and structural components located in or running through a Unit and serving more than one Unit or another Unit or serving, or extending into, the Common Elements, or any part thereof, shall be deemed part of the Common Elements but shall not be deemed to be Limited Common Elements. No Unit Owner may take any action which would interfere with the ability of the Association to repair, replace or maintain said Common Elements as provided herein.

7. Lease of Units or Sublease or Assignment of Lease Thereof. Any Unit Owner shall have the right to lease, or permit a subsequent sublease or assignment of all (but not less than all) of his Unit upon such terms and conditions as the Unit Owner may deem acceptable, except that no Unit shall be leased, subleased or assigned for transient or hotel purposes, which are hereby defined as being for a period of less than thirty (30) days or for a period of more than thirty (30) days where hotel services normally furnished by a hotel (such as room service and maid service) are furnished. Any such lease, sublease or assignment shall be in writing, a copy of which must be delivered to the Association not later than the date of occupancy or 10 days after the lease is signed, whichever occurs first, and shall provide that the lease, sublease or assignment shall be subject to the terms of this Declaration and that any failure of the lessee, sublessee or assignee to comply with the terms of this Declaration shall be a default under the lease, sublease or assignment. The Unit Owner making any such lease, or permitting such sublease or assignment shall not be relieved thereby from any of his obligations under the Declaration. In addition to any other remedies, by filing an action jointly against the Unit Owner and the lessee, sublessee or assignee, the Association may seek to enjoin a lessee, sublessee or assignee from occupying a Unit or seek to evict a lessee, sublessee or assignee under the provisions of Article IX of the Code of Civil Procedure for failure of the lessor-Unit Owner to comply with the leasing requirements prescribed by this Section or by the Declaration, By-Laws, and rules and regulations.

8. Association. (a) The Owner, prior to the first annual meeting of Unit Owners, or the Association, thereafter, may cause the formation of an Illinois not-for-profit corporation for the purpose of facilitating the administration and operation of the Property and to act as the Association.

(b) Whether or not the Association is incorporated,

(i) each Unit Owner shall be a member of such Association, which membership shall terminate upon the sale or other disposition by such member of his Unit, at which time the new Unit Owner shall automatically become a member therein;

(ii) the provisions of Exhibit C of this Declaration shall be adopted as the initial By-Laws of such Association;

(iii) the name of such Association shall be Old Town Square Unit One Condominium Association, or a similar name.

9. Insurance, Repair and Reconstruction. (a) The Association shall acquire and pay for out of the Maintenance Fund herein provided for, the following:

(i) Such insurance as the Association is required to obtain under the provisions of the Act and such other insurance as the Association deems advisable in the operation, and for the protection, of the Common Elements and the Units. The Association shall also comply with the insurance requirements of the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal National Mortgage Association ("FNMA"), the U.S. Department of Housing and Urban Development ("HUD"), the Federal Housing Authority ("FHA") or the Veteran's Administration ("VA") to the extent that: (y) such agency is a mortgagee, assignee of a mortgagee or an insurer or guarantor of a first mortgage with respect to any Unit and the Association is so notified thereof; and (z) such agency's requirements do not conflict with those contained in the Act. Any losses under such policies of insurance shall be payable, and all insurance proceeds recovered thereunder shall be applied and disbursed, in accordance with the provisions of this Declaration and the Act.

The Association may engage the services of any bank or trust company authorized to do business in Illinois to act as trustee or agent on behalf of the Association for the purpose of receiving and disbursing the insurance proceeds resulting from any loss, upon such terms as the Association shall determine consistent with the provisions of this Declaration. In the event of any loss resulting in the destruction of the major portion of one or more Units, occurring after the first annual meeting of the Unit Owners is held pursuant to the provisions of the By-Laws, the Association shall engage a corporate trustee as aforesaid upon the written demand of the mortgagee or owner of any Unit so destroyed. The fees of such corporate trustee shall be Common Expenses.

Each Unit Owner, other than the Owner, shall notify the Association in writing of any additions, alterations or improvements to his Unit and he shall be responsible for any deficiency in any insurance loss recovery resulting from his failure so to notify the Association. The Association shall use its reasonable efforts to obtain insurance on any such additions, alterations or improvements if such Unit Owner requests it to do so and if such Unit Owner shall make arrangements satisfactory to the Association to reimburse it for any additional premiums attributable thereto; and in the absence of insurance on such additions, alterations or improvements, the Association shall not be obligated to apply any insurance proceeds to restore the affected Unit to a condition better than the condition existing prior to the making of such additions, alterations or improvements. All such policies of insurance shall contain standard mortgage clause endorsements in favor of the mortgagee of each Unit and shall provide that such policies shall not be terminated, canceled or substantially modified without at least thirty (30) days' prior written notice to the mortgagee of each Unit.

(ii) Comprehensive public liability and property damage insurance in such limits as the Association shall deem desirable provided that such limit shall not be less than \$1,000,000.00 per occurrence, for personal injury and/or property damage, insuring the Association, the members of the Board, the managing agent, if any, and their respective agents and employees, and the Unit Owners from any liability in connection with the Property. Such policy shall provide that the insurance coverage shall not be cancelled or substantially modified without at least thirty (30) days' written notice to the Association.

(iii) Such other forms of insurance as the Association shall elect to effect including such Workmen's Compensation insurance as may be necessary to comply with applicable laws.

(iv) Fiduciary insurance coverage to protect against dishonest acts on the part of all officers, employees or other persons who either handle or are responsible for funds held or administered by the Association, if such insurance is mandated by law or if the Association shall elect to effect it. Such insurance coverage shall name the Association as an insured or obligee and shall be in an amount at least equal to the maximum amount of funds that will be in the custody of the Association plus Reserves.

(v) In the event FHLMC, FNMA, HUD, FHA or VA is a mortgagee, an assignee of a mortgagee, or an insurer or guarantor of a first mortgage with respect to any Unit and the Association is so notified, a fidelity bond or bonds (or insurance coverage if acceptable to such of FHLMC, FNMA, HUD, FHA or VA as are then a mortgagee or an assignee of a mortgagee) to protect against dishonest acts on the part of the officers, directors, trustees and employees of the Association and all others who handle, or are responsible for handling, funds of the Association. Such bond or bonds shall name the Association as an obligee and shall be in an amount at least equal to 150% of the estimated annual Common Expenses including Reserves, unless a higher amount is required by the FHLMC, FNMA, HUD, FHA or VA, in which case the bond or bonds shall be in the higher amount. Such bond or bonds shall contain a waiver of defense based upon the exclusion of persons who serve without compensation from the definition of "employee."

(b) Except as otherwise provided in this Declaration, premiums for all insurance obtained or maintained by the Association, and the cost of any appraisal which the Association deems advisable in connection with any insurance, shall be Common Expenses.

(c) The Association shall secure insurance policies that will provide for the following:

(i) with respect to the insurance provided for in (a)(ii) of this paragraph, for coverage of cross liability claims of one insured against another and to preclude the insurer's denial of a Unit Owner's claim because of negligent acts of the Association or of other Unit Owners; and

(ii) a waiver of any rights to subrogation by the insuring company against any named insured.

(d) The Association may, but shall not be required to, secure policies providing:

(i) with respect to the insurance provided for in (a)(i) of this paragraph, that the policy cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual Unit Owners; and

(ii) with respect to the insurance provided for in (a)(i) of this paragraph, that the insurer shall not have the option to restore the Property, if the Property is sold or removed from the provisions of the Act.

(e) Each Unit Owner shall be responsible for insurance coverage on the furnishings and other items of personal property belonging to a Unit Owner which are contained in a Unit and not a part of the Unit, and not insured pursuant to sub-paragraph 9(a)(i) hereof, and insurance for his personal liability to the extent not covered by insurance maintained by the Association.

(f) Upon the cancellation of any policy of insurance which the Association is required to obtain hereunder, the Association shall notify each party insured thereunder of such cancellation.

(g) In the event of fire or other disaster, the insurance proceeds, if sufficient to reconstruct the Building, shall be applied to restore the Building to substantially the same condition in which it existed prior to the fire or other disaster, with each Unit and Common Elements to have the same vertical and horizontal boundaries as before the fire or other disaster.

(h) If, in the event of fire or other disaster, the insurance proceeds are insufficient to restore the Building as set forth in the preceding sub-paragraph then:

(i) The Board shall call a meeting of Unit Owners to be held not later than the first to occur of (i) the expiration of thirty (30) days after the final adjustment of the insurance claims or (ii) the expiration of ninety (90) days after the fire or other disaster which caused the damage.

(ii) At such meeting, the Board shall present an estimate of the cost of repair or reconstruction, together with an estimate of the part thereof which must be raised by way of special assessment.

(iii) The Building shall be restored and the proposed special assessment shall be levied only upon the vote of 75% of the Unit Owners.

(iv) If the Unit Owners do not vote to restore the Building at the meeting provided for in (i) above, then the Board may, at its discretion, call another meeting or meetings of Unit Owners to reconsider the question. If the Unit Owners do not vote to restore the Building within one hundred eighty (180) days after the fire or other disaster, then the Board may (but shall not be required to) record a notice as permitted under the Act.

(v) If the Unit Owners do not vote to restore the Building under the provisions of the immediately preceding sub-paragraph and the Board does not Record a notice as permitted under the Act, then the Unit Owners may, upon the affirmative vote of a Majority of Unit Owners voting at a meeting duly called for that purpose and with the consent of all First Mortgagees, authorize the President or Vice President and the Secretary or Assistant Secretary to execute and Record an amendment to this Declaration for the purpose of withdrawing any portion of the

Building so affected by such fire or other disaster from the Act. Upon the withdrawal of any Unit or portion thereof, the percentage of interest in the Common Elements appurtenant to such Unit shall be reallocated among the remaining Units on the basis of the relative percentage interest of the remaining Units. If only a portion of a Unit is withdrawn, the percentage of interest appurtenant to that Unit shall be reduced accordingly, upon the basis of diminution of the market value of the Unit, as determined by the Board. The allocation of any insurance, or other proceeds to any withdrawing or remaining Unit Owners shall be on an equitable basis, which need not be a Unit's percentage of interest in the Common Elements.

Any insurance or other proceeds available in connection with the withdrawal of any portion of the Common Elements, not necessarily including the Limited Common Elements, shall be allocated on the basis of each Unit Owner's percentage of interest in the Common Elements. Any such proceeds available from the withdrawal of Limited Common Elements shall be distributed in accordance with the interests of those entitled to their use. Upon the withdrawal of any Unit or portion thereof, assessments attributable to the period after such withdrawal shall no longer be required for such withdrawn Unit or shall be equitably reduced to reflect such withdrawn portion.

10. Separate Real Estate Taxes. It is understood that real estate taxes are to be separately taxed to each Unit Owner for his Unit and its corresponding percentage of ownership of the Common Elements, as provided in the Act. In the event that for any year such taxes are not separately taxed to each Unit Owner, then the Association shall collect from each Unit Owner of a Unit not separately taxed, the proportionate share of the tax bill attributable to his Unit based on the relative percentages of ownership of the Common Elements of each such Unit not separately taxed in proportion to the total percentage of ownership of the Common Elements of all of the Units located on the property affected by such tax bill. Such taxes shall be considered a Common Expense of each such Unit.

11. Use and Occupancy of Units and Common Elements. The Units and Common Elements shall be occupied and used as follows:

(a) No part of the Property shall be used for other than housing and the related common purposes for which the Property was designed. Each Unit or any two or more adjoining Units used together shall be used as a residence for a single family, or such other uses permitted by this Declaration and for no other purposes. That part of the Common Elements separating any two or more adjoining Units used together may be altered to afford ingress and egress to and from such adjoining Units in accordance with the rules and regulations of the Association and upon such conditions as shall reasonably be determined by the Association, provided that a Unit Owner intending to so alter the Common Elements as aforesaid shall notify the Association at least twenty-one (21) days prior to the commencement of any such alteration. Parking spaces shall be used only for the parking of passenger automobiles.

(b) No industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted on any part of the Property. No "For Sale" or "For Rent" signs, advertising or other displays shall be maintained or permitted on any part of the Property except at such location and in such form as shall be determined by the Association. The right is reserved by the Owner or its agent or agents, to place "For Sale" or "For Rent" signs on any unsold or unoccupied Units, and on any part of the Common Elements, and the right is hereby given to any First Mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such First Mortgagee. Until all the Units are sold and conveyed, the Owner shall be entitled to access, ingress and egress to the Property as it shall

deem necessary in connection with the sale of, or work in, the Building or any Unit. The Owner shall have the right to use any unsold Unit or Units as a model apartment or for sales or display purposes, and to relocate the same from time to time, and to maintain on the Property, until the sale of the last Unit, all models, sales offices and advertising signs or banners, if any, and lighting in connection therewith. In addition to the foregoing, Owner, or its agents or designees, shall have access to, and ingress and egress over, the Property for purposes of photographing or drawing the Property, or any part thereof, and to use such photographs or drawings in any marketing or other materials as Owner shall chose; and such rights shall continue for a period of five (5) years from the date hereof.

(c) There shall be no obstruction of the Common Elements nor shall anything be stored in the Common Elements without the prior consent of the Association except as herein expressly provided. Each Unit Owner shall be obligated to maintain and keep his own Unit in good, clean order and repair. The use and the covering of the interior surfaces of windows, whether by draperies, shades or other items visible on the exterior of the Building, shall be subject to the rules and regulations of the Association.

(d) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Property, or contents thereof, applicable for residential use, without the prior written consent of the Association. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of any insurance maintained by the Association, or which would be in violation of any law. No waste shall be committed in the Common Elements.

(e) Unit Owners shall not cause or permit anything to be hung or displayed on the outside or inside of windows or placed on the outside walls of the Building or upon the Limited Common Elements and no sign, awning, canopy, shutter, radio or television antenna (except as installed as of the date this Declaration is recorded or except as thereafter installed by Owner or the Association) shall be affixed to or placed upon the exterior walls or roof or any part thereof or on the Common Elements, or Limited Common Elements, without the prior written consent of the Association. No air conditioning unit of whatever type, other than those installed as of the date this Declaration is recorded or those thereafter installed by the Owner or the Association, may be installed without the prior written permission of the Association.

(f) No animals, livestock, fowl or poultry of any kind shall be raised, bred, or kept in any Unit or in the Common Elements, except that household pets, including dogs and cats, may be kept in Units, subject to rules and regulations adopted by the Association, which rules or regulations may exclude any kind of pet, other than dogs or cats, by type or category, provided that permitted household pets are not kept, bred, or maintained for any commercial purpose; and provided further that any such authorized pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon three (3) days' written notice from the Association.

(g) No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or Occupants.

(h) Except as constructed or altered by or with the permission of the Owner or the Association, nothing shall be done in any Unit or in, on or to the Common Elements or Limited Common Elements which would impair the structural integrity, safety or soundness of the Building or which would structurally change the Building.

(i) No clothes, sheets, blankets, laundry or other articles of any kind shall be hung out or exposed on any part of the Common Elements. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials.

(j) No benches, chairs or other personal property shall be left on, nor shall any playing, lounging, parking of baby carriages, playpens, bicycles, wagons, toys or vehicles be permitted on, any part of the Common Elements without the prior consent of, and subject to any rules and regulations of, the Association.

(k) Nothing shall be altered or constructed in or removed from the Common Elements or Limited Common Elements, except as constructed or altered by or with the permission of the Owner at any time prior to the first annual meeting of the Unit Owners, without the written consent of the Association.

(l) Each Unit Owner and the Association hereby waive and release any and all claims which he or it may have against any other Unit Owner, the Association, members of the Board, the Owner and their respective employees and agents, for damage to the Common Elements, the Units, or to any personal property located in the Units or Common Elements, caused by fire or other casualty or any act or omission referred to in Paragraph 11(m), to the extent that such damage is covered by fire or other form of hazard insurance.

(m) If the act or omission of a Unit Owner, or of a member of his family, a household pet, guest, Occupant or visitor of such Unit Owner, shall cause damage to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be at the Common Expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Association, to the extent such payment is not waived or released under the provisions of Paragraph 11(l).

(n) Any release or waiver referred to in Paragraph 11(l) and 11(m) hereof shall be valid only if such release or waiver does not affect the right of the insured under the applicable insurance policy to recover thereunder.

(o) No Unit Owner shall overload the electric wiring in the Building, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Association, an unreasonable disturbance to others.

(p) This Paragraph 11 shall not be construed to prevent or prohibit a Unit Owner from maintaining a personal professional library, keeping personal business or professional records or accounts, handling personal business or professional telephone calls, or conferring with business or professional associates, clients or customers, in his Unit.

12. Violation of Declaration. The violation of any rule or regulation adopted by the Association or the breach of any covenant or provision contained herein or in the By-Laws by any Unit Owner, shall, in addition to any other rights provided for in this Declaration or the By-Laws, give the Association the right: (a) to enter upon the Unit, or any portion of the Property upon which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and neither the Association nor the officers, employees or agents thereof shall thereby

be deemed guilty in any manner of trespass except, however, that judicial proceedings must be instituted prior to alteration or demolition of any items of construction; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; or (c) to take possession of such Unit Owner's interest in the Property and to maintain an action for possession of such Unit in the manner provided by law.

Provided, however, that, except in cases of emergency where damage to persons or property is threatened, the Association shall not take any such action unless it has (a) first given the Unit Owner alleged to have violated any restriction, condition or regulation adopted by the Association or to be in breach of any covenant or provision herein or in the By-Laws contained, a hearing on such allegations pursuant to rules and regulations adopted by the Association, (b) the Association shall have determined such allegations to be true and (c) the Unit Owner shall not have desisted from such violation or breach or shall not have taken such steps as shall be necessary to correct such violation or breach within such reasonable period of time as determined by the Association and communicated to the Unit Owner. Any and all costs and expenses incurred by the Association in the exercise of its authority as granted in this paragraph 12, including but not limited to court costs, reasonable attorneys' fees as determined by a court of competent jurisdiction, and cost of labor and materials shall be paid by the Unit Owner in violation, and, until paid by such Unit Owner, shall constitute a lien on the interest of such Unit Owner in the Property, which lien may be perfected and foreclosed in the manner provided in Section 9 of the Act with respect to liens for failure to pay a share of the Common Expenses. Any such lien shall be junior and subordinate to the lien of a First Mortgagee with respect to such Unit.

Furthermore, if after hearing and finding as aforesaid and failure of the Unit Owner to desist from such violation or to take such corrective action as may be required, the Association shall have the power to issue to the defaulting Unit Owner a ten (10) day notice in writing to terminate the rights of the said defaulting Unit Owner to continue as a Unit Owner and to continue to occupy, use or control his Unit and thereupon an action in equity may be filed by the Association against the defaulting Unit Owner for a decree declaring the termination of the defaulting Unit Owner's right to occupy, use or control the Unit owned by him on account of the violation of a rule or breach of covenant or provision as aforesaid and ordering that all the right, title and interest of the Unit Owner in the Property shall be sold at a judicial sale upon such notice and terms as the court shall establish, except that the court shall enjoin and restrain the defaulting Unit Owner from reacquiring his interest at such judicial sale or by virtue of the exercise of any right of redemption which may be established, and except that the court shall direct that any existing first mortgage be retired out of the proceeds of such judicial sale. The proceeds of any such judicial sale shall first be paid to discharge court costs, reasonable attorneys' fees and all other expenses of the proceeding and sale, and all such items shall be taxed against the defaulting Unit Owner in said decree. Any balance of proceeds after satisfaction of such charges and any unpaid assessments hereunder or any liens shall be paid to the Unit Owner. Upon the confirmation of such sale, the purchaser thereof shall thereupon be entitled to a deed to the Unit and to immediate possession of the Unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the interest in the Property sold subject to this Declaration.

Any Unit Owner in default hereunder or under the provisions of the By-Laws or any rule or regulation adopted by the Association shall pay to the Association, as an agreed Common Expense with respect to his Unit, all interest, late charges, reasonable attorneys' fees, cost of collection and amount of any fine by the Association in enforcing the provisions of the By-Laws, this Declaration or the rules and regulations of the Association as to which the Unit Owner is in default. Until such amounts are paid by

the Unit Owner, the total amount thereof shall constitute a lien on the interest of the Unit Owner in the Property, which lien may be perfected and foreclosed in the manner provided in Section 9 of the Act with respect to liens for failure to pay a share of the Common Expenses. Any such liens shall be junior and subordinate to the lien of a First Mortgagee with respect to such Unit.

13. Entry by Association. The Association or its officers, agents or employees may enter any Unit when necessary in connection with any painting, maintenance, repair or reconstruction for which the Association is responsible, or which the Association has the right or duty to do. Such entry shall be made with as little inconvenience to the Unit Owner as practicable, and except in the event of emergency shall be done upon reasonable notice to the Unit Owner. Any damage caused thereby shall be repaired by the Association as a Common Expense.

14. Grantees. Each grantee of the Owner, each purchaser under Articles of Agreement for Deed and each tenant, subtenant or assignee under a lease, sublease or assignment accepts the same subject to all easements, restrictions, conditions, covenants, reservations, liens and charges, the By-Laws, the rules and regulations of the Association, and the jurisdiction, rights and powers created or reserved by this Declaration, and the provisions of the Act, as at any time amended, and all easements, rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of each grantee in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

15. Failure to Enforce. No terms, obligations, covenants, conditions, restrictions or provisions imposed hereby or contained herein shall be abrogated or waived by any failure to enforce the same, no matter how many violations or breaches may occur.

16. Notices. Whenever any notice is required to be given under the provisions of this Declaration or the By-Laws, a waiver thereof in writing by the person or persons entitled to such notice, whether before or at the time stated therein, shall be deemed equivalent to the giving of such notice, provided such waiver or the time of giving same is not contrary to the provisions of the Act. Notices required to be given to any devisee or personal representative of a deceased Unit Owner shall be delivered by mail to such party at his or its address appearing in the records of the court wherein the estate of such deceased owner is being administered.

Other notices required or permitted to be given shall be in writing and shall be given in the manner set forth in the Condominium Instruments.

17. Amendments. Except as hereinafter otherwise provided, the provisions of paragraphs 1, 2, 3, 4, 5, 6, 24, 25, 27, and this paragraph 17 of this Declaration, may be amended, changed or modified by an instrument in writing setting forth such amendment, change or modification, signed and acknowledged by all members of the Board, all of the Unit Owners and each mortgagee having a bona fide lien of record against any Unit. Except as herein otherwise provided, other provisions of this Declaration may be amended, changed or modified, upon approval by at least 67% of the Unit Owners, by an instrument in writing setting forth such amendment, change or modification, signed and acknowledged by the President or Vice-President and the Secretary or Assistant Secretary of the Association and containing an affidavit by an officer of the Association certifying that (i) at least 67% of the Unit Owners have approved such amendment, change or modification, and (ii) a copy of the amendment, change

or modification has been mailed by certified mail to all mortgagees having bona fide liens of record against any Unit, not less than ten (10) days prior to the date of such affidavit. Except as provided in paragraph 27 of this Declaration, the approval of First Mortgagees of Units who have requested that the Association notify them on any proposed action that requires the consent of a specified percentage of such mortgagees ("Eligible First Mortgagees") and which represent at least 51% of the Units subject to a mortgage or trust deed held by an Eligible First Mortgagee, shall be required to materially amend any provisions of the Declaration or By-Laws or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

- (1) Voting;
- (2) Assessments, assessment liens or subordination of such liens;
- (3) Reserves for maintenance, repair and replacement of the Common Elements;
- (4) Insurance or fidelity bonds;
- (5) Rights to use of the Common Elements;
- (6) Responsibility for maintenance and repair of the Common Elements;
- (7) The addition, annexation or withdrawal of property to or from Old Town Square Unit One Condominium (except as provided in Paragraph 27 hereof);
- (8) Boundaries of any Unit;
- (9) Interests in the Common Elements or Limited Common Elements;
- (10) Convertibility of Units into Common Elements or of Common Elements into Units;
- (11) Leasing of Units;
- (12) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his Unit in the condominium; or
- (13) Establishment of self-management by the Association where professional management has been required by FHLMC, FNMA, HUD, FHA or VA; or
- (14) any provisions that expressly benefit First Mortgagees, insurers or guarantors or FHLMC, FNMA, HUD, FHA or VA.

The approval of Eligible First Mortgagees shall be implied when such a mortgagee fails to submit a response to any written proposal for an amendment within 30 days after it receives proper notice of the proposal, delivered by certified or registered mail, with a "return receipt" requested. Any amendment, change or modification shall conform to the provisions of the Act and shall be effective upon Recordation thereof. No change, modification or amendment which affects the rights, privileges or obligations of the Owner shall be effective without the prior written consent of the Owner. The By-Laws may be amended in accordance with the provisions of Article XII thereof.

18. Arbitration. Any controversy between Unit Owners or any claim by a Unit Owner against the Association or another Unit Owner arising out of or relating to the Declaration, By-Laws, or rules and regulations of the Association may be settled by arbitration or mediation in accordance with the Illinois Uniform Arbitration Act, and judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The Association may require the disputants to bear the costs of the arbitration or mediation.

19. Condemnation. To the fullest extent permitted by law, the Association is hereby designated to represent the Unit Owners, and each Unit Owner hereby appoints the Association as such Unit Owner's attorney-in-fact in any proceeding, negotiation, settlement or agreement regarding any loss or proceeds from condemnation of all or any part of the Property for this purpose. In the event of a taking or condemnation by competent authority of any part of the Property, the Association shall, if necessary, restore

the improvements on the remaining portion of the Property to conform as closely as possible to the general design, structure and materials used with respect to the improvements as they existed prior to the taking or condemnation. In the event that part or all of one or more Units is taken or condemned, then the portions so taken or condemned shall be deemed to have been removed from the provisions of the Act and the percentage of ownership interest in the Common Elements allocated to such Unit or portion thereof (as determined by the Board on the basis of diminution in market value of the Unit) shall be reallocated among the remaining Units on the basis of the relative percentage of ownership interests in the Common Elements of the remaining Units. In such cases, this Declaration and the Plat shall be amended accordingly by an instrument executed by the President or Vice-President and the Secretary or Assistant Secretary of the Association, which the Board shall Record. The allocation of any condemnation award, or other proceeds to any withdrawing or remaining Unit Owner shall be on an equitable basis, which need not be a Unit's percentage of interest in the Common Elements. Any condemnation award or other proceeds available in connection with the withdrawal of any portion of the Common Elements, not necessarily including the Limited Common Elements, shall be allocated on the basis of each Unit Owner's percentage of interest in the Common Elements. Any such proceeds available from the withdrawal of Limited Common Elements shall be distributed in accordance with the interests of those entitled to their use, as determined by the Board. Upon the withdrawal of any Unit or portion thereof, the responsibility for the payment of assessments on such Unit or portion thereof so withdrawn shall cease or shall be equitably reduced. Nothing contained herein shall be construed to prevent an aggrieved Unit Owner from instituting an action against either the Association or any Unit Owner for failure to comply with the provisions of the Declaration or the decisions of the Association.

20. Violations of Certain Rules. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing time limits, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living lawful descendants of William Jefferson Clinton, the President of the United States, and Albert Gore, Jr. the Vice-President of the United States.

21. Severability. The invalidity of any restriction hereby imposed, or of any provision hereof, or of any part of such restriction or provision, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration and all of the terms hereof are hereby declared to be severable.

22. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a first-class condominium development.

23. Changes or Modifications by Owner. Until the first annual meeting of Unit Owners is called, Owner, or its successors or assigns, shall have the right from time to time to change or modify the Condominium Instruments, which change or modification shall be effective upon the Recording thereof; provided, however, that the provisions of paragraph 24 of this Declaration shall not be amended, modified or changed without the consent of any First Mortgagee affected thereby, and provided further that such right shall only be exercised (i) to bring the Declaration into compliance with the Act or to conform the Declaration to the requirements of FHLMC, FNMA, HUD, FHA or VA, or (ii) to correct clerical or typographical errors in the Declaration. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Owner to make any change or modification as authorized hereunder on behalf of each Unit Owner as attorney-in-fact for such Unit Owner. Each deed, mortgage, trust deed, other

evidence of obligation or other instrument affecting a Unit and the acceptance thereof shall be deemed to be a grant and acknowledgement of, and a consent to the reservation of, the power to Owner as aforesaid.

24. Rights of First Mortgagees. Any mortgage or trust deed owned or held by a First Mortgagee and Recorded prior to the Recording or mailing of a notice by the Association of the amount owing by a Unit Owner who has refused or failed to pay his share of the monthly assessment when due shall be superior to the lien of such unpaid Common Expenses set forth in said notice and to all assessments for Common Expenses which become due and are unpaid subsequent to the date of Recording of such first mortgage or first trust deed. Any First Mortgagee who comes into possession of a Unit pursuant to the remedies provided in the mortgage or trust deed, foreclosure of the mortgage or trust deed or deed (or assignment) in lieu of foreclosure shall not be liable for, and shall take the Unit and its proportionate interest in the Common Elements free from, claims for unpaid common or special assessments levied by the Association which accrue prior to the date of possession as aforesaid.

A First Mortgagee, or an insurer or guarantor of the note held by a First Mortgagee, upon written request to the Association (such request to state the name and address of such First Mortgagee, insurer or guarantor and the Unit number), shall be entitled to timely written notice of:

(a) Any proposed action that requires the consent of a specified percentage of Eligible First Mortgagees;

(b) Any proposed termination of Old Town Square Unit One Condominium as a condominium project;

(c) Any condemnation loss or any casualty loss which affects a portion of the Common Elements, which loss exceeds \$10,000.00, or which affects any Unit, which loss exceeds \$1,000.00, on which there is a first mortgage held, insured or guaranteed by such eligible holder;

(d) Any delinquency in the payment of assessments or charges owed by an owner of a Unit subject to the mortgage of a First Mortgagee, insurer or guarantor, where such delinquency has continued for a period of 60 days; and

(e) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

25. Additional Rights of First Mortgagees. (a) Any restoration or repair of the Property after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications for the Building unless the approval is obtained from at least 67% of the Unit Owners and the Eligible First Mortgagees of Units which represent at least 51% of the Units subject to a mortgage or trust deed held by an Eligible First Mortgagee.

(b) Any election to terminate Old Town Square Unit One Condominium as a condominium project after substantial destruction or substantial taking by condemnation of the Property shall require the approval of at least 67% of the Unit Owners and the Eligible First Mortgagees of Units which represent at least 51% of the Units subject to a mortgage or trust deed held by an Eligible First Mortgagee.

(c) Any election to terminate Old Town Square Unit One Condominium as a condominium project for reasons other than substantial destruction or condemnation of the Property shall require the approval of at least 67% of the Unit Owners and the Eligible First Mortgagees of Units which represent at least 67% of Units subject to a mortgage or trust deed held by an Eligible First Mortgagee.

26. Trustees. In the event title to any Unit should be conveyed to a land title holding trust, under which all powers of management, operation and control of the premises remain vested in the trust beneficiary or beneficiaries, then the trust estate under such trust, and the beneficiaries thereunder from time to time shall be liable for payment of any obligation, lien, or indebtedness chargeable or created under this Declaration against such Unit. No claim shall be made against any such titleholding trustee personally for payment of any claim, lien, or obligation hereby created, and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against any such lien or obligation, but the amount thereof shall continue to be a charge or lien upon the premises notwithstanding any transfer of beneficial interest or the title of such real estate.

27. Annexing Additional Property. (a) The Owner reserves the right, within seven years of the date of the Recording of this Declaration, to annex and add to the Parcel and Property and thereby add to the condominium created by this Declaration, by Recording an amended Plat or Plats in accordance with §5 of the Act and an amendment or amendments to the Declaration in accordance with §6 of the Act (an "Amendment"), all or a portion of the real estate legally described on Exhibit D attached hereto and hereby made a part hereof (the "Additional Parcel"). No rights or interest of any character whatsoever in all or any portion of the Additional Parcel shall attach to any Unit or Unit Owner except as to that portion described in paragraph 2 of this Declaration as amended from time to time.

(b) Each such Amendment shall include the following, all in accordance with §25 of the Act:

(i) an amended paragraph 2 which shall amend said paragraph by setting forth the amended description of the Parcel to include that portion of the Additional Parcel being annexed and added;

(ii) separate legal descriptions of such portion of the Additional Parcel being annexed and added and the remainder of the Additional Parcel, if any;

(iii) an amended Plat showing the boundaries of such portion of the Additional Parcel and of the entire Parcel as amended, and delineating the additional Units located on such portion of the Additional Parcel;

(iv) an amended Exhibit A which shall amend Exhibit A hereto by setting forth the legal description of the Units added by such Amendment, as well as all previous Units;

(v) an amended Exhibit B which shall amend Exhibit B hereto by setting forth the amended percentages of the undivided interests in the Common Elements (as amended and added to by such Amendment) allocated to each Unit (including all previous Units and the Units added by such Amendment).

(c) The percentages of undivided ownership interest in the Common Elements as amended by each such Amendment, and as set forth in the amended Exhibit B, shall be determined and adjusted in the following manner:

(i) The aggregate value of all of the Units including the newly added Units, shall be deemed to be the new value of the Property as a whole. "Value" as used in this paragraph shall be determined by the Owner as of the date of the Recording of such Amendment. Such determination by the Owner shall be conclusive and binding upon all Unit Owners, mortgagees and other parties.

(ii) The percentages of undivided ownership interest in the entire Common Elements, including the newly added Common Elements, shall have allocated among all the Units, by dividing the value of each Unit by the value of the Property as a whole.

Each and all of the provisions of the Declaration and the Exhibits attached hereto, as amended by each such successive Amendment and the amended Exhibits attached thereto, shall be deemed to apply to each and all of the Units, including all such newly added Units, and to all of the Common Elements, including all newly added Common Elements.

The Recording of such an Amendment shall not alter or affect the amount of any liens for common expenses due from any Unit Owners prior to such Recording, nor the respective amounts assessed to or due from Unit Owners for Common Expenses or other assessments prior to such Recording.

(d) The lien of any mortgage encumbering any Unit, together with its appurtenant percentage of undivided ownership interest in the Common Elements, shall automatically be deemed to be adjusted and amended when an Amendment is Recorded, in accordance with the respective percentage of undivided ownership interest in the Common Elements for such Unit as set forth in the amended Exhibit B attached to such Amendment, and the lien of such mortgage shall automatically attach in such percentage to the Common Elements, as then constituted.

(e) Each and all of the Unit Owners, and their respective mortgagees, grantees, heirs, administrators, executors, legal representatives, successors and assigns, by their acceptance of any deed or mortgage or other interest in or with respect to any Units, shall be deemed to have expressly agreed, assented and consented to each and all of the provisions of this Declaration which may amend, adjust and reallocate from time to time their respective percentages of undivided ownership interest in the Common Elements as hereinabove provided; and hereby further agree to each and all of the provisions of each and all of said Amendments which may hereafter be Recorded in accordance with the foregoing provisions of this Declaration.

(f) Each and all of the Unit Owners, of all Existing Units and of all Added Units hereafter, and their respective mortgagees, grantees, heirs, administrators, executors, legal representatives, successors and assigns, by their acceptance of any deed or mortgage or other interest in or with respect to any of such Units, further acknowledges, consents and agrees, as to each such Amendment that is Recorded, as follows:

(i) The portion of the Additional Parcel described in each such Amendment shall be governed in all respects by the provisions of this Declaration.

(ii) The percentage of ownership in the Common Elements appurtenant to each Unit shall automatically be shifted and reallocated to the extent set forth in each such Recorded Amendment and upon the Recording of each such Amendment, the amount by which such percentage appurtenant to a Unit is reduced, as set forth in each such Recorded Amendment, shall thereby be released and divested from such Unit Owner and reconveyed and reallocated among the other Unit Owners as set forth in each such Recorded Amendment.

(iii) Each deed, mortgage or other instrument affecting a Unit shall be deemed given subject to the conditional limitation that the percentage of ownership in the Common Elements appurtenant to each Unit shall, upon the Recording of each such Amendment, be divested pro tanto to the reduced percentage set forth in such Amendment and vested among the other Owners, mortgagees and others owning an interest in the other Units in accordance with the terms and percentages of each such Recorded Amendment.

(iv) A right to revocation is hereby reserved by the grantor in each such deed, mortgage and other instrument of a Unit to so amend and reallocate the percentages of ownership in the Common Elements appurtenant to each Unit.

(v) The foregoing provisions of this Declaration contain clauses designed to accomplish a shifting of the Common Elements. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of the Common Elements can be accomplished.

(g) Neither the Additional Parcel nor any portion thereof is required to be added to the condominium and portions of the Additional Parcel may be added to the condominium at different times without limitation as to what order such additions are made.

(h) The maximum number of Units to be constructed on portions of the Additional Parcel not hereby submitted to the provisions of the Act is 20. All improvements on any portion of the Additional Parcel to be added shall be substantially completed before such portion of the Additional Parcel is added to the condominium.

(i) The structures, improvements, Building and Units to be constructed on the Additional Parcel not hereby submitted to the provisions of the Act shall be compatible with the configuration of the improvements on the Parcel hereby submitted to the provisions of the Act in relation to density, use, quality of construction and architectural style.

(j) An appurtenant easement over and on the Common Elements is reserved to the Owner for the purpose of doing what is reasonably necessary and proper in conjunction with improvements to be constructed on the Additional Parcel.

IN WITNESS WHEREOF, Owner has caused its corporate seal to be affixed hereunto and has caused its name to be signed to these presents on the day and year first above written.

MELK DEVELOPMENT/MCL SCOTT SEDGWICK
L.P., an Illinois limited partnership

By: MCL Companies of Chicago, Inc., an Illinois
corporation, its general partner

By: _____
Its: President

ATTEST:

Its: Secretary

STATE OF ILLINOIS)
)
COUNTY OF COOK)

I, _____, a Notary Public in and for said County and State, do hereby certify that Daniel E. McLean and Marilyn Walsh, President and Secretary, respectively, of MCL Companies of Chicago, Inc., an Illinois corporation, general partner of Melk Development/MCL Scott Sedgwick L.P., an Illinois limited partnership, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Secretary, appeared before me this day in person and acknowledged that they signed, sealed and delivered said instrument as their free and voluntary act, and as the free and voluntary act of said Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this ____ day of _____, 1996.

Notary Public

CONSENT OF MORTGAGEE

LaSalle National Bank, holder of a note secured by a mortgage on the Property dated _____, 1996 and recorded with the Recorder of Deeds of Cook County, Illinois, on _____, 1996 as Document No. _____, hereby consents to the execution of and recording of the above and foregoing Declaration of Condominium, and hereby subordinates said mortgage to the provisions of the foregoing Declaration of Condominium and the Condominium Property Act of the State of Illinois.

IN WITNESS WHEREOF, the said Bank has caused this instrument to be signed by its duly authorized officers on its behalf on this ____ day of _____, 1996.

LASALLE NATIONAL BANK

By: _____
Its: _____

ATTEST:

Its _____

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, _____, a Notary Public in and for said County and State,
do hereby certify that _____ and _____, the
_____ and _____, respectively, of _____ Bank,
personally known to me to be the same persons whose names are subscribed to the foregoing instrument
as such _____ and _____ appeared before me this day in person and
acknowledged that they signed, sealed and delivered said instrument as their free and voluntary act, and
as the free and voluntary act of said Bank, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this ____ day of _____, 1996.

Notary Public

EXHIBIT A

Units 501, 502, 503, 504, 601, 602, 603 and 604, in the Old Town Square Unit One Condominium as delineated on the Plat of Survey of the following described parcel of real estate:

A portion of the following described property:

Parcel 1

The West 53.0 feet of Lot 8 in Oscar Mayer's Resubdivision of various Lots and vacated alleys in various subdivisions in the West Half of the Northeast Quarter and in the East Half of the Northwest Quarter of Section 4, Township 39 North, Range 14, East of the Third Principal Meridian, recorded November 21, 1980 as document 25677341 and registered in the Registrar's Office of Cook County, Illinois November 21, 1980 as document LR3189994, in Cook County, Illinois.

Parcel 2

Proposed Easement for Ingress and Egress over the East 6.0 feet of the West 53.0 feet of Lot 8 in Oscar Mayer's Resubdivision of various Lots and vacated alleys in various subdivisions in the West Half of the Northeast Quarter and in the East Half of the Northwest Quarter of Section 4, Township 39 North, Range 14, East of the Third Principal Meridian, recorded November 21, 1980 as document 25677341 and registered in the Registrar's Office of Cook County, Illinois November 21, 1980 as document LR3189994, in Cook County, Illinois.

which Plat of Survey is attached as Exhibit E to the Declaration of Condominium recorded _____, 1996 in the office of the Recorder of Deeds of Cook County, Illinois, as Document No. _____.

EXHIBIT B

**PERCENTAGE OWNERSHIP
INTEREST IN COMMON ELEMENTS**

<u>Unit</u>	<u>Percentage</u>
501	12.50%
502	13.31%
503	14.11%
504	14.92%
601	10.08%
602	10.89%
603	11.69%
604	<u>12.50%</u>
	100.00%

EXHIBIT C
BY-LAWS
OF
OLD TOWN SQUARE UNIT ONE CONDOMINIUM ASSOCIATION

ARTICLE I

General Provisions

The Association is responsible for the overall administration of the Property through its duly elected Board. Whether or not incorporated, the Association shall have the powers and responsibilities specified in the General Not-For-Profit Corporation Act of 1986 of the State of Illinois which are not inconsistent with the Act or the Condominium Instruments. The Association shall have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Association is organized and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in the Act or the Condominium Instruments.

ARTICLE II

Members

Section 1. Classes of Members, Membership, and Termination Thereof. The Association shall have one class of members. The designation of such class and the qualifications of the members of such class shall be as follows:

Each Unit Owner shall be a member of the Association, which membership shall terminate upon the sale or other disposition of such member's Unit, at which time the new Unit Owner shall automatically become a member of the Association. Such termination shall not relieve or release any such former Unit Owner from any liability or obligation incurred under or in any way connected with the condominium or the Association, during the period of such ownership and membership in the Association. Furthermore, such termination shall not impair any rights or remedies which the Board or others may have against such former Unit Owner arising from, or in any way connected with, such ownership and membership and the covenants and obligations incident thereto. No certificates of stock or other certificates evidencing membership shall be issued by the Association.

Section 2. Votes and Voting Rights. (a) Until the date of the first annual meeting of the members, as provided in Article III, Section 1 hereof, no member of the Association shall have the right to elect the Board of Managers, all such members of the Board shall be appointed and shall hold office as provided in Article IV, Section 2 of these By-Laws.

(b) Commencing with the date of the said first annual meeting of the members, the total number of votes of all members shall be 100. Each member shall be entitled to the number of votes equal to his percentage ownership interest in the Common Elements (as defined in the Declaration) at the time any matter is submitted to a vote of the members.

(c) If a Unit is owned by more than one person, the voting rights with respect to such Unit shall not be divided, but shall be exercised as if the Unit Owner consisted of only one person in accordance with the proxy or other designation made by the persons constituting such Unit Owner. Any proxy must be executed in writing by the Unit Owner or his duly authorized attorney-in-fact, must bear the date of execution, and shall be invalid after 11 months from the date of its execution. If only one of the multiple owners of a Unit is present at a meeting, he is entitled to cast all the votes allocated to that Unit. If more than one of the multiple owners are present, and if any one of the multiple owners cast the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit, there is deemed to be majority agreement.

(d) Any specified percentage of the members, whether majority or otherwise, for purposes of voting or for any other purpose, wherever provided in these By-Laws, shall mean such percentage of the total number of votes hereinabove set forth. Such percentage shall be computed in the same manner as is a specified percentage of the Unit Owners of the Condominium as provided in the Declaration, provided, however, that when 30% or fewer of the Units, by number, possess over 50% in the aggregate of the votes as provided herein, any percentage vote of the members specified herein or in the Declaration shall require the specified percentage by number of Units rather than by percentage of interest in the Common Elements allocated to Units that would otherwise be applicable.

Section 3. Transfer of Membership. Membership in this Association is not transferable or assignable, except as provided in Article II, Section 1 hereof.

Section 4. Installment Contracts. Anything herein to the contrary notwithstanding, in the event of a sale of a Unit, the purchaser of such Unit from a seller other than the Owner pursuant to an installment contract for purchase shall, during such times as he or she resides in the Unit, be counted toward a quorum for purpose of election of members of the Board at any meeting of the Unit Owners called for the purposes of electing members of the Board, shall have the right to vote for the election of members of the Board and to be elected to and serve on the Board unless the seller expressly retains in writing any or all of such rights. In no event may the seller and purchaser both be counted toward a quorum, be permitted to vote for a particular office or be elected and serve on the Board. Satisfactory evidence of the installment contract shall be made available to the Association or its agents. "Installment Contract" shall have the same meaning as set forth in Section 1(e) of "An Act Relating to Installment Contracts to Sell Dwelling Structures", approved August 11, 1967, as amended.

ARTICLE III

Meetings of Members

Section 1. Annual Meeting. The first annual meeting of the members shall be held on such date as is fixed by the Owner, which date shall in no event be later than the earlier of (a) three years from the date the Declaration is recorded in the Office of the Recorder of Deeds of Cook County, Illinois, (b) sixty (60) days from the date when 75% of the Units have been conveyed by Owner, or (c) such earlier time as selected by the Owner. Thereafter, an annual meeting of the members for the purpose of electing Board members and for the transaction of such other business as may come before the meeting shall be held on the third Tuesday of September each year or such other date as is selected by the Board which date is within sixty (60) days before or after the third Tuesday of September, provided, however that no such meeting need be held less than one year after the first annual meeting of the members. If the election

of members of the Board shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the members called as soon thereafter as conveniently may be.

Section 2. Special Meetings. Special meetings of the members may be called by the Board, the President, or not less than 20% of the members. All matters to be considered at special meetings of the members called by not less than 20% of the members shall first be submitted in writing to the Board not less than ten (10) days prior to the date of the special meeting of the members called to consider such matters.

Section 3. Place and Time of Meeting. All meetings of the members shall take place at 8:00 P.M., in some section of the Property designated by the person or persons calling the meeting, or at such other reasonable place or time designated by the Board or the person or persons calling the meeting.

Section 4. Notice of Meetings. Written or printed notice stating the purpose, place, day and hour of any meeting of members shall be mailed or delivered to each member entitled to vote at such meeting, not less than ten (10) nor more than thirty (30) days before the date of such meeting, by or at the direction of the President or the Secretary, or the officer or persons calling the meeting, provided that notice of the first annual meeting of the members shall be mailed or delivered not less than twenty-one (21) nor more than thirty (30) days before the date of such meeting. The notice of a meeting shall be deemed mailed when deposited in the United States mail addressed to the member at his address as it appears on the records of the Association, with proper postage thereon prepaid.

Section 5. Quorum. The members present at a meeting in person or by proxy, holding 20% of the votes which may be cast at any meeting, shall constitute a quorum at such meeting. If a quorum is not present at the commencement of any meeting of members, the meeting shall be adjourned and may only be called again in accordance with the provisions of these By-Laws.

Section 6. Proxies. At any meeting of members, a member entitled to vote may vote either in person or by proxy executed in writing by the member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution. Any proxy distributed for election of members of the Board shall give Unit Owners the opportunity to designate any person as the proxy holder and shall give the Unit Owner the opportunity to express a preference for any of the known candidates for the Board or to write in a name.

Section 7. Manner of Acting. Except as set forth below and except as otherwise required by the Declaration or the Act, any action to be taken at any meeting of the members at which a quorum is present shall be upon the affirmative vote of more than 50% of the members represented at such meeting. The following matter shall require the affirmative vote of not less than 67% of all the members at a meeting duly called for that purpose:

- (a) Merger or consolidation of the Association;
- (b) Sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, of the property and assets of the Association; or
- (c) The purchase and sale of land or Units on behalf of the Unit Owners.

ARTICLE IV

Board

Section 1. In General. The affairs of the Association shall be managed by its Board of Managers, which shall act as the Board of Managers of the Condominium as provided in the Act and the Declaration.

Section 2. Number, Tenure and Qualifications. The number of members of the Board shall initially be three (3). Until the date of the first annual meeting of the members as hereinabove provided, members of the Board shall be the directors named in the Articles of Incorporation of the Association, if the Association is incorporated; otherwise, the members of the Board shall be as appointed by the Owner. Such members of the Board shall hold office until the first annual meeting of the members. Commencing with the date of the first annual meeting of the members, the number of members of the Board shall be increased to five (5) and shall be elected solely by, from and among, the members until their respective successors shall have been elected and qualified. All members of the Board shall be elected at large. The Board elected at such first annual meeting shall be the initial Board of Managers as provided in the Act. Each member of the Board shall hold office without compensation. In the event that a member of the Association is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any shareholder, officer or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trust, or manager of such other legal entity, may be eligible to serve as a member of the Board. If there are multiple owners of a single Unit, only one of the multiple owners shall be eligible to serve as a member of the Board at any one time. A member of the Board may succeed himself in office.

Section 3. Election. At each annual meeting of the members, the members shall on a cumulative basis and by vote of a plurality of the members present at such meeting, elect Directors to fill the vacancies created by any expiring term of office. At the first annual meeting of the members, after the occurrence of a Transition Event, the five candidates receiving the highest total of votes shall be elected. The three receiving the highest total of votes shall serve a term of two (2) years; the two with the next highest totals shall serve a term of one (1) year. Thereafter, at each annual meeting of the members, the members shall elect Directors for terms of two (2) years. A candidate for election to the Board or such candidate's representative shall have the right to be present at the counting of the ballots at such election. The Board may disseminate to Unit Owners biographical and background information about candidates for election to the Board if: (a) no preference is expressed in favor of any candidate; and (b) reasonable efforts to identify all candidates are made and all candidates are given an opportunity to include biographical and background information in the information to be disseminated.

Section 4. Regular Meetings. A regular annual meeting of the Board shall be held immediately after, and at the same place as, the annual meeting of members. The Board shall, by regulations which the Board may, from time to time adopt, provide the time and place for the holding of additional regular meetings of the Board, provided that the Board shall meet at least four times per year.

Section 5. Special Meetings. Special meetings of the Board may be called by or at the request of the President or 25% of the members of the Board. The person or persons permitted to call special meetings of the Board may fix the time and place for holding any special meeting of the Board called by them.

Section 6. Notice. Written notice of any special meeting of the Board shall be mailed or delivered to all members of the Association and all members of the Board not calling the meeting at least 48 hours prior to the date of such special meeting. Written notice of regular meetings of the Board shall be mailed or delivered to all members of the Association at least 48 hours prior to the date of such meeting. All such notices shall be deemed to be mailed when deposited in the United States mail addressed to each member at his address as it appears on the records of the Association, with proper postage thereon paid. The business to be transacted at, or the purpose of any regular or special meeting of the Board, shall be specified in the notice. Notices of a regular meeting of the Board need not be served on members of the Board. However, copies of said notices of meetings of the Board shall be posted in entranceways or other conspicuous places in the condominium designated by the Board at least 48 hours prior to the meeting.

Section 7. Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of the members of the Board are present at the commencement of said meeting, the meeting shall be adjourned and may only be called again in accordance with the provisions of these By-Laws.

Section 8. Manner of Acting. The act of a majority of the members of the Board present at a meeting at which a quorum is present at the commencement of the meeting shall be the act of the Board, except where otherwise provided by law or in the Condominium Instruments.

Section 9. Vacancies. Any vacancy occurring in the Board by reason of death, removal or resignation of a member of the Board shall be filled by a two-thirds vote of the remaining members of the Board. A member elected to fill a vacancy shall be elected until the next annual meeting of the members of the Association; provided that if a petition signed by members of the Association holding 20% of the votes in the Association requesting a meeting of the members to fill the vacancy for the balance of the unexpired term of his predecessor, the term of the member so elected by the Board shall terminate 30 days after the filing of the petition and a meeting of the members for the purpose of filling such vacancy for such unexpired term shall be called no later than 30 days following the filing of such petition. Members of the Board, including those appointed by the Owner, may resign at any time by written resignation delivered or mailed to any officer of the Association, which resignation shall be effective upon receipt of said resignation. If as the result of the death, removal or resignation of a member of the Board, no member of the Board remains in office, a special meeting of members of the Association may be called to fill all vacancies for the unexpired terms of the members of the Board.

Section 10. Removal. From and after the date of the first annual meeting of the members, any member of the Board may be removed from office by the affirmative vote of 66-2/3% of all the members of the Association at a special meeting called for such purpose.

Section 11. Adoption of Rules and Regulations. All rules and regulations, or amendments thereto, shall be adopted by the Board after a meeting of the members called for the specific purpose of discussing the proposed rules and regulations, notice of which contains the full text of the proposed rules and regulations, which rules and regulations conform to the requirements of Section 18(b) of the Act and the Declaration and these By-Laws. No quorum is required at such meeting of the members. No rules or regulations may impair any rights guaranteed by the First Amendment to the Constitution of the United States or Section 4 of Article I of the Illinois Constitution nor may any rules or regulations conflict with the provisions of the Act or the Condominium Instruments. Such rules and regulations shall be effective sixty (60) days after their adoption, provided that the members may veto any rule or regulation at a special

meeting of the members called for such purpose, and held before the effective date of the rule or regulation, by a vote of 66 2/3% of all the members of the Association.

Section 12. Open Meetings. All meetings of the Board, whether regular or special, shall be open to the members of the Association except for meetings:

(a) To discuss litigation when an action against or on behalf of the Association has been filed and is pending in a court or administrative tribunal, or when the Board finds that such an action is probable or imminent;

(b) To consider information regarding appointment, employment or dismissal of an employee;
or

(c) To discuss violations of rules and regulations of the Association or a Unit Owner's unpaid share of Common Expenses.

Any vote on the above matters shall be taken at a meeting or portion thereof open to any member. Any member may record the proceedings at meetings required to be open by the Act or these By-Laws by tape, film, or other means, subject to reasonable rules and regulations prescribed by the Board to govern the right to make such recordings.

Section 13. Contracts. The Board may not enter into a contract with a current board member or with a corporation or partnership in which a board member has a twenty-five percent (25%) or more interest, unless notice of intent to enter the contract is given to Unit Owners within twenty (20) days after a decision is made to enter into the contract and the Unit Owners are afforded an opportunity by filing a petition, signed by twenty percent (20%) of the Unit Owners, for an election to approve or disapprove the contract. Such petition shall be filed within twenty (20) days after such notice and such election shall be held within thirty (30) days after filing the petition.

Section 14. Powers and Duties. The powers and duties of the Board shall include, but not be limited to, the operation, care, upkeep, maintenance, replacement and improvement of the Common Elements.

ARTICLE V

Officers

Section 1. Officers. The officers of the Association shall be a President, one or more Vice-Presidents (the number thereof to be determined by the Board), a Treasurer and a Secretary.

Section 2. Election and Term of Office. The officers of the Association shall be elected annually by the Board at the regular annual meeting of the Board, from and among the members of the Board. If the election of officer shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be possible. Vacancies may be filled or new offices created and filled at any meeting of the Board. Each officer shall hold office until his successor shall have been duly elected and shall have qualified. An officer may succeed himself in office. Officers shall serve without compensation.

Section 3. Removal. Any officer elected by the Board may be removed by a majority vote of the members of the Board.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.

Section 5. President. The President shall be the principal executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the members of the Board. He may sign, with the Secretary or any other proper officer of the Association authorized by the Board, any deeds, mortgages, contracts, or other instruments which the Board has authorized to be executed and any amendment to the Declaration or Plat as provided in the Act, and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 6. Vice-President. In the absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event there be more than one Vice President, the Vice-Presidents, in the order of their election) shall perform the duties of the President, and when so acting, shall have all the power of, and be subject to all the restrictions upon, the President. Any Vice-President shall perform such other duties as from time to time may be assigned to him by the President or by the Board.

Section 7. Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VII of these By-Laws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board.

Section 8. Secretary. The Secretary shall keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; receive all notices on behalf of the Association and, together with the President, execute on behalf of the Association amendments to Condominium Instruments and other documents as required or permitted by the Declaration, these By-Laws or the Act; be custodian of the records and, if incorporated, of the seal of the Association and, if the Association is incorporated, see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these By-Laws; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board.

ARTICLE VI

Powers and Duties of the Association and Board

Section 1. General Duties, Powers, Etc. of the Board. The Board shall exercise for the Association all powers, duties and authority vested in the Association by the Act and the Condominium Instruments, including but not limited to the following:

(a) Operation, care, upkeep, maintenance, replacement, and improvement of the Common Elements and the Limited Common Elements.

(b) Preparation, adoption and distribution of the annual budget for the Property.

(c) Levying of assessments.

(d) Collection of assessments from Unit Owners.

(e) Employment and dismissal of the personnel necessary or advisable for the maintenance and operation of the Common Elements.

(f) Obtaining adequate and appropriate kinds of insurance.

(g) Owning, conveying, encumbering, leasing, and otherwise dealing with Units conveyed to or purchased by it.

(h) Adoption and amendment of rules and regulations covering the details of the operation and use of the Property.

(i) Keeping of detailed, accurate records of the receipts and expenditures affecting the use and operation of the Property.

(j) Having access to each Unit, from time to time, as may be necessary for the maintenance, repair or replacement of any Common Elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Elements or to another Unit or Units.

(k) Paying real property taxes, special assessments, any other special taxes or charges of the State of Illinois or of any political subdivision thereof, or other lawful taxing or assessing body, which are authorized by law to be assessed and levied upon the real property of the condominium.

(l) Imposing charges for late payments of a Unit Owner's assessments, or any other expenses lawfully agreed upon, and after notice and an opportunity to be heard, levy reasonable fines for violation of the Declaration, By-Laws, and rules and regulations of the Association.

(m) Assigning its right to future income, including the right to receive assessments.

(n) Recording the dedication of a portion of the Common Elements to a public body for use as, or in connection with, a street or utility where authorized by the Unit Owners under the provisions of Section 5(c) of the Declaration.

(o) Recording the granting of an easement for the laying, maintenance, and repair of cable television cable or for construction, maintenance, and repair of a project for protection against water damage of erosion, where authorized by the Unit Owners under the provisions of Section 5(c) of the Declaration.

(p) Borrowing money at such rates of interest as it may determine; to issue its notes, bonds and other obligations to evidence such borrowing; and to secure any of its obligations by assigning its right

to future income including the right to receive assessments for common expenses, and/or by making a mortgage or giving a security interest in all or any of its property or income, provided if such mortgage or security interest encumbers all or substantially all of the assets of the Association, the approval of the members shall first be obtained pursuant to Article III, Section 7, of these By-Laws.

(q) Reasonable accommodation of the needs of handicapped Unit Owners, as required by the Human Rights Act, in the exercise of its powers with respect to the use of the Common Elements or approval of modification in an individual Unit.

In the performance of their duties, the officers and members of the Board, whether appointed by the Owner or elected by the members, shall exercise the care required of a fiduciary of the members.

Section 2. Specific Powers and Duties. Anything herein contained to the contrary notwithstanding, the Association shall have the power:

(a) To engage the services of a manager or managing agent, who may be any person, firm or corporation, upon such terms and compensation as the Association deems fit, and to remove such manager or managing agent at any time, provided any agreement with such manager or managing agent shall extend for not more than three years and must be terminable by either party to such agreement without cause and without payment of a termination fee, upon ninety (90) days or less prior written notice.

(b) To engage the services of any persons (including, but not limited to, accountants and attorneys) deemed necessary by the Association at such compensation as is deemed reasonable by the Association, in the operation, repair, maintenance and management of the Property, or in connection with any duty, responsibility or right of the Association and to remove, at any time, any such personnel.

(c) To establish or maintain one or more bank accounts, or functionally similar accounts such as money market fund accounts, for the deposit of any funds paid to, or received by, the Association.

(d) To invest any funds of the Association in certificates of deposits, money market funds, or comparable investments.

(e) Upon authorization of a two-thirds vote of the members of the Board or by affirmative vote of not less than a majority of the Unit Owners at a meeting duly called for such purpose, the Board acting on behalf of all Unit Owners shall have the power to seek relief from or in connection with the assessment or levy of any real property taxes, special assessments or charges of the State of Illinois or any political subdivision thereof or of any lawful taxing or assessing body, and to charge and collect all expenses incurred in connection therewith as Common Expenses.

Nothing herein shall be construed to give the Association authority to conduct an active business for profit on behalf of all the Unit Owners or any of them.

Section 3. Authorized Expenditures. The Association shall acquire and make arrangements for, and pay for out of the Maintenance Fund, in addition to the manager, managing agent or other personnel above provided for, the following:

(a) Water, waste removal, heating, electricity, telephone and other necessary utility service for the Common Elements and such services to the Units as are not separately metered or charged to the owners thereof.

(b) Such insurance as the Association is required or permitted to obtain as provided in the Declaration.

(c) Landscaping, gardening, snow removal, painting, cleaning, tuckpointing, maintenance, decorating, repair and replacement of the Common Elements (but not including the Limited Common Elements not visible from the exterior of the Building which the Unit Owners enjoying the use thereof shall paint, clean, decorate, maintain and repair) and such furnishings and equipment for the Common Elements as the Association shall determine are necessary and proper, and the Association shall have the exclusive right and duty to acquire the same for the Common Elements. Anything in the foregoing to the contrary notwithstanding, the Association shall be responsible for the repair and replacement of all windows and doors provided that where the need for repair or replacement is due to the act or omission of a Unit Owner, guest, occupant, family member or pet, the Association shall charge the Unit Owner for the cost of such repair or replacement.

(d) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, or assessments which the Association deems necessary or proper for the maintenance and operation of the Property or for the enforcement of any restrictions or provisions contained herein.

(e) Any amount necessary to discharge any mechanic's lien or other encumbrance levied against the Property or any part thereof which may in the opinion of the Association constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular Unit Owners. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Association by reason of said lien or liens including but not limited to, any interest, late charges, reasonable attorneys' fees, costs of collections and the amount of any unpaid fine shall be specially assessed to said Unit Owners and shall, until paid by such Unit Owners, constitute a lien on the interest of such Unit Owners in the Property, which lien may be perfected and foreclosed in the manner provided in Section 9 of the Act with respect to liens for failure to pay a share of the Common Expenses.

(f) Maintenance and repair of any Unit or any other portion of the Property which a Unit Owner is obligated to maintain or repair under the terms hereof, if such maintenance or repair is necessary, in the discretion of the Association, to protect the Common Elements, or any other portion of the Property, and the owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair is delivered by the Association to said Unit Owner; provided that the Association shall levy a special assessment against such Unit for the cost of said maintenance or repair and the amount of such special assessment shall constitute a lien on the interest of such Unit Owner in the Property, which lien may be perfected and foreclosed in the manner provided in Section 9 of the Act with respect to liens for failure to pay a share of the Common Expenses.

All expenses, charges and costs of the maintenance, repair or replacement of the Common Elements, and any other expenses, charges or costs which the Association may incur or expend pursuant hereto, shall be approved by the Association, and a written memorandum thereof prepared and signed by the treasurer. Nothing contained herein shall invalidate any provision in the Condominium Instruments placing limits on expenditures for the Common Elements, provided, that such limits shall not be applicable to

expenditures for repair, replacement or restoration of existing portions of the Common Elements. The term "repair, replacement or restoration" means expenditures to deteriorated or damaged portions of the property related to the existing decorating, facilities, or structural or mechanical components, interior or exterior surfaces, or energy systems and equipment with the functional equivalent of the original portions of such areas. Replacement of the Common Elements may result in an improvement over the original quality of such Common Elements or facilities; provided that, if the improvement results in a proposed expenditure exceeding five percent (5%) of the Annual Budget (defined below), the Board of Managers, upon written petition by Unit Owners with twenty percent (20%) of the votes of the Association delivered to the Board within fourteen (14) days of the Board action to approve the expenditure, shall call a meeting of the Unit Owners within thirty (30) days of the date of delivery of the petition to consider the expenditure. Unless a majority of the total votes of the Unit Owners are cast at the meeting to reject the expenditure, it is ratified; upon such a majority of votes it shall be repealed.

Section 4. Annual Budget. (a) Each year on or before November 1st, the Board shall estimate the annual budget of Common Expenses (the "Annual Budget") including: the total amount required for the cost of wages, materials, insurance, services and supplies which will be required during the ensuing calendar year for the rendering of all services, together with a reasonable amount considered by the Association to be necessary for a reserve for contingencies and replacements (as hereinafter specified), all anticipated regular and separate (special) assessments and income and each Unit Owner's proposed Common Expense assessment, together with an indication of which portions of the Annual Budget are intended for capital expenditures or repairs of payment of real estate taxes. The Board shall deliver a copy of the proposed Annual Budget to each Unit Owner at least thirty (30) days prior to the adoption thereof. The Association shall give Unit Owners notice as provided in Section 4, Article III of the By-Laws of the meeting of the Board at which the Board proposes to adopt the Annual Budget, or at which any increase or establishment of any assessment, regular or special, is proposed to be adopted.

(b) Other than as provided for in Section 3 (f) hereof, if an adopted Annual Budget and regular assessments pursuant thereto or any separate assessment adopted by the Board would result in the sum of all regular and special assessments against Unit Owners payable in the current fiscal year exceeding 115% of the sum of all regular and special assessments for the preceding fiscal year, then upon written petition by Unit Owners representing 20% of the votes of the Association given within 14 days of the Board action, the Board shall call a meeting of the Unit Owners within 30 days of the date of delivery of the petition to consider the budget or separate assessment. Unless more than 50% of the votes of the Association are cast at a meeting to reject the budget or separate assessment, it is ratified; upon such a majority vote it shall be repealed.

(c) The Annual Budget shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Elements. Each Unit Owner shall be obligated to pay to the Association, or as it may direct, the portion of the Annual Budget assessed to such owner in equal monthly installments (subject to acceleration as hereinafter provided) on or before January 1st of the ensuing year, and the 1st day of each and every month of said year. Notwithstanding the foregoing, assessments will not begin until such time as the Owner elects to stop paying all Association expenses; provided, however, that the Board of Managers will begin assessing all Unit Owners if and when a request is made therefor by FHLMC, FNMA, HUD, FHA or VA.

(d) The failure or delay of the Association to prepare or serve the Annual Budget on the Unit Owners shall not constitute a waiver or release in any manner of the Unit Owner's obligation to pay the maintenance and other costs and necessary Reserves, as herein provided, whenever the same shall be

determined, and in the absence of any annual or adjusted budget, the Unit Owners shall continue to pay the monthly assessment charges at the then existing monthly rate established for the previous period until the monthly assessment payment which is due more than ten (10) days after such new annual Budget shall have been mailed.

(e) Anything herein or in the Declaration to the contrary notwithstanding, the Board may charge to fewer than all Unit Owners such portion of the insurance premium for insurance the Association is required or permitted to obtain which reflects increased charges for coverage on the Units owned by such Unit Owners, on such reasonable basis as the Board shall determine. Such charge shall be considered a common expense with respect to the Units owned by such Unit Owners for all purposes herein and under the Declaration.

(f) All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Unit Owners and for such special adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Unit Owners in their relative percentages of ownership interest in the Common Elements.

Section 5. Annual Accounting. (a) On or before the 1st day of April of each calendar year commencing 1997, the Association shall supply to all Unit Owners an itemized accounting of the Common Expenses for the preceding calendar year actually incurred and paid together with an indication of which portions of the Annual Budget were for capital expenditures or repairs or payment of real estate taxes and with a tabulation of the amounts collected pursuant to the budget or assessment, and showing the net excess or deficit of income over expenditures plus Reserves. Any amount accumulated in excess of the amount required for actual expenses and Reserves shall be credited according to each Unit Owner's percentage of ownership in the Common Elements to the next monthly installments due from Unit Owners under the current year's Annual Budget, until exhausted, and any net shortage shall be added, according to each Unit Owner's percentage of ownership of the Common Elements, to the installments due in the succeeding six months after rendering of the accounting.

(b) The Association shall allow any First Mortgagee to examine the books and records of the Association during reasonable business hours and to receive, on request, annual reports and other financial data prepared by the Association or at its direction.

(c) The Association must provide an audited financial statement for the preceding fiscal year upon submission of a written request by any holder, insurer or guarantor of a first mortgage secured by the Unit.

Section 6. Reserves. (a) The Association may build up and maintain a reasonable Reserve for operations, contingencies and replacement. To establish such Reserve, the Owner shall collect from each Unit Owner upon conveyance by Owner of a Unit to such Unit Owner, an amount equal to one sixth of the Annual Budget as initially established by the Owner for the first year following the first annual meeting of the members and allocable to such Unit, and shall remit such amount to the Association. Extraordinary expenditures not originally included in the Annual Budget which may become necessary during the year shall be charged first against such Reserve. In addition, the Association or the Board shall have the right to segregate all or any portion of the Reserve for any specific replacement or contingency upon such conditions as the Association or the Board deems appropriate. On or before the day of the first annual meeting of members, the Owner shall pay for each Unit then owned by the Owner, such Unit's percentage interest multiplied by one sixth of the Annual Budget as initially established by the Owner for

the first year following the first annual meeting of the members. When such Units are later sold, the Owner may collect from such purchaser sufficient funds to reimburse itself for the funds paid at the time of the first annual meeting of the members.

(b) The Annual Budget shall provide for reasonable reserves for capital expenditures and deferred maintenance for repair or replacement of the Common Elements. To determine the amount of Reserves appropriate for the Association, the Board of Managers shall take into consideration the following: (i) the repair and replacement cost, and the estimated useful life, of the property which the Association is obligated to maintain, including but not limited to structural and mechanical components, surfaces of the Building and Common Elements, and energy systems and equipment; (ii) the current and anticipated return on investment of Association funds; (iii) any independent professional reserve study which the Association may obtain; (iv) the financial impact on Unit Owners, and the market value of the Units, of any assessment increase needed to fund Reserves; and (v) the ability of the Association to obtain financing or refinancing. Anything to the contrary in the foregoing notwithstanding, the Association may elect to waive in whole or in part the Reserve requirements of this section by a vote of not less than 67% of the total votes of the Association. In the event the Association elects to waive all or part of the Reserve requirements of this section, such fact must be disclosed after the meeting at which such waiver occurs by the Association in the financial statements of the Association and, highlighted in bold print, in the response to any request of a prospective purchaser for the information prescribed under Section 22.1 of the Act; and no member of the Board or the managing agent of the Association shall be liable, and no cause of action may be brought for damages against these parties, for the lack or inadequacy of Reserve funds in the Annual Budget. If the Association elects to waive all or part of such Reserve requirements, the Association may by a vote of not less than 67% of the total votes of the Association elect to again be governed by the Reserve requirements of this section.

Section 7. Special Assessments.

(a) If said Annual Budget proves inadequate for any reason, including nonpayment of any Unit Owner's assessment, or any non-recurring Common Expense or any Common Expense not set forth in the Annual Budget as adopted, the Board may at any time levy a further assessment, which shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Elements, and which may be payable in one lump sum or such installments as the Board may determine. The Board may adopt separate assessments payable over more than one year and the entire amount of any such multi-year assessment (except those adopted pursuant to subsections (b) and (c) of this Section 7) shall be deemed considered and authorized in the first fiscal year in which the assessment is approved.

(b) Assessments for additions and alterations to the Common Elements or to property owned by the Association shall be subject to approval of 66-2/3% of the total votes of all Unit Owners. The Board shall serve notice of such assessment on all Unit Owners (as provided in Section 4, Article III of the By-Laws) by a statement in writing giving the amount and reasons therefor. Such further assessment shall not be effective until approved by 66-2/3% of the total votes of all Unit Owners at a meeting of Unit Owners duly called for such purpose. All Unit Owners shall be obligated to pay the further assessment.

(c) Separate assessments for expenditures relating to emergencies or mandated by law may be adopted by the Board without Unit Owner approval. As used herein, the term "emergency" means an immediate danger to the structural integrity of the Common Elements or to the life, health, safety or property of the Unit Owners.

Section 8. Default in Payment. (a) If a Unit Owner is in default in the monthly payment of the aforesaid charges or assessments for thirty (30) days, the Association may assess a service charge of \$20.00, to be increased from time to time by the Board of Managers, for each month, or part thereof, that said balance, or any part thereof remains unpaid. In addition to any remedies or liens provided by law, if a Unit Owner is in default in the monthly payment of the aforesaid charges or assessments for sixty (60) days, all other monthly payments of charges and assessments due for the calendar year in which such default occurs shall accelerate and become immediately due and payable. The Association may bring suit for and on behalf of itself and as representative of all Unit Owners, to enforce collection thereof or to foreclose the lien therefor as provided by law; and there shall be added to the amount due, the costs of said suit, together with legal interest and reasonable attorneys fees to be fixed by the Court. In addition, the Association may also take possession of such defaulting Unit Owner's interest in the Property and maintain an action for possession of the Unit in the manner provided by law. No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Unit.

(b) Each such assessment, together with interest, court costs, late charges and reasonable attorneys' fees and costs of collections or the amount of any unpaid fine shall also be the personal obligation of the person who was the Unit Owner at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to successors in title or interest unless assumed by them, or required by applicable law.

Section 9. Unit Owner Accounts. Upon ten (10) days' notice to the Association, and the payment of a reasonable fee fixed by the Association not to exceed Fifteen Dollars (\$15.00), any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

Section 10. Rules and Regulations. The Association may, pursuant to the provisions of Section 11 of Article IV and Section 1(h) of Article VI of these By-Laws, from time to time, adopt or amend such rules and regulations governing the operation, maintenance, beautification and use of the Common Elements and the Units, not inconsistent with the terms of the Declaration, as it sees fit, and the Unit Owners shall conform to, and abide by, such rules and regulations. Written notice of such rules and regulations shall be delivered to all Unit Owners and occupants. A violation of such rules or regulations shall be deemed a violation of the terms of the Declaration.

ARTICLE VII

Contracts, Checks, Deposits and Funds

Section 1. Contracts. The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be

determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer and countersigned by the President of the Association.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may elect.

Section 4. Gifts. The Board may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Association.

ARTICLE VIII

Books and Records

Section 1. Maintaining Books and Records. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, the Board and committees having any of the authority of the Board.

Section 2. Availability for Examination. The Association shall maintain the following records of the Association, and make such records available for examination and copying at convenient hours of weekdays by the Unit Owners, holders, insurers and guarantors of first mortgages that are secured by Units and their duly authorized agents or attorneys:

(a) Copies of the Recorded Declaration, By-Laws, other Condominium Instruments and any amendments, Articles of Incorporation of the Association, if incorporated, annual reports, if incorporated, and any rules and regulations adopted by the Association of the Board. Prior to the organization of the Association, the Owner shall maintain and make available the records set forth in this subsection (a) for examination and copying.

(b) Detailed accurate records in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred, and copies of all contracts, leases or other agreements entered into by the Association.

(c) The minutes of all meetings of the Association and the Board. The Association shall maintain these minutes for a period of not less than seven years.

(d) A record giving the names and addresses of the members entitled to Vote.

(e) Ballots and proxies related thereto for all elections to the Board and for any other matters voted on by the Unit Owners. The Association shall maintain these ballots and proxies for a period of not less than one year.

(f) Such other records of the Association as are available for inspection by members of a not-for-profit corporation pursuant to the General Not-For-Profit Corporation Act of 1986 of the State of Illinois, as amended.

A reasonable fee covering the direct out-of-pocket cost of providing such information and copying may be charged by the Association or the Board for the cost of providing such information and copying.

ARTICLE IX

Fiscal Year

The fiscal year of the Association begin on the first day of January and end on the last day of December.

ARTICLE X

Seal

If the Association is incorporated, the Board shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Association and the words "Corporate Seal, Illinois."

ARTICLE XI

Waiver of Notice

Whenever any notice whatever is required to be given under the provisions of the Condominium Property Act of Illinois, the General Not-For-Profit Corporation Act of 1986 of the State of Illinois or under the provisions of the articles of incorporation or By-Laws of the Association, or the Declaration, a waiver thereof (subject to all the provisions of such instruments) in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

Amendments to By-Laws

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted upon the affirmative vote of not less than 67% of all of the members at a regular meeting or at any special meeting called for such purpose, by Recording an instrument in writing setting forth such alteration, amendment or repeal, which is signed and acknowledged by the President or Vice President and the Secretary or Assistant Secretary of the Association and which contains an affidavit by an officer of the Board certifying that the necessary affirmative Vote of the members of the Association has been obtained.

ARTICLE XIII

Indemnification

The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a member of the Board or officer of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

The Association may indemnify any person who was or is a party, or is threatened to be made a part to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a member of the Board or an officer of the Association against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

To the extent that a member of the Board or officer of the Association has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in the foregoing two paragraphs, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Any indemnification under the first two paragraphs of this Article shall be made by the Association only as authorized in the specific case, upon a determination that indemnification of the member of the Board or officer of the Association is proper in the circumstances because he or he has met the applicable standard of conduct set forth in the first two paragraphs of this Article. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of members of the Board who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by a majority of the members of the Association.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized by the Board in the specific case, upon receipt of an undertaking by or on behalf of the members of the Board

or the officer of the Association to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Article.

The sums necessary to discharge the obligations of the Association under this Article shall be common expenses.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board, or otherwise, both as to action in his official capacity and as to action in other capacity while holding such office, and shall continue as to a person who has ceased to be a member of the Board or an officer of the Association.

ARTICLE XIV

Construction

(a) Nothing hereinabove contained shall in any way be construed as altering, amending or modifying the Declaration. Said Declaration and these By-Laws shall always be construed to further the harmonious, beneficial, cooperative and proper use and conduct of the Property. If there is any inconsistency or conflict between these By-Laws and the aforesaid Declaration, the provisions of the Declaration shall control.

(b) All words and terms used herein which are also used in the Declaration shall have the same meaning as provided for such words and terms in the Declaration.

(c) In the event the Association is incorporated, the words, "Board of Directors" and "Director" shall be substituted for the words "Board" and "Member of the Board," respectively, wherever they appear herein.

EXHIBIT D

ADDITIONAL PROPERTY

A portion of the following described property:

Parcel 1

The West 53.0 feet of Lot 8 in Oscar Mayer's Resubdivision of various Lots and vacated alleys in various subdivisions in the West Half of the Northeast Quarter and in the East Half of the Northwest Quarter of Section 4, Township 39 North, Range 14, East of the Third Principal Meridian, recorded November 21, 1980 as document 25677341 and registered in the Registrar's Office of Cook County, Illinois November 21, 1980 as document LR3189994, in Cook County, Illinois.

Parcel 2

Proposed Easement for Ingress and Egress over the East 6.0 feet of the West 53.0 feet of Lot 8 in Oscar Mayer's Resubdivision of various Lots and vacated alleys in various subdivisions in the West Half of the Northeast Quarter and in the East Half of the Northwest Quarter of Section 4, Township 39 North, Range 14, East of the Third Principal Meridian, recorded November 21, 1980 as document 25677341 and registered in the Registrar's Office of Cook County, Illinois November 21, 1980 as document LR3189994, in Cook County, Illinois.

EXHIBIT E

PLAT OF SURVEY
OF
OLD TOWN SQUARE UNIT ONE CONDOMINIUM

