

EXHIBIT 1

IQMP CLASS 8 MICRO DESIGNATION REPORT AREA CERTIFICATION APPLICATION

DRAFT DATED: OCTOBER _____, 2024
Subject to Revision

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IQMP CLASS 8 MICRO DESIGNATION REPORT

AREA CERTIFICATION APPLICATION

The purpose of this report is to provide information supportive of the City of Chicago's application to the Cook County Assessor for Class 8 MICRO incentive assessment certification of the area commonly referred to as the former U.S. Steel South Works site and more particularly described herein. This report includes information that addresses each of the area conditions considered in determining Class 8 MICRO area certification.

I. CLASS 8 MICRO AREA OVERVIEW

Ward/Alderman: 7, Ald. Greg Mitchell
10, Ald. Peter Chico

Community Area: South Chicago

Certified Class 8 MICRO Area: The proposed Class 8 MICRO area includes **21,187,494** square feet of contiguous vacant land (**486.4** acres). The site is the location of a former U.S. Steel mill which operated for nearly a century before closing in 1992.

II. PROPERTY DESCRIPTION

Permanent Index Numbers	21-32-100-012-0000	21-32-213-017-0000
	21-32-100-015-0000	21-32-213-018-0000
	21-32-100-016-0000	21-32-500-002-0000
	21-32-212-002-0000	26-05-200-001-0000
	21-32-213-009-0000	26-05-200-007-0000
	21-32-213-010-0000	26-05-200-008-0000
	21-32-213-011-0000	26-05-200-009-0000
	21-32-213-013-0000	26-05-200-010-0000
	21-32-213-014-0000	26-05-200-012-0000
	21-32-213-015-0000	26-05-200-013-0000

Attached hereto as **Exhibit A** are Cook County Tax Maps outlining the proposed Class 8 MICRO area.

Location: Attached hereto as **Exhibit B** is a survey of the property to be included in the Class 8 MICRO area. The survey demonstrates the proposed Class 8 MICRO area exceeds the 10-acre minimum for Class 8 MICRO area eligibility. The proposed Class 8 MICRO area is substantially bordered by the **Calumet River** on the south, **Steelworkers Park** and **Park No. 566** on the east, **S Avenue O**, **S Mackinaw**

Ave, S Burley Ave, S Green Bay Ave and S Brandon Ave on the west and S South Shore Dr and Park No. 566 on the north.

Land Area	21,187,494 square feet (486.4 acres)
Current Use	Vacant land
Current Zoning	The current zoning is M3-3, B3-5, RS-1, RM-5, RM-5.5, RM-6, and RM-6.5.

III. COMMUNITY AND PROPERTY BACKGROUND AND HISTORY

The proposed Class 8 MICRO area is located within the South Chicago Community area on the southeast side of Chicago and adjacent to Lake Michigan. The area comprises nearly 500 acres of the former U.S. Steel South Works site.

The site, commonly known as South Works, has a long history commencing when the North Chicago Rolling Mill Company moved its operations to South Works in 1880. Among the factors driving the decision to relocate were the area's access to and robust transportation infrastructure, adjacency to the Great Lakes, access to the railway network, and proximity to other coal and iron ore resources. The company went through several mergers over the next decade to form the Illinois Steel Company, which eventually became part of the United States Steel Corporation in 1901. Between the 1880s and 1922, steel slag was reportedly landfilled to expand the facility's acreage and relocate the shoreline to the east. At its height in the 1950s, South Works boasted 11 blast furnaces, 8 electric furnaces, and 12 rolling mills, employing a workforce of 20,000.

At its height, South Works spanned over 600 acres and produced millions of tons of steel each year, some of which was used in constructing Chicago's most iconic buildings, including the Sears Tower (now Willis Tower) and the John Hancock Center (now 875 North Michigan Avenue). Consisting of immigrants from Eastern Europe, Italy and Mexico, the diverse workforce played a major role in shaping 20th century production and labor movements, advocating for improved wages and changes in working conditions.

In the latter half of the 20th century, the American steel industry was faced with several challenges, including foreign competition, technological advances, and shifting manufacturing practices. These challenges, coupled with mid-century economic turmoil, declining production, and a shifting workforce, led to decreased capacity over the next several decades. U.S. Steel eventually shuttered operations at South Works in 1992 and demolished the facility by 1993.

The closure of South Works had a significant impact on the local community, resulting in lost jobs, wages and residents, all of which contributed to the area's general economic decline. The site has remained vacant and undeveloped since the South Works' closure, a prime example of the deindustrialization of many of the most productive U.S. regions, now known as the Rust Belt. Since the closure of South Works, the site has had various proposals for development, but the difficulties associated with the site have meant that none has moved forward. The prominence and location of this site, however, make the redevelopment of the South Works site critical to the revitalization of the community and immediate area.

IV. ENVIRONMENTAL CONDITION

Following the closure of the U.S. Steel facility, the property was enrolled into the Illinois Environmental Protection Agency's (IEPA) Pre-Notice Program, a precursor to the current voluntary Site Remediation Program (SRP). In conjunction with facility decommissioning, extensive environmental investigations and remediation activities were conducted to address impacts associated with the long-term facility operations. Upon confirming that the environmental activities were conducted in accordance with the applicable regulations and post-cleanup site conditions satisfied SRP requirements, the IEPA issued a comprehensive No Further Remediation (NFR) Letter for the 556-acre site in 1997 with no land use limitations and no preventative, engineering or institutional controls with the exception of a groundwater use restriction. Additionally, a separate 3.76-acre portion, located south of 86th Street and east of South Burley Avenue, was also enrolled into the SRP in 2005. Following the necessary investigations and remediation activities, the IEPA issued a comprehensive NFR Letter in 2010 with no land use restrictions and no preventative, engineering or institutional controls with the exception of a groundwater use restriction.

Subsequent to the issuance of the NFR Letters, various other investigations have been conducted at the subject property. Based on the available information from those investigations, some degree of additional investigation and remediation is planned in order to maintain the validity of the 1997 NFR Letter or obtain a new NFR Letter from the IEPA SRP.

V. CLASS 8 MICRO ELIGIBILITY REQUIREMENTS

Pursuant to the Cook County Real Property Assessment Classification Ordinance (the "Ordinance"), an area to be certified as Class 8 MICRO must contain at least ten (10) contiguous acres but no more than one (1) contiguous square mile and satisfy the Ordinance definition of in need of substantial revitalization. The Ordinance sets forth seven (7) factors to be considered in determining an area in need of substantial revitalization. Each factor is addressed below.

Substantial Unemployment.

The proposed Class 8 MICRO area is vacant land. However, the unemployment rate in the broader South Chicago Community Area is substantially higher than in the City of Chicago as a whole or in the broader seven-county region that includes Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will County (the CMAP Region).¹

Employment Status, 2018-2022

	South Chicago		City of Chicago		CMAP Region	
	Count	Percent	Count	Percent	Count	Percent
In Labor Force	14,076	60.9	1,505,145	67.3	4,610,142	67.3
Employed [†]	11,717	83.2	1,381,118	91.8	4,310,832	93.5
Unemployed [*]	2,328	16.5	123,341	8.2	286,166	6.2
Not in Labor Force	9,044	39.1	732,070	32.7	2,243,854	32.7

Source: 2018-2022 American Community Survey five-year estimates.

[†]Does not include employed population in the Armed Forces.

Universe: Population 16 years and older

^{*}Universe: In labor force

¹ CMAP Community Data | South Chicago (p. 10). Chicago Metropolitan Agency for Planning. (July 2024). <https://www.cmap.illinois.gov/documents/10180/126764/South+Chicago.pdf>

Low Level of Median Family Income

The second factor considered in determining an area in need of substantial revitalization is whether the area exhibits a low level of median family income and high poverty rates. According to US Census Bureau median household income statistics for 2018-2022, South Chicago's median household income was \$43,936. This statistic compares negatively to the substantially higher City of Chicago median household income of \$71,673 and the CMAP Region median household income of \$87,766.²

Household Income, 2018-2022

	South Chicago		City of Chicago		CMAP Region	
	Count	Percent	Count	Percent	Count	Percent
Less than \$25,000	3,502	30.9	229,233	20.3	453,945	14.0
\$25,000 to \$49,999	2,802	24.7	196,704	17.4	496,759	15.3
\$50,000 to \$74,999	1,502	13.3	159,061	14.1	466,365	14.3
\$75,000 to \$99,999	1,386	12.2	131,717	11.7	407,838	12.5
\$100,000 to \$149,999	1,267	11.2	173,844	15.4	591,558	18.2
\$150,000 and Over	870	7.7	239,349	21.2	834,175	25.7
Median Income	\$43,936		\$71,673		\$87,766	
Per Capita Income*	\$22,912		\$45,840		\$47,125	

Source: 2018-2022 American Community Survey five-year estimates.

Universe: Occupied housing units

*Universe: Total population

Aggravated Abandonment, Deterioration and Underutilization of Properties

Since U.S. Steel closed operations of South Works in 1992, there have been several attempts to redevelop the nearly 600-acre site by interested developers. The redevelopment proposals focused on revitalization of manufacturing uses as well as transforming it into a vibrant mixed-use community along the shore of Lake Michigan. The scale of the site and proximity to downtown, along with its lakeside location, made it one of the most desirable pieces of undeveloped real estate in the City of Chicago.

The first attempt to redevelop the South Works site was proposed by Solo Cup Co. (Solo) in 1999. Solo planned to consolidate operations to a 1 million-square-foot state-of-the-art manufacturing facility employing up to 750 workers. The development, situated on 107 acres, would have been used for the production and distribution of paper and plastic products including cups, containers, cutlery and straws. The total project cost was an estimated \$71 million, including \$16 million in City funds and \$15 million in State of Illinois (the State) funds. Additional public contributions to the project included the City burying old concrete foundations at the site under a layer of landfill, the State building an access road and rail spur at the site, and the State providing support to help Solo for workforce development for the new manufacturing technologies and equipment. Despite these incentives, Solo instead opted to expand a nearby existing facility.

In 2010, McCaffery Interest attempted to redevelop South Works with the Chicago Lakeside project. This proposal aimed to create a new neighborhood with approximately 13,575 single family homes and high-rise units, 17.5 million square feet of retail, 125 acres of parks and open space with bike paths, a 1,500-slip boat marina, and a new high school. However, the

² Ibid (p. 6)

development proposal faced significant challenges, including financial constraints, environmental remediation issues for residential occupancy, and complications with establishing a partnership with U.S. Steel. In 2016, McCaffery announced that the project was cancelled.

The most recent redevelopment proposal for South Works was in 2017 by Emerald Living and the Spanish-based modular home builder Barcelona Housing Systems (BHS). The proposal included a substantial residential component of up to 20,000 housing units built with innovative, environmentally friendly technology pioneered by BHS. However, the development team eventually cancelled their proposal in May 2018, citing soil condition issues.

In between these proposals, the site has been continuously on the market for sale, but U.S. Steel has been unable to secure a buyer or joint venture partner to redevelop the site. The site remains vacant and unused with redevelopment complicated by its industrial past which requires additional cleanup and extensive infrastructure improvements. However, its location on the lakefront and proximity to downtown Chicago make it a valuable piece of real estate with enormous potential for transformation.

Lack of Viable Industrial and Commercial Buildings.

A portion of the proposed Class 8 MICRO area has previously been designated by the City as economically depressed and in need of assistance to generate new economic development.

On November 3, 1999, the South Works Industrial Tax Increment Redevelopment Project and Plan was adopted by the City pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq. (the Act). This district included the southern portion of the South Works site and a map of the South Works Tax Increment Redevelopment Area is attached hereto as **Exhibit C**. Pursuant to a redevelopment area eligibility study, the City found that “the Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be expected to be developed without the adoption of the Plan.” Moreover, “the Project Area would likely continue to be characterized by dilapidation, obsolescence, deterioration, structures below minimum code standards, excessive vacancies, the depreciation of physical maintenance and an overall lack of community planning.”³ The South Works TIF District was terminated in 2019.

The State has also recognized that the area that encompasses the Class 8 MICRO area is economically depressed based upon empirical evidence of pervasive poverty, unemployment and economic distress. In response to these conditions, and in cooperation with the City of Chicago, the State created City of Chicago Enterprise Zone 3. A copy of the map showing the subject property within the boundaries of Enterprise Zone 3 is attached hereto as **Exhibit D**.

Clear Pattern of Stagnation or Decline of Real Estate Taxes

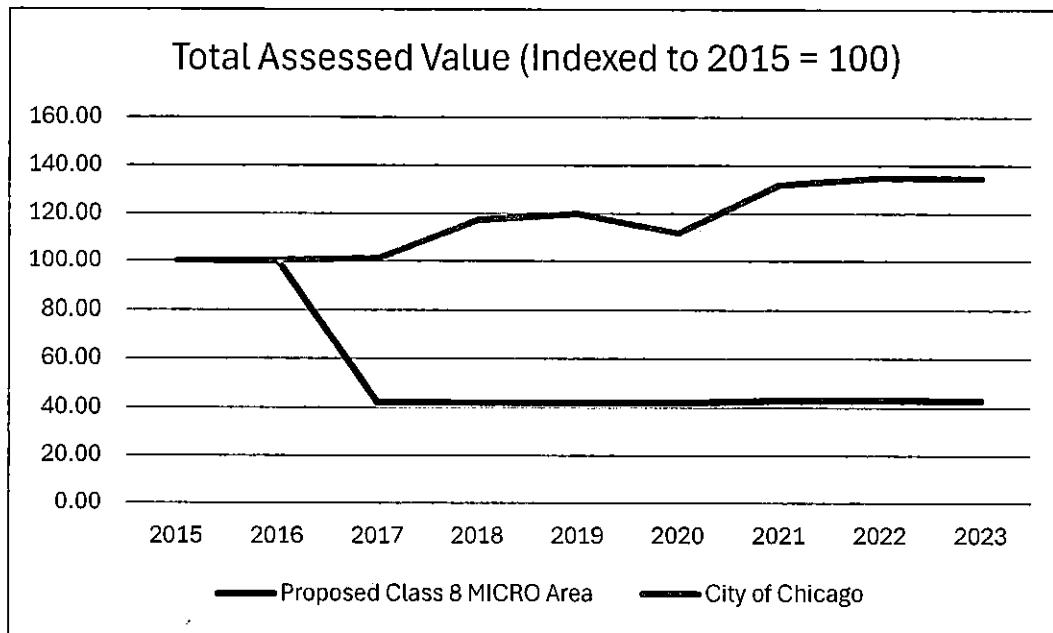
As vacant land for over 30 years, the site has remained undeveloped and underutilized with regard to land values and property taxes. As can be seen in the table and charts below, the assessed value (“AV”) of property within the proposed Class 8 MICRO area has generally remained stagnant

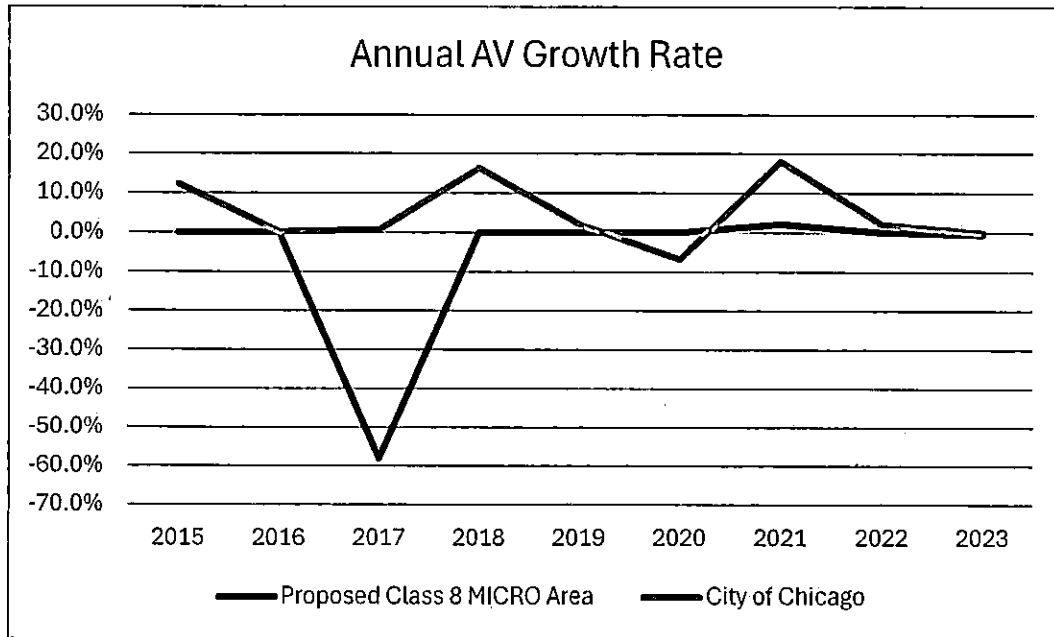
³ *South Works Industrial TIF Designation Ordinance* (pp 2, 4). Journal Of The Proceedings 11/03/1999.

https://www.chicago.gov/content/dam/city/depts/dcd/tif/plans/T_078_SouthWorksRDPORD.pdf

or declined over the last decade. This lack of growth is even more clear when comparing the Class 8 MICRO area to the City of Chicago as a whole. From 2015 to 2023, the proposed Class 8 MICRO area AV decreased by 57.2 percent, while Chicago's AV increased by 34.8 percent.

TAX YEAR	AREA AV	PERCENT CHANGE IN AREA AV	CHICAGO AV	PERCENT CHANGE IN CHICAGO AV
2015	\$2,068,359	0.0%	\$30,691,407,43	12.3%
2016	\$2,068,359	0.0%	\$30,761,140,47	0.2%
2017	\$869,167	-58.0%	\$30,969,973,32	0.7%
2018	\$869,167	0.0%	\$36,036,578,78	16.4%
2019	\$869,167	0.0%	\$36,833,584,24	2.2%
2020	\$869,167	0.0%	\$34,332,081,81	-6.8%
2021	\$888,328	2.2%	\$40,518,891,61	18.0%
2022	\$888,328	0.0%	\$41,388,409,35	2.1%
2023	\$884,917	-0.4%	\$41,381,450,92	0.0%





Manifest lack of economic feasibility for private enterprise

Several factors, previously demonstrated, contribute to the conclusion that without the availability of the Class 8 MICRO incentive future economic revitalization of the area is not viable. The property is in an area that is economically depressed and remains in dire need of economic development. Multiple redevelopment attempts have failed, despite the presence of a TIF District. Without the proposed Class 8 MICRO designation, the area will remain vacant and deteriorate.

Other factors which evidence an imminent threat to public health, welfare and safety

Numerous studies have found that renovating vacant buildings, land, and lots in disinvested communities reduces violent crime rates, public health issues, and enhances the welfare of a community.

Specifically, a growing body of research suggests that worsening economic outcomes – e.g., fading employment opportunities and increasing economic insecurity – may be a primary causal driver of adverse health trends among low-income and less-educated working-age US residents. Worsening economic outcomes among low-income and less-educated working-age adults may be a key driver of adverse population health trends. The disappearance of employment opportunities that had previously provided individuals without a college education a credible path to the middle class, especially through well-paying manufacturing jobs, has played an outsized role

Additionally, within the last year, the three Chicago Police Department Beats – 0422, 0423, and 0424 – closest to the area have experienced a total of 3,085 reported incidents of crime. Of those incidents 495 were violent crimes and 909 were property crimes, with a homicide occurring on the site as recently as July 2024. Compared to City wide statistics, violent crime is 5% higher in the identified Police Beats, while property crime is lower given the vast amount of unimproved, vacant and deteriorating land, which poses other threats to public health and safety as previously stated.

POLICE BEAT	TOTAL CRIMES	VIOLENT CRIMES	PERCENT OF TOTAL	PROPERTY CRIMES	PERCENT OF TOTAL
0422	735	116	15.8%	217	29.5%
0423	1,455	220	15.1%	477	32.8%
0424	895	159	17.8%	215	24.0%
Total	3,085	495	16.0%	909	29.5%
City Wide	226,602	25,339	11.2%	80,054	35.3%

Exhibit A:

Proposed Class 8 MICRO Eligible Area

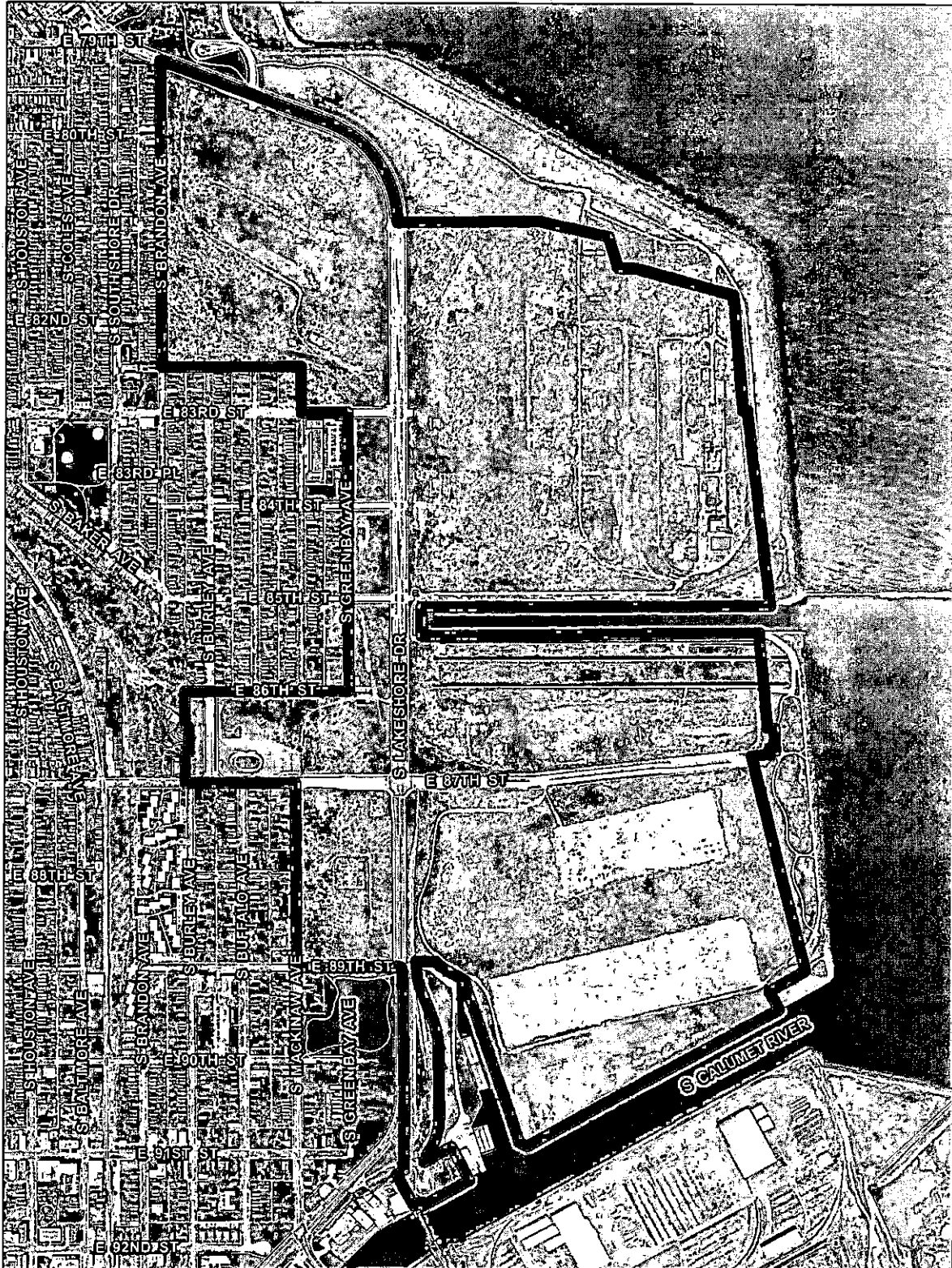


Exhibit B:

BEGINNING AT THE INTERSECTION OF SOUTH DUSABLE LAKE SHORE DRIVE AND SOUTH BRANDON AVENUE;

THENCE RUNNING SOUTHEAST ALONG SOUTH DUSABLE LAKE SHORE DRIVE TO THE NORTH LINE OF EAST 81ST STREET EXTENDED;

THENCE RUNNING EAST ALONG THE NORTH LINE OF EAST 81ST STREET EXTENDED A DISTANCE OF 1022.83 FEET;

THENCE S 78°36'47" E, 505.63 FEET;

THENCE S 18°13'09" E, 233.22 FEET;

THENCE N 88°31'58" E, 110.81 FEET;

THENCE S 75°54'23" E, 702.07 FEET;

THENCE S 06°15'26" E, 2227.25 FEET TO THE NORTH LINE OF THE NORTH SLIP;

THENCE RUNNING WEST ALONG THE NORTH LINE OF THE NORTH SLIP TO THE NORTHWEST CORNER OF THE NORTH SLIP;

THENCE RUNNING SOUTH ALONG THE WEST LINE OF THE NORTH SLIP TO THE SOUTHWEST CORNER OF THE NORTH SLIP;

THENCE RUNNING EAST ALONG THE SOUTH LINE OF THE NORTH SLIP A DISTANCE OF 2418.05 FEET;

THENCE S 06°15'26" E, 708.26 FEET;

THENCE S 88°55'23" E, 47.44 FEET;

THENCE S 00°49'53" E, 140.44 FEET;

THENCE N 88°55'23" W, 34.05 FEET;

THENCE S 88°55'23" E, 34.05 FEET TO THE CENTERLINE OF EAST 87TH STREET;

THENCE SOUTHWESTERLY ALONG THE CENTERLINE OF EAST 87TH STREET TO A LINE EXTENDING S 15°07'23" E FROM A POINT IN THE CENTERLINE OF EAST 87TH STREET BEING 2513.84 FEET EAST OF THE CENTERLINE OF SOUTH DUSABLE LAKE SHORE DRIVE A DISTANCE OF 1552.33 FEET;

THENCE S 59°50'14" W, 309.94 FEET;

THENCE S 30°09'47" E, 150.00 FEET;

THENCE S 59°50'14" W, 2045.26 FEET TO THE EAST LINE OF THE SOUTH SLIP; THENCE NORTHWESTERLY ALONG THE EAST LINE OF THE SOUTH SLIP TO A LINE EXTENDING N 63°25'07" W FROM A POINT OF INTERSECTION OF THE EXTENSION OF THE EASTERLY LINE OF THE SOUTH SLIP AND A POINT 399.57 FEET EAST OF THE EAST LINE OF SOUTH DUSABLE LAKE SHORE DRIVE;

THENCE N 63°25'07" W, 106.94 FEET TO A POINT OF CURVATURE;

THENCE NORTHWESTERLY 135.06 FEET ALONG A CURVE, HAVING A RADIUS OF 486.00 FEET, AND A CHORD BEARING N 55°27'28" W, 134.62 FEET TO THE NORTH LINE OF EAST 89TH STREET EXTENDED;

THENCE RUNNING WESTERLY ALONG THE NORTH LINE OF EAST 89TH STREET EXTENDED TO A LINE EXTENDING S 07°17'53" E FROM A POINT OF INTERSECTION OF THE NORTH LINE OF EAST 89TH STREET AND A POINT 52.77 FEET EAST OF THE EAST LINE OF SOUTH DUSABLE LAKE SHORE DRIVE;

THENCE S 07°17'53", 80.41 FEET TO A POINT OF CURVATURE;

THENCE SOUTHERLY 61.01 FEET ALONG A CURVE, HAVING A RADIUS OF 453.34 FEET AND A CHORD BEARING S 11°09'12" E, 60.96 FEET TO A POINT OF COMPOUND CURVATURE;

THENCE SOUTHEASTERLY 69.65 FEET ALONG A CURVE, HAVING A RADIUS OF 478.90 FEET AND A CHORD BEARING S 19°10'32" E, 69.59 FEET TO A POINT OF TANGENCY;

THENCE S 23°20'31" E, 244.22 FEET TO A POINT OF CURVATURE;

THENCE SOUTHERLY 166.98 FEET ALONG A CURVE, HAVING A RADIUS OF 440.60 FEET AND A CHORD BEARING S 12°29'07" E, 165.98 FEET TO A POINT OF TANGENCY;

THENCE S 01°37'42" E, 537.58 FEET TO A POINT OF CURVATURE;

THENCE SOUTHWESTERLY 198.38 FEET ALONG A CURVE, HAVING A RADIUS OF 376.60 FEET AND A CHORD BEARING S 13°27'45" W, 196.10 FEET TO A POINT OF TANGENCY;

THENCE S 28°33'12" W, 72.10 FEET;

THENCE S 18°14'53" W, 50.57 FEET;

THENCE N 59°48'00" E, 220.44 FEET;

THENCE S 30°11'59" E, 265.33 FEET;

THENCE S 59°48'00" W, 384.83 FEET;

THENCE N 30°11'59" W, 25.00 FEET;

THENCE S 66°01'45" W, 55.33 FEET;

THENCE N 29°44'33" W, 476 FEET MORE OR LESS TO SOUTH DUSABLE LAKE SHORE DRIVE;

THENCE RUNNING NORTHEASTERLY AND NORTHERLY ALONG SOUTH DUSABLE LAKE SHORE DRIVE TO EAST 89TH STREET;

THENCE WESTERLY ALONG EAST 89TH STREET TO SOUTH MACKINAW AVENUE;

THENCE NORTHERLY ALONG SOUTH MACKINAW AVENUE TO EAST 87TH STREET;

THENCE RUNNING WESTERLY ALONG EAST 87TH STREET TO A LINE EXTENDING FROM A POINT IN THE CENTERLINE OF EAST 87TH STREET BEING 131.74 FEET WEST OF THE WEST LINE OF SOUTH BURLEY AVE TO A POINT IN THE CENTERLINE OF SOUTH 86TH STREET EXTENDED BEING 131.52 FEET WEST OF THE WEST LINE OF SOUTH BURLEY AVENUE;

THENCE NORTHERLY ALONG SAID LINE A DISTANCE OF 160 FEET;

THENCE N 43°45'00" E, 18.39 FEET;

THENCE N 00°28'19" W, 214.00 FEET;

THENCE N 46°31'18" W, 18.39 FEET;

THENCE N 00°27'19" W, 223.28 FEET TO EAST 86TH STREET EXTENDED;

THENCE RUNNING EASTERLY ALONG EAST 86TH STREET TO SOUTH GREEN BAY AVENUE;

THENCE RUNNING NORTHERLY ALONG SOUTH GREEN BAY AVENUE TO EAST 83RD STREET;

THENCE RUNNING WESTERLY ALONG EAST 83RD STREET TO SOUTH MACKINAW AVENUE;

THENCE RUNNING NORTHERLY ALONG SOUTH MACKINAW AVENUE TO A LINE 330 FEET NORTH OF AND PARALLEL WITH THE CENTERLINE OF EAST 83RD STREET;

THENCE RUNNING WESTERLY ALONG A LINE 330 FEET NORTH OF AND PARALLEL WITH THE CENTERLINE LINE OF EAST 83RD STREET TO SOUTH BRANDON AVENUE;

THENCE RUNNING NORTHERLY ALONG SOUTH BRANDON AVENUE TO SOUTH DUSABLE LAKE SHORE DRIVE AND THE PLACE OF BEGINNING.

Exhibit C:

South Works Industrial TIF
Designated: 1999
Terminated: 2019

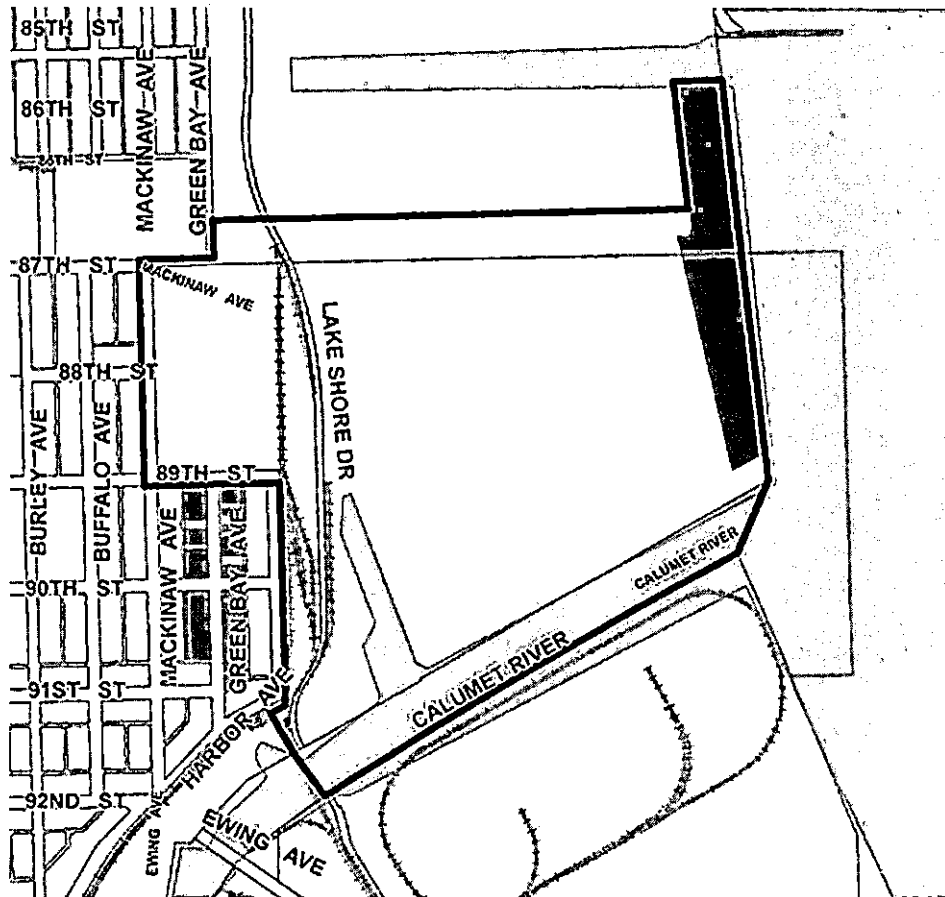


Exhibit D:

Enterprise Zone 3

