



City of Chicago



O2013-9485

Office of the City Clerk

Document Tracking Sheet

Meeting Date:

12/11/2013

Sponsor(s):

Emanuel (Mayor)

Type:

Ordinance

Title:

Support of Class L tax status for property at 333 N Michigan Ave

Committee(s) Assignment:

Committee on Finance

ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois authorized to exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the Cook County Board of Commissioners has enacted the Real Property Assessment Classification Ordinance, as amended (the "Classification Ordinance"), which establishes the Class L property tax classification to encourage the preservation and rehabilitation of certain historically and architecturally significant buildings, which will enhance the general character of real estate in the county and contribute to the economic well-being of the county by increasing the level of economic activity, increasing employment opportunities and contributing to the long-term growth of the real property tax base; and

WHEREAS, 333 Building Corporation, an Illinois corporation (the "Owner"), is the owner of a historic building (the "Building") located at 333 North Michigan Avenue in Chicago, Illinois, as more precisely described in Exhibit 1 attached hereto and hereby made a part hereof (the land and improvements thereon being herein referred to as the "Project Real Estate"); and

WHEREAS, the City Council of the City (the "City Council") adopted an ordinance on February 7, 1997 designating the Building as a Chicago Landmark pursuant to the criteria then established in in Section 2-120-580 *et seq.*, of the Municipal Code of Chicago, and such designation as a Chicago landmark meets the definition of landmark pursuant to Section 1 of the Classification Ordinance; and

WHEREAS, the Owner proposes to rehabilitate the Building thereby preserving the historic building, increasing employment opportunities in the area and contributing to the long-term growth of the real property tax base (the "Project"); and

WHEREAS, it is anticipated that the Project may require a transfer of a beneficial interest in the Owner to one or more entities who will receive an allocation of federal historic rehabilitation tax credits ("Tax Credit Investors"); and

WHEREAS, the Building will continue to be used for commercial purposes after the Project is completed (the "Use"); and

WHEREAS, it is anticipated that the Owner will apply to the Office of the Assessor of Cook County, Illinois (the "Assessor"), for designation of the Project Real Estate as a Class L classification eligible for certain real estate tax incentives pursuant to the Classification Ordinance; and

WHEREAS, pursuant to the Classification Ordinance, the Class L classification is available to real estate which is to be used for commercial or industrial purposes and which (1) is a Landmark (as defined in Section 1 of the Classification Ordinance); and (2) has undergone Substantial Rehabilitation (as defined in Section 1 of the Classification Ordinance), which constitutes an investment by the owner of at least 50 percent of the building's full market value as determined by the Assessor in the assessment year prior to the commencement of the Substantial Rehabilitation; and the Class L incentive shall apply to the building only, except that if the entire building has been

vacant and unused for at least 24 continuous months prior to the filing of the eligibility application with the Assessor, the land upon which the building is situated shall be eligible for the incentive; and

WHEREAS, Section 2 of the Classification Ordinance requires that, in connection with the filing of a Class L eligibility application with the Assessor, an applicant must obtain from the unit of local government in which the real estate is located, an ordinance or resolution which expressly states that the local government: 1) has determined that the incentive provided by Class L is necessary for the Substantial Rehabilitation of the property; 2) supports and consents to the granting of the incentive; and 3) has reviewed and accepted its Preservation Commission's (as defined in Section 1 of the Classification Ordinance) written recommendation of the project for the Class L incentive, specifying the project budget and proposed scope of the work, which meets or exceeds the Standards of the United States Department of the Interior for Rehabilitation, Preservation, Restoration, and Reconstruction of historic properties; and

WHEREAS, the City is a Certified Local Government as defined in Section 1 of the Classification Ordinance and has established the City of Chicago Commission on Chicago Landmarks (the "Landmarks Commission"), and such Landmarks Commission is a Preservation Commission (as defined in Section 1 of the Classification Ordinance); and

WHEREAS, on November 7, 2013, the Landmarks Commission issued a written recommendation of the Project to the City Council; recommending that the Project be approved by the Assessor for the Class L incentive, a copy of which is attached hereto as Exhibit 2 and hereby made a part hereof; and

WHEREAS, the Project Real Estate shall have been occupied and used for the 24-month period prior to the filing of the Class L eligibility application with the Assessor, making the Class L incentive applicable to the Building only; and

WHEREAS, the City requires, and the Owner has agreed to perform or cause to be performed, certain work as part of the Project as more fully described in Exhibit 3 attached hereto and incorporated herein, in furtherance of the City's efforts to promote a sustainable development policy; and

WHEREAS, the Department of Housing and Economic Development of the City (the "HED") has reviewed the proposed Project, has determined that it meets the necessary eligibility requirements for Class L designation, and hereby recommends to City Council that the City expressly determine by ordinance that: 1) the incentive provided by Class L is necessary for the Substantial Rehabilitation of the Project Real Estate; 2) the City supports and consents to the granting of the incentive; and 3) the City has reviewed and accepted the Landmarks Commission's written recommendation of the Project for the Class L incentive, specifying the Project budget and proposed scope of the work, and specifying that the Project meets or exceeds the Standards of the United States Department of the Interior for Rehabilitation, Preservation, Restoration, and Reconstruction of historic properties; **now, therefore**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are hereby expressly incorporated as if fully set forth herein.

SECTION 2. The City hereby determines that the incentive provided by Class L is necessary for the Substantial Rehabilitation of the Project Real Estate.

SECTION 3. The City hereby expressly supports and consents to the granting of the Class L incentive. The City's support and consent to the grant of certification for the Class L incentive for the Project Real Estate is expressly conditioned upon the substantial completion of the Project as proposed by the Owner and approved by the City, both upon completion of the Substantial Rehabilitation of the Project Real Estate and during the term of the Class L incentive.

SECTION 4. The Project is anticipated to be completed by June, 2015. The Commissioner of HED (the "Commissioner") or a designee of the Commissioner (together with the Commissioner, an "Authorized Officer") shall have discretion to extend the construction completion date by issuing a written extension letter in response to a written request from the Owner. To the extent that the Project Real Estate is not rehabilitated, used or maintained during the term of the Class L incentive in a manner which is substantially consistent with the approved Project or Use, as determined by the Authorized Officer, the Authorized Officer is hereby authorized to take such steps as may be necessary and appropriate to withdraw the City's support and consent to the Class L incentive, which may cause the Class L certification to be terminated or revoked.

SECTION 5. The City has reviewed and hereby accepts the Landmarks Commission's written recommendation of the Project for the Class L incentive, which specifies the Project budget and proposed scope of the work, and which specifies that the Project meets or exceeds the Standards of the United States Department of the Interior for Rehabilitation, Preservation, Restoration, and Reconstruction of historic properties, a copy of which is attached hereto as Exhibit 2 and made a part hereof.

SECTION 6. The Authorized Officer is hereby authorized to deliver a certified copy of this ordinance to the Assessor and to furnish such additional information as may be required in connection with the filing of the application by the Owner with the Assessor for Class L designation of the Project Real Estate.

SECTION 7. The Authorized Officer is hereby authorized to enter into and execute such instruments and agreements, and perform any and all acts as shall be necessary or advisable in connection with the Project which reflect the terms described in Exhibit 3 hereto, or such other terms and conditions as may be imposed or approved in connection with the Project by the Authorized Officer.

SECTION 8. The Authorized Officer is hereby authorized to approve minor changes in the scope of work delineated on (Sub) Exhibit B to Exhibit 2 hereof, provided that changes in the Building conditions warrant such changes and will not change the suitability of the Project Real Estate for the Use (all as determined in the sole discretion of the Authorized Officer). Changes to the Project budget delineated on Exhibit A to Exhibit 2 shall not require approval provided that the Project is substantially completed in accordance with the scope of work defined in Exhibit B to Exhibit 2 and achieves the minimum investment required for Class L eligibility.

SECTION 9. Upon request by the Owner for a final determination of the eligibility of the Project Real Estate for the Class L incentive by the Landmarks Commission pursuant to the Classification Ordinance upon completion of the Substantial Rehabilitation of the Project Real Estate, the Authorized Officer shall verify that the work performed substantially conforms to the

EXHIBIT 1

(Subject to final title and survey)

Legal Description:

PARCEL 1:

ALL THAT PART OF LOTS 1, 2, 3, 4 AND 5 IN BLOCK 5 IN FORT DEARBORN ADDITION TO CHICAGO, SAID ADDITION BEING A SUBDIVISION OF THE SOUTHWEST FRACTIONAL 1/4 OF SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF A STRAIGHT LINE DRAWN THROUGH SAID LOTS FROM A POINT IN THE NORTHERLY LINE OF SAID LOT 1, A DISTANCE OF 121.18 FEET EASTERLY FROM THE WESTERLY LINE OF SAID LOT 1 TO A POINT IN THE SOUTHERLY LINE OF SAID LOT 5, A DISTANCE OF 124.00 FEET EASTERLY FROM THE WESTERLY LINE OF SAID LOT 5, REFERENCE BEING HAD TO THE MAP OF SAID ADDITION APPEARING OF RECORD IN NEW VOLUME 'H' OF MAPS PAGE 119 (EXCEPTING FROM SAID TRACT OF LAND THAT PART THEREOF DESCRIBED IN CONDEMNATION PROCEEDINGS IN THE COUNTY COURT AS CASE 33202); ALSO

PARCEL 2:

LOTS 2 AND 3 IN FLANDERS AND WADSWORTH'S SUBDIVISION OF LOT 12 IN THOMAS DYER'S SUBDIVISION OF LOTS 6, 7, 8, 9, 10 AND 11 IN BLOCK 5 OF FORT DEARBORN ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE SOUTH-WEST FRACTIONAL QUARTER OF SECTION 10, TOWNSHIP 39, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN EXCEPTING FROM SAID PREMISES THAT PART TAKEN BY THE CITY OF CHICAGO FOR WIDENING AND IMPROVING NORTH MICHIGAN AVENUE, IN COOK COUNTY, ILLINOIS.

Permanent Index Numbers:

17-10-301-003-0000 and 17-10-301-001-0000

Address Commonly known as:

333 North Michigan Avenue

EXHIBIT 2

Commission on Chicago Landmarks
Recommendation to the City Council

- see attached

EXHIBIT III

333 North Michigan

Additional Requirements: Energy-Efficiency & Environmental Quality Measures

Leadership in Energy and Environmental Design (LEED):

The Developer has provided documentation satisfactory to the City (including written verification from the Developer's architect) that it has (A) satisfied the reflective roofing requirements of the Project, (B) has registered for LEED Existing Buildings certification with U.S. Green Building Council, and (C) started the Performance Period submittal process for LEED certification.

The actual timing for LEED certification will depend on completion of the Performance Period and Green Building Certification Institute review. Accordingly, the Building may not be eligible to seek LEED certification at the time the Project is complete, and such certification shall not be a condition to the City's certification that the Project is complete for Class L purposes.

**CITY OF CHICAGO
COMMISSION ON CHICAGO LANDMARKS
November 7, 2013**

**RECOMMENDATION TO THE CITY COUNCIL THAT
A CLASS L REAL ESTATE TAX REDUCTION BE APPROVED FOR**

333 North Michigan Avenue Building

To the Mayor and Members of the City Council of the City of Chicago:

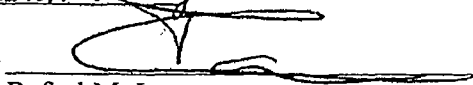
Whereas, the Commission on Chicago Landmarks has reviewed an application for the proposed exterior and interior rehabilitation of the building at 333 North Michigan Avenue (the "Building," and its rehabilitation, the "Project"), pursuant to the Cook County Real Property Assessment Classification Ordinance, as amended (the "County Ordinance"), and its requirements governing the Class L real estate tax incentive (the "Class L Incentive"); and

Whereas, the Building was designated as a Chicago Landmark by the City Council of the City of Chicago (the "City Council") on February 7, 1997; now, therefore

THE COMMISSION ON CHICAGO LANDMARKS HEREBY:

1. Incorporates the above recitals; and
2. Finds, based on the Project's budget and proposed scope of work, incorporated herein and attached as Exhibits A and B respectively, that the Project meets or exceeds the *Secretary of the Interior's Standards for the Rehabilitation of Historic Buildings*; and
3. Finds that the Project meets the eligibility criteria for the Class L Incentive specified in the County Ordinance;
4. Recommends that the Project be approved for the Class L Incentive.

The above recommendation was passed unanimously (6-0)


Rafael M. Leon
Chairman

Dated: November 7, 2013

EXHIBIT B

333 North Michigan SCOPE OF THE WORK

General. All work affecting the significant historical and architectural features shall be done in accordance with the following:

- The City of Chicago's building permit review procedures and the Landmarks Ordinance, 2-120-580 et seq. of the Municipal Code of Chicago.
- The review and approval of the Commission.
- The U.S. *Secretary of the Interior's Standards for the Rehabilitation of Historic Buildings* (the "Standards") and the *Guidelines for Alterations to Historic Buildings and New Construction*, adopted by the Commission on March 7, 1992.
- Historic photographs, architectural drawings, and any other available archival documentation of the building, to be investigated and assembled by the property owner.
- Drawings prepared by Goettsch Partners (GP) and Kellermeyer Godfry Hart (KGH) dated 7/17/13 and any Commission/PRC conditions of approval.

Required Approvals. All work must be submitted to the Commission staff for prior review and approval. The Commission staff may require as part of its review, as appropriate, material samples, paint colors and finishes, shop drawings, specifications, mock-ups, test patches, and control samples.

Required Work.

Exterior:

Work shall include:

- Replacement of 13 storefronts based on historic configuration as shown on GP drawings dated 7/17/13
- Recreation of the main entry on Michigan Avenue based on original drawings
- Masonry repairs as identified on KGH drawings dated 7/17/13
- Cleaning of masonry facades: 100% of west and north facades, and a portion of the east facade as identified on KGH drawings dated 7/17/13
- Cladding replacement of existing rooftop addition
- Installation of reflective 'energy-star' coating on existing roofs
- Architectural accent lighting to include, but not limited to, two new light fixtures at main entry based on historic configuration and lighting of tower above the 24th floor.

Interior:

Work shall include:

- Restoration of historic main lobby including recreation of missing historic ceiling, new lighting, and new openings as shown on GP drawings dated 7/17/13
- Upgrades to common areas of the office levels: bathrooms, elevator lobbies, and corridors for floors:
 - a. Bathrooms: 3, 6, 7, 8, 9, 13, 23, 24, 25
 - b. Elevator lobbies: 6, 7, 8, 9, 13, 17
 - c. Corridors: 6, 7, 8, 9, 13, 17, 25
- Elevator modernization to cars 3, 4, 5 and new cab interiors to all 10 cars
- Exit stairs modification for code compliance
- Installation of new sprinkler system for Phase I of proposed building improvements: 4 basement levels, floors 6, 8, 9, 25, 26 and common areas on 1, 7, and 13

- Upgrades to HVAC, fire protection, plumbing, and electrical systems

Work shall occur in accordance with permit drawings for the Project, to be reviewed and approved by the staff of the Commission on Chicago Landmarks. The building's existing primary heating and cooling plants are being replaced with new high efficient machines designed in accordance to the applicable ASHRAE standards for energy efficiency. Consistent with the Sustainable Development Policy of the Department of Housing and Economic Development, the applicant has agreed to certify the building with the U.S. Green Building Council for Leadership in Energy and Environmental Design (LEED).

Additional work not required by the Class L, but to be undertaken by the owner, includes installation of new signage and tenant interior build-outs.

In addition, Applicant began work before Class L approval was given by the Commission on Chicago Landmarks, which included limited storefront renovations, façade cleaning and repair, and asbestos abatement in September, 2013. The items are reflected in Exhibit A as Non-Eligible Costs

Project approved by the City and that the Project Real Estate is eligible for the Class L incentive (the "Final Determination").

SECTION 10. Any conveyance of all or a portion of the Project Real Estate by the Owner before the Final Determination shall render the support and consent of the City for the Class L incentive set forth hereunder in connection with the Project null and void. Any renewed support and consent of the City for the Class L incentive contemplated in connection with the Project undertaken by a successor in interest to the Owner of the Project Real Estate prior to the Final Determination shall require additional authorization by the City Council. Any change prior to the Final Determination in the direct owners in excess of 7.5% of the Owner or who constitute the direct or indirect controlling parties of the Owner, as determined by the Corporation Counsel (an "Ownership Change"), shall render the support and consent of the City for the Class L incentive set forth hereunder in connection with the Project null and void, unless such Ownership Change is approved by the Authorized Officer in his or her discretion. This Section 10 shall not apply to the transfer of a beneficial interest in the Owner to Tax Credit Investors with respect to the Project, or to the transfer of a leasehold interest in the Project Real Estate to a master tenant entity owned in whole or in part by one or more Tax Credit Investors, provided that such transfers do not involve a change to the direct or indirect controlling parties of the Owner.

SECTION 11. No permit fee waiver(s) pursuant to Section 2-120-815 of the Municipal Code of Chicago from the City related to the Project Real Estate shall be granted to the Owner during the rehabilitation of the Project and prior to the expiration of the Class L incentive related to the Project Real Estate.

SECTION 12. To the extent that any ordinance, resolution, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. If any section, paragraph, clause or provision shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

SECTION 13. This Ordinance shall be effective from and after its passage and approval.



30 FIN.

OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

December 11, 2013

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Housing and Economic Development, I transmit herewith an ordinance authorizing a Class L tax status for property located at 333 North Michigan Avenue.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor

CHICAGO January 15, 2014

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

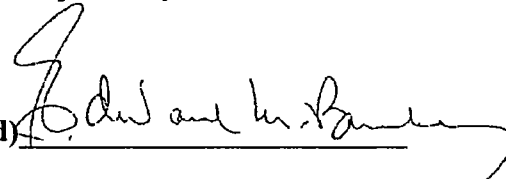
An ordinance approving a Class L Real Estate Tax Incentive Classification for property located at 333 North Michigan Avenue owned by the 333 Building Corporation.

O2013-9485

Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Ordinance Transmitted Herewith

This recommendation was concurred in by _____ (a viva voce vote) of members of the committee with _____ dissenting vote(s).

Respectfully submitted

(signed) 

Chairman

APPROVED

Stephen R. Peltier

CORPORATION COUNSEL

APPROVED

Robert E. Munnell, SR.

Mayor

1/31/14