



# City of Chicago



O2020-878

Office of the City Clerk

## Document Tracking Sheet

**Meeting Date:** 2/19/2020

**Sponsor(s):** Lightfoot (Mayor)

**Type:** Ordinance

**Title:** Support of Class L tax incentive for property(s) at 226 W Jackson Blvd

**Committee(s) Assignment:** Committee on Economic, Capital and Technology Development



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OFFICE OF THE MAYOR  
CITY OF CHICAGO

LORI E. LIGHTFOOT  
MAYOR

February 19, 2020

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

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith an ordinance authorizing a Class L tax status for property located at 226 West Jackson Boulevard.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in black ink that reads "Lori E. Lightfoot". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Mayor

## 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 Tax Incentive Ordinance, Classification System for Assessment, as amended from time to time (the "County 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**, Phoenix 226 Central Loop Owner LLC, an Illinois limited liability company (the "Owner"), is the owner of the historic building (the "Building") located at 226 West Jackson Boulevard 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**, it is expected that the City Council of the City (the "City Council") will adopt an ordinance designating the Building as a Chicago Landmark pursuant to the criteria established in Section 2-120-580 et seq. of the Municipal Code of Chicago, and such designation as a Chicago Landmark would meet the definition of Landmark pursuant to the County 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**, the redevelopment objective of the City in connection with the Project Real Estate is exterior and interior rehabilitation; and

**WHEREAS**, the Owner intends to use the Building for commercial purposes after the Project is completed by operating the Building as two separate hotels containing, collectively, approximately 350 rooms, associated amenity spaces and approximately 3,700 square feet of bar and event space (the "Intended Use"); 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 Owner has applied 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 County Ordinance; and

**WHEREAS**, pursuant to the County 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 the County Ordinance); and (2) has undergone Substantial Rehabilitation (as defined in the County 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**, the County 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, among other things, 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 the County 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 the County 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 the County Ordinance); and

**WHEREAS**, on January 9, 2020, the Landmarks Commission issued an amended and restated 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 Department of Planning and Development of the City ("DPD") 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, among other things, 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 30, 2021. The Commissioner of DPD (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 Intended 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 amended and restated 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 Economic Disclosure Statement, as defined in the County Ordinance, has been received and filed by the City.

**SECTION 7.** 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 8.** 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, or such other terms and conditions as may be imposed or approved in connection with the Project by the Authorized Officer.

**SECTION 9.** The Authorized Officer is hereby authorized to approve minor changes in the scope of work and budget delineated on Exhibits A and 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 Intended 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 prior City 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 10.** 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 County 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 Project approved by the City and that the Project Real Estate is eligible for the Class L incentive (the "Final Determination").

**SECTION 11.** 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 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 12.** 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 13.** 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 14.** This Ordinance shall be effective from and after its passage and approval.

**EXHIBIT 1**

**LEGAL DESCRIPTION**  
(Subject to final title and survey)

Permanent Index Numbers:

17-16-219-001

Address Commonly known as:

226 West Jackson Boulevard, Chicago

LOTS 23, 24, 25, 26, 27, 28, 29, 30, 31 AND LOT 52 IN THE SUBDIVISION OF BLOCK 92 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

**EXHIBIT 2**

Commission on Chicago Landmarks  
Recommendation to the City Council

- see attached



**CITY OF CHICAGO  
COMMISSION ON CHICAGO LANDMARKS  
January 9, 2020**

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

**226 W. Jackson Boulevard  
Chicago & North Western Railway Office Building**

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

**Whereas**, the Commission on Chicago Landmarks (the "Commission") has reviewed an application for the proposed exterior and interior rehabilitation of the building at 226 W. Jackson Boulevard (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"); and


**Whereas**, the Building was preliminarily recommended as a Chicago Landmark by the Commission on November 7, 2019; and

**Whereas**, the Commission now desires to amend and restate its November 7, 2019 preliminary recommendation to add an amended Exhibit A and Exhibit C attached hereto; 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, B and C 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, conditioned upon a final determination by the Commission and the City Council to designate the building as a Chicago Landmark, that the Project be approved for the Class L incentive.

The above recommendation was passed unanimously (7-0) January 9, 2020 but shall be effective as of the November 7, 2019 date of the original preliminary recommendation.

  
Rafael M. Leon  
Chairman

Dated: January 9, 2020