



City of Chicago



O2017-5402

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	6/28/2017
Sponsor(s):	Emanuel (Mayor)
Type:	Ordinance
Title:	Support of Class L tax incentive for property at 932-940 W Fulton Mkt
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 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, MC ASB 934 Fulton, LLC, a Delaware limited liability company (the "Owner"), is the owner of the historic building (the "Building") located at 932-40 West Fulton Market 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 July 29, 2015, designating the area encompassing the Building, otherwise known as the Fulton-Randolph Market District, as a Chicago Landmark pursuant to the criteria established in Section 2-120-580 et seq. of the Municipal Code of Chicago, identifies the Building as a Contributing Building within the Fulton-Randolph Market District, and such designation as a Chicago landmark meets the definition of landmark pursuant to Section 1 of 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 to remove non-historic alterations and restore the exterior elevations of the historic building; rehabilitate the interior of an underutilized building; and enhance the City's property tax revenue; and

WHEREAS, the Owner intends to use the Building for commercial purposes after the Project is completed by operating the Building for retail, restaurant or office purposes (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 February 2, 2017, 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 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 December 31, 2017. 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 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 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 including 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 (Sub) 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 Use (all as determined in the sole discretion of the Authorized Officer). Changes to the Project budget delineated on (Sub) 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 (Sub) 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)

LOTS 13 AND 14 IN BLOCK 15 IN CARPENTER'S ADDITION TO CHICAGO BEING A SUBDIVISION OF THE SOUTHEAST QUARTER OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Permanent Index Numbers: 17-08-412-011-0000
 17-08-412-012-0000
 17-08-412-013-0000

Address Commonly known as: 932-40 West Fulton Market, Chicago, IL

EXHIBIT 2

Commission on Chicago Landmarks
Recommendation to the City Council

- see attached

CITY OF CHICAGO
COMMISSION ON CHICAGO LANDMARKS
February 2, 2017

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

932-940 W. Fulton Market Street
(Fulton-Randolph Market District)

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

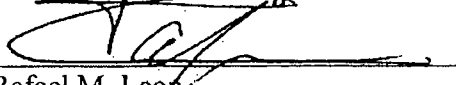
Whereas, the Commission on Chicago Landmarks (the "Commission") has reviewed an application for the proposed exterior and interior rehabilitation of the building at 932-940 West Fulton Market (the "Building," and its rehabilitation, the "Project"), pursuant to the Cook County Real Property Assessment 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 is within the Fulton-Randolph Market District, designated as a Chicago Landmark by the City Council of the City of Chicago (the "City Council") on July 29, 2015; 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. Finds that 932-940 West Fulton Market is a contributing building to the historic character of the Fulton-Randolph Market District; and,
5. Recommends that the Project be approved for the Class L incentive.

The above recommendation was passed unanimously (6-0)


Rafael M. Leon
Chairman

Dated: Feb. 2, 2017

Exhibit A

Category	Non-Eligible Costs	Class B Eligible Costs	Total Costs
1. Building Acquisition	\$ 6,231,861		\$ 6,231,861
2. Acquisition Closing Costs	\$ 176,070		\$ 176,070
3. Hard Costs [List Hard Costs Below]			
Demolition / Site		\$ 382,105	\$ 382,105
Concrete		\$ 157,150	\$ 157,150
General Masonry (Interior, rooftop, and North elevation)		\$ 114,375	\$ 114,375
Metals		\$ 523,000	\$ 523,000
Wood/Plastics		\$ 91,744	\$ 91,744
Therm/Moist Prot		\$ 119,650	\$ 119,650
Doors/Windows		\$ 275,750	\$ 275,750
Storefront		\$ 94,920	\$ 94,920
Masonry Rehabilitation (South & East Elevations)		\$ 249,200	\$ 249,200
Finishes		\$ 180,927	\$ 180,927
Interior Signage (Tenant)	\$ 2,500		\$ 2,500
Mechanical		\$ 693,955	\$ 693,955
Electrical		\$ 293,480	\$ 293,480
Green Roof		\$ 161,468	\$ 161,468
General Conditions		\$ 329,200	\$ 329,200
Insurance		\$ 34,202	\$ 34,202
Overhead & Fee		\$ 205,214	\$ 205,214
Total Hard Costs			\$ 3,908,840
4. Soft Costs			
Permit Fees		\$ 19,141	\$ 19,141
A&E		\$ 209,424	\$ 209,424
Consulting		\$ 23,002	\$ 23,002
Legal		\$ 60,962	\$ 60,962
Insurance		\$ 6,000	\$ 6,000
Development Management		\$ 191,075	\$ 191,075
Leasing Commissions	\$ 440,649		\$ 440,649
Other Marketing	\$ 12,197		\$ 12,197
Debt and Equity Construction Loan Interest			\$ -
Preliminary Budget Contingency (10%)		\$ 72,904	\$ 72,904
Total Soft Costs			\$ 1,035,353
Project Total Costs	\$ 6,863,277	\$ 4,488,847	\$ 11,352,123

EXHIBIT B

932-940 W. Fulton Market 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 4, 1992.
- Historic photographs, architectural drawings, and any other available archival documentation of the building, unless alterations from the same are agreed to by the Commission, to be investigated and assembled by the property owner.
- Drawings prepared by Hartshorne Plunkard Architecture dated 12/09/16 with additional elevations and building sections dated 12/13/16, façade condition assessment summary report dated 10/14/16 as further defined by scope of work drawings dated 1/17/17 prepared by Revive Architecture, 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:

- Street facades to be cleaned using gentlest means possible;
- Select masonry repairs per Revive Architecture scope of work drawings and financial report dated 1/17/17 to include the following categories as indicated: mortar joint repointing, cleaning and painting of lintels, select stone resetting/replacement/Dutchman repair on first floor, replacement of steel lintels above first floor storefronts on south and east elevations as required upon inspection with supplemental documentation provided to staff of the Commission, new replacement steel lintels on the north elevation second floor, rebuild select brick masonry, new masonry openings per plans, and additional structural work as discovered;
- Remove non-historic masonry infill at first floor masonry openings and reinstate new storefront and doors as per plans;
- Remove non-historic wood panel infill at second floor masonry openings and install new double hung windows to match historic configuration;
- Select alterations to existing east and north elevation masonry openings as per plans;
- Retain and repair historic tile letters at south elevation parapet;
- Remove existing stair enclosure and elevator overruns at roof level, construct new overrun and access point as per plans;
- Remove existing exterior lighting at parapet;
- Permanent removal of the existing fire escape on the north elevation;
- Replacement of flat roofing with new Energy Star rated roofing;
- Installation of vegetative 'green' roof for a minimum of 50% of net usable area;

Interior:

Work shall include:

- Demolition of all interior finishes, stairs, topping slabs, and select areas of interior masonry walls as per plans;
- Structural repairs or replacement of wood, concrete, and steel structural elements;
- Infill of existing floor and roof openings and framing of new openings as required including new concrete topping slabs;
- Install three new exit stairs;
- Provide one new elevator;
- Upgrades to gas, water, and electrical services as required;
- All new plumbing, electrical, and fire protection systems;
- New mechanical system to exceed ASHRAE 90.1-2004 by 14% conforming to IECC 2015.

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 project will meet the 2017 Chicago Sustainable Development Policy.

Additional work not required by the Class L, but to be undertaken by the owner, includes retail and office tenant build-out, landscaping, and alley repairs. Any signage and exterior illumination shall be reviewed and approved by the Commission prior to installation.



FIN.

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OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

June 28, 2017

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 ordinances authorizing a Class L tax incentive for properties located at 632 North Dearborn and 932 West Fulton Market.

Your favorable consideration of these ordinances will be appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Rahm Emanuel".

Mayor

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CHICAGO July 26, 2017

To the President and Members of the City Council:

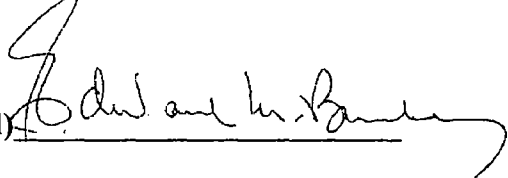
Your Committee on Finance having had under consideration an ordinance concerning the authority to approve a Class L Real Estate Incentive Classification for the property located at 932-940 West Fulton market for MC ASB 934 Fulton, LLC.

2017-5402

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


CORPORATION COUNSEL

APPROVED


8/22/17 Mayor