



City of Chicago



O2018-9201

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	11/14/2018
Sponsor(s):	Emanuel (Mayor)
Type:	Ordinance
Title:	Support of Class L tax incentive for property at 201-209 S Ashland Ave
Committee(s) Assignment:	Committee on Finance

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OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

November 14, 2018

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 Class L tax status for property located at 201-209 South Ashland.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor



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CHICAGO December 12, 2018

To the President and Members of the City Council:

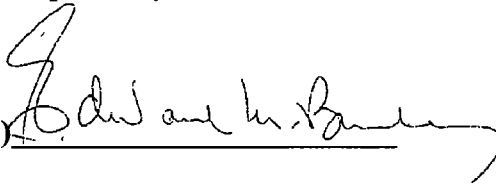
Your Committee on Finance having had under consideration an ordinance authorizing the approval of a Class L Real Estate Tax Incentive Classification for property located at 201-209 South Ashland Avenue for 201 South Ashland LLC.

O2018-9201

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

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, 201 South Ashland, LLC, an Illinois limited liability company (the "Owner"), is the owner of the historic buildings (the "Buildings") located at 201-209 South Ashland 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 13, 1997, designating the area encompassing the Buildings, otherwise known as the Jackson Boulevard District, as a Chicago Landmark pursuant to the criteria established in Section 2-120-580 et. seq. of the Municipal Code of Chicago, which identifies the Buildings as Contributing Buildings within Jackson Boulevard 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 Buildings thereby preserving the historic buildings, 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 restore the exterior of the historic buildings, rehabilitate the interior of vacant buildings, and enhance the City's property tax revenue; and

WHEREAS, the Owner intends to use the Buildings for commercial purposes, after the Project is completed, by operating the Buildings as the "Epiphany Center for the Arts" to include an large venue event space, indoor special event space, communication service establishment, artist work or sales space, gallery in the church's basement, and new event and support spaces and eating and drinking establishment in the parish house (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 buildings' 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 buildings only, except that if the entire buildings have 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 buildings are 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 exterior 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 August 2, 2018, 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 has not been occupied and used for the 24-month period prior to the filing of the Class L eligibility application with the Assessor making the land upon which the Buildings are situated eligible for the incentive; 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, 2019. 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").

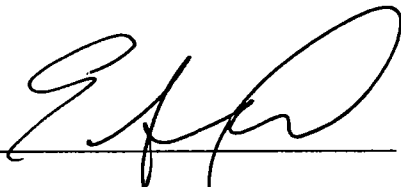
SECTION 11. Any conveyance of all or a portion of the Project Real Estate by the Owner before the Final Determination shall render the support and consent of the City for the Class L incentive set forth hereunder in connection with the Project null and void. Any renewed support and consent of the City 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.

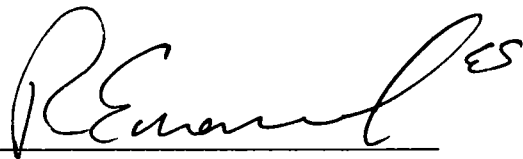
APPROVED



CORPORATION COUNSEL

DATED: 12/19/18

APPROVED



MAYOR

DATED: 12/19/18

EXHIBIT 1

LEGAL DESCRIPTION
(Subject to final title and survey)

LOTS 1, 2, AND THE NORTH 3 FEET OF LOT 3 IN THE RESUBDIVISION OF LOTS 17 TO 37 INCLUSIVE, IN BLOCK 19 IN THE CANAL TRUSTEES' SUBDIVISION OF THE WEST ½ AND THE WEST ½ OF THE NORTH EAST ¼ OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Permanent Index Numbers: 17-17-110-001-0000

Address Commonly Known As: 201 to 209 SOUTH ASHLAND AVENUE, CHICAGO, ILLINOIS
60607

EXHIBIT 2

Commission on Chicago Landmarks
Recommendation to the City Council

- see attached

**CITY OF CHICAGO
COMMISSION ON CHICAGO LANDMARKS
August 2, 2018**

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

**201-209 S. Ashland
(Jackson Boulevard District)**

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

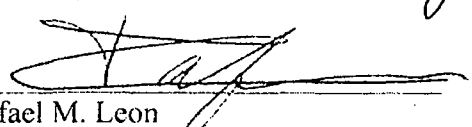
Whereas, the Commission on Chicago Landmarks (the "Commission") has reviewed an application for the proposed exterior and interior rehabilitation of the buildings at 201-209 S. Ashland (the "Buildings," and their rehabilitation, the "Project"), pursuant to the Cook County Real Property Assessment Classification Ordinance, as amended (the "County Ordinance"), and its requirements governing the Class L real estate tax incentive (the "Class L"); and

Whereas, the Buildings are within the Jackson Boulevard District, designated as a Chicago Landmark by the City Council of the City of Chicago (the "City Council") on July 13, 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. Finds that 201-209 S. Ashland are contributing buildings to the historic character of the Jackson Boulevard District; and,
5. Recommends that the Project be approved for the Class L incentive.

The above recommendation was passed unanimously (7-0)


Rafael M. Leon
Chairman

Dated: August 2, 2018

EXHIBIT A
Church of the Epiphany (Jackson Boulevard District)
201 S. Ashland
Class L Project Budget

	Church	Parish	Total Cost	Class L Ineligible*	Class L Eligible
	\$	\$	\$	\$	\$
Total Acquisition Costs	1,387,039	1,241,862	2,628,901	2,628,901	
Hard Costs					
Environmental Remediation		\$ 33,000	\$ 33,000	\$ 18,000	\$ 15,000
Exterior Demolition	\$ 12,000	\$ 8,000	\$ 20,000		\$ 20,000
Demolition	\$ 43,000	\$ 82,000	\$ 125,000	\$ 22,000	\$ 103,000
Excavation	\$ 247,000	\$ 127,000	\$ 374,000		\$ 374,000
Concrete Foundations & Slabs on Grade	\$ 71,000	\$ 40,000	\$ 111,000		\$ 111,000
Church Basement (other work)	\$ 107,000		\$ 107,000		\$ 107,000
Landscapping	\$ 7,500	\$ 4,000	\$ 11,500	\$ 11,500	
Remove Organ Pipe	\$ 18,000		\$ 18,000		\$ 18,000
Refurbish Fire Escape		\$ 6,000	\$ 6,000		\$ 6,000
Exterior Masonry Repair & Clean	\$ 85,000	\$ 13,000	\$ 98,000		\$ 98,000
Masonry/Shoring	\$ 29,500	\$ 200,000	\$ 229,500		\$ 229,500
Steel/Miscellaneous Metals	\$ 2,000	\$ 3,000	\$ 5,000		\$ 5,000
Finish Carpentry/Windows/Crown Moulding	\$ 11,000	\$ 10,000	\$ 21,000		\$ 21,000
Rough Carpentry	\$ 17,000	\$ 15,000	\$ 32,000		\$ 32,000
Toilet Partitions & Miscellaneous Accessories		\$ 50,000	\$ 50,000		\$ 50,000
Restore Stair Railings/Hand Rails		\$ 4,000	\$ 4,000		\$ 4,000
Restain Wood Beams and Platform	\$ 20,000	\$ 5,000	\$ 25,000		\$ 25,000
Interior Doors/Frames & Hardware	\$ 3,800	\$ 16,200	\$ 20,000		\$ 20,000
Waterproofing	\$ 4,500	\$ 6,500	\$ 11,000		\$ 11,000
Fire Protection	\$ 25,000	\$ 20,000	\$ 45,000		\$ 45,000
Millwork & Bar		\$ 50,000	\$ 50,000		\$ 50,000
Roofing/Flashing	\$ 5,000	\$ 15,000	\$ 20,000		\$ 20,000
Caulk Sealants	\$ 4,700	\$ 9,000	\$ 13,700		\$ 13,700
Exterior Windows/Doors/Frames Restoration	\$ 10,000	\$ 5,000	\$ 20,000		\$ 20,000
Acoustic Ceiling		\$ 26,000	\$ 26,000		\$ 26,000
Wood Floor Refurbish	\$ 11,000	\$ 4,000	\$ 15,000		\$ 15,000
Resilient Flooring/Tilework		\$ 91,000	\$ 91,000		\$ 91,000
Paint and Stabilization	\$ 96,000	\$ 24,000	\$ 120,000		\$ 120,000
Drywall	\$ 18,000	\$ 75,000	\$ 93,000		\$ 93,000
Terra Cotta Repair/Restoration	\$ 10,000		\$ 10,000		\$ 10,000
Plumbing		\$ 170,000	\$ 170,000		\$ 170,000
Elevator		\$ 240,000	\$ 240,000		\$ 240,000
Fire Protection Alarm	\$ 18,000	\$ 20,000	\$ 38,000		\$ 38,000
HVAC/Mechanical	\$ 275,000	\$ 132,000	\$ 407,000		\$ 407,000
Electrical	\$ 95,000	\$ 135,000	\$ 230,000		\$ 230,000
Security System	\$ 6,000	\$ 6,000	\$ 12,000		\$ 12,000
GC General Conditions/Liability Insurance	\$ 83,316	\$ 111,284	\$ 194,600		\$ 194,600
GC Fees	\$ 98,904	\$ 125,296	\$ 224,200		\$ 224,200
Total Hard Costs			\$ 3,320,500	\$ 51,500	\$ 3,269,000
Soft Costs					
Legal Fees	\$ 45,571	\$ 59,204	\$ 104,775		\$ 104,775
Due Diligence	\$ 13,357	\$ 17,353	\$ 30,710		\$ 30,710
Capital/Financing Fees	\$ 205,610	\$ 267,120	\$ 472,730	\$ 472,730	
Interim Period Operating Expenses	\$ 139,228	\$ 180,880	\$ 320,108	\$ 320,108	
Permits and Impact Fees	\$ 11,544	\$ 14,997	\$ 26,541		\$ 26,541
Architecture and Engineering Fees	\$ 73,385	\$ 95,338	\$ 168,723		\$ 168,723
Project Supervision and OH	\$ 62,228	\$ 80,844	\$ 143,072		\$ 143,072
Management Fees	\$ 117,274	\$ 152,357	\$ 269,631		\$ 269,631
Total Soft Costs			\$ 1,536,290	\$ 792,838	\$ 743,452
Total Hard and Soft Costs			\$ 4,856,790	\$ 844,338	\$ 4,012,452

*Class L Ineligible Costs include work that was performed prior to the Landmarks Commission recommendation

EXHIBIT B

201 SOUTH ASHLAND (THE CHURCH OF THE EPIPHANY)/JACKSON BOULEVARD DISTRICT

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.
- Rehabilitation drawings prepared by Fitzgerald Associates Architects dated June 14, 2018, WJE Report-Limited Exterior Masonry Repair Peer Review dated 1/31/18, WJE Letter-Limited Exterior Masonry Peer Review dated 2/9/18, and any Commission/PRC conditions of approval that may occur during the duration of the project.

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:

- Masonry work at select areas to include removal of bio-growth; tuckpointing as needed; replacement of unsound patches; patching of stone with minor delamination; replacement of severely delaminated or unsound stones
- Repair of stained glass windows; frames to be repaired and repainted
- Replacement of all stone and concrete entry stairs
- Replacement of missing/boarded-up windows, glazing, and security bars to match existing
- Repair and repainting of wood windows and doors
- Repair of damaged eaves
- Repainting of breezeway fire escape

Interior work shall include:

Structural:

- Pouring new slab in church and parish hall basement
- Installation of new concrete footings for parish hall
- Reinforcement of existing girders and repair of brick piers in church basement
- Addition of select new and reinforcement of existing joists in parish hall

- Tuckpointing and sealing church basement foundation walls

Church:

- Rehab of basement into a new, 3,535-square foot gallery
- Installation of a new stair from the narthex to the basement
- Repair of interior finishes including terra cotta and decorative millwork to match existing
- Seal in place the finishes on the west, north, and south walls of sanctuary, repairing/repainting as needed; Restore finishes at east elevation
- Retain organ and majority of pipes
- Insert new door opening between the sanctuary and parish house

Parish House:

- Update with new event and support spaces
- Install new, code-compliant elevator and stair in parish hall to make complex fully accessible
- Install new bathrooms

MEP/FP work shall include:

- Replace mechanical, electrical, plumbing, and fire protection equipment with new more energy-efficient systems

Sustainable Features:

- Exceed Energy Code (5%) – 20 Points
- 80% Waste Diversion – 10 Points
- CTA Digital Display – 5 Points
- Working Landscapes – 5 Points
- Indoor Water Use Reduction (25%) – 10 Points

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.

Additional work not required by the Class L, but to be undertaken by the owner, includes: Streetscape and landscape work to include sidewalk repair, repair and re-setting of the brick inlay in the parkway as needed, repair of the exterior planting beds, and new landscaping.

Any signage and exterior illumination shall be reviewed and approved by the Commission.