



City of Chicago



R2019-741

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 10/16/2019

Sponsor(s): La Spata (1)
Sigcho-Lopez (25)
Martin (47)
Rodriguez Sanchez (33)
Maldonado (26)
Vasquez, Jr. (40)
Ramirez-Rosa (35)
Smith (43)
Cardona, Jr. (31)
Taylor (20)
Hadden (49)

Type: Resolution

Title: Call for hearing(s) on Lincoln Yards and Cortland and Chicago River Tax Increment Financing (TIF) districts

Committee(s) Assignment: Committee on Finance

התורה והנבואה

התורה והנבואה

Resolution

A resolution calling a hearing on Lincoln Yards and the Cortland and Chicago River TIF at the Committee on Finance.

WHEREAS, economic restructuring and development pressures produced neighborhood change in and around the earliest Planned Manufacturing Districts (PMD), resulting in the move of Finkl Steel and other adjacent businesses; and,

WHEREAS, Sterling Bay began purchasing particular industrial sites within the PMD which it “believed were underutilized, undervalued, and positioned for redevelopment” (lincolnyards.com; hereafter “LY”) in 2016; and,

WHEREAS, proposed redevelopment in the PMD was marketable, as Sterling Bay established an investment strategy with Lone Star Funds in 2016 (LY); and,

WHEREAS, the market for proposed redevelopment at Lincoln Yards expanded, as S & P Global noted that JP Morgan Asset Management and Lone Star Funds were involved with investment vehicles financing various aspects of the redevelopment (S & P Global, October 17, 2018); and,

WHEREAS, the City of Chicago prepared for redevelopment at Lincoln Yards through the Industrial Corridor Modernization Initiative, implementing the North Branch Framework Plan in May 2017 (Chicago Plan Commission); and,

WHEREAS, the North Branch Framework Plan (page 8) recognized that review of this Industrial Corridor was required, in part, due to “market demand for new uses that are currently prohibited”; and,

WHEREAS, the North Branch Framework Plan (page 8) provided recommendations “to refine existing zoning to more accurately accommodate existing and projected market demands, including an ongoing shift from traditional manufacturing towards advanced manufacturing, innovation, high tech offices and other uses”; and,

WHEREAS, the North Branch Framework Plan (page 66) established new zoning districts for portions of the site to be redeveloped as Lincoln Yards, repealing the obsolete PMD zoning district; and,

WHEREAS, the City of Chicago recognized the market pressures on the Project Area proposed for the Cortland and Chicago River Tax Increment Financing (TIF) district, noting that “traditionally heavy industrial uses in this area” gave way “to more market driven development, including a transition toward innovative and technology-oriented businesses” (F2019-23, pages 4-5); and,

WHEREAS, the City of Chicago sold its former Fleet and Facility Management site to Sterling Bay in early 2018, and Sterling Bay further demonstrated the marketable redevelopment at Lincoln Yards by partnering with JP Morgan; and,

WHEREAS, Commingled Pension Trust Fund (Strategic Property) of JPMorgan Chase Bank, N.A., owns 90% of the applicant Fleet Portfolio Venture, LLC, through LY Reit, LLC, and LY Realty Company, LLC, which entered into agreement as Fleet Portfolio, LLC, to redevelop several parcels more commonly known as Lincoln Yards (O2019-2583, page 253); and,

WHEREAS, the aforementioned ownership share by JP Morgan Chase demonstrates that redevelopment at Lincoln Yards was viewed as a marketable strategy by large institutional investors; and,

WHEREAS, between the City's February elections and April Run-Off elections, Mayor Rahm Emanuel introduced the Lincoln Yards redevelopment agreement (O2019-2583) at City Council on March 13, 2019, which was subsequently recommended to pass at Committee on Finance on April 10, 2019, and passed at City Council on April 10, 2019; and,

WHEREAS, between the City's February elections and April Run-Off elections, Mayor Rahm Emanuel introduced the designation for Cortland and Chicago River Redevelopment Project Area as Tax Increment Financing District (O2019-2170) at City Council on March 13, 2019, which was subsequently recommended to pass at Committee on Finance on April 10, 2019, and passed at City Council on April 10, 2019; and,

WHEREAS, Hal Dardick at *The Chicago Tribune* (August 26, 2019) demonstrated that if Mayor Emanuel delayed the vote of the Lincoln Yards redevelopment agreement and Cortland and Chicago River TIF, "the development no longer would have qualified for its record-high taxpayer subsidy"; and,

WHEREAS, Cook County released updated property tax assessments following the approval of the aforementioned redevelopment and TIF agreements, which "meant the TIF district no longer met one of the five standards" previously used to determine the site was blighted, according to *The Chicago Tribune* analysis (August 26, 2019); and,

WHEREAS, the City of Chicago has an opportunity to collect and analyze new facts regarding the allocation of approximately \$1.3 billion in TIF subsidy; and,

WHEREAS, TIF districts are intended to aid development that would not occur "but-for" (without) the TIF district; and,

WHEREAS, the establishment of marketable investment vehicles involving Lone Star Funds and JP Morgan raise questions about whether the proposed Lincoln Yards redevelopment would have occurred but-for the TIF; and,

WHEREAS, the City of Chicago North Branch Framework plan and subsequent rezoning of Lincoln Yard parcels to remove obsolete zoning districts raises questions about whether the proposed Lincoln Yards redevelopment would have occurred but-for the TIF; and,

WHEREAS, the Illinois TIF Reform Task Force found that areas experiencing economic expansion would not satisfy the requirement to produce development "but-for" the establishment of TIF districts (Illinois TIF Reform Task Force Final Report, page 11); and,

WHEREAS, the residents of the City of Chicago deserve transparency regarding all City Council matters; and,

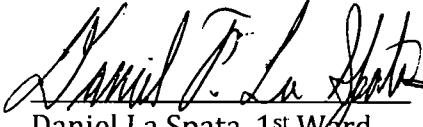

WHEREAS, the residents of the City of Chicago deserve transparency regarding all Tax Increment Financing district debt, expenditures, and reimbursements; and,


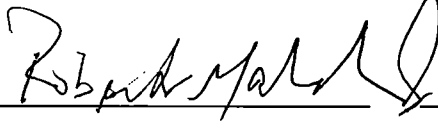
WHEREAS, the Chicago City Council deserves clarification regarding the determining factors of blight or obsolescence pertaining to the Cortland and Chicago River TIF; and,

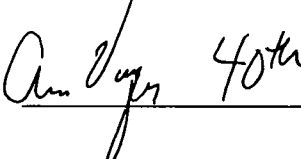

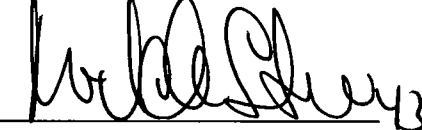
WHEREAS, the Chicago City Council may use the clarification of facts regarding the Lincoln Yards redevelopment and Cortland and Chicago River TIF to influence future decisions regarding specific reimbursements.

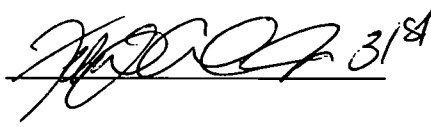
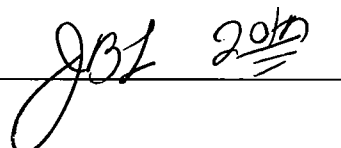
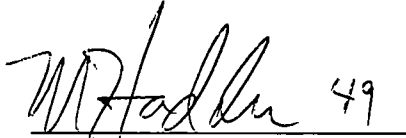
NOW BE IT RESOLVED, a hearing regarding Lincoln Yards and the Cortland and Chicago River TIF shall occur at the Committee on Finance. The hearing shall occur as early as legally permissible. All City departments relevant to the determination, approval, and administration of Cortland and Chicago River TIF shall appear at the hearing, including the Department of Planning and Development and Department of Law.

NOW BE IT RESOLVED, the Department of Planning and Development and Department of Law shall report on the determinations of blight, obsolescence, and other related legal terms determining eligibility for the Cortland and Chicago River TIF. The report shall be due as early as legally permissible.

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Daniel La Spata, 1st Ward

 33rd  26

 40th  35 

 31st  20th  49

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