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City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Text

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CHICAGO November 19, 2014

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

A communication recommending a proposed ordinance concerning the authority to approve Amendment No. 1 to the Homan-Arthington Tax Increment Financing Redevelopment Plan and Project.

02014-9038

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
of members of the committee with**

Respectfully submitted

Chairman

Document No.

REPORT OF THE COMMITTEE ON FINANCE TO THE CITY COUNCIL CITY OF CHICAGO

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
November 5, 2014

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 amendments to various TIF districts.

Your favorable consideration of these ordinances will be appreciated.

Mayor

Very truly yours,

**CITY OF CHICAGO
AMENDMENT NO. 1 TO THE**

**HOMAN-ARTHINGTON REDEVELOPMENT PLAN AND PROJECT
(the"PLAN")**

1. In Section 6 entitled, "Financial Plan," the sub-section entitled, "Eligible Cost," shall be deleted and replaced with the following:

The various redevelopment expenditures that are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated redevelopment project costs that are deemed to be necessary to implement this Plan (the "Redevelopment Project Costs.")

In the event the Act is amended after the date of the approval of this Plan by the City Council of Chicago to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/11-74.4-3(q)(11)), this Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as Redevelopment Project Costs under the Plan, to the extent permitted by the Act. In the event of such amendment(s) to the Act, the City may add any new eligible redevelopment project costs as a line item in Table 3 or otherwise adjust the line items in Table 3 without further amendment to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total Redevelopment Project Costs without a further amendment to this Plan.

1. Eligible Redevelopment Costs

Redevelopment project costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Plan pursuant to the Act. Such costs may include, without limitation, the following:

- a) Costs of studies, surveys, development of plans and specifications, implementation and administration of the Plan including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
- b) The costs of marketing sites within the Homan-Arthington R.P.A. to prospective businesses, developers and investors;
- c) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- d) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment

or devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;

- e) Costs of the construction of public works or improvements, including any direct or indirect costs

- relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
- f) Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the Homar>Arthington R.P.A.;
 - g) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
 - h) To the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan;
 - i) An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
 - j) Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act;
 - k) Payment in lieu of taxes, as defined in the Act;
 - l) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs; (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Homan-Arthington R.P.A.; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 110 ILCS 805/3 37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;
 - m) Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - 1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - 2. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
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- 3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - 4. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total:(i) cost paid or incurred by the redeveloper for such redevelopment project; (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act; and
 - 5. up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3

of the Illinois Affordable Housing Act.

- n) Instead of the eligible costs provided for in (m) 2, 4 and 5 above, the City may pay up to 50 percent of the cost of construction, renovation and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act;
- o) The costs of daycare services for children of employees from low-income families working for businesses located within the Homan-Arthington R.P.A. and all or a portion of the cost of operation of day care centers established by Homan-Arthington R.P.A. businesses to serve employees from low-income families working in businesses located in the Homan-Arthington R.P.A. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80 percent of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development;
- p) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;
- q) If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 et seq., then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the Project Area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

In Section 6 entitled, "Financial Plan," under the sub-heading, "Estimated Redevelopment Project Costs," Table 3 entitled, "Estimated TIF Eligible Costs" shall be deleted and replaced with the following:

Estimated Project Costs - AMENDMENT NO. 1	Cost
Professional and Administrative Services	\$ 200,000
Marketing	\$ 50,000
Property Assembly and Site Prep	\$ 200,000
Rehabilitation of Existing Buildings	\$ 2,155,161
Construction of Public Facilities and Improvement	\$ 7,000,000
Job Training	\$ 500,000
Financing Costs	\$ 500,000
Relocation Costs	\$ 250,000
Interest Costs	\$ 150,000
Affordable Housing Construction	\$ 5,000,000
Day Care Services	\$ 50,000
Total [2] [3]	\$ 15,555,161 [4]

¹This category may also include paying for or reimbursing (i) an elementary, secondary or unit school district's increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts impacted by the redevelopment of the Homan-Arthington R.P.A. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all, or a portion of a taxing district capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.

²Total Redevelopment Project Costs represent an upper limit on expenditures that are to be funded using tax increment revenues and exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Project Costs. Within this limit, adjustments may be made in line items without amendment to this Plan, to the extent permitted by the Act.

³The amount of the Total Redevelopment Project Costs that can be incurred in the Homan-Arthington R.P.A. will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Homan-Arthington R.P.A. only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Homan-Arthington R.P.A. but will not be reduced by the amount of redevelopment project costs incurred in the Homan-Arthington R.P.A. which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Homan-Arthington R.P.A. only by a public right-of-way.

4 All costs are in 2014 dollars and may be increased by five percent (5%) after adjusting for inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U.S. Department of Labor.

Additional funding from other sources such as federal, state, county, or local grant funds may be utilized to supplement the City's ability to finance Redevelopment Project Costs identified above.

ORDINANCE

WHEREAS, pursuant to ordinances adopted on February 5, 1998, in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"), and published in the Council Journal of Proceedings of that date at pages 60833-60916, the City Council (the "Corporate Authorities") of the City of Chicago (the "City"): (i) approved a redevelopment plan and project (the "Plan") for a portion of the City known as the "Homan-Arthington Redevelopment Area" (the "Area") (the "Plan Ordinance"); (ii) designated the Area as a "redevelopment project area" (the "Designation Ordinance"); and (iii) adopted tax increment allocation financing for the Area (the "TIF Adoption Ordinance," and together with the Plan Ordinance and the Designation Ordinance, the "TIF Ordinances"); and:

WHEREAS, pursuant to Section 11 -74.4-3(n)(9) of the Act, for redevelopment project areas designated prior to November 1, 1999, the redevelopment plan may be amended without further joint review board meeting or hearing, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested party registry, to authorize the municipality to expend tax increment revenues for redevelopment project costs defined by paragraphs (5) and (7.5), subparagraphs (E) and (F) of paragraph (11), and paragraph (11.5) of subsection (q) of Section 11-74.4-3, so long as the changes do not increase the total estimated redevelopment project costs set out in the redevelopment plan by more than 5% after adjustment for inflation from the date the plan was adopted; and

WHEREAS, the Corporate Authorities desire to amend the Plan to update the Estimated TIF Eligible Costs set forth in Table 3 of the Plan to authorize the municipality to expend tax increment revenues for redevelopment project costs permitted by the Act, as amended; and

WHEREAS, the Corporate Authorities desire further to amend the Plan by increasing the total Estimated TIF Eligible Costs set out in Table 3 of the Plan by 5% after adjustment for inflation from the date the Plan was adopted;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Recitals. The above recitals are incorporated herein and made a part hereof.

SECTION 2. Approval of Amendment to Plan. The "Amendment No. 1 to the Homan-Arthington Redevelopment Project Area Tax Incremental Financing Eligibility Study, Redevelopment Plan and Project," a copy of which is attached hereto as Exhibit A (the "Amendment No. 1"), is hereby approved. i

SECTION 3. Invalidity of Any Section. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance. '.

SECTION 4. Supersedes All ordinances (including, without limitation, the TIF Ordinances), resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflicts. '

SECTION 5. Effective Date. This ordinance shall be in full force and effect immediately upon its passage.

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