Legislation Details (With Text)

File #:	SO2018-3794		
Type:	Ordinance	**Status:**	Passed
File created:	4/18/2018	**In control:**	City Council
		Final action:	5/23/2018
Title:	Support of Class L tax incentive for property at 1113-1115 W Fulton Market		
Sponsors:	Emanuel, Rahm		
Indexes:	Class L		
Attachments:	1. SO2018-3794.pdf, 2. O2018-3794.pdf		

Date	Ver.	Action By	Action	Result
6/11/2018	1	Office of the Mayor	Signed by Mayor	
5/23/2018	1	City Council	Passed as Substitute	Pass
5/21/2018	1	Committee on Finance	Substituted in Committee	
5/21/2018	1	Committee on Finance	Recommended to Pass	
4/18/2018	1	City Council	Referred	

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SUBSTITUTE 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 ofthe 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, CRP/MI West Loop Owner, LLC, a Delaware limited liability company (the "Owner"), is the owner of the historic buildings (collectively, the "Buildings") located at 1113-15 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 Buildings, otherwise known as the Fulton-Randolph Market District, as a Chicago Landmark pursuant to ihe criteria established in Section 2-120-580 et seq. of the Municipal Code of Chicago, which identifies the Buildings as Contributing Buildings 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

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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 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 Buildings for commercial purposes after the Project is completed by operating the Buildings for retail, restaurant, office, or other commercial 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

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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 ihe 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 1, 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

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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 Buildings 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 the 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 ofthe 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:

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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 ofthe Class L incentive.

SECTION 4. The Project is anticipated to be completed by December 31, 2018. 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 ofthe 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

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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 Buildings 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 (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 tenants for the Intended Use or 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. In connection with any redevelopment agreement with a not-for-profit developer to be executed pursuant to the Tax Increment Allocation Redevelopment Act that has been authorized by the City Council between the effective date of the federal Tax Cuts and Jobs Act of 2017 (December 22, 2017) and the effective date of this ordinance, the Authorized Officer is hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver such redevelopment agreement with the specified developer or, in the event of an affiliation transaction involving such developer, a designated -successor that was directly controlled by the developer at the time the redevelopment agreement was authorized, provided, however, that the developer has entered into an assignment and assumption agreement with the designated successor under which the designated successor has assumed substantially all obligations and liabilities, including contracts and financial liabilities, related to the developer.

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SECTION 13. 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 ofthe Project and prior to the expiration ofthe Class L incentive related to the Project Real Estate.

SECTION 14. 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 15. This Ordinance shall be effective from and after its passage and approval.

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EXHIBIT 1

LEGAL DESCRIPTION
(Subject to final title and survey)

PARCEL 1

THE WEST 40 FEET OF LOT 3 IN BLOCK 25 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

PARCEL 2

LOTS 4 AND 5 (EXCEPT THE SOUTH 2 FEET OF SAID LOTS) IN BLOCK 25 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: 17-08-420-001-0000
17-08-420-002-0000

1113-15 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 1,2018

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

1113-1115 W. Fulton Market (Fulton-Randolph Market District)

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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 ofthe buildings at 1113-1115 W. Fulton Market (the "Property," 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 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 1113-1115 W. Fulton Market are contributing buildings 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 L^yr^eL>^^^<^^*

Rafael M. Leon Chairman

Dated:

EXHIBIT A

1113-1115 W. FULTON MARKET PROJECT BUDGET

	Total Cost	Class L eligible Costs	Non-Eligible Costs
Acquisition	$ 11,045,209		$ 11,045,209
Closing Costs	$ 70,502		$ 70,502
Total Acquisition Costs	$ 11,115,711		$ 11,115,711
Hard Costs			
General Conditions	$ 154,252	$ 154,252	

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Prcconstruction	$ 29,348	$ 29,348	
Temp Construction and cleanup	$ 35,375	$ 35,375	
Demolition	$ 271,520	$ 271,520	
Sawcutting and Trenching	$ 47,599	$ 47,599	
Building Concrete & Site Concrete	$ 49,082	$ 49,082	
Masonry	$ 239,359	$ 239,359	
Metals	$ 125,286	S 125,286	
Heavy Timber	$ 80,000	$ 80,000	
Thermal Moisture	$ 140,844	$ 140,844	
Door and Hardware	$ 36,197	$ 36,197	
Glazing	$ 141,309	$ 141,309	
Historical Windows	$ 220,500	$ 220,500	
Finishes - Gyp	S 210,362	$ 210,362	
Finishes - Paint	S 32,890	$ 32,890	
Elevator	$ 97,658	$ 97,658	
Specialties	$ 4,428	$ 4,428	
Mechanical - Plumbing	$ 149,089	$ 149,089	
Mechanical - HVAC	$ 26,312	$ 26,312	
Mechanical - Fire Protection	$ 110,419	$ 110,419	
Electrical	$ 207,743	$ 207,743	
Landscaping	$ 10,120		10,120
Street Paving	$ 20,913		20,913
Earthwork	$ 37,343		37,343
Site Utilities	$ 106,968		106,968
Contingency	$ 90,472		90,472
Insurance	$ 30,660	$ 30,660	
CM Fee	$ 81,181	$ 81,181	
Topping Removal	$ 134,175	$ 134,175	
Sandblasting (interior)	$ 193,539	J 193,539	
Other Construction	$ 62,500	$ 62,500	
Testing & Inspection	$ 36,086	$ 36,086	
Survey / Permits / Fees	$ 70,158	S 70,158	
Architecture / Engineering	$ 47,838	$ 47,838	
Other Consultants	$ 140,000		$ 140,000
Tenant Improvements	S 2,854,170		S 2,854,170
Tenant Work by Landlord	$ 466,910		$ 466,910
Hard Cost Contingency	J 173,576		$ 173,576
Total Hard Costs	S 6,966,180	$ 3,065,708	$ 3,900,472
Soft Costs			
Tenant Leasing Fees	$ 1,135,758		$ 1,135,758
Legal, Title, Recording & Zoning	S 381,915		$.■ 381,915
Real Estate Taxes	$ 75,000		$ 75,000
Insurance	$ 69,662		S 69,662
Development Management	$ 792,969		$ 792,969
Marketing	S 50,000		S 50,000

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Development Rcimbursablcs	S 10,000		$ 10,000
Community Relations	$ 10,000		$ ' 10,000
Finance and Placement Fees	$ 210,514		S 210,514
Building Start Up Supplies	$ 10,000		S 10,000
Soil Cost Contingency	S 250,634		$ 250,634
Total Soft Costs	S 2,996,452	$	S 2,996,452
Total Project Costs	S 21,078,343	S 3,065,708	S 18,012,635

EXHIBIT B

1113-1115 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. ofthe Municipal Code of Chicago.
  The review and approval ofthe 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, to be investigated and assembled by the property owner.
  Drawings prepared by Antunovich Associates dated January 17, 2018 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:
Removal of non-historic masonry infill and non-historic doors and windows within masonry openings;
Masonry repairs including tuck pointing on all elevations;
Masonry cleaning of piers, spandrels and parapets on the north and west elevations;
Installation of new storefronts and windows;

- Rehabilitation of existing metal corner canopy; Installation of new service door on May Street elevation;

Interior:
Work shall include:
Demolition of all interior non-load bearing partitions, HVAC equipment, built-in coolers and freezers;
Removal of two existing freight elevators and three non-compliant stairs; Infill of floor openings at removed stairs and elevators and openings at walls; Construction of four new shaft penetrations and enclosures, and installation

of two new egress stairs, one new elevator and one new vertical HVAC chase; New partitions for egress/common service corridor on the first floor;

New partitions around the loading dock;
New dry wall ceilings and floor toppings as required to achieve/maintain fire rating of both buildings;

Installation of new mechanical, plumbing, electrical and fire protection systems. Sustainable Features:

- Indoor Water Use Reduction (40%) - 20 Points 80% Waste Diversion - 10 Points
- CTA Digital Display - 5 Points Bike Parking - 5 Points Proximity to Transit Service - 5 Points Tree Planting (2 trees along May) - 5 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 construction of a new deck on the roof of 1115 W. Fulton Market. Any signage and exterior illumination shall be reviewed and-approved by-the-Gomrnission.

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

April 18,2018

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 a Class L tax status for 1113-15 West Fulton Market.

Your favorable consideration of this ordinance will be appreciated.

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Mayor

Very truly yours.

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CHICAGO May 23, 2018

To the President and Members of the City Council:

Your Committee on Finance having had under consideration a substitute ordinance authorizing the approval of a Class L Real Estate Incentive Classification for the property located at 1113-1115 West Fulton Market Street for CRP/MI West Loop Owner. LLC.

02018-3794

Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Substitute Ordinance Transmitted Herewith.

This recommendation was concurred in by
of members of the committee with

Respectfully submitted

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Chairman

Approved

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