

**City of Chicago
Department of Planning and Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING APPROVAL OF THE FEASIBILITY STUDY AND REDEVELOPMENT
PLAN FOR THE PROPOSED CORTLAND AND CHICAGO RIVER TIF
REDEVELOPMENT PROJECT AREA, REQUESTING DESIGNATION OF THE AREA AS
A REDEVELOPMENT PROJECT AREA, AND REQUESTING ADOPTION OF TAX
INCREMENT ALLOCATION FINANCING FOR THE AREA
February 19, 2019**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	Cortland and Chicago River
Location:	Generally bounded by Webster Avenue to the north, Clybourn Avenue to the east, North Avenue to the south, and Elston Avenue and Besly Court on the west.
Ward and Alderman:	2nd Ward, Alderman Brian Hopkins
Community Area(s):	West Town, Logan Square, and Lincoln Park
Requested Action:	Approval of the feasibility study and redevelopment plan for the proposed TIF district, designation of the area as a redevelopment project area, and adoption of tax increment allocation financing for the area.
Goals of TIF District:	The area is being considered for a TIF district in order to improve public infrastructure. The public infrastructure improvements include creating or improving new roads, bridges, and public transportation options based off the North Branch Framework Plan.

II. AREA DESCRIPTION

Street Boundaries:	The area is generally bounded by Webster Avenue to the north, Clybourn Avenue to the east, North Avenue to the south, and Elston Avenue and Besly Court on the west.
Land Area:	Approximately 168 acres
Land Uses:	Mixed-Use and Transitional Overlay

Current Conditions:

Vacant and improved area along the North Branch Chicago River.

III. FEASIBILITY STUDY

History and Background

Cortland and Chicago River Tax Increment Financing Redevelopment Project Area is approximately 168 acres in size. The Project Area is situated along the North Branch of the Chicago River and lies within West Town, Logan Square and Lincoln Park community areas.

The area's early growth was due to the Chicago River that was that used in large part to the steel industry, lumber yards, brickyards, and tanneries. The area was well positioned to take the lead in industrial development. The Chicago River had a crucial role in trade and shipping throughout the Midwest and down the Mississippi River.

By the middle of the 19th century, the expansion of the railroad system enabled the area to become a stronghold for the steel industry. There were a number of steel mills and industrial companies located in the project area through the 19th century and first half of the 20th century including A. Finkl & Sons, A. Lakin & Sons, General Iron, and Standard Oil Storage and Distribution. A. Finkl & Sons relocated to the far south side of Chicago in 2013 which left the 22 acre site vacant.

By the 1970s and 1980s, a decline in steel demand plus international competition resulted in massive layoffs and factory closures throughout the City. Between 1979 and 1986, roughly 16,000 Chicago area steelworkers lost their jobs. By the end of the 20th Century, Chicago's steel industry was characterized by small scale operations using recycle scrap metal.

As the areas around these industrial businesses started to flourish with new young urban professionals, a new for commercial development was created. With new residents and new commercial surrounding the area, the roadways and bridges in the area created bottlenecks and significant traffic congestion.

At that time, the City of Chicago recognized the importance of the industrial businesses as an important economic engine and job provider. In an effort to preserve and protect this concentration of industrial uses and the jobs associated with them, the city enacted protective zoning measures named Planned Manufacturing Districts ("PMD") for the North Branch Industrial Corridor and other industrial areas in the City.

Despite the protective measures ensured by the PMD zoning, land uses within the North Branch Industrial Corridor and particularly, the Project Area, have shifted away dramatically from heavy industry since 1990.

In an effort to grow and support existing manufacturers as well as accommodate new and innovative industries that generate jobs and economic growth, the City has updated its industrial land use policies to address the changing character of modern manufacturing, technology-focused employment, freight related growth and traditional manufacturing. In July 2017, the Chicago Plan Commission adopted the North Branch Framework Plan and Design Guidelines to address the land use, transportation and

natural resources components that are critical to successful modernization of the North Branch Industrial Corridor.

Eligibility Data

Johnson Research Group (JRG) conducted an eligibility analysis to determine whether the Area qualifies for a tax increment financing (TIF) designation under the TIF Act. For TIF designation, a redevelopment project area must qualify for classification as a conservation area, a blighted area, or a combination of both blighted and conservation areas as set forth in the Act. Surveys and analyses documented in this report indicate that the Project Area is eligible as a blighted area within the requirements of the Act.

The Project Area qualifies as a blighted area under the vacant and improved area criteria as set forth in the Act. Specifically, for the vacant parcels, the Consultant found that on an overall combination of two or more of some 6 factors are meaningfully present and reasonably distributed within the vacant land. Qualification under only one criterion is required.

- a. Obsolete platting
- b. Environmental remediation costs have been incurred or are required
- c. Deterioration of structures or site improvements in adjacent areas
- d. Declining or lagging growth in total EAV

For the improved area, the Consultant found that an overall 5 of the 13 blighting factors are present throughout the Area. These include:

1. Obsolescence
2. Deterioration
3. Excessive Land Coverage
4. Inadequate Utilities
5. Declining or Lagging EAV

III. REDEVELOPMENT PLAN

The City seeks to create a Tax Increment Financing District for the area known as the Cortland and Chicago River Redevelopment Project Area in order to reduce or eliminate the blighting factors.

The Goal of the TIF, as defined in the Plan, are:

1. Maintain the Project Area as an important economic engine and vital job center within the North Branch Industrial Corridor and the City of Chicago.
2. Provide better access for all transportation modes.
3. Build upon the Project Area's unique natural and built environment.

IV. HOUSING IMPACT STUDY

A housing impact study was not required for the proposed redevelopment plan, as there are no residential units located within the Redevelopment Project Area.

V. BUDGET

Estimated Redevelopment Project Costs:

TIF EXPENSE CATEGORY	ESTIMATED COST
Analysis, Administration, Studies, Surveys, Legal, Marketing, etc.	\$25,000,000
Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	\$25,000,000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation costs	\$25,000,000
Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) ^[1]	\$800,000,000
Job Training, Retraining, Welfare-to-Work	\$25,000,000
TOTAL ESTIMATED COSTS^{[2] [3]}	\$900,000,000

The Total Redevelopment Project Costs represent the upper limit on expenditures that are to be funded using TIF revenues.

VI. PUBLIC NOTIFICATION AND PUBLIC MEETING

The taxpayers and owners of properties located in the proposed district were notified by regular and certified mail of today's public hearing not less than 10 days prior to the meeting. The City also made a good faith effort to notify by mail all residents of the proposed district, and at a minimum mailed a notice to each residential address within the proposed district. Notice of the public hearing was made in the Chicago Sun-Times on February 8, 2019 and February 9, 2019. Notice of the public hearing was also made by mail, at least 45 days prior to the hearing, to all taxing districts having taxable property in the proposed TIF area and to the Illinois Department of Commerce and Economic Opportunity (DCEO).

When a proposed redevelopment plan would result in the displacement of 10 or more inhabited residential units, or if the redevelopment area contains 75 or more inhabited residential units, then the City must hold a public meeting at least 14 days before mailing notice of the public hearing. The purpose of the public meeting is to enable the City to advise the public, taxpayers of property in the proposed area, residents of the proposed area, and the affected taxing bodies of the City's possible intent to prepare a redevelopment plan and designate the area a redevelopment project area, and to receive public comment. DPD held a public meeting at 6:00 pm on November 14, 2018 at Renew Chicago Church, 1001 North Crosby Street, Chicago, IL 60610.

VII. COMMUNITY SUPPORT

Alderman Hopkins and 21 organizations and community groups endorse this action.

VIII. JOINT REVIEW BOARD

As required by state law, the Joint Review Board (JRB) met to consider the proposed TIF designation on January 11, 2019 at 10:00 am in Room 201A, City Hall, 121 N. LaSalle Street. The JRB is an advisory board that consists of representatives of certain affected taxing bodies, a City representative, plus a public member. The JRB voted to recommend the proposed TIF designation.

V. RECOMMENDATION

The Department of Planning and Development requests that the commission recommends to the City Council approval of the redevelopment plan for the proposed Cortland and Chicago River Tax Increment Financing Redevelopment Project Area, recommend designation of the area as a Redevelopment Project Area, and recommend adoption of tax increment allocation financing for the area.

EXHIBITS

Redevelopment Area Map
Land Use Map



FIGURE 3. Land Use Plan
CORTLAND/CHICAGO RIVER TIF



**COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO**

RESOLUTION __ -CDC- __

**RECOMMENDING TO THE CITY COUNCIL OF
THE CITY OF CHICAGO
FOR THE PROPOSED
CORTLAND AND CHICAGO RIVER
REDEVELOPMENT PROJECT AREA:
APPROVAL OF THE REDEVELOPMENT PLAN,
DESIGNATION AS A REDEVELOPMENT PROJECT AREA
AND ADOPTION OF TAX INCREMENT ALLOCATION FINANCING**

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council ("City Council," referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act"); and

WHEREAS, the Commission is empowered by the Corporate Authorities to exercise certain powers set forth in Section 5/11-74.4-4(k) of the Act, including the holding of certain public hearings required by the Act; and

WHEREAS, staff of the City's Department of Planning and Development has conducted or caused to be conducted certain investigations, studies and surveys of the Cortland and Chicago River area, the street boundaries of which are described on Exhibit A hereto (the "Area"), to determine the eligibility of the Area as a redevelopment project area as defined in the Act (a "Redevelopment Project Area") and for tax increment allocation financing pursuant to the Act ("Tax Increment Allocation Financing"), and previously has presented the following documents to the Commission for its review:

Cortland and Chicago River Tax Increment Financing Eligibility Report (the "Report");
and

Cortland and Chicago River Tax Increment Financing Redevelopment Plan and Project
(the "Plan"); and

WHEREAS, a public meeting (the "Public Meeting") was held in accordance and in compliance with the requirements of Section 5/11-74.4-6(e) of the Act on November 14, 2018 at 6:00 P.M. at The Renew Chicago Church, 1001 North Crosby Street Chicago, Illinois, being a date not less than 14 business days before the mailing of the notice of the Hearing (hereinafter defined), pursuant to notice from the City's Commissioner of the Department of Planning and Development given on October 31, 2018, being a date not less than 15 days before the date of the Public Meeting, by certified mail to all taxing districts having real property in the proposed Area and to all entities requesting that information that have taken the steps necessary to register to be included on the interested parties registry for the proposed Area in accordance with Section 5/11-74.4.2 of the Act and, with a good faith effort, by regular mail to all residents and the last known persons who paid property taxes on real estate in the proposed Area (which good faith effort was satisfied by such notice being mailed to each residential address and the person or persons in whose name property taxes were paid on real property for the last preceding year located in the proposed Area), which to the extent necessary to effectively communicate such notice, was given in English and in other languages; and

WHEREAS, prior to the adoption by the Corporate Authorities of ordinances approving a redevelopment plan, designating an area as a Redevelopment Project Area or adopting Tax Increment Allocation Financing for an area, it is necessary that the Commission hold a public hearing (the "Hearing") pursuant to Section 5/11-74.4-5(a) of the Act, convene a meeting of a joint review board (the "Board") pursuant to Section 5/11-74.4-5(b) of the Act, set the dates of such Hearing and Board meeting and give notice thereof pursuant to Section 5/11-74.4-6 of the Act; and

WHEREAS, the Report and Plan were made available for public inspection and review since November 30, 2018, being a date not less than 10 days before the Commission meeting at which the Commission adopted Resolution 18-CDC-32 on December 5, 2018 fixing the time and place for the Hearing, at City Hall, 121 North LaSalle Street, Chicago, Illinois, in the following offices: City Clerk, Room 107 and Department of Planning and Development, Room 1000; and

WHEREAS, notice of the availability of the Report and Plan, including how to obtain this information, were sent by mail on December 14, 2018, which is within a reasonable time after the adoption by the Commission of Resolution December 5, 2018 to: (a) all residential addresses that, after a good faith effort, were determined to be (i) located within the Area and (ii) located outside the proposed Area and within 750 feet of the boundaries of the Area (or, if applicable, were determined to be the 750 residential addresses that were outside the proposed Area and closest to the boundaries of the Area); and (b) organizations and residents that were registered interested parties for such Area; and

WHEREAS, notice of the Hearing by publication was given at least twice, the first publication being on February 8, 2019 a date which is not more than 30 nor less than 10 days prior to the

Hearing, and the second publication being on February 9, 2018, both in the Chicago Sun-Times, being newspapers of general circulation within the taxing districts having property in the Area; and

WHEREAS, notice of the Hearing was given by mail to taxpayers by depositing such notice in the United States mail by certified mail addressed to the persons in whose names the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the Area, on February 5, 2019, being a date not less than 10 days prior to the date set for the Hearing; and where taxes for the last preceding year were not paid, notice was also mailed to the persons last listed on the tax rolls as the owners of such property within the preceding three years; and

WHEREAS, notice of the Hearing was given by mail to the Illinois Department of Commerce and Economic Opportunity ("DCEO") and members of the Board (including notice of the convening of the Board), by depositing such notice in the United States mail by certified mail addressed to DCEO and all Board members, on December 18, 2018, being a date not less than 45 days prior to the date set for the Hearing; and

WHEREAS, notice of the Hearing and copies of the Report and Plan were sent by mail to taxing districts having taxable property in the Area, by depositing such notice and documents in the United States mail by certified mail addressed to all taxing districts having taxable property within the Area, on December 18, 2018, being a date not less than 45 days prior to the date set for the Hearing; and

WHEREAS, the Hearing was held on February 19, 2019 at 1:00 p.m. at City Hall, Council Chambers, 121 North LaSalle Street, Chicago, Illinois, as the official public hearing, and testimony was heard from all interested persons or representatives of any affected taxing district present at the Hearing and wishing to testify, concerning the Commission's recommendation to City Council regarding approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; and

WHEREAS, the Board meeting was convened on at January 11, 2019 (being a date at least 14 days but not more than 28 days after the date of the mailing of the notice to the taxing districts on December 18, 2018 in Room 201, City Hall, 121 North LaSalle Street, Chicago, Illinois, to review the matters properly coming before the Board to allow it to provide its advisory recommendation regarding the approval of the Plan, designation of the Area as a Redevelopment Project Area, adoption of Tax Increment Allocation Financing within the Area and other matters, if any, properly before it, all in accordance with Section 5/11-74.4-5(b) of the Act; and

WHEREAS, the Commission has reviewed the Report and Plan, considered testimony from the Hearing, if any, the recommendation of the Board, if any, and such other matters or studies as the Commission deemed necessary or appropriate in making the findings set forth herein and formulating its decision whether to recommend to City Council approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; now, therefore,

BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:

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

Section 2. The Commission hereby makes the following findings pursuant to Section 5/11-74.4-3(n) of the Act or such other section as is referenced herein:

- a. The Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be expected to be developed without the adoption of the Plan;
- b. The Plan:
 - (i) conforms to the comprehensive plan for the development of the City as a whole; or
 - (ii) the Plan either (A) conforms to the strategic economic development or redevelopment plan issued by the Chicago Plan Commission or (B) includes land uses that have been approved by the Chicago Plan Commission;
- c. The Plan meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the Plan, the estimated date of completion of the projects described therein and retirement of all obligations issued to finance redevelopment project costs is not later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 5/11-74.4-8 of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year of the adoption of the ordinance approving the designation of the Area as a redevelopment project area and, as required pursuant to Section 5/11-74.4-7 of the Act, no such obligation shall have a maturity date greater than 20 years;
- d. To the extent required by Section 5/11-74.4-3(n) (6) of the Act, the Plan incorporates the housing impact study, if such study is required by Section 5/11-74.4-3(n)(5) of the Act;
- e. The Plan will not result in displacement of residents from inhabited units.
- f. The Area includes only those contiguous parcels of real property and improvements thereon that are to be substantially benefitted by proposed Plan improvements, as required pursuant to Section 5/11-74.4-4(a) of the Act;
- g. As required pursuant to Section 5/11-74.4-3(p) of the Act:

(i) The Area is not less, in the aggregate, than one and one-half acres in size; and

(ii) Conditions exist in the Area that cause the Area to qualify for designation as a redevelopment project area and a blighted area as defined in the Act;

h. If the Area is qualified as a "blighted area", whether improved or vacant, each of the factors necessary to qualify the Area as a Redevelopment Project Area on that basis is (i) present, with that presence documented to a meaningful extent so that it may be reasonably found that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part or vacant part, as applicable, of the Area as required pursuant to Section 5/11-74.4-3(a) of the Act;

i. If the Area is qualified as a "conservation area", the combination of the factors necessary to qualify the Area as a redevelopment project area on that basis is detrimental to the public health, safety, morals or welfare, and the Area may become a blighted area;

Section 3. The Commission recommends that the City Council approve the Plan pursuant to Section 5/11-74.4-4 of the Act.

Section 4. The Commission recommends that the City Council designate the Area as a Redevelopment Project Area pursuant to Section 5/11-74.4-4 of the Act.

Section 5. The Commission recommends that the City Council adopt Tax Increment Allocation Financing within the Area.

Section 6. If any provision of this resolution 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 resolution.

Section 7. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 8. This resolution shall be effective as of the date of its adoption.

Section 9. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: _____, 2019

List of Attachments:

Exhibit A: Street Boundary Description of the Area

EXHIBIT A

**Street Boundary Description of the
Cortland and Chicago River Tax Increment Financing
Redevelopment Project Area**

The area is generally bounded by Webster Avenue to the north, Clybourn Avenue to the east, North Avenue to the south, and Elston Avenue and Besly Court on the west.