City of Chicago  
Department of Planning and Development  

STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REQUESTING DEVELOPER DESIGNATION  

February 5, 2019  

I. PROJECT IDENTIFICATION AND OVERVIEW  

Project Name: The 78  
Applicant Name: Roosevelt/Clark Partners, LLC  
Project Address: Generally bounded by Roosevelt Road to the north, Clark Street to the east, 18th Street to the south, and the South Branch of the Chicago River to the west.  
Ward and Alderman: 25th & 3rd Wards, Aldermen Daniel Solis and Pat Dowell  
Community Area: Near South Side  
Redevelopment Project Area: Roosevelt/Clark  
Requested Action: TIF Developer Designation  
Proposed Project: Construction of public infrastructure that will address long standing needs and facilitate a new 13,000,000 square foot mixed use development.  
Goal of Project: Address existing transportation issues, increase regional mobility and return a vacant site to a productive use.  
TIF Assistance: An amount not to exceed $551,247,943  

II. PROPERTY DESCRIPTION  

Street Boundaries: Generally bounded by Roosevelt Road to the north, Clark Street to the east, 18th Street to the south, and the South Branch of the Chicago River to the west.  
Tax Parcel Numbers: See attached list
Land Area: 62 acres
Current Use: Vacant land
Current Zoning: DS-3

III. BACKGROUND

Roosevelt/Clark Partners, LLC has acquired and intends to develop the vacant land located west of Clark Street and south of Roosevelt Road into a 13,000,000 square foot mixed use development (the “Site”). The Site was previously occupied by rail yards and by a curve in the Chicago River. The river was straightened to its current position in the early 20th century. In order to make this development feasible, the Site needs significant infrastructure improvements to unlock the Site and create access to it.

The Site is generally situated within the Near South Side Community Area, and is surrounded by residential, commercial and mixed use developments such as Dearborn Park, a neighborhood built on the defunct railroads at Roosevelt Road between State and Clark Streets, Central Station, a 72 acre mixed-use development on former railyards east of Indiana Avenue between Roosevelt Road and 18th Street, Roosevelt Collection, a 1.3 million square foot mixed use development, and Southgate Market Mall, a 303,000 square foot shopping mall. The Project also includes near the currently under-construction Wells-Wentworth Connector, a multi-phase infrastructure project that will create a road connecting the Loop and Chinatown.

In order to facilitate the development of the subject property the City’s Department of Planning and Development is designating the Roosevelt/Clark Tax Increment Financing Redevelopment Project Area and Redevelopment Plan. The purpose of the designation is to provide the financing mechanisms to build the required infrastructure for this long vacant area that currently has almost none. The general boundaries of the redevelopment area are Harrison Street to the north, Clark Street to the east, Archer Avenue to the south, and the South Branch of the Chicago River to the west. The area contains approximately 141 acres of land.

The Roosevelt/Clark TIF Redevelopment Project and Redevelopment Plan (“Plan”) was first filed on November 30th, 2018. The Plan will be voted on at the Community Development Commission hearing on February 5th, 2019 and at the Chicago Plan Commission hearing on February 21st, 2019.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity:

Roosevelt/Clark Partners, LLC is the entity created by Related Midwest to develop the property into The 78. Related Midwest is the Chicago office of Related Companies a privately held real estate development firm based in New York, which specializes in the development of condominiums, affordable housing communities and mixed-use developments. Related is one of
the most active mixed-used development firms in the country having developed or acquired over $30 billion of Class A property since its inception in 1972. This developer prides itself in the distinctive architecture and interior design of its developments and in the quality of their construction, in the distinction of their partners and in the consistently high level at which their properties operate.

They are led by CEO Jeff Blau and locally by President Curt Bailey. Notable projects include: 500 Lake Shore Drive, a 706,705 square-foot residential building in the Streeterville neighborhood, Landmark West Loop, a 300 unit residential building in the West Loop neighborhood, and OneEleven 929,894 square foot residential building located in the Loop.

Consultants:

Legal Counsel
DLA Piper
444 West Lake Street
Suite 900
Chicago, Illinois
60606

TIF Consultant:
Laube Companies
200 S Wacker Dr. Suite 3100
Chicago, IL 60606

V. PROPOSED PROJECT

Project Overview:

The Project consists of completing significant infrastructure improvements to address long-standing transportation issues that will improve mobility, provide greater access to the region and facilitate the development of the vacant Site in to a mixed-use community which is anticipated to contain approximately 13 million square feet of mixed use space. The improvements will be built to the appropriate City agency’s standards and subsequently dedicated to the City. The infrastructure for The 78 will include construction and improvement of local streets to allow access to the Site, realignment of the Metra tracks in the area, repair and improvement of the sea wall along the Chicago River, and the construction of a new Red Line station. The Project will also contain approximately 12 acres of public open space, 5 acres of public riverfront and a 7 acre Crescent Park that will be all be privately funded.

The 78 will contain approximately 13,000,000 square feet of mixed use space. It will be built in 8 Phases. Construction is expected to begin in 2019 and be completed in 2034. The buildings are currently planned to be built on speculation without full tenancy at this time. The Developer anticipates multiple occupants for each building made up of commercial and residential tenants. The 78 will also create approximately 2,000 affordable residential units.
The City intends to reimburse the Developer for a portion of the TIF-eligible infrastructure costs in an amount not to exceed $551,247,943 (the “City Funds”). The City Funds will be provided, primarily, as a reimbursement for the redevelopment of the public infrastructure for the development. The infrastructure will be built to CDOT standards and will then be dedicated to the City.

V. LAND ACQUISITION

No parcels have been identified for land acquisition

VI. FINANCIAL STRUCTURE

The City intends to reimburse the Developer for a portion of its TIF-eligible infrastructure costs in an amount not to exceed $551,247,943 for construction of infrastructure for all phases. The reimbursement will come from increment generated by the Project PINs and will be provided through a series of developer notes. Of the increment generated from the Project PINs no more than 95% will be made available for payment. In addition to the TIF, The 78 will have a series of special service areas covering the development. If there is insufficient increment generated by the Project PINs, then the property will be levied with a special assessment that will ensure the debt service is covered. Without the TIF funds and the SSAs this Project could not be financed. The Developer assumes all risk that sufficient funds will be generated by The 78. The City has no obligation to fund any shortfall.

The Developer will comply with ongoing requirements to build all public infrastructure to meet CDOT standards. Additionally all infrastructure that is funded by this agreement will be conveyed to the City.

The following table identifies the Project’s proposed sources and TIF-eligible uses of funds:

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VII. PROJECT BENEFITS

The proposed Project will provide the following benefits:

Infrastructure Features: The Project will provide for new public infrastructure including, but
not limited to, the construction of a new Red Line station, and the construction of Clark and 15th Streets.

**Permanent Jobs:** The 78 is estimated to generate 24,000 permanent full time jobs.

**Construction Jobs:** The 78 will create roughly 10,000 temporary construction jobs.

**Affirmative Action:** The developer will comply with the requirements of Chicago’s affirmative action ordinance, which requires contract participation of 26% by minority-owned business enterprises (MBEs) and 6% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

**City Residency:** The developer will comply with the requirements of Chicago’s City residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents.

**Environmental Features:** The Project will be subject to the Chicago Sustainable Development Policy.

**IX. COMMUNITY SUPPORT**

Aldermen Solis has endorsed the Project and has provided a letter of support.

**IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN**

The proposed Project is located in the Roosevelt/Clark Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the Redevelopment Plan:

- Encourage productive use of underutilized and vacant property
- Eliminate blighting conditions which prevent further development of the Area
- Encourage use of environmentally sustainable design standards
- Stimulate private investment
- Restore and enhance the property tax base within the Area
- Encourage sales tax producing enterprises in the Area

The implementation strategy for achieving the goals of the Plan includes the need to provide TIF financial assistance to create jobs and spur development in the Project Area.

The proposed Project also conforms to the plan's land use map, which calls for commercial development at the subject Site.

**X. CONDITIONS OF ASSISTANCE**

If the proposed resolution is approved by the CDC, DPD will negotiate a Redevelopment
Agreement (RDA) with the Developer. The RDA will incorporate the parameters of the proposed project as described in this staff report.

It is DPD policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action. Before today’s action is presented to the City Council for approval, the Department will conduct a thorough background check of all principals having an ownership interest of 7.5 percent or greater, and of the boards of directors and trustees of non-profit organizations. Similar background checks will be conducted on the development entity itself.

Closing of the redevelopment agreement will not occur before the City Council has approved the agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The redevelopment agreement will include a development timetable.

**XI. RECOMMENDATION**

The Department of Planning and Development has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, its need for public assistance, and DPD requests that the CDC recommend to the City Council the designation of Related Midwest as the Developer for the infrastructure in the vacant parcel south of Harrison Street and west of Clark Street.
EXHIBITS

List of Project PINs
Neighborhood Map or Aerial
TIF Map
Survey or Plat
Site Plan
Sample M/WBE Letter
Copies of M/WBE Certified Receipts
Alderman’s Letter of Support
### List of Project PINs

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January 24, 2019

Ms. Tina Chung
Association of Asian Construction Enterprises
333 N. Ogden Avenue
Chicago, Illinois 60607

Re: Roosevelt and Clark MWBE Opportunities

Dear Ms. Chung:

We write today to inform you of the potential contracting opportunities the Association of Asian Construction Enterprises will have with the redevelopment of the property located at Roosevelt and Clark, in the City of Chicago (the “Property”). Related Midwest (the "Developer") is the master developer of a new neighborhood on the 62 acres site known as The 78.

Related Midwest has a long history of exercising civic responsibility in its approach to development and have set a high bar for other developers to meet. We are committed to building a neighborhood that will provide thousands of jobs, new business ventures, apprenticeships, and internships for residents in construction and professional services.

Over the past 10 years, we have awarded $228 million to minority and women-owned businesses and have hired more than 500 local, community residents. We are proud of our reputation for providing more than 15 new businesses their first contract and mentoring small business owners as they start their companies, grow and scale.

At The 78, we are committed to building a neighborhood with the local community that will provide thousands of jobs, new business ventures, apprenticeships, and internship for residents in construction and professional services. We will also open a dedicated resource center where residents can receive valuable skills training and learn about career opportunities. In addition, we are mandating that the businesses we contract with meet inclusion standards and invest in the community supply chain. We are not shy about our focus to create and mentor minority and women-owned businesses, which we hope will lead to lasting impact long after The 78 is completed.

Additionally, we have created a Community Inclusion Council, which includes Chicago’s top community and business experts. These business and community leaders will provide strategic direction for the new neighborhood and help implement programs, monitor progress and establish best practices. These organizations include: Federation of Women

While our budget is not yet finalized, which identifies the items subject to minority business enterprise participation of 26% percent and women business enterprise participation of 6%, we would like to meet with you to discuss how we can collaborate with the membership of the Association of Asian Construction Enterprises. At Related Midwest, we pride ourselves on investing in local businesses and strengthening the communities where we work, live, and play. We look forward to working with you to build Chicago’s next great neighborhood.

Sincerely,

Don Biernacki
Senior Vice President
Related Midwest
(312) 595-7400

CC: Mr. Chip Hastings, City of Chicago, Department of Planning and Development
    Mr. Tim Jeffries, City of Chicago, Department of Planning and Development
| U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT  
| Domestic Mail Only; No Insurance Coverage Provided |
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| **Return Receipt Fee** | $0.99 |  |
| **Restricted Delivery Fee** | $0.00 |  |
| **Total Postage & Fees** | $4.50 | 01/29/2019 |  |
| **Sent To** | Mr. Jorge Perez |
| Hispanic American Construction Industry Assn. |
| 650 West Lake St., Suite 415 |
| Chicago, IL 60661 |

| U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT  
| Domestic Mail Only; No Insurance Coverage Provided |
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| **Total Postage & Fees** | $4.50 | 01/29/2019 |  |
| **Sent To** | Mr. Samie di Pianto |
| Illinois Hispanic Chamber of Commerce |
| 100 W. Merchandise Mart Plaza, Ste. 1222 |
| Chicago, IL 60654 |
the site today
Tuesday, January 22nd, 2019

Jorge Perez, Chairman
Community Development Commission
City Hall, 121 N. La Salle St, Room 1000
Chicago, IL 60602

Re: Roosevelt/Clark TIF Designation

Dear Chairman Perez,

I write to express my support for the proposed Roosevelt/Clark TIF designation, in the Near South community area.

Bounded generally by Harrison Street on the north, 18th Street on the south, Clark Street and State Street on the east, and the Chicago River to the west; I envisage the creation of this new TIF to provide a vital public infrastructure need for the community area. The proposed designation will greatly aid and facilitate the transition of the long-time vacant, former rail yard land, southwest of Roosevelt Road and Clark Street, into a vibrant, mixed-use development that supports office, retail and residential uses. Resuscitating this once-ailing, unutilized 62-acre land, will require new roadways, transit amenities, riverfront open spaces and other public improvements. Amongst the tools identified to fund these public/infrastructure improvements, is TIF funds.

TIFs were created as an economic development tool to promote private and public investment within a designated TIF district. I believe the proposed designation, greatly befits this area. Moreover, I foresee it significantly impacting and benefiting not only those whom live, work and visit the Near South community area, but also the vitality and growth of the City as a whole.

Should you have any questions, or if I can be of further assistance, you can reach me at (312) 744-6845 and (773) 523-4100. Thank you for your time and consideration.

Respectfully,

[Signature]

Daniel Solis
Alderman, 25th Ward
Chairman, Committee on Zoning, Landmarks and Building Standards

CC:  Alderwoman Pat Dowell, 3rd Ward
      Alderwoman Sophia King, 4th Ward
      Commissioner David Reifman, Dept. of Planning & Development
      Curt Bailey, President, Related Midwest
COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

RESOLUTION NO. ___ - CDC -

AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH ROOSEVELT/CLARK PARTNERS, LLC

AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF ROOSEVELT/CLARK PARTNERS, LLC
AS DEVELOPER

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 (the 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; and

WHEREAS, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in 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.), (as amended from time to time, the "Act"); and

WHEREAS, the City Council, upon the Commission's recommendation pursuant to Resolution ___-CDC-___ and pursuant to the Act, enacted three ordinances on _________ pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Roosevelt/Clark Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area are described on Exhibit A hereto; and

WHEREAS, Roosevelt/Clark Partners, LLC, together with its affiliates, (the "Developer"), has presented to the City's Department of Planning and Development (the "Department") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the construction of public infrastructure that will address long standing needs and facilitate a new 13,000,000 square foot mixed use development. (the "Project"); and

WHEREAS, HED requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that the Department be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project; 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 recommends to City Council that the Developer be designated as the developer for the Project and that the Department be authorized to negotiate, execute and deliver on the City’s behalf a redevelopment agreement with the Developer for the Project.

Section 3. 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 4. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 5. This resolution shall be effective as of the date of its adoption.

Section 6. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: _________________, 20__

Attachment: Exhibit A, Street Boundary Description
EXHIBIT A

Street Boundary Description of the
Roosevelt/Clark_Tax Increment Financing
Redevelopment Project Area

The Area is generally bounded by Roosevelt Road to the north, Clark Street to the east, 18th Street to the south, and the South Branch of the Chicago River to the west.