



Office of City Clerk

City Council Document Tracking Sheet

City Hall
121 North LaSalle Street
Room 107
Chicago, IL 60602
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Matter ID: O2023-0006389

Meeting Date: 12/13/2023

Sponsor(s): Johnson (Mayor) *

Type: Ordinance

Title: Negotiated sale of City-owned properties with redevelopment agreement to Milhouse Development, LLC for 4727, 4735, 4739, 4743, 4755, 4757 and 4759 S Cottage Grove Ave to remediate property and construct a 3-story building with ground floor food hall and two floors of commercial retail and restaurant space

Committee Assignment: Committee on Housing and Real Estate



OFFICE OF THE MAYOR
CITY OF CHICAGO

BRANDON JOHNSON
MAYOR

December 13, 2023

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 the negotiated sale of City-owned properties.

Your favorable consideration of these ordinances will be appreciated.

Very truly yours,

A handwritten signature in blue ink, appearing to read "BJ", followed by a horizontal line.

Mayor

ORDINANCE

WHEREAS, the City of Chicago ("City") is a home rule unit of government by virtue of the provisions of the Constitution of the State of Illinois of 1970, and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City owns the seven vacant parcels of real property commonly known as 4727, 4735, 4739, 4743, 4755, 4757 and 4759 S. South Cottage Grove Avenue, Chicago, Illinois 60615 (the "Property"), which Property is legally described on Exhibit A attached hereto; and

WHEREAS, pursuant to ordinances adopted by the City Council of the City (the "City Council") on July 8, 1998, and published in the Journal of the Proceedings of the City Council for such date: (i) a certain redevelopment plan and project (as amended, "Redevelopment Plan") for the 43rd Street/ Cottage Grove Avenue Tax Increment Financing Redevelopment Project Area ("Area"), was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act"); (ii) the Area was designated as a redevelopment project area pursuant to the Act; and (iii) tax increment financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Redevelopment Plan; and

WHEREAS, the Property is located in the Area; and

WHEREAS, Milhouse Development, LLC, an Illinois limited liability company ("Milhouse") sought to purchase the Property from the City in order to remediate the Property and to construct a 3-story building, with a ground floor food hall, and two (2) floors of commercial retail and restaurant space. The building will contain a total of approximately 45,000 square feet of retail space (the "Project"); and

WHEREAS, Milhouse has informed the City that it has formed a new legal entity, 4735 South Cottage Grove, LLC, a Delaware limited liability company ("Grantee"), to take title to the Property; and

WHEREAS, Milhouse has informed the City that it has formed a new legal entity, The Grove Bronzeville, LLC, a Delaware limited liability company ("Developer"), to develop the Property; and

WHEREAS, Grantee is wholly-owned by Developer; and

WHEREAS, Developer is wholly-owned by Milhouse and Syzygy Grove GP, LLC, a Delaware limited liability company; and

WHEREAS, the appraised fair market value of the Property as of August 24, 2023, as set forth in an appraisal report prepared by Byrnes & Walsh, LLC, is approximately One Million Three Hundred Seventy Thousand Dollars (\$1,370,000); and

WHEREAS, the City has agreed to sell the Property to Grantee for One Million Two Hundred Seventy Thousand Dollars (\$1,270,000) ("Purchase Price"), which is One Hundred Thousand Dollars (\$100,000) less than the appraised fair market value in consideration of Grantee's and Developer's obligation to remediate the Property and construct the Project; and

WHEREAS, the City and Grantee agree that the entire Purchase Price will be deposited into a joint order environmental escrow account for the purpose of reimbursing Developer for certain environmental costs Developer incurs with respect to the Project; and

WHEREAS, Grantee must enroll the Property (or any portion thereof) in the Illinois Environmental Protection Agency Site Remediation Program, and complete all remediation work necessary to obtain a final comprehensive industrial/commercial (or residential, if applicable) No Further Remediation Letter for the Property using all reasonable means; and

WHEREAS, the Chicago Plan Commission, by Resolution No. 22-054-21 adopted on October 20, 2022, recommended the disposition of the Property to Milhouse; and

WHEREAS, the Community Development Commission, by Resolution No. 22-CDC-55 adopted on September 13, 2022, authorized the Department of Planning and Development (the "Department") to advertise its intention to enter into a negotiated sale with Milhouse for the redevelopment of the Property, approved the Department's request to advertise for alternative proposals, and approved the sale of the Property to Milhouse if no alternative proposals are received; and

WHEREAS, public notices advertising the Department's intent to enter into a negotiated sale of the Property with Milhouse and requesting alternative proposals appeared in the *Chicago Tribune*, a newspaper of general circulation, on July 18 and 25, and August 1, 2022; and

WHEREAS, no alternative proposals were received by the deadline indicated in the aforesaid notices; **now, therefore**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The foregoing recitals are hereby adopted as the findings of the City Council.

SECTION 2. The City Council hereby approves the sale of the Property to Grantee or a Grantee Entity (as defined below) for the Purchase Price. This approval is expressly conditioned upon the City entering into a redevelopment agreement with Developer and Grantee or a Grantee Entity substantially in the form attached hereto as Exhibit B (the "Redevelopment Agreement"). The Commissioner of the Department (the "Commissioner"), or a designee of the Commissioner, is each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the Commissioner, and such other supporting documents as may be necessary or appropriate to carry out and comply with the provisions of this ordinance and the Redevelopment Agreement, including but not limited to indemnification, releases, affidavits and other documents to remove exceptions from title.

SECTION 3. The Mayor or the Mayor's proxy is authorized to execute, and the City Clerk or the Deputy City Clerk is authorized to attest, one or more quitclaim deed(s) conveying the Property to Grantee, or to a land trust of which Grantee is the sole beneficiary, or to an entity of which Grantee is the sole controlling party, or to an entity which is comprised of the same principal parties (each, a "Grantee Entity"), subject to those covenants, conditions and restrictions set forth in the Redevelopment Agreement.

SECTION 4. 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 other provisions of this ordinance.

SECTION 5. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby superseded to the extent of such conflict.

SECTION 6. This ordinance shall take effect upon its passage and approval.

Attachments: Exhibit A – Legal Description of Property
Exhibit B – Redevelopment Agreement