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OFFICE OF THE MAYOR  
CITY OF CHICAGO

LORI E. LIGHTFOOT  
MAYOR

April 19, 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 an ordinance authorizing the execution of a TIF redevelopment agreement with Hudson Michigan Avenue Owner LLC for improvements at 2222 South Michigan.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in black ink, reading "Lori E. Lightfoot".

Mayor

## 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 of the State of Illinois; and

WHEREAS, to induce certain redevelopment pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act"), in accordance with the provisions of the Act, the City Council (the "City Council") of the City of Chicago (the "City"), pursuant to ordinances adopted on September 13, 1989, (1) approved and adopted a redevelopment plan (the "Plan") for the Michigan-Cermak Tax Increment Redevelopment Financing Project (the "Area"); (2) designated the Redevelopment Areas as a "redevelopment project" pursuant to the Act; and (3) adopted tax increment allocation financing for the Redevelopment Area (such ordinances, collectively, the "TIF Ordinance"); and

WHEREAS, ad valorem taxes which, pursuant to Section 5/11-74.4-8(b) of the Act and the TIF Ordinance, are allocated to and when collected are paid to the Treasurer of the City for deposit by the Treasurer into a redevelopment project area special tax allocation fund established to pay redevelopment project costs (as defined in the Act) and obligations incurred in the payment thereof are known generally as "Increment," and Increment from the Area shall be known herein as "Michigan-Cermak Increment"; and

WHEREAS, Hudson Michigan Avenue Owner LLC, a Delaware limited liability company (the "Developer"), has submitted a proposal to the Department of Planning and Development ("DPD") to redevelop certain real property located in the Area, commonly known as 2222 S Michigan Avenue, Chicago, Illinois 60616 (the "Project Property") to include approximately 38 residential units, 20 percent of which will be affordable to Low Income Families, a boutique hotel, and approximately 51,200 square feet of commercial/retail use, including a speakeasy, a restaurant, an event space, and a rooftop pool and bar, all in accordance with the Plan (the "Project"); and

WHEREAS, the Project is consistent with the goals and objectives of the Plan; and

WHEREAS, the Developer has proposed to undertake the Project pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by Developer and the City to be financed in part by a portion of Michigan-Cermak Increment in an amount not to exceed \$10,000,000 ("City Funds") for the purpose of wholly or partially funding certain costs of the Project (the "TIF-Funded Improvements"); and

WHEREAS, pursuant to Section 5/11-74.4-4(q) of the Act, the City can use Increment from one redevelopment project area for eligible redevelopment project costs in another redevelopment project area that is either contiguous to, or is separated only by a public right of way from, the redevelopment project area from which the Increment is received so long as the applicable redevelopment plans permit such use (the "Transfer Rights"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, in accordance with

the provisions of the Act, pursuant to ordinances adopted on July 21, 1999, the City Council: (1) approved and adopted a redevelopment plan (the "24<sup>th</sup>/Michigan Redevelopment Plan") for the 24<sup>th</sup>/Michigan Redevelopment Project Area (the "24<sup>th</sup>/Michigan Redevelopment Area") of the City; (2) designated the 24<sup>th</sup>/Michigan Redevelopment Area as a "redevelopment project area" pursuant to the Act; and (3) adopted tax increment allocation financing for the 24<sup>th</sup>/Michigan Redevelopment Area; and

WHEREAS, the Area is either contiguous to, or is separated only by a public right of way from, the 24<sup>th</sup>/Michigan Redevelopment Area; and

WHEREAS, the 24<sup>th</sup>/Michigan Redevelopment Plan permits the exercise of Transfer Rights with respect to Increment from the 24<sup>th</sup>/Michigan Redevelopment Area ("24<sup>th</sup>/Michigan Increment") and the Redevelopment Plan permits the receipt of Increment pursuant to Transfer Rights; and

WHEREAS, it is anticipated that the City may, in its discretion, exercise its Transfer Rights pursuant to the Act, the 24<sup>th</sup>/Michigan Redevelopment Plan, and the Plan to use 24<sup>th</sup>/Michigan Increment Taxes in an amount up to \$3,250,000 as part of (and not in addition to) the City Funds; and

WHEREAS, pursuant to Resolution 23-CDC-08 adopted by CDC on February 14, 2023, CDC has recommended that Developer be designated as the developer for the Project (as defined in such resolution) and that DPD be authorized to negotiate, execute and deliver on behalf of the City a redevelopment agreement with the Developer for the Project; now, therefore,

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

SECTION 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

SECTION 2. Developer is hereby designated as the developer for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 3. The Commissioner of DPD or a designee of the Commissioner are each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver a redevelopment agreement between the Developer and the City substantially in the form attached hereto as Exhibit 1 and made a part hereof (the "Redevelopment Agreement"), and such other supporting documents as may be necessary to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment Agreement.

SECTION 4. The City Council of the City hereby finds that the City is authorized to pay \$10,000,000 from Michigan-Cermak Increment to Developer to finance a portion of the eligible costs included within the Project. The proceeds of the City Funds are hereby

appropriated for the purposes set forth in this Section 4.

SECTION 5. Pursuant to the TIF Ordinance, the City has created the TIF Fund for the Michigan-Cermak Increment (the "TIF Fund"). The Chief Financial Officer (or his or her designee) of the City is hereby directed to maintain the TIF Fund as a segregated interest-bearing account, separate and apart from the City's Corporate Fund or any other fund of the City. Pursuant to the TIF Ordinance, all Michigan-Cermak Increment received by the City shall be deposited into the TIF Fund. The City shall use the funds in the TIF Fund to make payments pursuant to the terms of the Redevelopment Agreement.

SECTION 6. The Mayor, the Chief Financial Officer, the Comptroller, the City Clerk and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this ordinance.

SECTION 9. To the extent that any ordinance, resolution, rule, 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 control. If any section, paragraph, clause or provision of this ordinance 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 10. This ordinance shall be effective as of the date of its passage and approval.