

ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule unit of government pursuant to Article VII, Section 6(a) 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 has traditionally sold much of its land directly to purchasers after receiving property inquiries, a method which is inefficient, labor-intensive and also lacks transparency; and

WHEREAS, the Department of Planning and Development (the "Department") created chiblockbuilder.com ("ChiBlockBuilder"), a website-based platform for selling vacant City-owned property with predetermined market values and online application materials; and

WHEREAS, City lots sold through ChiBlockBuilder are offered for sale in different categories of use, such as affordable housing, market rate sales, missing middle-density housing, neighborhood side yards, community open space, and urban agriculture; and

WHEREAS, ChiBlockBuilder allows prospective buyers to view a map of available properties and their associated land use categories online, and apply to purchase lots for targeted purposes; and

WHEREAS, the Department retained the services of CBRE Group, Inc. ("CBRE") to provide market value assessments of the available City-owned properties based on comparable sales, and these market value assessments are posted on the ChiBlockBuilder website to establish purchase prices or bidding guidance for all properties marketed for sale; and

WHEREAS, the Department advertised more than 2,000 City-owned lots for sale on the ChiBlockBuilder website in its first round of bidding, which began on November 17, 2022, and ended on February 3, 2023 (the "First Application Period"); and

WHEREAS, a public notice directing prospective applicants to ChiBlockBuilder for listings of City-owned property available for sale was published in the *Chicago Tribune* on January 20, January 27, and February 3, 2023; and

WHEREAS, City lots sold through ChiBlockBuilder are offered with their current zoning; and

WHEREAS, this ordinance authorizes the sale of City lots in the affordable housing category under the City Lots for Working Families Program (as hereinafter defined); and

WHEREAS, specific evaluation criteria for land sold for affordable housing under the City Lots for Working Families Program included: the submission must meet the intent of the Program (as hereinafter defined); the submission must meet the zoning requirements of the Program; a minimum of eight (8) PINs must be selected OR enough PINs to build a minimum of eight (8) homes; selected PINs must be closely clustered; evidence of a developer's financial capacity and ability to obtain project financing; completeness, quality, and experience of development team; and, proven depth and quality of experience in successfully developing residential buildings in the community where the selected PINs are located or in a community with similar market characteristics; and

WHEREAS, the City, in recognition of the shortage of decent housing affordable to working families within the City, encourages the use of vacant land for the development of new owner-occupied homes; and

WHEREAS, the City, through the foreclosure of demolition liens, tax sales and other methods of acquisition, has acquired title to numerous parcels of vacant land that are suitable for the construction of new owner-occupied housing affordable to working families; and

WHEREAS, pursuant to an ordinance (the "Program Ordinance") adopted by the City Council of the City (the "City Council") on November 8, 2017, and published at pages 59287 through 59295 in the Journal of the Proceedings of the City Council (the "Journal") for such date, the City established a program for the sale of City-owned vacant land to developers for the construction of affordable single-family homes and two-flats (the "City Lots for Working Families Program" or "Program"); and

WHEREAS, pursuant to the City Lots for Working Families Program, the Department of Housing ("DOH"), as successor to the Department for the administration and implementation of the Program, is authorized to evaluate proposals for the construction of eight (8) to twenty (20) new single-family homes and/or two-flats (each such single-family home or two-flat, a "Home") on City-owned vacant land; and

WHEREAS, the Program Ordinance authorizes DOH to (a) sell City-owned vacant zoning lots (each such vacant zoning lot, a "City Lot") with an appraised value of \$175,000.00 or less for \$1.00 per City Lot for projects approved under the City Lots for Working Families Program ("CL4WF Projects"); (b) exempt CL4WF Projects from MBE/WBE Requirements and City Residency Hiring Requirements (as those terms are defined in the Program Ordinance) if all City Lots within the CL4WF Project have an appraised value of \$125,000.00 or less; and (c) waive certain City fees for CL4WF Projects; and

WHEREAS, pursuant to the City Lots for Working Families Program, up to twenty-five percent (25%) of the Homes in a CL4WF Project may be sold at market-rate prices (the "Market Rate Homes") and the rest must be sold at an Affordable Price (as defined in the Program Ordinance); and

WHEREAS, the City owns the real property identified on Exhibit A attached hereto (collectively, the "Property"), which consists of thirteen (13) City Lots; and

WHEREAS, the thirteen (13) City Lots identified on Exhibit A were advertised for sale on ChiBlockBuilder in the First Application Period; and

WHEREAS, Claretian Associates, Inc., an Illinois not-for-profit corporation (the "Developer"), submitted a proposal to purchase the City Lots comprising the Property under the City Lots for Working Families Program for the construction of thirteen (13) Homes (the "Project"); and

WHEREAS, no alternative proposals for the Project were submitted through the ChiBlockBuilder application process and DOH determined that Developer's proposal for the Project was in the best interests of the City for the reasons stated on Exhibit B; and

WHEREAS, DOH wishes to modify the City Lots for Working Families Program for the Project by changing all references to the term "Appraised Value" in the Project Ordinance to "Market Valuation," and defining Market Valuation to mean the value of a City Lot as determined by an independent market value assessment of lots in neighborhood subareas; and

WHEREAS, all of the Homes that the Developer will construct on the Property will be single-family modular homes; and

WHEREAS, the market value of the Property as of the date it was advertised for sale on ChiBlockBuilder was approximately \$131,561.00, with no City Lot appraising at \$125,000 or more, as more specifically set forth on **Exhibit A** attached hereto; and

WHEREAS, the Property is located in the South Chicago Tax Increment Financing Redevelopment Project Area (the "**Redevelopment Area**"), as created by ordinance adopted on April 12, 2000; and

WHEREAS, the Project is consistent with the redevelopment plan and project for the Redevelopment Area (as amended, the "**Redevelopment Plan**"); and

WHEREAS, the Developer has agreed to undertake the Project in accordance with the Program Ordinance (except as modified herein), and pursuant to the conditions of a redevelopment agreement in substantially the form attached hereto as **Exhibit C** (the "**Redevelopment Agreement**"), which Redevelopment Agreement shall, among other things, reduce or waive certain fees as set forth on **Exhibit D** attached hereto, waive MBE/WBE Requirements (as defined in the Program Ordinance) and waive City Residency Hiring Requirements (as defined in the Program Ordinance); and

WHEREAS, consistent with the City Lots for Working Families Program, the Project qualifies as "Affordable Housing" for purposes of Chapter 16-18 (the Open Space Impact Fee Ordinance) of the Municipal Code of Chicago (the "**Municipal Code**") and Section 2-44-085 of the Municipal Code (the 2021 Affordable Requirements Ordinance) shall not apply to the Project; **now, therefore,**

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

SECTION 1. The foregoing recitals are expressly adopted as the legislative findings of the City Council and incorporated herein and made a part of this ordinance.

SECTION 2. The Developer is hereby designated a developer and the Project is hereby designated a project pursuant to the City Lots for Working Families Program.

SECTION 3. The modifications to the City Lots for Working Families Program as set forth in the recitals are hereby approved for the Project.

SECTION 4. The sale of the Property to the Developer for \$13.00 (or \$1.00 per buildable City Lot) is hereby approved. This approval is expressly conditioned upon the City entering into the Redevelopment Agreement with the Developer. The commissioner of DOH (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 and such other documents as may be necessary or appropriate to carry out and comply with the provisions of this ordinance and the Redevelopment Agreement, including releases,

affidavits and other documents as may be necessary to remove exceptions from title or that are otherwise reasonably necessary or appropriate to consummate the transactions contemplated hereby. Such documents may contain terms and provisions that the Commissioner or the Commissioner's designee deems appropriate, including indemnification. If the Developer fails to execute the Redevelopment Agreement by November 15, 2025, then this ordinance shall be rendered null and void and of no further effect, unless waived or extended in writing by the Commissioner or the Commissioner's designee in the Commissioner's or designee's sole discretion.

SECTION 5. The Mayor is authorized to execute, and the City Clerk or the Deputy City Clerk is each hereby authorized to attest, a quitclaim deed or deeds conveying the Property to the Developer, or to a land trust of which the Developer is the sole beneficiary, or to a business entity of which the Developer is the sole controlling party or which is comprised of the same principal parties, subject to those covenants, conditions and restrictions set forth in the Redevelopment Agreement.

SECTION 6. The reduction and waiver of the fees described on **Exhibit D** attached hereto is hereby authorized.

SECTION 7. The Project is hereby designated as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code, and Section 2-44-085 of the Municipal Code shall not apply to the Project.

SECTION 8. 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 9. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 10. This ordinance shall take effect upon its passage and approval.