

Chicago Tribune

Developer Signs Deal to Build 62-acre Neighborhood Linking South Loop and Chinatown

May 12, 2016 | by Kim Janssen



The last large undeveloped swath of green space in downtown Chicago could finally be developed into a robust neighborhood linking the South Loop and Chinatown, thanks to a deal signed this week.

Related Midwest has taken part ownership of 62 acres southwest of Clark Street and Roosevelt Road, and will be the lead developer of a multibillion-dollar joint venture that promises to reshape Chicago's skyline and fill what has been described as a "hole in the center of Chicago."

The scale of the project, which could include thousands of homes, millions of square feet of office space and stores, is staggering. Though the site is currently a wilderness inaccessible by road and unserved by sewers or other city services, satellite images reveal it to be trumped only by Grant Park as an expanse of open downtown land.

It comes with a checkered history: Once owned by disgraced and convicted power broker Tony Rezko, it was sold in 2007 to Luxembourg-based General Mediterranean Holding. GMH is owned by Iraqi-born British businessman Nadhmi Auchi, who was convicted in 2003 in France in a corruption scandal. GMH will be a partner with Related Midwest in the joint venture.

Related Midwest president Curt Bailey said his company — Related is behind the 16-skyscraper, 14-acre Hudson Yards development in Manhattan and has completed a number of high-profile Chicago buildings —

is "not in the habit of making small plans" and has the chops to see the project through.

It has brought more than \$2 billion in residential, mixed-use and affordable housing communities to market in Chicago. Since last year, the company has owned the site of the failed Chicago Spire skyscraper.

Bailey said Related Midwest has yet to develop a detailed plan for the site and declined to give the terms of its deal with GMH, but acknowledged it would take around 15 years to complete at a cost of billions and would include residential, retail and office space. "We envision creating a great neighborhood, a great place to live, to work, shop and dine," he said.

Mayor Rahm Emanuel's administration has had discussions with Related and does not seem likely to make Auchi's involvement an issue. Planning and development commissioner David Reifman said the city regards Related Midwest, not Auchi, as the lead developer and that he has "complete confidence" in it.



Adding that the project is "a priority for the mayor," Reifman said, "we've got a great developer in Related, which has the experience and ability to do this." An attorney for Auchi did not return calls seeking comment Wednesday.

If completed, the development has the potential to permanently alter the view of Chicago's skyline from the south. It should strengthen Roosevelt Road as a shopping destination, improve access to the river and tie the South Loop to Chinatown, Reifman said.

The site is bordered by Roosevelt Road, Clark Street, 16th Street and a half-mile stretch of riverfront on its western edge. The Chicago River originally curved through the center of the site but was redirected in 1929 when the river was straightened.

Long used as a rail yard, the site has sat vacant for decades, gradually returning to prairie. For years, tourists taking boat tours south from the Loop have been able to see a small encampment of tents along its riverbank where homeless people have found a relatively bucolic hiding place in the long shadow of the Willis Tower.

Development of the area immediately north of the site, though, has made the land's value increasingly obvious. CMK recently broke ground on a \$1.5 billion 13-acre mixed-use development at Harrison and the river, while the Roosevelt Collection, a mixed-use development of retail and condos at Roosevelt and Wells, has bounced back from its unfortunate post-recession completion in 2010.

Even the old main post office to the northwest of the site — the failed redevelopment of which has been a long-term source of frustration to City Hall — has shown signs of life, with its eccentric British owner Bill Davies in March announcing an agreement to sell it to New York-based investment group 601W Cos. That transaction has not closed.

Dredges finish the job of straightening the south branch of the Chicago River, which once curved through the downtown parcel, in 1929. (Chicago Tribune 1929)

"It's been this missing link, a hole in the center of Chicago," said Phil Enquist, who leads Skidmore, Owings and Merrill's global city design practice and has advised Related Midwest and others over the years about the site.

"I think it's a very positive story — this allows us to rethink a long stretch of the Chicago River."

He likened the project to Magellan Development Group's repurposing of 28 acres of former railroad land just north of Millennium Park. Branded Lakeshore East, the master-planned community was used in the latter part of the 1990s as a 9-hole golf course that "you could drive past at 60 miles per hour but nobody could figure out how to get in there," he said.

The Related Midwest parcel is more than twice as large but has similarly "been so isolated," Enquist said. "It really has not had a front door," he said.

That problem promises to be fixed by the city's plan to extend Wells Street — which ends abruptly in a dead end beneath the Roosevelt flyover — south through the site to Wentworth, connecting the South Loop to Chinatown, Enquist said, adding that the project should spur additional development on the southern edge of downtown.

"Maybe now the planets have finally aligned," he said.

The city will also have to rezone the land, which currently has a downtown zoning that prohibits residential use, though Reifman indicated that the city was amenable. "A mix of use makes all the sense in the world," he said.

Stalled development of the site has been a topic of intrigue for more than a decade.

Court testimony in 2008 following the conviction of Rezko indicated then-Sen. Barack Obama in 2004 attended a party Rezko threw for Auchi in an attempt to interest him in the property, though Obama said at the time that he had no recollection of the meeting. Rezko's bond was revoked after authorities uncovered a \$3.5 million payment he'd received from Auchi in connection with the project.

Related Midwest, the city and planning experts all say they hope the site's river access, not its troubled past, will become a focus of the development.

Josh Ellis, a director with the Metropolitan Planning Council who is leading a study of how Chicago's rivers can be better used, said that "given the real estate market in the South Loop, the timing is as good as it's ever been" for the project to finally get going.

Ellis said the council would push for the 30 to 60 feet of land closest to the river to be protected for a riverwalk. The CMK development underway immediately to the north, at Harrison, will include public riverfront access, making it possible one day for the neighborhood to have a riverwalk akin to the one now under development between the lakefront and Lake Street.

A new CTA station — the Red Line runs underneath the site — and even a new Metra station could help connect the area to the rest of the city, Ellis said. Reifman said the city and the CTA have not discussed the site.

While the northern end of the parcel, which abuts Roosevelt Collection stores and a Target, lends itself to retail and higher density office space and homes, the south end connecting to Chinatown is a likelier spot for low-rise town homes and the "high school that the South Loop needs," Ellis added.

Though the 200 units per-acre density permitted at Lakeshore East is unlikely to be sustainable at a site on the outskirts of downtown, a density of even half that could add more than 6,000 new homes.

Developing the site will be "an immense effort" but presents an opportunity to add athletic and cultural amenities that the South Loop lacks, Ellis said, adding that the South Loop is "one of a handful of neighborhoods on the lakefront and riverfront, but it's never had access to that riverfront and there is a great opportunity to change that."