

# The Works

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## You Want Blight? You Got Blight.

City planners and a developer with well-placed friends turn the TIF process on its ear.

By Ben Joravsky

In November 2004 the city sued to seize a northwest-side bike shop, arguing that it stood in the way of a condo development that would help rejuvenate Jefferson Park. Last month it dropped the suit, saying that there was no need to claim the property after all—the condos could be built around the store. But a look at the documents involved suggests that the city had an even more compelling reason to quit the case: hearings were beginning to reveal politically sensitive material. And once again, dear reader, I'm here to tell you about the abuse of a tax increment financing district. This one's a doozy.

The Jefferson Park TIF has been controversial from its start back in 1998. As with all TIFs, it diverts a portion of property taxes within its boundaries from municipal services to a special fund largely controlled by the alderman—in this case 45th Ward alderman Patrick Levar—in conjunction with the mayor and the city's planning department. TIF funds are meant to subsidize development in blighted communities, with the aim of eventually producing even more tax dollars.

True, there were some commercial vacancies along Lawrence and Milwaukee. But no one could seriously argue that Jefferson Park was blighted: over the past several years condo developers have been lining up to build there, and houses in the



Sportif bike store, on the 5200 block of West Lawrence

neighborhood are now fetching as much as \$600,000. Still, no one needed to: a loophole in the law allows TIFs to be created in areas where "the continued lack of growth and development will exacerbate conditions of obsolescence, causing further disinvestment and, eventually, blight." Declaring Jefferson Park at risk for possible blight *in the future*, the city set up a TIF that would sock away some \$48 million in property taxes over

the next 23 years.

The City Council approved the Jefferson Park TIF on September 8, 1998. On January 22, 2002, Denise Roman and Tom Loverde, two representatives from the city's planning department, came before the Community Development Commission, the board in charge of overseeing TIFs, seeking permission to acquire five parcels of land on the 5200 block of West Lawrence—

including Sportif, a bike store owned by Donald Zordani. Loverde and Roman both testified that the city didn't yet know exactly what it intended to do with the property. But "a private developer is currently working on proposals for a mixed-use development on the site for [the city's] consideration," Roman said at the hearing. That developer was Demetrios "Jimmy" Kozonis, owner of several properties in the area,

among them Veterans Square Tower, the office park where Alderman Levar had his ward office at the time.

Zordani didn't attend the January meeting. But two other property owners—Walter Ogloza and Tony Kurzac—showed up to contest the sales. Kurzac, a recent Polish immigrant who owned a tire store at 5213 W. Lawrence, told the commissioners, "I want to stay in the place where I stay." Ogloza, who

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owned buildings at 5201 W. Lawrence and 4759 N. Laramie, said he not only wanted to keep his property, he wanted to improve it. In fact, he said, he'd already approached Loverde with some site plans for a development he wanted to build on Lawrence.

Noting that the acquisition deal seemed lopsided in favor in Kozonis, one commissioner at the hearing repeatedly asked Loverde and Roman whether the idea had originated with the developer or the city. Neither answered the question directly. Loverde defended the proposal by saying that the city's purchase of the land was no guarantee that Kozonis would end up owning it. Of course, it was virtually impossible for other developers to make rival bids on that stretch of Lawrence: Kozonis already owned half the properties on the block. Nevertheless, the CDC approved the city's plan. (Kozonis did not return my calls.)

On March 9, 2004, Roman and Loverde returned to the CDC with a new request regard-

ing the project. Once again Roman spoke for the city, but this time Loverde represented Kozonis, having taken a job as development director with Kozonis's company Mega Realty. Roman asked the CDC to approve Kozonis as the default buyer for the remaining properties they were acquiring under eminent domain. In a rare close vote with one abstention, the CDC approved Roman's request.

By this time two more property owners on the block had already sold their property to Mega Realty; the only holdouts were Ogloza and Zordani. Meanwhile the city hired a consultant to prepare an appraisal of Zordani's property. On August 12 the city sent him a letter offering \$480,000 for it. Zordani calls the amount "an insult—less than a third of what I could get on the open market."

On November 1 the city sued to acquire Zordani's land by eminent domain. Instead of caving, Zordani counterattacked aggressively. His lawyer, Joseph Cainkar, filed a motion to dismiss the city's lawsuit, charging

that it was "using the power of government for private purposes to allow [Kozonis] to avoid the open real estate market and develop an area that is not blighted for purely private gain."

Zordani and Cainkar peppered Kozonis with requests for documents and records. When he

unveiled his development plan at a city-sponsored meeting before several hundred residents in Jefferson Park. But it was different from the one he'd presented before. Instead of tearing down the bike store, he now proposed to build around it, erecting a six-story building and a ten-story

congestion it would cause. When I asked Loverde told me he's pulled the plug on the plan and will not allow any building of over six stories on the site.

On January 12 the city filed a motion to drop its eminent domain suit, agreeing to pay Zordani's "reasonable attorney's fees, costs and expenses paid or incurred in defense of the complaint for condemnation." In addition to its own staff, the city had hired private attorneys from former corporation counsel Brian Crowe's law firm—taxpayers wound up footing the bill on both sides.

Despite his victory, Zordani is hardly rejoicing. In 1996, before the TIF was created, there were five occupied buildings, including a bank and a two-flat on his block. Now it's just him and the block is truly blighted.

Nor has the Jefferson Park TIF served to boost the tax base. In 1999 Kozonis paid about \$46,000 in property taxes for the four properties he owned on the 5200 block. Last year he paid \$19,660. ■

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failed to respond Cainkar asked the judge to hold him in contempt of court. In another filing they insisted on their right to ask Kozonis to testify "as to when he first initiated discussion with the city to develop the property." They announced their intention of asking about his "relationship with" Loverde and his "employment of Tom Loverde" and said they'd seek Loverde's testimony "as both an employee of the city" and of Kozonis.

On November 9 Kozonis

building. When residents asked why the project's developers hadn't planned to build around Sportif in the first place, Roman said the city couldn't discuss the matter because of the pending lawsuit.

The meeting was a public relations disaster for the proposal. The plan had been endorsed by the local chamber of commerce (on which both Loverde and Kozonis sit), but most residents complained about the height of the project and the traffic and

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