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CHICAGO 2016 OLYMPICS: LEGISLATIVE IMPACT ON CONSTRUCTION, THE PUBLIC AND THE AFFORDABLE HOUSING MARKET

by CHANTAL KAZAY

The city of Chicago passed legislation necessary to establish the legal framework for the successful staging of the 2016 Olympic Games.¹ With the passage of the comprehensive Olympic Approvals Ordinances, the Chicago City Council authorized Mayor Richard M. Daley to sign the Host City Contract and all other agreements necessary for hosting the Games, including the Joint Marketing Programme Agreement,² which authorizes various parties to cooperate in marketing their products and/or services for a mutual benefit.

The ordinances include the City of Chicago Olympic Commitments Agreement, which sets forth the city's guarantees as required by the International Olympic Committee (IOC), and the 2016 Olympic and Paralympic Games Governmental Cooperation Agreement, which establishes hosting commitments between the city of Chicago and its many governmental partners.³ Part of the legislation passed by the City Council includes a \$500 million guarantee of taxpayer money against any shortfall in the Olympic Games operations.⁴

Like most sporting events, the modern day Olympic Games are big business.⁵ As such, Mayor Richard M. Daley and Chicago 2016 Chairman Patrick Ryan created a comprehensive bid detailing the financial and logistical components of a potential Chicago Olympics. On January 12, 2009, the Chicago City Council approved an ordinance establishing a new Tax Increment Financing (TIF) District to help pay for the proposed Olympic Village in Bronzeville, while also reaffirming the city's \$500 million pledge to cover any shortfall.⁶ A TIF allows the City of Chicago and other Illinois cities and towns to generate property tax dollars for economic development in designated geographic areas and then re-invest the new property tax dollars generated from the designated TIF district for a 20-30 year period.⁷

CHICAGO 2016 PROPOSAL

The Chicago 2016 Proposal (Proposal) projects an Olympic budget of \$5 billion, including \$1.1 billion for the construction of the Olympic Village, \$366 million for the Olympic Stadium, and \$80 million for an aquatics center.⁸ Initially, Mayor Richard M. Daley stated the funding would come exclusively from private investors, with Chicago 2016 projecting a \$525 million operating surplus, but that changed when United States Olympic Committee Vice President Bob Ctvrtlik indicated that a large scale project like the Olympics could not proceed without the guarantee of public money.⁹ The Proposal also includes a financial safety net of \$450 million, \$375 million in IOC cancellation insurance and another \$500 million in insurance coverage.¹⁰ The Proposal was submitted before the Illinois legislators approved an increased state financial guarantee from \$150 million to \$250 million.¹¹ This new funding currently awaits Governor Patrick Quinn's signature.

The likelihood of tapping into the \$500 million taxpayer guarantee is virtually impossible, given that no Olympic Games have experienced an operating over-

run since 1972. However, it is the construction costs – not the operating budget – that are of greater concern.¹² As the Community Media Workshop’s Curtis Black reminds us, Mayor Richard M. Daley’s track record of predicting, and sticking to, project budgets is less than perfect.¹³ Here are a few examples:¹⁴

Project	Original Cost	Final Cost
Soldier Field	\$587 million	\$655 million
Millennium Park	\$150 million (no public financing)	\$475 million (more than half public financing)
O’Hare Expansion	(first phase) \$6.6 billion	\$8 billion
Block 37 superstation	\$213 million	Has reached \$320 million (project now stalled)

If the Chicago 2016 bid is successful, the city plans to build one of the major stadiums in Washington Park – one of Chicago’s largest green spaces.¹⁵ Chicago’s bid calls for the erection of a temporary 80,000-seat stadium¹⁶ that will be reduced to a 5,000-seat amphitheater after the games are over.¹⁷ If this stadium is built, the 350-acre park that hosts softball, baseball, soccer, cricket, and tennis leagues will be off-limits to local athletes, picnickers, and residents for four years.¹⁸

SUPPORT AND CONCERNS FOR CHICAGO OLYMPICS

White House Chief of Staff Rahm Emmanuel, a native Chicagoan and former Illinois Congressman, said “bringing the 2016 Olympics to our nation’s third coast will be a boom for Chicago and a gold medal for the United States.¹⁹ Rep. Will Burns (D-Chicago), whose South Side district would house the Olympic Village and several event venues, said the \$500 million taxpayer guarantee is viewed as an important component to have in place by the time the Olympics committee reviews the Chicago proposal in early April.²⁰

Although legislative and public support for Chicago’s bid remains high, some community members are voicing their opposition to public tax elements of the plan. In a recent *Chicago Tribune* article, 64 percent of respondents support Chicago’s 2016 bid, but 75 percent opposed the use of taxpayer dollars to pay for any shortfalls.²¹

Some residents of the South Side community are expressing fears that neighborhood redevelopment, buoyed by funding to build the Olympic Stadium, will push them out of the area,²² while environmentalists fear that the bulldozing and paving will cause permanent damage to the ecosystem.²³ If Chicago's bid is successful, the political, legislative, and legal battles over the use of public lands and funds will escalate as Chicago begins construction for the Olympic Games.²⁴

Mayor Daley believes "the 2016 games will leave a lasting legacy in the forms of affordable housing (and) athletic facilities."²⁵ However, some groups opposed to the Olympic bid have claimed just the opposite, that a concentration of new development, designated TIF District and sports facilities on the Near South Side would drive up home prices and displace low-income residents.²⁶ "There's ways that you can structure these types of developments that could help . . . [to preserve]. . . and [create new]. . . housing," says Kevin Jackson, Executive Director of the nonprofit Chicago Rehab Network.²⁷

Although the Chicago Rehab Network currently has no position on how the Olympics could affect affordable housing, it is making people aware of the potential consequences.²⁸ "We've been really committed at Rehab Network to create as much transparency and understanding about what some past experiences around the globe have been," Jackson says.²⁹

As of now, the Chicago 2016 Olympic bid has not affected affordable housing markets or used the \$500 million guarantee of taxpayer money.

NOTES

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- 24 Illinois Business Law Journal, *supra* note 5.
- 25 Peter Sachs, CHI TOWN DAILY NEWS, Feb. 6, 2009 http://www.chitowndailynews.org/Chicago_news/Olympic_bid_ready_to_go_but_hidden_from_public_view_for_now,22237.
- 26 *Id.*
- 27 *Id.*
- 28 *Id.*
- 29 *Id.*