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Activists Try to Stop a Huge Chicago Development Over $1.3 Billion in Tax Incentives.

Site of former steel mill wedged between wealthy neighborhoods isn't 'blighted,' they say

CHICAGO—The site of a former steel mill on the city's prosperous North Side has become a battleground over an economic development tool critics say is reinforcing the city's economic divide and robbing the treasury of hundreds of millions of dollars a year.

Activists are suing the city to stop developer Sterling Bay from proceeding with its Lincoln Yards development, one of the largest urban mixed-use projects in the country. They argue the city improperly handed out $1.3 billion in tax incentives as part of the deal.

The lawsuit is playing out amid increased scrutiny of tax-incentive packages for businesses, such as the billions offered to Amazon.com Inc. in its second- headquarters search and a giant planned development for Apple Inc. supplier Foxconn Technology Group in Wisconsin. The Chicago dispute highlights problems with a popular economic development tool known as tax increment financing, or TIF. It allows cities to use future property tax revenue—generated by increased assessments as the area improves—to help developers finance a project.

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By Shayndi Raice

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