

STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

CERTIFICATE

I, Jennifer Rampke, the duly authorized, qualified and Assistant Secretary of the **Community Development Commission of the City of Chicago**, and the custodian of the records thereof, do hereby certify that I have compared the attached copy of a Resolution adopted by the **Community Development Commission of the City of Chicago** at a Regular Meeting Held on the 23rd Day of October 2001 with the original resolution adopted at said meeting and recorded in the minutes of the Commission, and do hereby certify that said copy is a true, correct and complete transcript of said Resolution.

Dated this 23rd Day of October 2001


ASSISTANT SECRETARY
Jennifer Rampke

01-CDC-97

**COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO**

RESOLUTION NO. 01-CDC- 97

AUTHORITY TO

ADVERTISE THE CITY OF CHICAGO'S INTENTION TO ENTER INTO A NEGOTIATED SALE WITH HEARTS UNITED PHASE III LIMITED PARTNERSHIP AND/OR AN ENTITY TO BE FORMED ("HEARTS UNITED") FOR THE SALE OF CERTAIN CITY-OWNED PARCELS, SUBJECT TO SURVEY, WITHIN THE 43RD STREET AND COTTAGE GROVE AVENUE TAX INCREMENT FINANCING REDEVELOPMENT AREA ("THE AREA");

AND

PROVIDE TAX INCREMENT FINANCING ASSISTANCE AND NEGOTIATE A REDEVELOPMENT AGREEMENT WITH HEARTS UNITED, AS DEVELOPER, FOR THE SALE AND REDEVELOPMENT OF SUCH CITY-OWNED PARCELS LOCATED WITHIN THE AREA;

AND

APPROVE A REQUEST FOR ALTERNATE PROPOSALS;

AND

RECOMMEND TO THE CITY COUNCIL OF CHICAGO THE SALE OF SUCH CITY-OWNED PARCELS, SUBJECT TO SURVEY, TO HEARTS UNITED IF NO RESPONSIVE ALTERNATIVE PROPOSALS ARE RECEIVED;

AND

RECOMMEND THE DESIGNATION OF HEARTS UNITED AS DEVELOPER FOR THE REDEVELOPMENT OF SUCH CITY-OWNED PARCELS IF NO RESPONSIVE ALTERNATIVE PROPOSALS ARE RECEIVED

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65ILCS 5/11-74.4-1 et

seq.) (the “Act”); and

WHEREAS, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Act; and

WHEREAS, the City Council, upon the Commission’s recommendation pursuant to the Act, enacted three ordinances on July 7, 1998 pursuant to which the City approved and adopted a certain redevelopment plan and project (the “Plan”) for the 43rd Street and Cottage Grove Avenue Redevelopment Project Area (the “Area”), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area and PINs with addresses are described on Exhibit A hereto; and

WHEREAS, the City desires to convey, through a negotiated sale, the City-owned parcels identified in Exhibit B (the “City Parcels”), to Hearts United Phase III Limited Partnership and/or an entity to be found by it (the “Developer”), subject to survey, for the purchase price of \$1.00 per parcel; and

WHEREAS, the Developer has presented to the City’s Department of Housing (“DOH”) a proposal for redevelopment of the City Parcels that is in compliance with the Plan, consisting of the construction of two row houses and seven six-flats. The buildings will contain, in aggregate, 53 units which will consist of approximately three (3) one bedroom units, thirty-six (36) two-bedroom units, seven (7) three-bedroom units and seven (7) four-bedroom units. Approximately eighty (80%) will be affordable to households at or below 60% of area median income, of which approximately 13 will be reserved for Chicago Housing Authority tenants, and approximately twenty percent (20%) will be rented to households at market rates; and

WHEREAS, pursuant to Section 5/11-74.4-4(c) of the Act, the City may not enter into any agreement regarding the sale of City-owned parcels or redevelopment within the Area without first making public disclosure of the terms of such sale and agreement and all bids and proposals related thereto and providing reasonable opportunity for any person to submit an alternative proposal or bid; and

WHEREAS, DOH requests the authority of the Commission to make the required disclosure by publishing notice substantially in the form set forth as Exhibit C hereto (the “Notice”) in the Chicago Sun-Times or the Chicago Tribune, being newspapers of general circulation within the Area; and

WHEREAS, DOH requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that DOH and the Department of Planning and Development (DPD) be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer providing for the sale and redevelopment of the City-owned parcels, if no responsive alternative proposals are received by DOH within thirty (30) days after publication of the Notice;

WHEREAS, DOH has found that the sale of the City-owned parcels to the Developer and

the completion of the development Project would further the goals of the Plan; and;

WHEREAS, if no alternate bids are received, the sale of the City-owned Parcels to the Developer and designation of the Developer as developer be recommended to the City Council without the further action by the Commission, now therefore,

BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:

- Section 1. The above recitals are incorporated herein and made a part hereof.
- Section 2. The Commission hereby authorizes DOH to publish the Notice.
- Section 3. In the event that no other responsive offers to purchase the City Parcels are received, DOH may request the City Council to approve the sale of the City Parcels, subject to survey, to the Developer without further action by this Commission, for \$1.00 per parcel. Such sale is subject to the City entering into a redevelopment agreement with the Developer on terms agreeable to DOH and the Corporation Counsel and shall not be executed until a final project budget is approved and all sources and uses of funds are identified and duly authorized.
- Section 4. The Commission hereby recommends to the City Council that the Developer be designated as the developer for the City Parcels and that DOH be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the project and providing tax increment financing assistance, so long as no responsive alternative proposals are received by DOH within the time recited above.
- Section 5. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not be affect any of the remaining provisions of this resolution.
- Section 6. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.
- Section 7. This resolution shall be effective as of the date of its adoption.
- Section 8. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: October 23, 2001

- Attachments: Exhibit A, Street Boundary Description
Exhibit B, List of City Parcels by PIN and address
Exhibit C, Form of Notice requesting alternative Proposals
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EXHIBIT A

Street Boundary Description of the
43rd Street and Cottage Grove Avenue Tax Increment Financing
Redevelopment Project Area

The Area consists of approximately 200.7 acres and is generally bounded by Pershing Road on the north, by East 47th Street on the south, by South Vincennes Avenue and South St. Lawrence Avenue on the west, and by South Cottage Grove Avenue on the east.

EXHIBIT B

City Parcels listed by PIN and address:

20-03-223-006	4247- 49 South Vincennes
20-03-223-007	4249-59 South Vincennes
20-03-403-009	4327 South St. Lawrence
20-03-403-010	4329 South St. Lawrence
20-03-403-011	4333 South St. Lawrence
20-03-403-021	4324 South Champlain
20-03-403-022	4326 South Champlain
20-03-403-023	4330 South Champlain
20-03-403-025	4336 South Champlain
20-03-403-026	4340 South Champlain
20-03-403-027	4342 South Champlain
20-03-403-028	4346 South Champlain
20-03-404-018	4351 South Champlain
20-03-404-019	4353 South Champlain
20-03-404-031	4336-38 South Langley
20-03-404-032	4336-38 South Langley
20-03-404-033	4346 South Langley
20-03-405-028	4332 South Evans
20-03-405-029	4338 South Evans

**DEPARTMENT OF HOUSING
CITY OF CHICAGO**

**COMMUNITY DEVELOPMENT COMMISSION MEETING
OCTOBER 23, 2001**

**HEARTS UNITED APARTMENTS - PHASE III
RESIDENTIAL PROJECT - DEVELOPER DESIGNATION**

SUMMARY SHEET

Actions

Requested:

- 1) Grant authority to advertise the City's intention to enter into a negotiated sale with Hearts United Phase III Limited Partnership and/or an affiliate entity to be formed ("Hearts United") for the sale of lots for \$1.00 of the addresses commonly known as 4247- 49 South Vincennes (20-03-223-006), 4249-59 South Vincennes (20-03-223-007), 4327 South St. Lawrence (20-03-403-009), 4329 South St. Lawrence (20-03-403-010), 4333 South St. Lawrence (20-03-403-011), 4324 South Champlain (20-03-403-021), 4326 South Champlain (20-03-403-022), 4330 South Champlain (20-03-403-023), 4336 South Champlain (20-03-403-025), 4340 South Champlain (20-03-403-026), 4342 South Champlain (20-03-403-027), 4346 South Champlain (20-03-403-028), 4351 South Champlain (20-03-404-018), 4353 South Champlain (20-03-404-019), 4336-38 South Langley (20-03-404-031), 4336-38 South Langley (20-03-404-032), 4346 South Langley (20-03-404-033), 4332 South Evans (20-03-405-028), 4338 South Evans (20-03-405-029), 4340 South Evans (20-03-405-030), 4342 South Evans (20-03-405-031), 4344 South Evans (20-03-405-032), 4210-16 South Champlain (20-03-224-035), 4210-16 South Champlain (20-03-224-036), 4210-16 South Champlain (20-03-224-037), 4210-16 South Champlain (20-03-224-038), 4217-21 South St. Lawrence (20-03-224-009), 4217-21 South St. Lawrence (20-03-224-010), 4217-21 South St. Lawrence (20-03-224-011) (the "Parcels") subject to survey, within the 43rd Street and Cottage Grove Avenue Redevelopment Project (the "Area"); and
- 2) Grant authority to advertise the City's intention to provide tax increment financing assistance and negotiate a Redevelopment Agreement with Hearts United, as developer for the residential development of the Parcels (the "Project"), located within the Area; and
- 3) Approve a request for alternative proposals for the sale of the

parcels and the residential redevelopment of the Project; and

- 4) Recommend to the City Council of the City of Chicago the designation of Hearts United as developer of the Project if no responsive alternate proposals are received; and
- 5) Recommend to the City Council the sale of the Parcels, subject to survey, to Hearts United, for \$1.00 per parcel, if no alternative proposals are received.

Project:	Residential redevelopment of the Leontyne Apartments: 4247- 49 South Vincennes (20-03-223-006), 4249-59 South Vincennes (20-03-223-007), 4327 South St. Lawrence (20-03-403-009), 4329 South St. Lawrence (20-03-403-010), 4333 South St. Lawrence (20-03-403-011), 4324 South Champlain (20-03-403-021), 4326 South Champlain (20-03-403-022), 4330 South Champlain (20-03-403-023), 4336 South Champlain (20-03-403-025), 4340 South Champlain (20-03-403-026), 4342 South Champlain (20-03-403-027), 4346 South Champlain (20-03-403-028), 4351 South Champlain (20-03-404-018), 4353 South Champlain (20-03-404-019), 4336-38 South Langley (20-03-404-031), 4336-38 South Langley (20-03-404-032), 4346 South Langley (20-03-404-033), 4332 South Evans (20-03-405-028), 4338 South Evans (20-03-405-029), 4340 South Evans (20-03-405-030), 4342 South Evans (20-03-405-031), 4344 South Evans (20-03-405-032), 4210-16 South Champlain (20-03-224-035), 4210-16 South Champlain (20-03-224-036), 4210-16 South Champlain (20-03-224-037), 4210-16 South Champlain (20-03-224-038), 4217-21 South St. Lawrence (20-03-224-009), 4217-21 South St. Lawrence (20-03-224-010), 4217-21 South St. Lawrence (20-03-224-011), as a new construction, 53-unit rental development with associated parking and landscaping.
Location:	The Parcels are located within the Area and in an area that is bounded generally by East 42 nd Street on the north, Cottage Grove Avenue on the east, East 44 th Street on the south and South Vincennes Avenue on the west.
Site Area:	The Project contains twenty-nine City parcels.
Developer:	Hearts United Phase III Limited Partnership consisting of: Bonheur Corporation, an Illinois for-profit corporation, and Hearts United Community Development Corporation, an Illinois not-for-profit, as general partners, and Bank One as the limited partner.

Type of Development:	New construction of two row houses and seven six-flats containing, in aggregate, 53 new rental units in which approximately eighty percent (80%) will be affordable housing and approximately twenty percent (20%) will be market rate. The affordable units will include approximately 13 units reserved for Chicago Housing Authority tenants. The development will contain three (3) one bedroom unit - 690 sq. ft., thirty-six (36) two-bedroom units - 870 to 920 sq. ft., seven (7) three-bedroom units - 1050 to 1440 sq. ft. and seven (7) four-bedroom units - 1440 to 1740 sq. ft. Parking spaces will be provided on-site at a minimum ratio of 1:1.
Ward/ Alderman:	The Site is located in the City's 4 th Ward, Alderman Toni Preckwinkle. Alderman Preckwinkle has provided a letter of support for this designation.
Type/Level of Assistance:	TIF funds in the form of a pay-as-you-go reimbursement, in an amount not to exceed \$1,469,000. Annual TIF increment will be used to repay interest expense of the FHA-insured first mortgage. No up-front TIF funds will be used in this project. Land disposition of lots for one dollar (\$1.00).
Summary:	The City seeks to designate Hearts United as the developer for the Project, which is generally bounded by East 42 nd Street on the north, East 44 th Street on the south, Cottage Grove Avenue and the east and Vincennes Avenue on the west and is located in the Area . TIF increment will be used together with project revenue (rental income), an FHA-insured first mortgage, and tax credit equity to provide funds for the construction of this affordable rental housing development.
Issues:	The Department of Housing is not aware of any issues that would negatively impact this project or the designation of this developer.
Project Benefits:	Hearts United project will bring high-quality, well-managed affordable units to a low and moderate income residential base already in the area, as part of the City's goal of creating viable mixed-income communities.

**COMMUNITY DEVELOPMENT COMMISSION MEETING
OCTOBER 23, 2001
HEARTS UNITED APARTMENTS- PHASE III**

STAFF REPORT

Mr. Chairman and members of the Commission:

The resolution before you requests that the Commission:

- 1) Grant authority to advertise the City's intention to enter into a negotiated sale with Hearts United Phase III Limited Partnership and/or an affiliate entity to be formed ("Hearts United") for the sale of lots for \$1.00 of the addresses commonly known as 4247- 49 South Vincennes (20-03-223-006), 4249-59 South Vincennes (20-03-223-007), 4327 South St. Lawrence (20-03-403-009), 4329 South St. Lawrence (20-03-403-010), 4333 South St. Lawrence (20-03-403-011), 4324 South Champlain (20-03-403-021),4326 South Champlain (20-03-403-022), 4330 South Champlain (20-03-403-023), 4336 South Champlain (20-03-403-025), 4340 South Champlain (20-03-403-026), 4342 South Champlain (20-03-403-027),4346 South Champlain (20-03-403-028),4351 South Champlain (20-03-404-018), 4353 South Champlain (20-03-404-019), 4336-38 South Langley (20-03-404-031), 4336-38 South Langley (20-03-404-032), 4346 South Langley (20-03-404-033), 4332 South Evans (20-03-405-028), 4338 South Evans (20-03-405-029),4340 South Evans (20-03-405-030), 4342 South Evans (20-03-405-031), 4344 South Evans (20-03-405-032), 4210-16 South Champlain (20-03-224-035),4210-16 South Champlain (20-03-224-036), 4210-16 South Champlain (20-03-224-037), 4210-16 South Champlain (20-03-224-038),4217-21 South St. Lawrence (20-03-224-009), 4217-21 South St. Lawrence (20-03-224-010), 4217-21 South St. Lawrence (20-03-224-011) (the "Parcels") subject to survey, within the 43rd Street and Cottage Grove Avenue Redevelopment Project (the "Area"); and
- 2) Grant authority to advertise the City's intention to provide tax increment financing and financing assistance and negotiate a Redevelopment Agreement with Hearts United, as developer for the residential development of the Parcels (the "Project"), located within the Area; and
- 3) Approve a request for alternative proposals for the sale of the parcels and the residential redevelopment of the Project; and
- 4) Recommend to the City Council of the City of Chicago the designation of Hearts United as developer of the Project if no responsive alternate proposals are received; and
- 5) Recommend to the City Council the sale of the Parcels, subject to survey, to Hearts United, for \$1.00 per parcel, if no alternative proposals are received.

Background:

Bonheur Corporation is an Illinois for-profit corporation founded in 1997 by Mr. Fred Bonner. Mr. Bonner is the President and sole shareholder. Prior to starting Bonheur, Mr. Bonner was a charter member and Senior Vice President of Technical Assistance Corporation for Housing (TACH) for twenty-six years. TACH is a development consulting firm that was originally started in 1970 and originally founded by the Ford Foundation. He has also served as President and acted as a developer for Crossroads Development Corporation (CDC) for over twenty years. During his 26 years at TACH, he was involved in every aspect of housing development, from initial site selection and acquisition through construction, cost certification, and rent-up. As a senior vice president at TACH, Mr. Bonner was responsible for the development of over 2,600 housing units in eighteen developments, both on scattered site rehabilitation and new construction, with emphasis on inner city planning developments. Mr. Bonner has played key roles in structuring and negotiating joint ventures and syndications, developed a variety of creative financing packages, and has created and implemented model marketing and relocation plans. In addition to his work in direct production, Mr. Bonner has authored a number of feasibility and market studies, addressed numerous conferences and seminars, and participated with other TACH staff members in state agency consulting. Additionally, he is a general partner in seven developments, totaling close to 700 units.

In terms of DOH supported projects, Mr. Bonner developed both Hearts United Phase I containing 116 units and Hearts United Phase II containing 107 units. He also was intimately involved in the development of the mixed-income Willard Square project. This project, located at 49th and St. Lawrence, is complete and fully leased. It contains 100 units, in three- to six-unit structures, and is very similar to the proposed project. In addition, Mr. Bonner was involved in Paul Stewart apartments, located directly west of the project site. These apartments were developed in various phases and funded through IHDA tax credits and loan funds, as well as Section 8 project based certificates.

The Hearts United Development Corporation is a not-for-profit organization composed of persons from area churches and neighborhood organizations. The organization's purpose includes but is not limited to creating and preserving affordable housing in blighted areas of the Chicago metropolitan area; aiding individuals and families to obtain decent, safe and sanitary affordable housing; preventing community deterioration; lessening the burden of federal, state and local governments to provide housing and economic development opportunities; providing social welfare and family services and counseling; providing educational training and economic development opportunities for residents of the Chicago metropolitan area; and cooperating with other non-profit organizations to promote these purposes. Hearts United Development Corporation has been the co-general partner with Bonheur Corporation in the first two phases of Hearts United Development.

This project is located generally within the Grand Boulevard community area and specifically within the 43rd Street - Cottage Grove Redevelopment Area which is generally bounded by Pershing Road on the north, Cottage Grove Avenue on the east, 47th Street on the south, and Vincennes Avenue on the west. This Redevelopment Area was designated by the Department of

Planning and Development and City Council in July 8, 1998. This designation has a number of goals, including the support of development of a mixed income community, through residential and related development, and elimination of slum and blighted conditions. In order to provide incentives for private redevelopment of the Area, the Department of Housing sponsored the designation of this Redevelopment Area as the 43rd Street and Cottage Grove Avenue Tax Increment Financing (TIF) district. This TIF designation was approved by City Council on July 8, 1998 with the objective to eliminate slum and blighted conditions.

The immediate site area contains a mixture of land uses and buildings ranging from fair condition to vacant and deteriorated. The area is primarily residential and the eastern portion is dominated by the Washington Park public housing development scheduled for demolition. Adjacent blocks contain a mix of vacant and/or deteriorating structures. An occasional property has been reasonably well maintained, but the majority are, at best, in only fair condition.

The extreme northern edge of the development area is separated from the rest of the area by an abandoned railroad embankment that runs between Oakwood and 40th Street. The embankment serves as a buffer between this neighborhood and the massive Ida B. Wells public housing complex on the north side of Pershing Road which is also planned for redevelopment as a 3,000 unit mixed-income, for-sale and rental community, along with the Madden Park and Clarence Darrow CHA development currently being implemented. The demolition of the abandoned embankment is part of the redevelopment plan for the neighborhood and will serve to integrate the public housing into the larger community. The proposed Hearts United project will reserve 13 units for CHA residents.

Cottage Grove was once a major commercial thoroughfare through a large portion of the area. Some businesses remain but the viable ones are concentrated around the intersection of 47th and Cottage Grove. The remainder of the businesses on the street are marginal and are interspersed with vacant buildings and vacant land. Institutional uses are becoming more prevalent on Cottage Grove. Several churches are located on the street and a community center occupies a prominent position on the southwest corner of 43rd and Cottage Grove. The deteriorated condition of Cottage Grove is similar to the condition of other former commercial streets in the area. The major commercial strip remaining is 47th Street, which is being revitalized as a key commercial strip in the area. 43rd Street, which was always a secondary commercial street, is slowly being converted for residential use.

The North Kenwood/Oakland neighborhood east of Cottage Grove include both for-sale, single-family houses and renovations of multi-unit rental buildings. Over the past few years, there have been two "Parade of Homes" projects in the areas east of Ellis between 41st and 47th streets that featured single-family market rate homes. These promotions generated the development of additional semi-custom-built houses and spurred other developers to assemble land for larger projects. In addition, more than 20 affordable houses have been built on lots throughout the area under the New Homes for Chicago program. Many individual property owners in the area are now either reinvesting in their properties or searching for buyers.

The Grand Boulevard neighborhood is conveniently located near the University of Chicago, the

University of Chicago hospitals, Cook County's Provident Hospital, Illinois Institute of Technology, and Michael Reese and Mercy hospitals. Buses along Cottage Grove provide public transportation to the Loop. Other bus routes along 43rd and 47th streets provide connections to rapid transit lines west of King Drive, possibly also to the new lake front Metra stops with the redevelopment of Madden Wells and Lakefront CHA sites and the rebuilding of South Lake Shore Drive. A large, independent grocery store at 47th and Cottage Grove provides convenient shopping, and the Lake Meadow shopping center at 35th and King Drive, a little over a mile to the north, has a Jewel supermarket plus a variety of other stores that provide shopping for area residents. Additional retailing is scattered in nodes throughout the area and construction is slated to begin on a new shopping center at 47th and Lake Park Boulevard which includes a Coop grocery, Walgreen's, South Decorating, a bank and other services. More commercial is planned for 39th Street as part of the Madden Wells master plan. Approximately 15 churches, two elementary public schools and one elementary private school are located within the area.

Proposed Development:

The Department of Housing has received a proposal from Hearts United Phase III Limited Partnership to begin the process of redevelopment. The proposal consists of the construction of two row houses and seven six-flats containing 53 units of affordable rental and market rate rental housing. Parking spaces will be provided on-site at a minimum ratio of 1:1.

Location:

20-03-223-006	4247- 49 South Vincennes
20-03-223-007	4249-59 South Vincennes
20-03-403-009	4327 South St. Lawrence
20-03-403-010	4329 South St. Lawrence
20-03-403-011	4333 South St. Lawrence
20-03-403-021	4324 South Champlain
20-03-403-022	4326 South Champlain
20-03-403-023	4330 South Champlain
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20-03-404-033	4346 South Langley
20-03-405-028	4332 South Evans
20-03-405-029	4338 South Evans
20-03-405-030	4340 South Evans
20-03-405-031	4342 South Evans

EXHIBIT I

Hearts United Apartments - Phase III Project Budget Sources and Uses Table

Sources:

First Mortgage:	
Prairie Mortgage Company (FHA insured)*	\$ 3,899,200
Syndicator Equity	\$ 6,084,452
Mortgage Discount	(\$ 67,945)
Developer Equity (deferred developer's fee)	\$ 129,092
Total Sources	\$10,044,799

Uses:

Acquisition Costs:	\$ 1.00/lot
Construction:	\$ 7,481,957
Professional:	\$ 560,462
Financing Fees:	\$ 518,463
Escrows:	\$ 590,231
Developer's Fee:	\$ 883,686
Partnership Organization/Management:	\$ 10,000
Total Uses	\$10,044,799

*Tax increment interest subsidy (TIF) supports \$825,200 of first mortgage debt.

Timing:

If necessary approvals are received, an early construction start may be granted in December 2001. Full construction will commence as soon as possible, weather permitted, and will be completed by year end 2003.

Developer:

The project will be developed by Hearts United Phase III Limited Partnership and/or an entity to be formed whose principals are Bonheur Corporation and Hearts United Community Development Corporation. Together, both entities have rehabilitated, constructed and/or managed over 223 residential units of low and moderate income housing through Hearts United Phase I and II multifamily unit projects.

Costs:

The total development cost of this project is expected to be \$10,044,799. The sources and uses for the project are detailed on Exhibit I.

City Funding Commitment:

TIF Increment

The proposed developer has requested a TIF assistance in the average annual amount of \$73,450 for 20 years, for a total amount not to exceed \$1,469,000 as the maximum interest subsidy. This amount will fund a portion of the interest costs of the first mortgage. Annual payments will be made from each year's increment. These funds, together with cash flow from the project, will be dedicated to pay debt service on a FHA mortgage.

Tax Credits

The Project will be eligible to receive Federal Low Income Housing Tax Credits awarded by the Illinois Housing Development Authority (IHDA). The award will be in the amount of 9% of the tax credit basis of the project and will be for a period of 10 years.

Acquisition:

Not Applicable. The Department of Housing will dispose of land that are already in City ownership for \$1.00 each. Such City-owned lots were initially acquired either by demolition lien foreclosure or through the tax reactivation program.

Community Process:

In order to gain community support for the redevelopment efforts in the area, Hearts United has met with the Hearts United Advisory Board (15 area churches and organizations) and members of the community through several community meetings, and gained the support of the various neighborhood groups such as the Mid-South Planning and Development Council, Washington Park Homes Local Advisory Council, Chicago Housing Authority, 41st Street and Vincennes Avenue Block Club and Oakwood Boulevard Block Club. Hearts United has also held meetings with the principals of Woodson North and Woodson South Schools to explain how the schools

will be affected by the redevelopment.

Hearts United works in close conjunction with Alderman Preckwinkle about the redevelopment plans and financing arrangements. The Alderman has been supportive of these efforts through her attendance at meetings with the Department of Housing regarding this third phase of development. She also has taken an active role as a liaison with the Chicago Housing Authority (“CHA”).

Recommendation:

Based on its review of the proposed project, the Department of Housing recommends that the Community Development Commission take the following actions, as embodied in the attached Resolution:

- 1) Grant authority to advertise the City’s intention to enter into a negotiated sale with Hearts United Phase III Limited Partnership and/or an affiliate entity to be formed (“Hearts United”) for the sale of lots for \$1.00 of the addresses commonly known as 4247- 49 South Vincennes (20-03-223-006), 4249-59 South Vincennes (20-03-223-007),4327 South St. Lawrence (20-03-403-009), 4329 South St. Lawrence (20-03-403-010), 4333 South St. Lawrence (20-03-403-011), 4324 South Champlain (20-03-403-021),4326 South Champlain (20-03-403-022), 4330 South Champlain (20-03-403-023), 4336 South Champlain (20-03-403-025), 4340 South Champlain (20-03-403-026), 4342 South Champlain (20-03-403-027),4346 South Champlain (20-03-403-028),4351 South Champlain (20-03-404-018), 4353 South Champlain (20-03-404-019), 4336-38 South Langley (20-03-404-031), 4336-38 South Langley (20-03-404-032), 4346 South Langley (20-03-404-033), 4332 South Evans (20-03-405-028), 4338 South Evans (20-03-405-029),4340 South Evans (20-03-405-030), 4342 South Evans (20-03-405-031), 4344 South Evans (20-03-405-032), 4210-16 South Champlain (20-03-224-035),4210-16 South Champlain (20-03-224-036), 4210-16 South Champlain (20-03-224-037), 4210-16 South Champlain (20-03-224-038),4217-21 South St. Lawrence (20-03-224-009), 4217-21 South St. Lawrence (20-03-224-010), 4217-21 South St. Lawrence (20-03-224-011) (the “Parcels”) subject to survey, within the 43rd Street and Cottage Grove Avenue Redevelopment Project (the “Area”); and
- 2) Grant authority to advertise the City’s intention to provide tax increment financing and financing assistance and negotiate a Redevelopment Agreement with Hearts United, as developer for the residential development of the Parcels (the “Project”), located within the Area; and
- 3) Approve a request for alternative proposals for the sale of the parcels and the residential redevelopment of the Project; and
- 4) Recommend to the City Council of the City of Chicago the designation of Hearts United as developer of the Project if no responsive alternate proposals are received; and

20-03-405-030	4340 South Evans
20-03-405-031	4342 South Evans
20-03-405-032	4344 South Evans
20-03-224-035	4210-16 South Champlain
20-03-224-036	4210-16 South Champlain
20-03-224-037	4210-16 South Champlain
20-03-224-038	4210-16 South Champlain
20-03-224-009	4217-21 South St. Lawrence
20-03-224-010	4217-21 South St. Lawrence
20-03-224-011	4217-21 South St. Lawrence

TERM SHEET

HEARTS UNITED PHASE III LIMITED PARTNERSHIP, AND/OR AN ENTITY TO BE FORMED

43rd Street and Cottage Grove Avenue Tax Increment Financing ("TIF") Redevelopment Project Area (the "Area")

Hearts United Phase III Limited Partnership has entered into an agreement to build new rental housing on scattered, City-owned vacant lots located within the boundaries of the 43rd Street and Cottage Grove Avenue Redevelopment Project Area. The lots generally are bounded by 42nd Street on the north, 44th Street on the south, South Vincennes Avenue on the west and Cottage Grove Avenue on the east. The Developer proposes to construct 53 units of residential rental housing which will consist of approximately three (3) one bedroom units, thirty-six (36) two-bedroom units, seven (7) three-bedroom units, and seven (7) four-bedroom units located in a combination of nine row houses and six-flats. Private common landscaped open space and off-street parking space for each unit will be provided.

The City will provide TIF funds in the form of a pay-as-you-go reimbursement, in an amount not to exceed \$1,469,000. Annual TIF increment will be used to repay interest expenses generated from the first mortgage for the project. No up-front TIF funds will be used in this project. The TIF subsidy provided to the Developer is subject to the Developer's successful compliance with DOH funding requirements. No payments will be made unless the Developer has provided evidence of TIF-eligible expenses and has met all applicable conditions and requirements of the Redevelopment Agreement including, but not limited to, MBE/WBE, prevailing wage, City resident hiring standards, etc. Disbursement is also subject to incremental tax funds being available. The City retains the right to review draw requests which must be accompanied by, among other things, customary lien waivers and sworn statements, MBE/WBE subcontractor contract amounts and certification letters as a prerequisite to disbursement.

Sources:

First Mortgage:	
Prairie Mortgage Company (FHA insured)*	\$ 3,899,200
Syndicator Equity	\$ 6,084,452
Mortgage Discount	\$ (67,945)
Developer Equity (deferred developer's fee)	\$ <u>129,092</u>
Total Sources	\$10,044,799

Uses:

Acquisition Costs:	\$ 1.00/lot
Construction:	\$ 7,481,957
Professional:	\$ 560,462
Financing Fees:	\$ 518,463
Escrows:	\$ 590,231
Developer's Fee:	\$ 883,686
Partnership Organization/Management:	\$ <u>10,000</u>
Total Uses	\$10,044,799

*Tax increment interest subsidy (TIF) supports \$825,200 of first mortgage debt.



hearts united - phase III

chicago, illinois

8/10/01

0 50' 100' 200'



Site plan - Phase III

⊙ - bus route

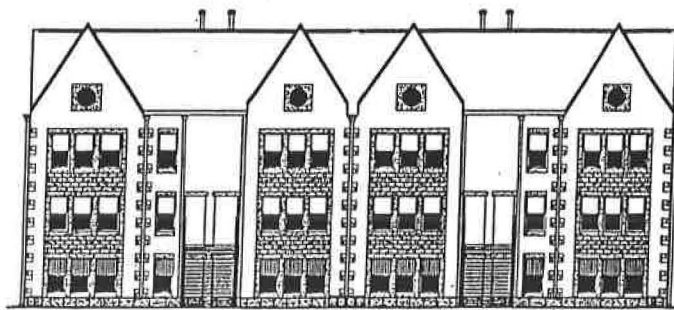
■ phase III

South Hancock Street
 20' & 30' setbacks
 20' top street setback

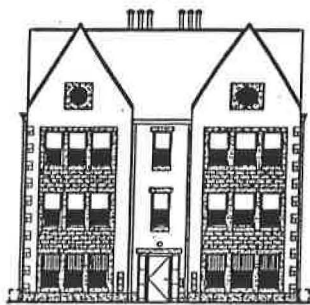
BOOTH HANSEN

BONHEUR DEVELOPMENT CORP

400 East 11th Street Suite 101 Chicago, Illinois 60611



Row House



4/6 Flat

hearts united - phase III

chicago, illinois
04/27/01



BONHEUR DEVELOPMENT CORP

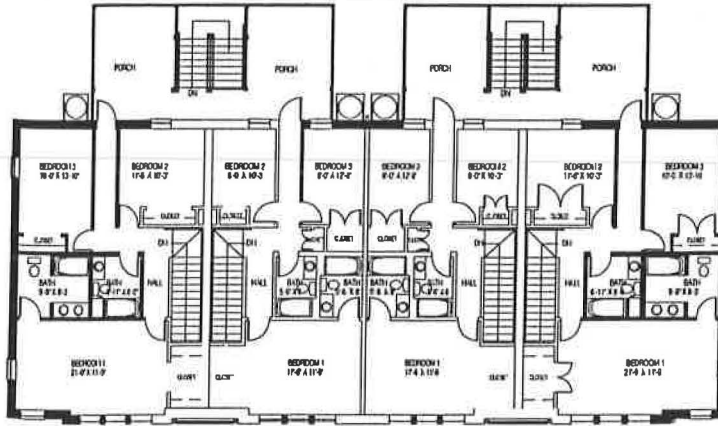
400 East 41st Street Suite 111 Chicago, Illinois 60611

Elevations

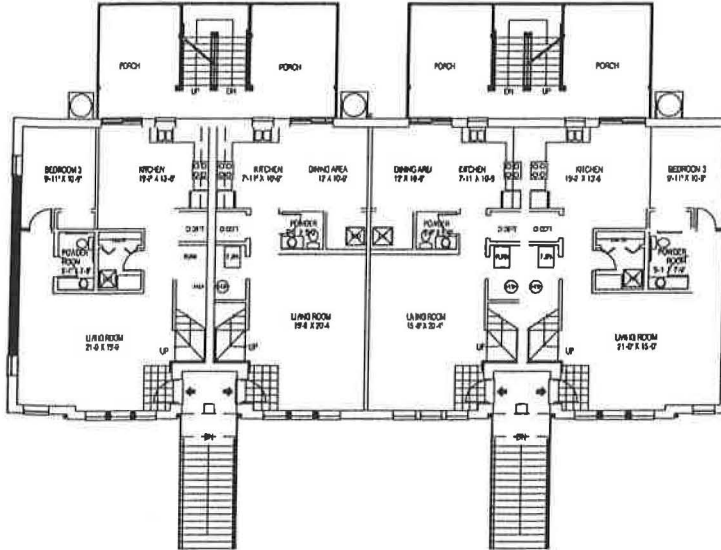
Architectural Firm
221 N. Dearborn Street
Chicago, Illinois 60610

BOOTH HANSEN

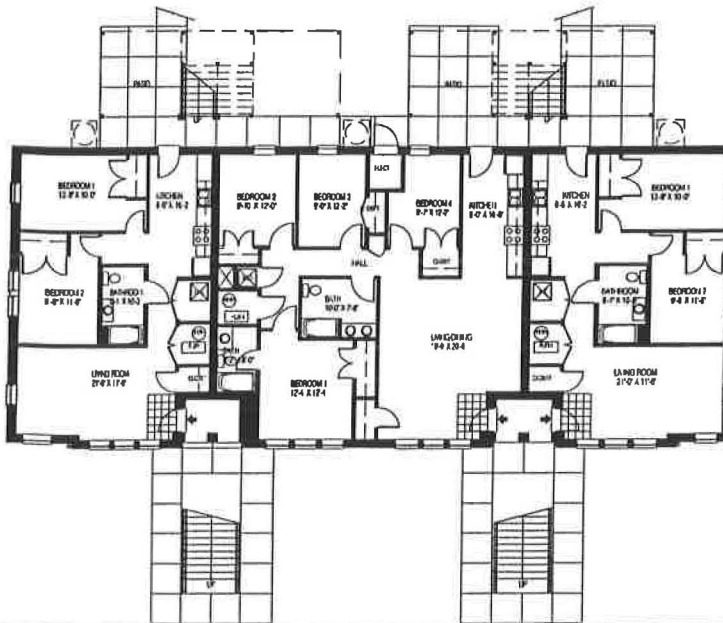
Upper Level



Entry Level



Grd Floor



hearts united - phase III

chicago, illinois
8/10/01

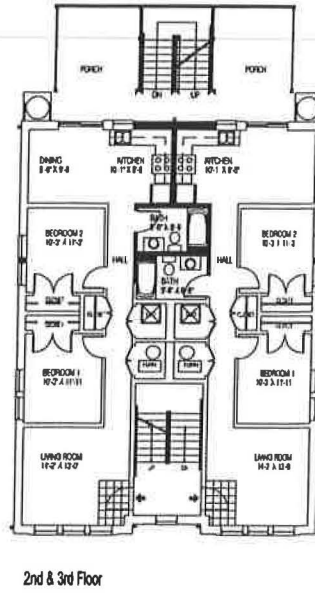
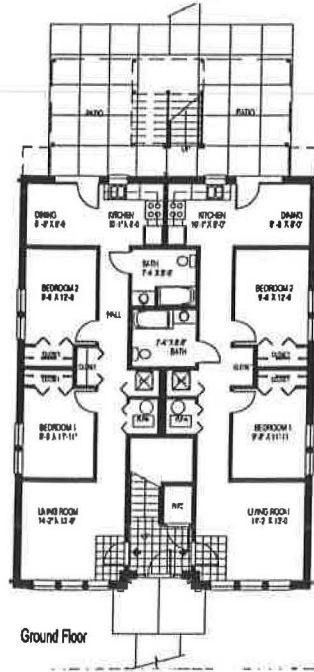


BONHEUR DEVELOPMENT CORP
400 East 41st Street Suite 101 Chicago, Illinois 60631

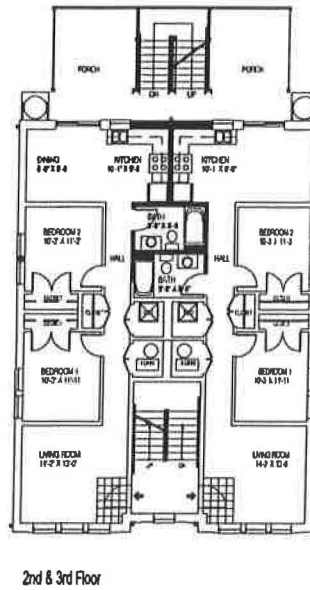
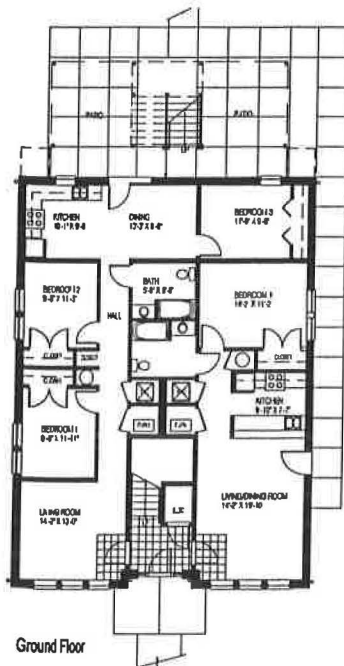
Unit Type - Row House

North Arrow
 1/8" = 1'-0" Scale
 1/4" = 1'-0" Scale
 1/2" = 1'-0" Scale

BOOTH HANSEN



Type A - 2 br Units



Type B - (3 br + 1 br @ grd fl)

hearts united - phase III

chicago, illinois
8/10/01



BONHEUR DEVELOPMENT CORP

400 East 41st Street Suite 101 Chicago, Illinois 60613

Unit Type - 6 Flat

Booth Hansen Architecture
111 S. Dearborn Street
Chicago, Illinois 60604

BOOTH HANSEN