

**City of Chicago  
Department of Planning and Development**

**STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REGARDING THE  
DESIGNATION OF DEVELOPER  
August 11, 2015**

**I. PROJECT IDENTIFICATION AND OVERVIEW**

Project Name:	Midway Pointe Senior Residences
Applicant Name:	Midway Pointe, LLC an Illinois Limited Liability Company
Project Address:	5001-5021 West 47 <sup>th</sup> Street
Ward and Alderman:	22nd Ward – Alderman Ricardo Munoz
Community Area:	Garfield Ridge
Redevelopment Project Area:	Cicero/Archer TIF Redevelopment District
Requested Action:	Up to \$2,000,000 in TIF financing and designation of developer.
Proposed Project:	The proposed project is the new construction of one six-story, 95 unit, residential apartment building for seniors. It will consist of 85 affordable units for households at or below 60% of area median income, and ten (10) market-rate units. There will be 89 one-bedroom units, and six (6) two-bedroom units. Parking will be open surface parking at the rear of the building for 32 cars. The facility will have 24-hour on-site management, versatile community rooms, lounges, a warming kitchen, library, TV/media room and laundry room. Support services will include planned monthly activities, wellness and health fairs, coordination of support services, grocery delivery, and pharmacy delivery. This project was approved as a Planned Unit Development, number 1225, on October 16, 2013.
TIF Assistance:	Up to \$2,000,000

## **II. PROPERTY DESCRIPTION**

Address: 5001-25 West 47<sup>th</sup> Street  
Location: Southwest corner of South Lavergne Avenue and West 47th Street.

Tax Parcel Numbers: 19-09-203-008; 19-09-203-007; 19-09-203-006;  
19-09-203-041; 19-09-203-003; 19-09-203-002;  
19-09-203-001

Land Area: 0.77 acre area; 33,433 site area square feet.

Current Use: Vacant property.

Current Zoning: Residential Planned Development 1225, approved by City Council on October 16, 2013.

Proposed Zoning: Not Applicable

Environmental Condition: An environmental report was ordered on July 10, 2015. The project will have to receive the City's Environmental Clearance approval prior to the closing of the transaction.

## **III. BACKGROUND**

The proposed project is the new construction of one six-story elevator building containing ninety-five (95) rental units for independent seniors. The project will consist of eighty-five (85) affordable units and ten (10) market rate units. There will be 89 one-bedroom units and six (6) two-bedroom units. The building will have an exterior of 100% brick and masonry. There will be 32 on-site parking spaces, including five (5) handicap-accessible spaces. The site covers a 0.77 acre area.

The proposed development is located in the Garfield Ridge community area; approximately 8 miles southwest of downtown Chicago. The site is located 0.3 miles west of the intersection of 47<sup>th</sup> Street and Cicero Avenue (State Route 50), which is a major north-south arterial. The surrounding neighborhood is mainly residential, with some commercial land uses along 47<sup>th</sup> Street. This development will front on 47<sup>th</sup> Street and Lavergne Avenue. Both Cicero Avenue and Archer Avenue (0.7 mile south) are commercial corridors, with a variety of shopping and dining options. West of Laramie Avenue (0.2 miles west) and north of 47<sup>th</sup> Street, and on the west side of Central Avenue (0.6 miles west), is a light industrial area that also includes trucking businesses and a parking lot for Midway Airport

North of the subject site is a residential neighborhood of single-family homes in average to good condition. To the northeast is Phoebe A. Hearst Elementary School, a Chicago Public School.

To the northwest is the Salvation Army Midway Citadel Corps., a religious institution.

Directly east of the site, on the south side of 47<sup>th</sup> Street, is a commercial block with two automotive businesses, a cell-phone tower and a grocery store. Farther east along 47<sup>th</sup> Street, is a mix of commercial land uses. The area to the southeast of the site is a residential neighborhood consisting of single-family homes in average to good condition.

Immediately south of the subject site is a residential neighborhood of single-family home in average to good condition that extends to Archer Avenue. Two blocks south is Vittum Park.

Directly west of the subject site is the Salvation Army Family and Community Center. Farther west, along 47<sup>th</sup> Street, is a mix of commercial land uses and vacant lots.

The site is well served by public transportation with Chicago Transit Authority (CTA) bus routes on 47<sup>th</sup> Street and Cicero Avenue, the "Orange" line El train terminus at Midway Airport, and three-quarters of a mile southwest of the Cicero interchange with I-55, which provides access to other major expressways such as I-94, I-90, I-290 and I-80.

There are a variety of parks and recreational amenities within walking distance; Vittum Park, which offers six baseball fields, two tennis courts, a basketball court and a walking/jogging trail. In addition, LeClaire-Hearst Park which offers sports and cultural programs for all ages, as well as athletic fields and a walking/jogging trail.

In the Garfield Ridge Community Area there were 11,928 occupied housing units in 2012. The community area's occupancy rate was 93.9%, which is considerably higher than the citywide occupancy rate of 86.0%. Of the occupied units, 83.5% were owner-occupied and 16.5% are rental.

The median household income of the PMA is higher than that of the city of Chicago and incomes in both areas increased over the past 15 years. The 2015 median of \$53,583 in the PMA is 14.5% higher than the Chicago median of \$46,787.

Demographic trends in this primary market area show a large and growing base of seniors. The overall population is projected to grow 1.4% over the next five years, and the population is generally trending older. The number of households age 65+ is projected to rise by a strong 8.5% during the next five years. In addition, senior households had low incomes compared to the PMA population as a whole. In 2014, a full, 3,066 senior (age 65+) households, some 36.7% of the total, earned between \$15,000 and \$24,999. The proposed Midway Pointe development will provide 95 units of quality, mixed-income senior housing to the underserved Garfield Ridge community.

#### **IV. PROPOSED DEVELOPMENT TEAM**

**Development Entity:** Midway Pointe, LLC, is an Illinois limited liability company. The Managing Member, with a 0.01% interest, is Perlmark Midway, LLC, and the Investor Member

and tax credit syndicator, with a 99.99% interest, is Red Stone Equity Holding, LLC.

**Experience:** The proposed project is being developed by Perlmark Realty Corporation. Perlmark was formed in 1990 by James Perlman. Mr. Perlman has been involved in real estate investment and development for over twenty-five years. Prior to forming his own company, he held a major interest in his family's residential investment and development company, The Perlman Group, which is located in the Chicagoland area. During his tenure, Mr. Perlman performed all phases of land acquisition, financial and market feasibility, procurement of all project financing, as well as coordination of planning and development phases with planners, architects and engineers. Since Perlmark's inception, he has developed and currently owns and operates six independent senior living facilities, totaling 906 units.

**Other Key Development Team Members:**

General Contractor:	Novak Construction Company
Architect:	NORR Architects
Property Manager:	Perlmark Realty Management LLC
Attorney:	Katten Muchin Rosemann LLP
First Mortgage Lender:	Bellwether Enterprise
Equity Syndicator:	Red Stone Equity Holding, LLC)

**V. PROPOSED PROJECT**

**Project Overview:**

The proposed redevelopment project consists of ninety-five (95) newly constructed rental units in one six-story building for independent senior citizens. The developer is purchasing the land from a private owner. The project will have 85 affordable units and 10 market-rate units. The project was zoned a Planned Development, number 1225, on October 16, 2013. The site is bounded by 47<sup>th</sup> Street on the north, Laporte Avenue on the east, 48<sup>th</sup> Street on the south and Lavergne Avenue on the west.

Each unit will be carpeted, air-conditioned, and wired for cable and high speed internet. Units will also include grab bars in the baths, walk-in closets, mini-blinds, individually controlled heat, an emergency alert system and an Energy Star range and refrigerator. There will be an outdoor patio and passive green space on the site. The facility will have 24-hour on-site management, versatile community rooms, lounges, a warming kitchen, library, TV/media room and laundry room. Support services will include planned monthly activities, wellness and health fairs, coordination of social services, grocery delivery, and pharmacy delivery. The building will have a 100% masonry exterior. There will be 32 on-site parking spaces. A site plan, floor plans and elevations are provided as exhibits to this report.

**Residential Unit Profile:** The following table provides a detailed description of the proposed project.

TYPE	NUMBER	MONTHLY RENT*	SQ. FT.	INCOME GROUP
One Bedroom/One Bath	34	\$600	579	31-50%
One Bedroom/One Bath	47	\$729	579	51-60%
One Bedroom/One Bath	8	\$800	579	Market Rate
Two Bedroom/One Bath	2	\$719	785	31-50%
Two Bedroom/One Bath	2	\$874	785	51-60%
Two Bedroom/One Bath	2	\$950	785	Market Rate
<b>Total</b>	<b>95</b>			

\*Tenants pay for electric heat, electric cooking and other electric.

**VI. FINANCIAL STRUCTURE**

For the Midway Pointe Senior Residences project, DPD proposes to provide up to \$2,000,000 in Tax Increment Financing (TIF). TIF assistance will represent 9.87% of the total project sources and is anticipated to be used to reimburse the developer for TIF eligible expenses related to the construction of the affordable units. TIF assistance will be provided from area-wide increment generated within the Cicero/Archer TIF district. The TIF funds will be disbursed in the following manner: 33% percent of the funds will be disbursed at 33% construction completion, 33% percent of the funds will be disbursed at 67% construction completion, and the balance, 34% of TIF funds will be disbursed at issuance of the Certification of Completion (COC). The affordable units will be subject to ongoing affordability requirements that will be in effect throughout the TIF RDA compliance period of thirty years. In addition to the proposed Midway Pointe Senior Residences development, the Cicero/Archer TIF has provided funding for the Hearst Elementary School improvements, Small Business Improvement Funds (SPIF) and TIF Works program.

DPD will also provide up to \$900,000 in Federal Low-Income Housing Tax Credits. The tax credits will generate \$9,765,000 in tax credit equity. The tax credit equity represents 48.20% of project sources. DPD will also provide a Multi-family loan in the amount of \$4,589,397.

Other funding sources proposed by the developer include a private first mortgage in the amount of \$3,555,000; and a deferred developer fee of \$351,810.

**Sources and Uses of Funds**

Sources	Amount	<u>% of total</u>
Private First Mortgage	\$ 3,555,000	17.55%
TIF provided during construction	\$ 2,000,000	14.81%
DPD Multi-Family Loan	\$ 4,589,397	17.71%
Syndicated Tax Credit Equity	\$ 9,765,000*	48.20%
Deferred Developer Fee	<u>\$ 351,810</u>	1.73%
Total Sources	\$20,261,207	100.00%

<u>Uses</u>	<u>Amount \$/sf of Building**</u>	
Construction Costs	\$14,369,993	\$169.95 psf
Contingency	<u>\$624,664</u>	<u>\$7.39 psf</u>
Total Hard Costs	\$14,994,657	\$177.34 psf

Soft Costs		
Acquisition (7% of total costs)	\$1,500,000	
Architect's Fee (3% of hard costs)	\$ 495,000	
Legal Fees (.02% of total costs)	\$ 180,000	
Lender: (1.12% of total costs)	\$ 225,975	
Marketing & Leasing (.049% of total costs)	\$ 100,000	
Realized Dev. Fee (6% of total costs, excluding		
Developer Fee) (4.94% of total costs)	\$1,000,000	
Reserves (2.03% of total costs)	\$ 411,575	
Other soft costs (6.68% of total costs)	<u>\$1,354,000</u>	
Total Soft Costs (25.99% of total costs)	\$5,266,550	<u>\$ 62.29 psf</u>

Total Uses	\$20,261,207	\$239.63 psf
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\*It is anticipated that \$8,299,420 of the Low Income Housing Tax Credit equity will be bridged during construction with a loan from Bank of America.

\*\*Gross building area is 84,552 square feet

## **VII. PUBLIC BENEFITS**

The proposed project will provide the following public benefits.

**Affordable Housing:** The project will provide for the preservation of 95 rental housing units for independent seniors one and two- bedroom apartment units. There will be 85 affordable units, and 10 market-rate units.

**Environmental Features:** This project will achieve Energy Star Rating for the building. Environmental Initiatives or Green features will include Permeable pavers for storm-water storage at parking lot, energy star rated roofing membrane, fluorescent light fixtures and lamps, and appliances, water savings bathroom faucets, toilets and showerheads, high efficiency hot water boilers, and low VOC paints and finishes.

**Permanent Jobs:** The project is estimated to generate 2 full-time and 2 part-time permanent jobs as follows: 1 Site Manager full-time, 2 Janitors (1 full-time and 1 part-time) and 1 part-time Social Service Coordinator. The department's workforce development specialists will work with the developer on job training and placement.

**Construction Jobs:** The project will produce 200 temporary construction jobs.

**Affirmative Action:** The developer and the general contractor will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to eight associations of minority contractors and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

**City Residency:** The developer and the general contractor will comply with the requirements of Chicago's city residency ordinance which requires that at least half of construction-worker hours be filled by Chicago residents. The developer will also comply with the requirements that all construction jobs are paid the prevailing wage.

## **VIII. COMMUNITY SUPPORT**

Alderman Ricardo Munoz endorses the project and has provided a letter of support (see exhibits).

## **IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN**

The proposed project is located in the Cicero/Archer Tax Increment Financing Redevelopment Project Area. The project supports the goals and objectives of the Cicero/Archer TIF District and

Redevelopment plan by fostering development in a blighted area. The TIF land use map is currently being amended to also allow for a residential use (i.e. Residential/Commercial) on the proposed project site. The Plan Commission is expected to hear this amendment on August 13, 2015.

#### **X. CONDITIONS OF ASSISTANCE**

If the proposed resolution is approved by the CDC, DPD will negotiate a redevelopment agreement with the developer. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DPD policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action.

Closing of the redevelopment agreement will not occur before the City Council has approved the agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The redevelopment agreement will include a development timetable.

#### **XI. RECOMMENDATION**

The Department of Planning and Development has thoroughly reviewed the proposed Project, the qualifications of the development team, the financial structure of the project, its public benefits, and the project's conformance with the redevelopment area plan, and DPD recommends that the CDC approve the TIF funding to Midway Pointe, LLC, or a related entity, to be formed for the development of the Midway Pointe Senior Residences, a six-story, 95 unit, mixed-income rental apartment building for independent seniors.



**EXHIBITS**

Map  
Site Photos  
Site Plan  
Floor Plans  
Elevations  
Ownership Structure

# TIF PROJECT SCORECARD

## Midway Pointe Senior Residences

5001-5021 W. 47th Street

New construction of one six-story, 95 unit apartment bldg. for seniors. It will consist of 85 affordable units at or below 60%AMI and ten market rate units. 89 units will be one-bedroom and six two-bedroom units. Surface parking for 32 units. Amenities include 24-hour on-site management, versatile community rooms, lounges, a warming kitchen; library, tv/media room and a laundry room. Support services will also be available.

Type of Project:Housing

Developer:Midway Pointe, LLC

Total Project Cost:\$20,261,207

Timeline for Completion:Construction completion 12/29/16

TIF Funding Request:\$3,000,000

Project Status:CDC

TIF District:Cicero/Archer

## RETURN ON INVESTMENT BENCHMARKS

Advances Goal of Economic Development Plan YES or NO  
 YES  NO

Jobs Created/Retained  
2 full-time; 1 part-time permanent jobs created  
200 temporary construction jobs

Advances Goal of TIF District YES or NO  
 YES  NO

Affordable Housing Units Created/Preserved  
85 affordable housing units created

Create an environment that stimulates private investment

Addresses Community Need YES or NO  
 YES  NO

Return on Investment to City  
N/A

Affordable Housing

## FINANCIAL BENCHMARKS

Other Funds Leveraged by \$1 of TIF  
\$5.75

Financing Structure Private First Mortgage \$3,555,000  
DPD Multi-Family Loan \$3,589,397  
Syndicated Tax Equity \$9,765,000  
Deferred Developer Fee \$351,810

Types of Other Funding Leveraged YES or NO  
 YES  NO

## RDA TERMS

Payment Schedule:  
Payment at 33%, 66% and 100% completion

Monitoring Term of Agreement:  
12/31/24 (expiration of TIF district)

Taxpayer Protection Provisions YES or NO  
 YES  NO

## OTHER CONSIDERATIONS

Affordable housing/special merit consideration



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

**RESOLUTION NO.            - CDC -**

**AUTHORIZATION TO NEGOTIATE A  
REDEVELOPMENT AGREEMENT WITH MIDWAY POINTE, LLC**

**AND  
RECOMMENDATION TO  
THE CITY COUNCIL OF THE CITY OF CHICAGO  
FOR THE DESIGNATION OF MIDWAY POINTE, LLC  
AS DEVELOPER**

**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 (the 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; 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 Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.), (as amended from time to time, the "Act"); and

**WHEREAS**, the City Council, upon the Commission's recommendation pursuant to Resolution 14-113-21-CDC- and pursuant to the Act, enacted three ordinances on May 17, 2000 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Cicero/Archer Tax Increment Financing 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 are described on Exhibit A hereto; and

**WHEREAS**, Midway Pointe, LLC (the "Developer"), has presented to the City's Department of Planning and Development (the "Department") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the new construction of a 95 unit development for independent seniors (85 affordable), in one building (the "Project") located at 5001-5021 West 47th Street; and

**WHEREAS**, DPD requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that the Department be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project; 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 recommends to City Council that the Developer be designated as the developer for the Project and that the Department be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project.
- Section 3. 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 affect any of the remaining provisions of this resolution.
- Section 4. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.
- Section 5. This resolution shall be effective as of the date of its adoption.
- Section 6. A certified copy of this resolution shall be transmitted to the City Council.

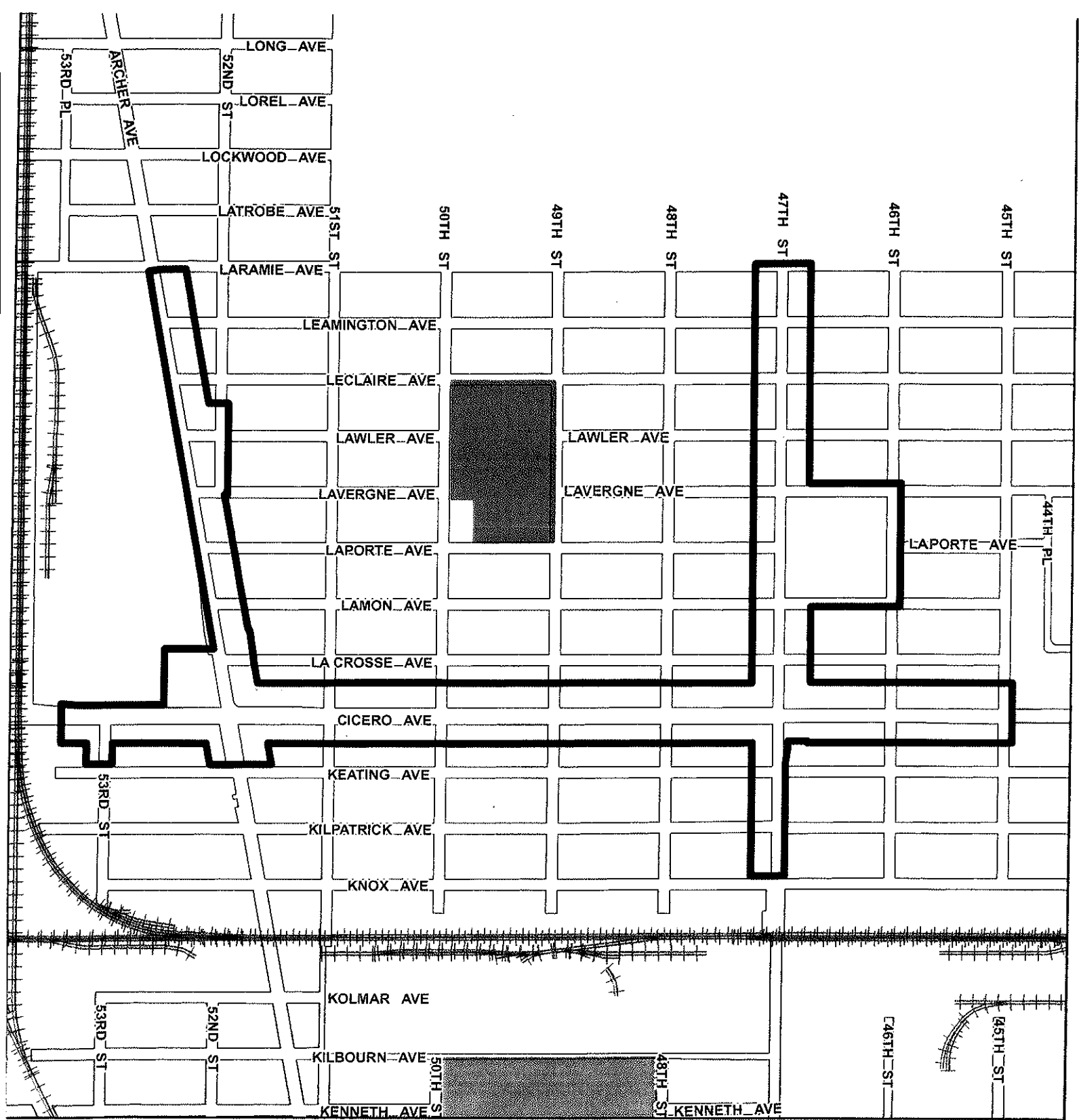
ADOPTED: \_\_\_\_\_, 20\_\_

Attachment: Exhibit A, Street Boundary Description

**EXHIBIT A**

Street Boundary Description of the  
Cicero/Archer Tax Increment Financing  
Redevelopment Project Area

The Area is generally bounded by 45<sup>th</sup> Street on the north, Keating Avenue on the east, Archer Avenue on the south, and Laramie Avenue on the west.



**Existing Tax Increment  
Financing Districts**  
Cicero/Archer



Map Number  
Copyright 1991, City of Chicago  
Aerial Photography, 1987, by the University of Chicago, Aerial

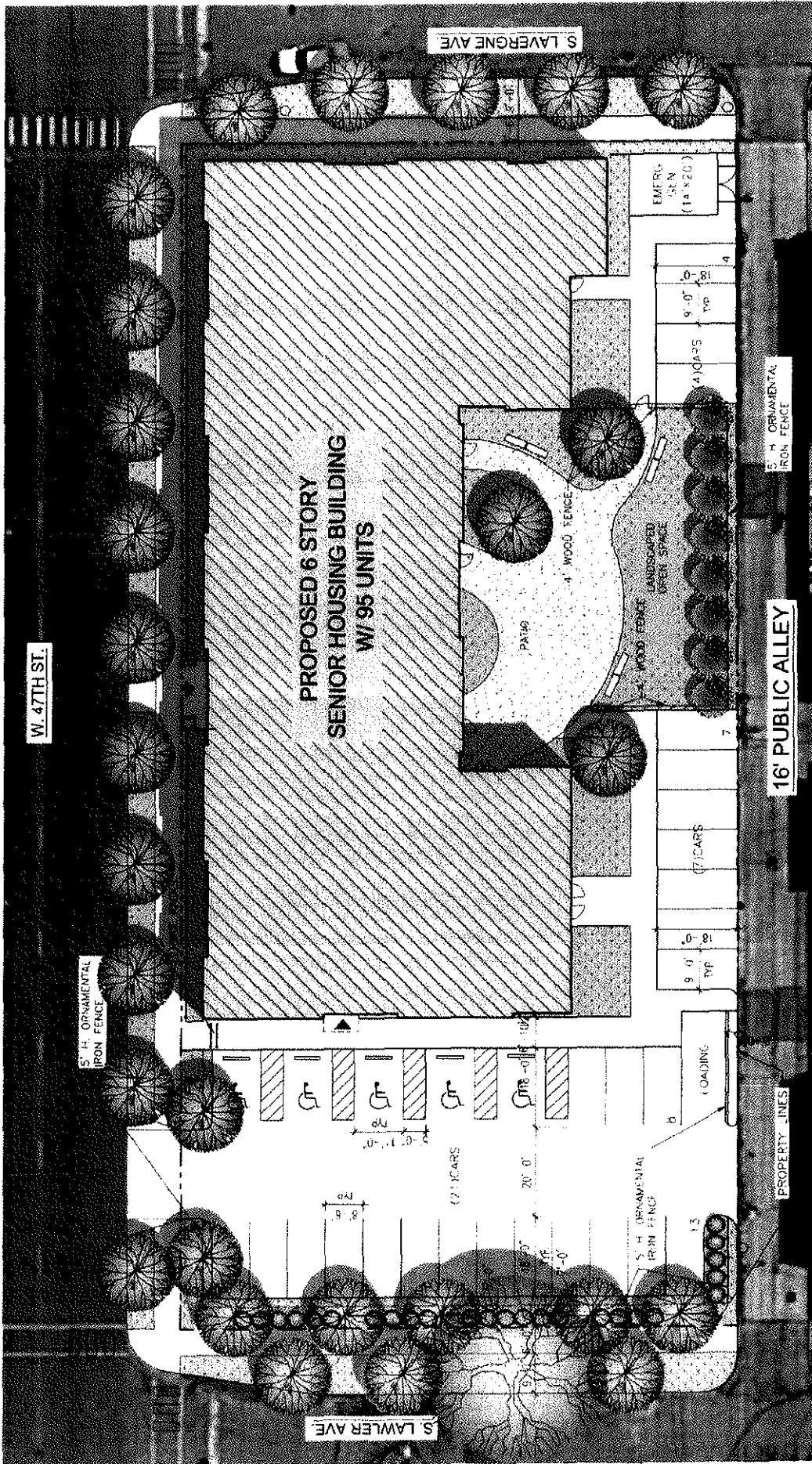


**Perlmark**  
REALTY CORPORATION

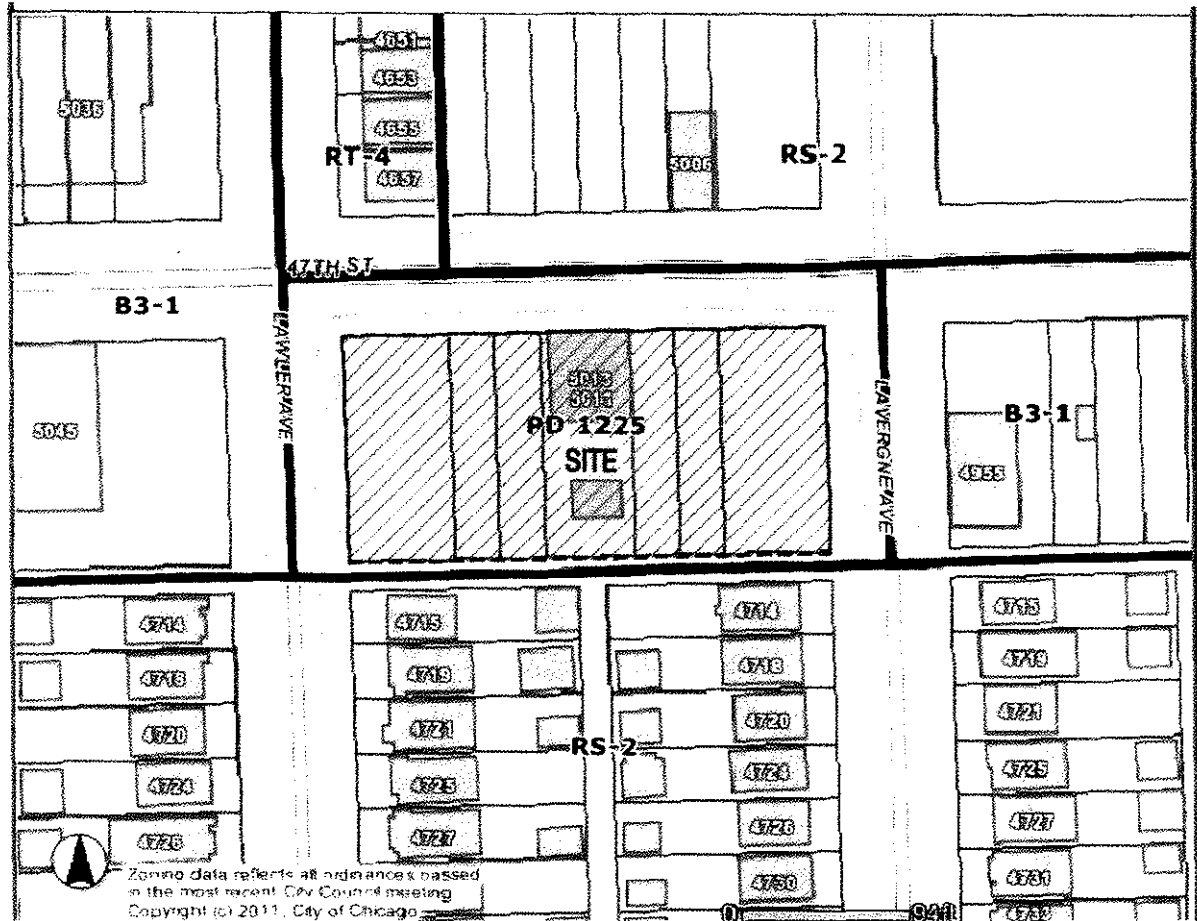
MIDWAY POINTE SENIOR VILLAGE  
Lawler Ave. & 47th St., Chicago, Illinois  
EXISTING LAND USE MAP

**NORR**  
ARCHITECTS ENGINEERS PLANNERS

125 North LaSalle Street  
Suite 909  
Chicago, IL 60604  
Tel: 312.474.2400







Zoning data refers to all ordinances passed in the most recent City Council meeting.  
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**Perlmark**  
REALTY CORPORATION

MIDWAY POINTE SENIOR VILLAGE  
Lawler Ave. & 47th St., Chicago, Illinois  
PERSPECTIVE - view from northwest

**NORR**  
ARCHITECTS ENGINEERS PLANNERS

1100 North Dearborn Street  
Chicago, Illinois 60610  
312.426.1266