

**CITY OF CHICAGO
COMMUNITY DEVELOPMENT COMMISSION**

JUNE 12, 2001

SUMMARY SHEET

- Action Requested:** 1.) Grant authority to publish a notice of the intention of the City to negotiate a Redevelopment Agreement with Lakeshore 87th Street Homes Limited Partnership, and/or an entity to be formed, for the use of incremental tax revenues and/or tax increment financing bond proceeds for the development of 99 single-family homes, in the area bounded by 83rd Street on the north, 87th Street on the south, Parnell Avenue on the west and the Chicago and Western Indiana Railroad (CWIRR) on the east, located within the boundaries of the Chatham/Ridge Redevelopment Project Area (the "Area") and:
- 2.) Authorize a Request for Alternative Proposals for the redevelopment of the Project located within the boundaries of the Area and:
- 3.) Recommend to the City Council of the City of Chicago (the "City") the designation of Lakeshore 87th Street Homes Limited Partnership, and/or an entity to be formed, as the designated developer of the Project located within the boundaries of the Area, if no alternative proposals are received.
- Address/Location:** The Project Area is bounded by 83rd Street on the north, 87th Street on the south, Parnell Avenue on the west and the Chicago and Western Indiana Railroad (CWIRR) on the east, located within the boundaries of the Chatham/Ridge Redevelopment Project Area (the "Area") and:
- Site Area:** The Project is situated on approximately 14.5 acres of land.
- Developer:** Lakeshore 87th Street Homes Limited Partnership(Lakeshore), and/or an entity to be formed, if the "request for proposals" process does not produce any responsive alternative proposals.
- Project:** The Project site had been vacant and unused for fifteen years. The Developer plans to construct ninety-nine (99) single family homes. Lakeshore is proposing four types of single family homes, each with its own elevation.
- Level of Assistance:** DPD proposes providing \$4,770,000, or 18.3% of the Project's estimated cost of \$26,134,080. The Developer has also requested an additional \$2,200,000 for the rebuilding of Parnell Avenue.

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Lakeshore has proposed that \$3,000,000 be funded to them up front during the construction period, from increment that is in the Chatham-Ridge TIF fund. The remaining \$1,770,000 would be issued in the form of a developer note, to be paid back from increment generated by the Project PINs only. The \$2,200,000 for Parnell Avenue would come from increment that is in the Chatham-Ridge TIF fund.

Alderman/Ward: Alderman Leonard DeVille

SUMMARY

The Developer plans to construct ninety-nine (99) single family homes. The Project site had been vacant and unused for fifteen years. Lakeshore is proposing four types of single family homes, each with its own elevation. All homes will be two-story and include an unfinished basement and an attached or detached garage. The homes will have three or four bedrooms, and will range in size from 1,360 sq. ft. to 2,500 sq. ft.

The proposed pricing of these homes, will range from \$139,500 to \$254,900, which Lakeshore feels is appropriate, given their research of other housing developments located less than one mile away. The lower priced units are priced to fit affordable housing guidelines for households making 80% - 120% of the median family income (MFI). Lakeshore plans to offer 10 units at \$139,500 (80-100% MFI) and 10 units at \$159,500 (101-120%).

Lakeshore is requesting funds to rebuild Parnell Avenue, from 87th to 83rd Street, in order to have better access to the development. They have discussed this with CDOT, and are also scheduling a review of their development plans with the Departments of Water and Sewers. Alderman DeVille is in support of this project.

COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

JUNE 12, 2001 STAFF REPORT

RESOLUTION NO. 01-CDC-XXX
AUTHORITY TO PUBLISH NOTICE
OF THE INTENTION OF THE CITY OF CHICAGO

TO NEGOTIATE A
REDEVELOPMENT AGREEMENT

WITH

LAKESHORE 87TH STREET HOMES LIMITED PARTNERSHIP

FOR THE USE OF TAX INCREMENT FINANCING BOND PROCEEDS
AND/OR INCREMENTAL TAX REVENUES

FOR THE REDEVELOPMENT OF PROPERTIES LOCATED AT THE NORTHEAST
87TH AND PARNELL AVENUE

LOCATED WITHIN THE
CHATHAM RIDGE REDEVELOPMENT PROJECT AREA,

AND

TO REQUEST ALTERNATIVE PROPOSALS

AND

CONDITIONAL RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF

LAKESHORE 87TH STREET HOMES LIMITED PARTNERSHIP

AS THE DEVELOPER IF NO OTHER
RESPONSIVE ALTERNATIVE PROPOSALS ARE RECEIVED

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

The resolution before the Commission requests the following actions:

- 1.) Grant authority to publish a notice of the intention of the City to negotiate a Redevelopment Agreement with Lakeshore 87th Street Homes Limited Partnership, and/or an entity to be formed, for the use of incremental tax revenues and/or tax increment financing bond proceeds for the development of 99 single-family homes, in the area bounded by 83rd Street on the north, 87th Street on the south, Parnell Avenue on the west and the Chicago and Western Indiana Railroad (CWIRR) on the east, located within the boundaries of the Chatham/Ridge Redevelopment Project Area (the "Area") and:
- 2.) Authorize a Request for Alternative Proposals for the redevelopment of the Project located within the boundaries of the Area and:
- 3.) Recommend to the City Council of the City of Chicago (the "City") the designation of Lakeshore 87th Street Homes Limited Partnership, and/or an entity to be formed, as the designated developer of the Project located within the boundaries of the Area, if no alternative proposals are received.

BACKGROUND

The Project is located within the boundaries of the Chatham/Ridge Redevelopment Area, designated by City Council as a TIF on December 18, 1986. Since 1994, Lakeshore has developed, built and sold over 300 new single family homes in Chicago neighborhoods. Lakeshore has a 14-person professional staff.

PROJECT

Property:

The Project is bounded by 83rd Street on the north, 87th Street on the south, Parnell Avenue on the west and the Chicago and Western Indiana Railroad (CWIRR) on the east, located within the boundaries of the Chatham/Ridge Redevelopment Project Area (the "Area"). As a point of reference, the Project site is located northeast of the intersection at 87th and Halsted. The Project is comprised of approximately 14.5 acres of land.

Project Scope:

The Developer plans to construct ninety-nine (99) single family homes. The Project site had been vacant and unused for fifteen years. Lakeshore is proposing four types of single family homes, each with its own elevation. All homes will be two-story and include an unfinished basement and an attached garage or a detached garage placed at the rear of the lot. The homes will have three or four bedrooms, and will range in size from 1,360 sq. ft. to 2,500 sq.

ft. The Project is an approved "Planned Development".

The proposed pricing, with TIF assistance, will range from \$139,500 to \$254,900, which Lakeshore feels is appropriate, given their research of other housing developments located less than one mile away. The lower priced units are priced to fit affordable housing guidelines for households making 80% - 120% of the median family income (MFI). Lakeshore plans to offer 10 units at \$139,500 (80-100% MFI) and 10 units at \$159,500 (101-120%).

Developer:

Lakeshore 87th Street Homes Limited Partnership, an Illinois Limited Partnership, is owned by the following entities: Lakeshore 87th Street Homes, L.L.C., which is owned by Lakeshore Development and Construction Company and Urban Residential Group, L.L.C.; and Community Reinvestment Fund 2000 Limited Partnership, which is owned by Community Reinvestment Fund, Inc.

Development Team:

Lakeshore 87th Street Homes Limited Partnership
Nicholas Clark, Architect
Piper Marbury Rudnick & Wolfe, Attorney
Johnson Research Group, Consultant

MBE/WBE and Other City Requirements

The Developer has signed all of the compliance affidavits, and has notified key contractors associations about the project by mail. The Developer is committed to meeting all City requirements, which will be delineated in the Redevelopment Agreement, including the Department's requirement for MBE/WBE participation of 25% and 5%. The City will not make any payments to the Developer unless and until all those requirements are fulfilled.

Public Benefits:

The project will benefit the public in several ways:

1. A vacant area, a blighting influence on the area, will be developed.
2. This will be the first market-rate residential development in this area in 30 years.
3. The creation of 20 units of new housing that will be affordable to households with incomes at 80% to 120% of the median income.
4. A newly reconstructed and landscaped Parnell Avenue
5. 120 construction jobs will be generated over three years.

TIF FINANCIAL ASSISTANCE:

The City seeks to provide Lakeshore with tax increment finance assistance in an amount not to exceed the lesser of \$4,770,000, or 18.3% of the estimated project cost of \$26,134,080. The City's TIF financial assistance will take two forms: a \$3,000,000 up-front payment, drawn from existing increment in the Chatham-Ridge TIF fund, to reimburse the Developer for acquisition and site preparation costs; and a TIF Developer Note in the amount of \$1,770,000, to be repaid, with an interest rate to be determined, by PINs from the Developer's project.

DPD also proposes to provide an additional \$2,200,000 to rebuild Parnell Avenue, to be funded by existing increment in the Chatham-Ridge TIF fund.

Without the TIF assistance Lakeshore would not make enough of a profit to warrant building in this location. Building homes on this site requires extensive site preparation and infrastructure development. Because of the site's proximity to the rail line and propane refueling station, there is a slightly higher risk in investing in this location.

OTHER GOVERNMENTAL ASSISTANCE:

Lakeshore will not be receiving any other form of governmental assistance.

RECOMMENDATION:

- 1.) Grant authority to publish a notice of the intention of the City to negotiate a Redevelopment Agreement with Lakeshore 87th Street Homes Limited Partnership, and/or an entity to be formed, for the use of incremental tax revenues and/or tax increment financing bond proceeds for the development of 99 single-family homes, in the area bounded by 83rd Street on the north, 87th Street on the south, Parnell Avenue on the west and the Chicago and Western Indiana Railroad (CWIRR) on the east, located within the boundaries of the Chatham/Ridge Redevelopment Project Area (the "Area") and:
- 2.) Authorize a Request for Alternative Proposals for the redevelopment of the Project located within the boundaries of the Area and:
- 3.) Recommend to the City Council of the City of Chicago (the "City") the designation of Lakeshore 87th Street Homes Limited Partnership, and/or an entity to be formed, as the designated developer of the Project located within the boundaries of the Area, if no alternative proposals are received.

TERM SHEET
Lakeshore 87th Street Homes Limited Partnership

The Project area is bounded by 83rd Street on the north, 87th Street on the south, Parnell Avenue on the west and the Chicago and Western Indiana Railroad (CWIRR) on the east, located within the boundaries of the Chatham/Ridge Redevelopment Project Area (the "Area"). The Project contains approximately 14.5 acres of land.

The Developer plans to construct ninety-nine (99) single family homes. The Project site had been vacant and unused for fifteen years. Lakeshore is proposing four types of single family homes, each with its own elevation, in order to avoid a "cookie-cutter" appearance. All homes will be two-story and include an unfinished basement and an attached or detached garage. The homes will have three or four bedrooms, and will range in size from 1,360 sq. ft. to 2,500 sq. ft.

The City seeks to provide Lakeshore with tax increment finance assistance in an amount not to exceed the lesser of \$4,770,000, or 18.3% of the estimated project cost of estimated project cost of \$4,046,375. The City's TIF financial assistance will be in the form of the Pay As You Go reimbursement process, to be repaid from incremental tax revenue generated solely by the Project. Lakeshore is requesting 18% of the housing development cost, or \$4,770,000, plus an additional \$2,200,000 to rebuild Parnell Avenue. Lakeshore has proposed that \$3,000,000 be funded to them up front during the construction period, from increment that is in the Chatham-Ridge TIF fund. The remaining \$1,770,000 would be issued in the form of a developer note, to be paid back from increment generated by the Project PINs only.

Uses of Funds:	Cost
Land Acquisition	\$2,084,560
Site Development	\$1,957,000
Building Construction	\$15,777,514
Professional/Marketing/Taxes	\$4,187,168
Development Mgmt. Fee	\$1,436,212
Financing Costs	\$173,955
Interest	<u>\$517,671</u>
Total Uses - Homes	\$26,134,080

Sources of Funds:	
Equity	\$1,000,000
Incremental Tax Revenue	\$3,000,000
*Lender Financing	\$1,770,000
Housing Sales	<u>\$20,364,080</u>
	\$26,134,080

Parnell Ave. Rebuilding

Sources		Uses	
TIF Funds - Up Front	\$2,200,000	Parnell Rebuilding	\$2,200,000
Project Total Sources	\$28,334,080	Project Total Uses	\$28,334,080

COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

RESOLUTION NO. 01-CDC-___

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REDEVELOPMENT AGREEMENT

WITH

LAKESHORE 87TH STREET HOMES LIMITED PARTNERSHIP
FOR THE USE OF TAX INCREMENT FINANCING BOND PROCEEDS
AND/OR INCREMENTAL TAX REVENUES

FOR THE REHABILITATION OF PROPERTY LOCATED AT
WEST 87TH STREET AND PARNELL AVENUE

LOCATED WITHIN THE
CHATHAM RIDGE REDEVELOPMENT PROJECT AREA,

AND

TO REQUEST ALTERNATIVE PROPOSALS,

AND

CONDITIONAL RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF

LAKESHORE 87TH STREET HOMES LIMITED PARTNERSHIP

AS THE DEVELOPER IF NO OTHER
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 (65 ILCS 5/11-74.4-1 et seq.) (1996 State Bar Edition) (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 a Resolution approved by the Commission on November 24, 1986, and pursuant to the Act, enacted three ordinances on December 18, 1986, published in the Journal of the Proceedings of City Council on such date at pages 38084 -38088, pursuant to which the City approved and adopted a certain Redevelopment Plan and Project (the "Plan") for the Chatham Ridge 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 street address are described on Exhibit A hereto; and

WHEREAS, Lakeshore 87th Street Homes. L.L.C., (the "Company"), an Illinois Limited Liability Company, has presented to the City's Department of Planning and Development ("DPD") a proposal for rehabilitation of the Area or a portion thereof that is in compliance with the Plan, consisting of: the building of as many as ninety-nine (99) single-family homes located northeast of west 87th Street and Parnell Avenue (the "Project"); and

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

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

WHEREAS, DPD requests that the Commission recommend to City Council that the Company be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver a redevelopment agreement with the Company for the Project, if no responsive alternative proposals are received by DPD within 14 days after publication of the Notice; 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 DPD to publish the Notice.

Section 3. The Commission hereby recommends to City Council that the Company be designated as the developer for the Project and that DPD be authorized to negotiate, execute and

deliver on the City's behalf a redevelopment agreement with Company for the Project, so long as no responsive alternative proposals are received by DPD within the time recited above.

Section 4. 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 5. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 6. This resolution shall be effective as of the date of its adoption.

Section 7. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: _____, 2001

Attachments: Exhibit A, Street boundary description of the Area
 Exhibit B, Form of Notice requesting Alternative Proposals

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EXHIBIT A

Street Boundaries of the Chatham Ridge Redevelopment Area (the "Area")

The general street boundary description of the Area is an area described as follows:

By the south boundary line of West 87th Street; the western boundary line of South Parnell Avenue; the south boundary line of West 84th Street, the west boundary line of South Vincennes Avenue, the easterly line of the right-of-way for the C.W.& I. Railway line; the southern boundary of the Ryerson Steel plant facilities; the western and southern boundary lines of lands used for the Johnson Products distribution facility, and the west line of the Dan Ryan Expressway.

General boundaries of the proposed Project:

83rd Street on the north, 87th Street on the south, Parnell Avenue on the west and the Chicago and Western Indiana Railroad (CWIRR) on the east, located within the boundaries

EXHIBIT B

PUBLIC NOTICE is hereby given by the Community Development Commission ("CDC") of the City of Chicago (the "City") pursuant to Section 5/11-74.4-4(c) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (1993) (the "Act"), that the City's Department of Planning and Development ("DPD") intends to negotiate a redevelopment agreement (the "Redevelopment Agreement") with Lakeshore 87th Street Homes Limited Partnership. (the "Company"), an Illinois Limited Partnership, pursuant to which the City intends to provide financial assistance to the Company, using tax increment financing bond proceeds and/or incremental tax revenues pursuant to the Act, for eligible costs, which consisting of: the acquisition of 14.5 acres of land; site preparation costs, including any necessary environmental remediation; and the construction of ninety-nine (99) single-family homes, (the "Project"); located at 87th and Parnell Avenue, in Chicago, Illinois (the "Property"), located within the Chatham Ridge Redevelopment Project Area (the "Area") established pursuant to the Act. The street boundaries of the Area are as follows:

Street Boundaries of the Area:

By the south boundary line of West 87th Street; the western boundary line of South Parnell Avenue; the south boundary line of West 84th Street, the west boundary line of South Vincennes Avenue, the easterly line of the right-of-way for the C.W.& I. Railway line; the southern boundary of the Ryerson Steel plant facilities; the western and southern boundary lines of lands used for the Johnson Products distribution facility, and the west line of the Dan Ryan Expressway.

THE CITY HEREBY INVITES ALTERNATIVE PROPOSALS FOR THE REDEVELOPMENT OF THE SITE FOR CONSIDERATION BY THE CITY.

The documents listed below related to the Area and the Project are available for public inspection at the offices of DPD, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois, on or before June 15, 2001, between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

- (i) The Chatham Ridge Redevelopment Project Area Tax Increment Allocation Finance Program Redevelopment Plan and Project (the "Plan"), and any amendments thereto, which constitutes the City's redevelopment plan for the Area;
- (ii) A term sheet showing all proposed material terms of the Redevelopment Agreement as of the date hereof, including but not limited to an estimated Project budget setting forth the amount of financial assistance the City intends to provide to the Company for the Project; and
- (iii) the terms of all bids and proposals received, if any, by the City related to the Project and the Redevelopment Agreement.

Please contact Beth McGuire or Robert C. Madiar of DPD at (312) 744-0068 and (312) 744-0063, respectively, to review these materials and for information regarding the form required for proposals submitted to the City. Those submitting alternative proposals must be financially and otherwise qualified to complete the Project. The City reserves the right to reject any and all proposals. Proposals will be

received by the City at DPD's offices, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, until June 29, 2001 at 2:00 p.m., at which time all alternative proposals will be opened and reviewed.

Joe Williams, Chairman
COMMUNITY DEVELOPMENT COMMISSION
City of Chicago

