

# TIF PROJECT SCORECARD

## Taylor Street Library and Apartments 1328-50 West Taylor Street

New construction of a mixed-use, mid-rise building that will contain up-to 73 mixed-income one-, and two-bedroom rental units, community green space and an approximately 15,000 square foot library.

Type of Project: Housing

Developer: Taylor Street LA LLC

Total Project Cost: \$36,172,449

Timeline for Completion: 13 Months

TIF Funding Request: \$7,000,000

Project Status: TTF - 08/01/17, CDC - 08/08/17

TIF District: Roosevelt/Racine

### RETURN ON INVESTMENT BENCHMARKS

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Advances Goal of Economic Development Plan YES or NO<br><input checked="" type="checkbox"/> <input type="checkbox"/> | <input checked="" type="checkbox"/> Jobs Created/Retained<br>155 construction jobs, two permanent jobs. Library jobs TBD. |
| <input checked="" type="checkbox"/> Advances Goal of TIF District YES or NO<br><input checked="" type="checkbox"/> <input type="checkbox"/>              | <input checked="" type="checkbox"/> Affordable Housing Units Created/Preserved<br>66/66                                   |
| <input checked="" type="checkbox"/> Addresses Community Need YES or NO<br><input checked="" type="checkbox"/> <input type="checkbox"/>                   | <input type="checkbox"/> Return on Investment to City   |

### FINANCIAL BENCHMARKS

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Other Funds Leveraged by \$1 of TIF   | <input checked="" type="checkbox"/> Financing Structure 1st Mortgage of \$1,008,927; CHA Capital Funds of \$17M; tax credit equity of \$9,948,000 and grant funds of \$1,215,522. |
| <input checked="" type="checkbox"/> Types of Other Funding Leveraged YES or NO<br><input type="checkbox"/> <input type="checkbox"/> |   |

### RDA TERMS

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Payment Schedule:<br>Four equal payments of approximately \$1.750M.                           | <input checked="" type="checkbox"/> Monitoring Term of Agreement:<br>42 years |
| <input checked="" type="checkbox"/> Taxpayer Protection Provisions YES or NO<br><input type="checkbox"/> <input type="checkbox"/> |   |

### OTHER CONSIDERATIONS



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

**STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REQUESTING DEVELOPER DESIGNATION  
August 8, 2017**

**I. PROJECT IDENTIFICATION AND OVERVIEW**

|                             |   |
|-----------------------------|---|
| Project Name:               | Taylor Street Library and Apartments  |
| Applicant Name:             | Taylor Street LA LLC  |
| Project Address:            | 1328-50 West Taylor Street  |
| Ward and Alderman:          | 28 <sup>th</sup> / Jason Ervin  |
| Community Area:             | Near West Side  |
| Redevelopment Project Area: | Roosevelt/Racine  |
| Requested Action:           | TIF Developer Designation   |
| Proposed Project:           | The Taylor Street Library and Apartments will consist of new construction of a mixed-use, mid-rise building that will contain up-to 73 mixed-income one-, and two-bedroom rental units, community green space and an approximately 15,000 s.f. library. |
| Goal of Project:            | To create affordable housing for low-income, market rate and Chicago Housing Authority (CHA) families, green space and a library for area residents while continuing to revitalize the neighborhood and surrounding areas.                              |
| TIF Assistance:             | \$7,000,000 – Of which \$4,000,000 will be ported from the Western/Ogden TIF.   |

**II. PROPERTY DESCRIPTION**

Address: 1328-50 West Taylor Street

Location: Northwest corner of West Taylor Street and South Ada Street

Tax Parcel Numbers: 17-17-322-009-0000

Land Area: 37,742 square feet

Current Use: CHA owned land - currently being utilized as a parking facility.

Current Zoning: Planned Development - 896

Proposed Zoning: Planned Development – 896

Environmental Condition: Environmental Design International Inc. (EDI) performed a Phase I Environmental Site Assessment (ESA) on January 18, 2017, and found that the site was occupied by residential and commercial buildings from 1917 to 2007, and available records show that a portion of a heating plant occupied a portion of the subject site. A smokestack for the plant was identified in the 1950 aerial photograph. By 2007, all buildings had been demolished with only the parking lot remaining. At the time of inspection, there were no potentially hazardous materials or petroleum products observed on the subject property, nor was there any evidence of USTS, ASTS, vent pipes, fill pipes or former cement building foundations.

**III. BACKGROUND**

The proposed property will be located on the near west side, in Little Italy, an area surrounded by University Village, and the Illinois Medical District neighborhoods. Taylor Street is home to the Italian restaurants Rosebud, Francesca's, Pompeii and Al's No. 1 Italian Beef; Roosevelt Road is the major east-west arterial. Tri-Taylor as it has been commonly known, sits on the western end of Taylor Street and consists of the roughly triangular area bordered by Congress Parkway to the North, Ogden Avenue to the East, Roosevelt Road on the south and railroad tracks on the west. This neighborhood is traditionally an extension of the Little Italy neighborhood to the east and is a residential area for students from the University of Illinois at Chicago (UIC). The area also houses the Chicago Technology Park research center, and Chicago Hope Academy (a private Christian high school).

The Illinois Medical District is one of the largest medical districts in the U.S., and the largest in the state. John H. Stroger Jr. Hospital of Cook County (formerly known as Cook County Hospital), is also one of the largest county-run hospitals in the U.S. University Village/Maxwell Street, is a vibrant neighborhood consisting of residential and retail properties, and University Village along with other major developments such as University Commons and University Station is conveniently located near the UIC Campus. There is a myriad of other schools in and around the area, the Village Leadership Academy, Stem Magnet Academy, St. Ignatius College Preparatory High School, and Urban College Preparatory Academy are but a few. The area is composed of a mix of residential, commercial and public uses. The Fulton River District makes up the northern area of the Near West Side, and is a former manufacturing and current transportation corridor turned residential neighborhood that boasts loft condominiums, high-rise condominiums and apartments. Additionally, The Fulton District is also home to mid- and high-rise business offices, retail shops and restaurants. Sitting on the eastern portion of the area is Greektown, which is located on Halsted Street, and is known for their restaurants and nightlife.

South of the site along Roosevelt Road is a shopping strip mall that houses smaller retail shops, fast food eateries and a Jewel/Osco store.

The area is well served in terms of transportation with access to Interstate 90/94, and I-55, located ½ mile east of the subject with a full interchange at Roosevelt Road. I-290 is ½ mile north of the subject with several on and off ramps along frontage streets. To the south, the local area has access to I-55 via Ashland Avenue. Chicago Transit Authority (CTA) train service runs along the median of I-290 and the area has bus service on Roosevelt Road, Racine Avenue, Halsted Street, Ashland Avenue and Ogden Avenue; all major thoroughfares.

The area total is 5.75 square miles, with a population of 61,768. The demographics consist of 42.6% Caucasian, 30.22% African-American, 10.27% Hispanic 14.82% Asian and 2.00% other. The median age is 31.7 years, and the median household income is \$62,770.00. The area encompasses 14% blue collar workers, and 86% white collar workers. Median home prices are \$256,392, and 62.3% of the households are occupied by renters. The average persons per household are 2.7, and the education level varies with 6% never having attended high school, up to 21% holding graduate degrees.

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

**Development Entity:** Taylor Street LA LLC, an Illinois limited liability corporation of which Roosevelt Square Library LLC is the managing member. Roosevelt Square Library LLC is an entity affiliated with Related Midwest.

Related Midwest has over 25 years of experience in real estate transactions with a primary focus

in the planning and development of multi-unit residential and mixed-use projects. The company is diversified with divisions specializing in development, construction, and property management, and is a leading developer and acquirer of luxury housing, government-assisted housing, and mixed-use properties. Its portfolio currently includes 39 affordable properties and over 6,300 units.

Related Midwest was chosen as the master developer for the Roosevelt Square-ABLA Homes redevelopment through a Chicago Housing Authority (CHA) Request for Qualification. As part of the CHA's Plan Forward, Roosevelt Square-ABLA Homes was to produce 2,441 units of mixed-income housing, and approximately 75,000 square feet of retail/commercial space, in six phases on the near west side. To date, 591 homes have been developed, mixed between rental and for-sale, as well as 30,000 square feet of retail and over two miles of new streets. This phase will produce up-to 73 mixed-income units, community green space and an approximately 15,000 square foot library.

#### **Consultants:**

**Skidmore Owings & Merrill, LLP (SOM)** – Founded in 1936, SOM specializes in architecture, interior design, engineering and urban planning, and have completed more than 10,000 projects in over 50 countries. SOM is renowned for their commitment to innovation, design and sustainability, and to date have earned nearly 2,000 awards for their design achievements.

**Related Midwest** – Although Related Midwest has their own construction “arm” within the company, they continue to vet potential general contractors for the Taylor Street Library and Apartments development.

**DLA Piper** – A global law firm with lawyers located in more than 40 countries throughout the Americas, Europe, Middle East and Asian Pacific. In the United States, DLA Piper have lawyers in more than 25 offices, with their core practices focusing on corporate and finance; employment; government affairs; intellectual property and technology; litigation and arbitration; real estate, and tax laws. The firm is also committed to contributing the well-being of communities around the world by providing pro-bono work in under-served regions, and providing funds to UNICEF to improve child justice.

#### **V. PROPOSED PROJECT**

**Project Overview:** The Taylor Street Library and Apartments will consist of new construction of a mixed-use, mid-rise building that will contain up-to 73 mixed-income one-, and two-bedroom rental units, community green space and a library. Additionally, there will be off-street parking for the residents as well as library patrons, bicycle racks, and shared roof terrace.

The housing portion will also contain a management office, exercise room and laundry room. The library will be approximately 15,000 square feet, and will offer programming for patrons of all ages. This proposed library will replace the much smaller branch which is located just east of this site on Taylor Street.

A site plan, floor plans and elevation are provided as exhibits to this report.

**Residential Unit Profile:** The following table provides a detailed description of the proposed project. The subject property will provide up-to 73 rental units of which 90% percent will be affordable for households earning no more than 60 percent of the area median income. These units will satisfy the Chicago affordable housing ordinance, which requires 10 percent affordable units in projects developed on land sold by the City or 20 percent affordable units in projects receiving TIF assistance.

### Unit Profile

| UNIT TYPE    | NUMBER | MARKET/AFFORDABLE     | SIZE-SF | MONTHLY RENT/SF | MONTHLY RENT |
|--------------|--------|-----------------------|---------|-----------------|--------------|
| 1 bed/1 bath | 20     | CHA/PH                | 605     | \$0.94          | \$ 567.00    |
| 1 bed/1 bath | 23     | Affordable at 60% AMI | 605     | \$1.32          | \$ 800.00    |
| 1 bed/1 bath | 3      | Market Rate           | 605     | \$1.98          | \$1,200.00   |
| 2 bed/1 bath | 14     | CHA/PH                | 866     | \$0.65          | \$ 567.00    |
| 2 bed/1 bath | 6      | Affordable at 60% AMI | 866     | \$1.10          | \$ 950.00    |
| 2 bed/1 bath | 2      | Market Rate           | 866     | \$1.85          | \$1,600.00   |
| 2 bed/1 bath | 2      | Market Rate           | 875     | \$1.83          | \$1,600.00   |
| 2 bed/1 bath | 3      | CHA/PH                | 932     | \$0.61          | \$ 567.00    |

\*Tenant paid utilities – electric and heat

The affordable rent paid by the tenant is based on the tenant's income and not on market

comparables. The maximum rent for each defined “affordable” income level is published annually by the US Department of Housing and Urban Development and listed according to building construction type (i.e. apartment, townhouse, house), number of bedrooms and household size. Rent per square foot is not considered except that HUD housing quality standards and Chicago zoning and building codes set minimum room and unit sizes. Different federal funding development and operating support sources may have different maximum income and rent restrictions.

The CHA public housing rents are calculated at 30% of the tenant’s income plus an operating cost subsidy provided by the CHA per terms of an Annual Contributions Contract (ACC). The ACC subsidy is based on the per unit operating cost of the building. The CHA and affordable units will remain affordable for a term of 42 years.

**Environmental Features:** The building will achieve Energy Star Certification, and will seek LEED Certification. The following green features will be incorporated – green roof, insulated slab edges, energy efficient HVAC system, LED lighting throughout, low-flow fixtures, and metering of energy and water.

## **VI. FINANCIAL STRUCTURE**

The proposed development will provide up-to 73 rental units, approximately 90% will be made available for households at the 60% Area Median Income (AMI) levels and below, and 10% will be market rate-unrestricted units.

The library will be approximately 15,000 square feet and contain spaces for early learning, a children’s area, an adult reading room, and community room.

The development will be financed with various sources, with up-to \$26,000,000 of tax-exempt bonds being issued by the City of Chicago. The tax-exempt financing will have tranches, with tranche “A” of \$21,500,000, being funded first, and will provide construction to permanent phase financing on a draw-down basis. Payments on this tranche will consist of interest only during construction. The permanent portion will consist of a first mortgage of \$1,008,927. This tranche will be cash collateralized by the \$17,000,000 of Chicago Housing Authority (CHA) Capital funds. Tranche “B” will be for additional construction phase only financing. Due to the use of tax-exempt bonds, the project will automatically generate low-income housing tax credits at the 4% level. The use of these credits will generate \$9,948,000 of equity for the benefit of the transaction, with a portion used to repay the bridge bond, and a portion used for the benefit of the project. The equity payments will be funded throughout construction to completion and finally occupancy. Other funding sources consist of a combination of grant and energy funds totaling \$1,215,522 from grants or state funds, such as the Federal Home Loan Bank (FHLB), and Com-

Ed. Com-Ed assumed the Department of Commerce and Economic Opportunity's (DCEO) discontinued energy-efficiency grant program, and begun taking applications and providing energy grants on June 1, 2017.

Tax Increment Financing (TIF) Funds of \$7,000,000 will also be provided, and will represent 19% of the financing. Of the \$7,000,000, \$4,000,000 will be ported from the Western Ogden TIF. The TIF will be paid in four equal installments of \$1,750,000 – two payments during construction, and two payments in fiscal 2019. The TIF assistance will come from area-wide increment, and will be used to pay or reimburse TIF eligible project costs for the construction of the library portion.

CHA currently owns the land and will provide a long term ground lease. The partnership will own the library for the 15-year tax credit compliance period; however, during that time, the facility will be leased to the City's Department of Fleet and Facility Management. After the compliance period, the library could then be transferred to the Chicago Public Library.

The following table identifies the sources and uses of funds.

**Sources and Uses of Funds**

| <u>Sources</u>     | <u>Amount</u>       | <u>Residential</u>  | <u>Library</u>      | <u>% of total</u> |
|--------------------|---------------------|---------------------|---------------------|-------------------|
| Sr. Debt           | \$ 1,008,927        | \$ 1,008,927        |                     | 3%                |
| CHA Capital Funds  | \$17,000,000        | \$17,000,000        |                     | 47%               |
| TIF Funds          | \$ 7,000,000        |                     | \$ 7,000,000        | 19%               |
| Com-Ed/DTCs        | \$ 1,215,522        |                     | \$ 1,215,522        | 03%               |
| Tax Credit Equity  | \$ 9,948,000        | \$ 6,691,844        | \$ 3,256,156        | 28%               |
| <b>Total Uses:</b> | <b>\$36,172,449</b> | <b>\$24,700,771</b> | <b>\$11,471,678</b> | <b>100%</b>       |

| <u>Uses</u>              | <u>Amount</u>       | <u>Residential</u> | <u>Library</u> | <u>\$/sf of Building</u> |
|--------------------------|---------------------|--------------------|----------------|--------------------------|
| Construction Costs       | \$27,126,096        | \$19,296,525       | \$9,185,876    | \$319.12                 |
| Contingency              | \$ 1,356,305        |                    |                | \$ 15.96                 |
| <b>Total Hard Costs:</b> | <b>\$28,482,401</b> |                    |                | <b>\$335.08</b>          |

*Hard Costs are 79% of Total Project Costs (TPC)*

| <b>Combined Soft Costs:</b>                         | <u>Amount</u> | <u>\$/sf of Building</u> |
|---|---------------|--------------------------|
| Title Transfer (CHA land)                           | \$ 100,000    | \$ 1.18                  |
| Architectural Fees (Structural, Design, Consulting) | \$1,839,039   | \$ 21.64                 |
| Engineering Fees                                    | \$ 345,000    | \$ 4.06                  |



|   |                    |                 |
|---|--------------------|-----------------|
| Legal Fees (Borrower, CHA, Organizational, Lender, Zoning)      | \$ 532,500         | \$ 6.26         |
| Survey and Owner Testing  | \$ 113,000         | \$ 1.33         |
| Zoning (Administrative Fee, USGBC)                              | \$ 23,000          | \$ 0.27         |
| Accounting  | \$ 25,000          | \$ 0.29         |
| Permit Fees (PD Part II, Foundation, Review & Expediter)        | \$ 175,000         | \$ 2.06         |
| Open Space, Utility and Landscape Fees                          | \$ 184,760         | \$ 2.18         |
| Consultants (TIF, LEED & Traffic)                               | \$ 147,000         | \$ 1.73         |
| Financing Fees (Investor Due Diligence, Reservation)            | \$ 99,740          | \$ 1.17         |
| Application Fees  | \$ 26,500          | \$ 0.31         |
| Construction Loan Fees (Origination, Int. Reserve & Conversion) | \$ 780,000         | \$ 9.18         |
| Construction Period Costs                                       | \$ 148,000         | \$ 1.74         |
| Environmental (Remediation, Phase I & Geotech)                  | \$ 85,000          | \$ 1.00         |
| Marketing, Market Study and Appraisal                           | \$ 215,000         | \$ 2.53         |
| Developer's Fee   | \$2,122,229        | \$ 24.97        |
| Reserves (Insurance, R/E Escrow, Replacement)                   | \$ 168,800         | \$ 1.99         |
| Operating and ACC Reserve                                       | \$ 332,480         | \$ 3.91         |
| Other   | \$ 227,999         | \$ 2.68         |
| <b>Total soft costs:</b>  | <b>\$7,690,048</b> | <b>\$ 90.48</b> |

*Soft costs are 21% of TPC*

\*Gross building area is 85,004 square feet.

## **VII. PUBLIC BENEFITS**

The proposed project will provide the following public benefits:

**Affordable Housing:** The project will provide up-to 73 new, mixed-income rental units, 66, or 90% of which will be affordable to households at the 60% area median income and below levels.

**Environmental Features:** The building will achieve Energy Star Certification, and will seek LEED Certification. The following green features will be incorporated – green roof, insulated slab edges, energy efficient HVAC system, LED lighting throughout, low-flow fixtures, and metering of energy and water.

**Permanent Jobs:** The project is estimated to generate two permanent jobs on the residential side which will consist of a full-time Maintenance technician, and a full-time Occupancy Specialist. The library will add additional full and part-time staff. However, the number of positions for the library is still to be determined. The department's workforce development specialists will work with the developer on job training and placement.

**Construction Jobs:** The project will produce 155 temporary construction jobs.

**Affirmative Action:** The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 26% by minority-owned business enterprises (MBEs) and 6% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to several associations of minority 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 will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents. The developer will also comply with the requirement that all construction jobs are paid the prevailing wage.

#### **VIII. COMMUNITY SUPPORT**

Alderman Ervin endorses the project and has provided a letter of support (see exhibits for copy). The project was presented to the community on June 29<sup>th</sup> and August 3<sup>rd</sup>. The community embraced the library with an outpouring of enthusiasm as the existing Roosevelt Branch Library is much smaller and outdated. Both support and concerns were expressed with regards to the modern design and height and density of the residential component.

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

The proposed project is located in the Roosevelt/Racine Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan: reduce or eliminate blighted conditions, increase the number of rental units for a variety of income levels, employ project area residents in construction jobs, encourage visually attractive buildings, rights-of-way and open spaces that incorporate high design standards, and provide necessary public improvements and facilities in proper relationship to the projected demand for such facilities and in accordance with present-day design standards for such facilities. The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of this mixed-use, mixed-income property. The proposed project also conforms to the plan's land use map, which calls for residential, commercial, mixed-use, public/educational, and parks/open space at the subject site.

#### **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 will not occur before the City Council has approved the redevelopment agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The documents 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 need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and DPD recommends that the CDC recommend to the City Council the designation of Taylor Street LA LLC as Developer for the development of Taylor Street Library and Apartments to be located at 1328-50 West Taylor Street.

**City of Chicago**  
**Department of Planning and Development**  
**Affordable Housing Finance Supplement**

**CITY/DPD REQUEST**

**BONDS with LIHTC: Up to \$26,000,000 in Tax-Exempt Bond Authority**

The proposed financial structure for this project contemplates the issuance of bonds. The bonds will be issued in the form of a secured direct Bank purchased bond. The draw down “bond” will be used during construction, and will be bridged by portions of LIHTC equity, CHA and TIF project sources. During construction, the bonds shall bear interest at one month LIBOR plus 260 basis points, times the tax exempt discount of 74%. Once the bond(s) become permanent, a fixed rate will be secured five days prior to closing using the 24 month forward swap index plus 225 basis points times the tax exempt discount of 74%.

**LIHTC:** 4% bond generated tax credits. The proposed project will automatically generate low-income tax credits at the 4% level, due to the use of tax-exempt bonds. In order to generate the full amount of tax credits, 50% of the tax credit eligible basis must be funded by the tax-exempt bond proceeds, which remain outstanding through one month after the placed-in-service date. This requirement will be satisfied by using the permanent as well as bridge loan bond proceeds. This reservation of tax credits is awarded in conformance with the City of Chicago’s low-income housing tax credit Qualified Allocation Plan.

|                          |   |
|--------------------------|---|
| <b>Source:</b>           | \$1,351,635 - 4% Tax Credits (bond issuance generated)            |
| <b>As calculated:</b>    | \$13,514,000  |
| <b>Net equity/price:</b> | \$1.00/\$1.00   |
| <b>Syndicator:</b>       | Hudson Capital or an entity acceptable to the DPD<br>Commissioner |

**Illinois Affordable Housing Tax Credits (DTCs):**

|                              |  |
|------------------------------|--|
| <b>Donation Tax Credits:</b> | Department of Planning and Development                             |
| <b>Donation Amount:</b>      | \$2,666,667 – “As-Is” CHA land-lease value                         |
| <b>Credit Amount:</b>        | \$1,333,333  |
| <b>Price per dollar:</b>     | \$0.90/\$1.00  |
| <b>Purchaser of DTCs:</b>    | Hudson Capital, or an entity acceptable to the DPD<br>Commissioner |

**Sponsor:** SOS Children's Villages, Illinois

The tax credits will be 50 percent of the donation or \$1,333,333. The developer's estimation is that \$1,200,000 will come from the purchase of the certificate which computes to \$0.90 on the dollar.

**REQUIREMENTS FOR ISSUING DTC CERTIFICATE:** Evidence of receipt of donation(s) by sponsor.

**TIF REQUEST:** \$7,000,000 approved by the Community Development Commission (CDC) on August 8, 2017. Of the \$7M, \$4M will be ported from the Western/Ogden TIF. There will be four equal installments of \$1,750,000, with two payments made during the construction period, and two payments made in 2019. The TIF will be provided from area-wide increment, and will be used to pay or reimburse TIF eligible project costs for the construction of the library. The first collection will occur after the closing of the RDA.

**LONG TERM AFFORDABILITY:** Thirty-seven or 51% of the units will be CHA public housing replacement units and reserved for public housing tenants at the 30% to 80% area median income (AMI) levels. Twenty-nine or 39% of the units will be affordable to households at 60% of AMI, and 7 or 10% will be unrestricted market-rate units. The CHA and affordable units will remain affordable for the term of the loan which will be 42 years.

**CREDIT REFERENCES:** Credit references for Related Midwest were satisfactory with no reports of past due, defaults or bounced checks on their loan/deposit facilities. Equifax reports received on August 9, 2017, showed no suits, judgments, garnishment, bankruptcies, or other legal actions involving the applicants and/or no negative public records findings.

**FINANCIAL STATEMENTS:** Related Midwest provided unaudited consolidated balance sheet statements for fiscal 2016 and 2017 which shows capacity to support this transaction. Assets are positive and in the mid-nine figure range, and liabilities are in the low-nine figure range.

**STATUS OF OWNERSHIP:** CHA owns the land and will retain ownership through a long-term ground lease.

**RELOCATION:** N/A – prior to the start of construction, the land was being used as a parking lot.

**MONITORING:** A monitoring meeting was held on December 7<sup>th</sup>, the developer and general

contractor are in good standing on past projects.

**ENVIRONMENTAL CLEARANCE:** HUD gave its Approval to use Grant Funds on December 20, 2017, 2FM granted environmental clearance on January 10, 2018.

**CONSTRUCTION APPROVAL:** DPD's Construction/Architectural division received the plans, specs and budgets for this proposed project, and held a construction review meeting with the development team on September 12, 2017. At that time, a preliminary approval with an amount not to exceed \$30,750,000, and a construction contingency of \$1,537,500 was given. Subsequently, to meet the aggressive construction completion schedule of December 2018, an early construction start for caissons, earthwork and foundations was granted on February 5, 2018. Additionally, on May 14, 2018, DPD granted another early approval for the purchase/use of drywall and frost blankets. The granting of the early construction start(s) in no way negates DPD's ability to review, approve and/or deny any revisions/change orders submitted post-closing. The development team will still be required to attend the post-closing pre-construction meeting to obtain the notice to proceed from DPD's construction bureau.

**PROJECT FINANCING**  
**(See Attached Pro Forma)**

**NOTES ON THE DEVELOPMENT BUDGET:**

- This proposed project will consist of the new construction of a mixed-use, mid-rise building, that will contain 73 mixed-income rental units, and 35 parking spaces – 26 designated for residents and nine for library patrons. Of the 73 units, seven will be market rate, and 66 will be targeted to households at the 30-80% AMI levels, with 37 being CHA/public housing replacement units, and 29 affordable units.
- The general contractors are W.E. O'Neil and The BOWA Group. W.E. O'Neil has worked on several City-funded projects, and is experienced in new construction as well as rehabilitation of residential and commercial properties. BOWA, which means "Build your future", was founded by Nosa Ehimwenman. Prior to establishing BOWA in July 2013, Mr. Ehimwenman worked at Bendel Development and Gilbane Building Company for over 15 years. BOWA is a minority owned and operated general contractor and construction management firm that has worked on various transactions in the Chicagoland area that spans from housing to medical facilities to train stations to eateries and more. Additionally, BOWA has satellite offices located in the Midwest, east, south, and southeastern portions of the country.

- As built, the building will conform to the building codes and will feature accessible and adaptable units to meet accessibility requirements.
- The total hard construction costs are approximately \$28,274,134, or \$387,317 per unit. The contingency is \$1,249,770.
- The operating costs are \$7,617 per unit.
- There is a 12-14 month construction period for this project, with a “soft opening” of the library to occur in December 2018.

**CONDITIONS FOR CLOSING:**

1. HUD approval;
2. Final construction approval
2. Building permits with amendments issued (to be delivered post-closing)
3. All due diligence items completed
4. All required funds deposited into escrow account at closing.

**DEVELOPMENT/MANAGEMENT ISSUES:**

Related Midwest has over 25 years of experience in real estate transactions with a primary focus in the planning and development of multi-unit residential and mixed-use projects. Its portfolio currently includes 39 affordable properties and over 6,300 units. In addition to being chosen as the master developer for Roosevelt Square, Related is one of three developers (Bickerdike and Heartland Housing are the other two) that was chosen for the redevelopment of CHA Lathrop Homes. Once completed, Lathrop Homes will consist of 1,116 rental units of mixed-income housing in a combination of new and rehabbed buildings, 75,000 square feet of commercial and community space, a great lawn, and public access to the Chicago Riverfront, at Diversey Avenue in the West Lakeview neighborhood.

The DTC sponsor, SOS Children’s Villages, is a not for profit child welfare agency providing safe, stable, loving homes to children in the foster care system that have been abandoned or abused. SOS Children’s Villages have over 25 years of experience, and has operated as its own 501 (c)(3) since 1993. Currently, the organization operates four sites – three villages an 18-home village in Lockport; a 19-home village in Auburn-Gresham/Englewood; a 14-home village in the Roosevelt Square Community of Chicago, and a facility that offers preventative and in-home services in the Back of the Yard neighborhood of Chicago known as Casa Tepeyac.

**STRATEGIC IMPORTANCE AND JUSTIFICATION:**

The project meets the Department of Planning Development's plan goals and guidelines by supporting the development of greatly needed mixed-income rental housing that is affordable to low income households as well as providing CHA replacement units that will also be affordable to low income families. This project, which will be centered on Taylor Street with its bustling restaurants and businesses, will be in great demand and will allow individuals and families that could not otherwise afford to stay and or live in this gentrifying neighborhood the opportunity do so.



**EXHIBITS**

TIF Project Assessment Form  
Redevelopment Area Map  
Neighborhood Map or Aerial  
Survey or Plat  
Site Plan  
Typical Floor Plan  
Front Elevation or Rendering  
Sample M/WBE Letter  
Copies of M/WBE Certified Letter Receipts  
Lender's Letter of Interest  
Alderman's Letter of Support