

**City of Chicago
Department of Housing and Economic Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
May 10, 2011**

I. PROJECT IDENTIFICATION AND OVERVIEW

| | |
|-----------------------------|--|
| Project Name: | Logan Theater |
| Applicant Name: | 2650 Milwaukee, LLC (Mark Fishman, Owner) |
| Project Address: | 2636-56 N. Milwaukee |
| Ward and Alderman: | 35 th Ward, Alderman Colon |
| Community Area: | Logan Square (22) |
| Redevelopment Project Area: | Fullerton/Milwaukee TIF |
| Requested Action: | TIF Developer Designation |
| Proposed Project: | Commercial Mixed-Use redevelopment |
| TIF Assistance: | \$1,000,000.00 |

II. PROPERTY DESCRIPTION

| | |
|---------------------|---|
| Address: | 2636-56 N. Milwaukee |
| Location: | Southwest side of Milwaukee Avenue between Sawyer and Spaulding Ave. |
| Tax Parcel Numbers: | 13-26-415-002 |
| Land Area: | Building Area 38,000 square feet |
| Current Use: | The building is comprised of three components: the theater, eight retail storefronts and 18 apartments above. |
| Current Zoning: | B3-3, Neighborhood Shopping District. |

Proposed Zoning: N/A

Environmental Condition: N/A

III. BACKGROUND

Logan Square is a community area located on the near northwest side of the City of Chicago. The community area of Logan Square is generally bounded by the Metra/Milwaukee District North Line railroad on the west, the North Branch of the Chicago River on the east, Diversey Avenue on the north, and Bloomingdale Avenue on the south. The area is characterized by the prominent historic boulevards and large bungalow-style homes.

The Logan Square neighborhood is centered on the public square that serves as its namesake. Logan Square proper houses the 3-way intersection of Milwaukee Avenue, Logan Boulevard and Kedzie Boulevard. There has been substantial private investment in the area over the past two years.

The theater has been owned by the Vaselopulus family for 80 years. The current owner, 2650 Milwaukee, LLC, acquired the property in 2010 and desires to keep the theater open for future generations and proposes to diversify theater programming including making the theater available for live performances in conjunction with the annual Milwaukee Avenue Arts Festival and teaming with the Logan Square Chamber of Arts (Sachs Building) to accommodate larger scale artistic performances.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity: 2650 Milwaukee LLC (Mark Fishman, Owner)

Mark Fishman is a long-established businessman, property owner and local resident of the Logan Square community with over 40 years of combined experience managing and developing properties in Chicago's neighborhoods. The company contains an in-house leasing team, property management team and maintenance team. The office is located at 3240 West Fullerton Avenue in the heart of Logan Square. Mr. Fishman owns 25 residential buildings with a total of 858 units in addition to two vacant commercial buildings located at 3201-17 W. Fullerton and 2515 N Milwaukee. Fishman is currently renovating a portion of the W. Fullerton property for M. Fishman & Company offices. Fishman currently employs nine employees, exclusive of the 10 to 15 employees typically employed at the Logan Theater.

V. PROPOSED PROJECT

Project Overview: 2650 Milwaukee, LLC purchased the property for \$3.7 million and will rehabilitate the existing Logan Theater (approximately 18,000 sq. ft) and eight adjacent storefronts, (approximately 10,000 sq ft). Current tenants include the theater, a coffee shop, three retail users, an accountant, a nail salon, a local community organization, and restaurant.

Rehabilitation of the Logan Theater will include repairing the historic marquee sign, installing new theater seats, rehabbing the lobby and building new ADA restrooms. Work on the commercial storefronts will include new windows, tuck pointing, awnings, and decorative lighting.

There are 18 occupied residential rental units on floors two and three. While the residential units are not part of the scope, by receiving TIF assistance, the Developer is obligated to maintain 20% affordability. The developer will work with the Department's Monitoring and Compliance Division to ensure the units remain affordable.

VI. FINANCIAL STRUCTURE

The project will be financed with developer equity and a bank loan. A letter of intent has been provided by Bridgeview Bank. The project will receive \$1,000,000 in TIF assistance which is 18% of the total project cost of \$5,620,358. TIF assistance is being provided to assist with the rehabilitation costs associated with the theater and commercial storefront renovation. TIF assistance will be provided in five equal annual payments of \$200,000 to be funded from area-wide increment within the Fullerton/Milwaukee TIF, after the certificate of completion for the project has been issued.

The project is estimated to generate \$826,000 in increment over the remaining 13.5 years of the TIF district's life.

The following table identifies the sources and uses of funds.

Logan Theater - Sources and Uses of Funds

| <u>Sources</u> | <u>Amount</u> | <u>% of total</u> |
|--|----------------------|----------------------------------|
| Equity | \$1,052,939 | 19% |
| Debt (Bridgeview Bank) | \$4,567,419 | 81% |
| Total Sources | \$5,620,358 | 100% |
| | | |
| <u>Uses</u> | <u>Amount</u> | <u>\$/sf of Building*</u> |
| Acquisition | \$3,700,000 | \$97 |
| Hard Costs | | |
| Demolition, Carpentry, Interior Finish, etc. | \$732,000 | |
| Construction Management | \$117,300 | |
| Contingency | \$50,000 | |
| FFE | \$617,700 | |
| Total Hard Costs | \$1,517,000 | \$40 |
| Soft Costs | | |
| Accounting | \$5,000 | |
| Arch. & Eng. | \$35,000 | |
| Closing costs | \$43,358 | |
| Insurance | \$20,000 | |
| Interest | \$180,000 | |
| Legal | \$40,000 | |
| Prop. Taxes | \$60,000 | |
| Web Site | \$20,000 | |
| Total Soft Costs (6.19% of total costs) | \$403,358 | \$11 |
| Total Uses | \$5,620,358 | \$148 |

*Gross building area is 38,000 square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits

Property Taxes: The project will expand the tax base because the investment in the property will result in an increase in its assessed value.

Affordable Housing: The developer is required to maintain 20% of the units at rent levels affordable to households earning no more than 60% of AMI.

Environmental Features: The City's Sustainable Development Policy does not apply as the value of the renovation is less than 600% of the buildings' assessed value. Developer will pursue sustainable energy sources and efficiencies where feasible including lighting, windows, paints etc.

Permanent Jobs: Retain 10 to 15 jobs.

Construction Jobs: The project will produce 50 to 75 temporary construction jobs.

Affirmative Action: The developer 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 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 Colon endorses the project and has provided a letter of support (see exhibits for copy).

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the Fullerton/Milwaukee Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan: 1) reduce of conditions qualifying the area as a conservation area; 2) provide sound economic development in the area; 3) contribute to economic well being of the City; 4) strengthen the function and appeal for a wide range of activities including commercial uses; 5) reduce physical and economic deterioration; and 6) stimulate private investment in new construction, expansion, and rehabilitation.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, HED 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 HED 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 sale of the property 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.

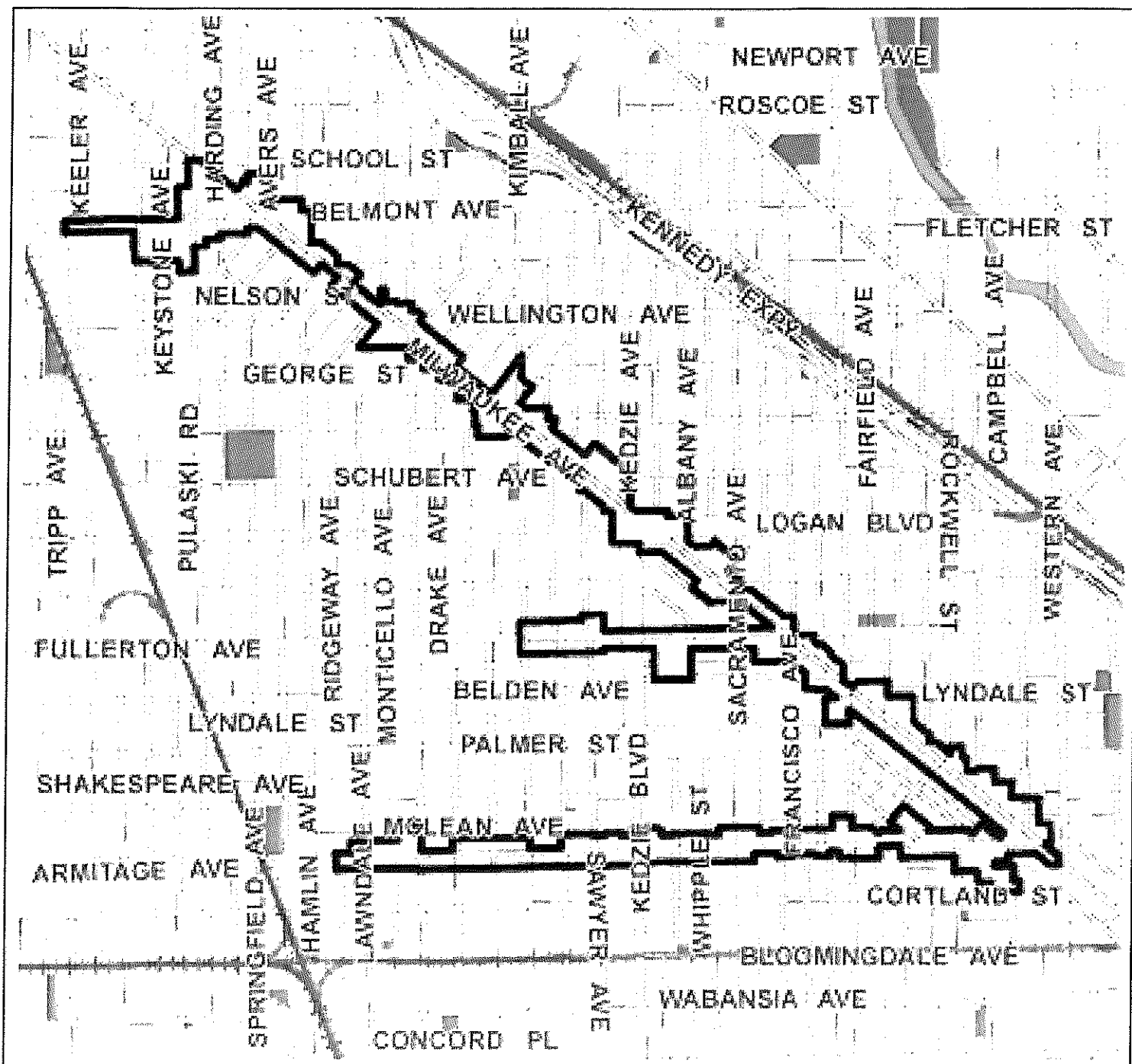
XI. RECOMMENDATION

The Department of Housing and Economic 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 recommends that the CDC recommend to the City Council the designation of 2650 Milwaukee, LLC the Developer for the renovation of the Logan Theater at 2636 N. Milwaukee Ave.

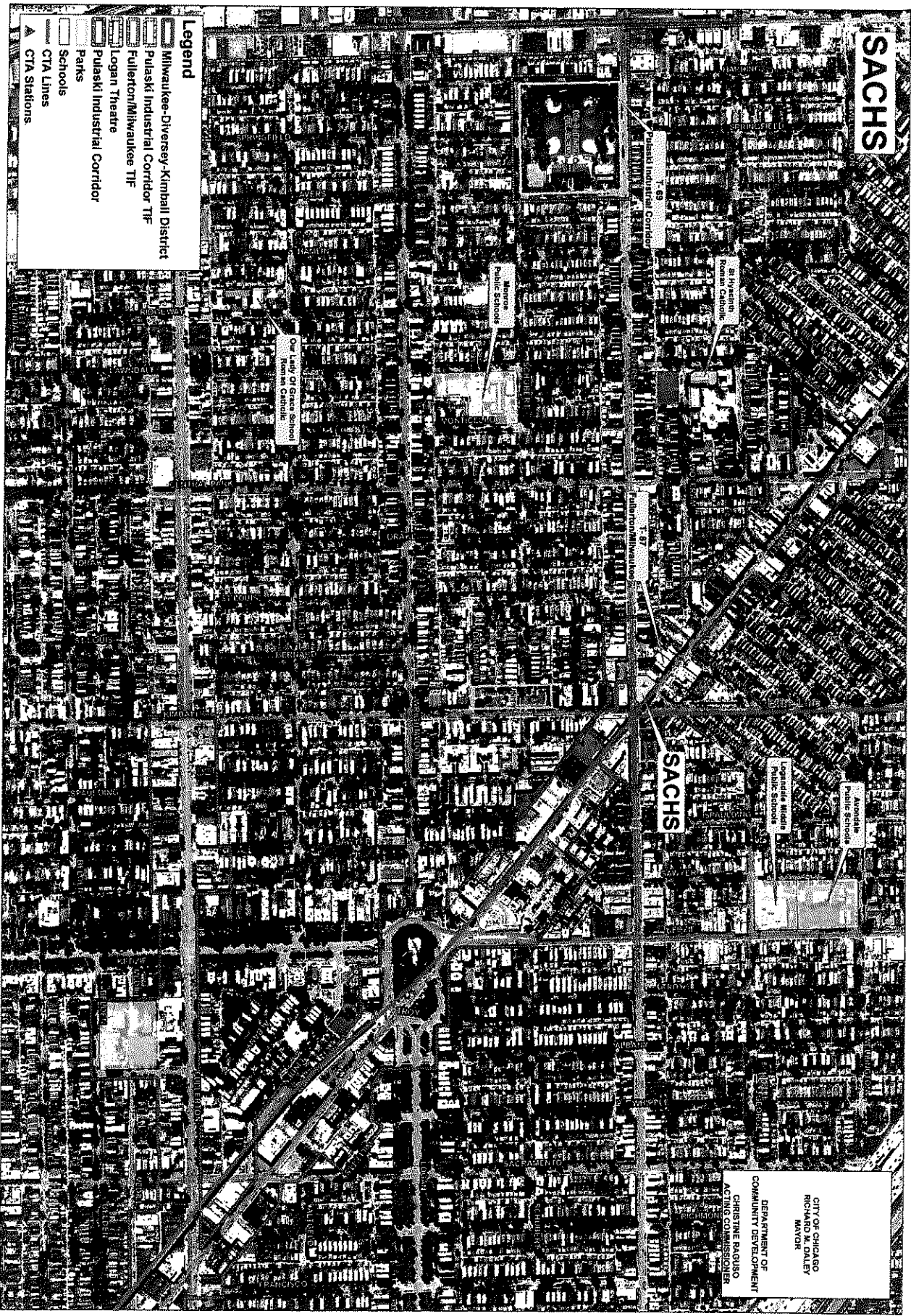
EXHIBITS

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
Community Letters of Support
Alderman's Letter of Support

FULLERTON/MILWAUKEE TAX INCREMENT FINANCE DISTRICT



SACHS



- Legend**
- Milwaukee-Diversey-Kimball District
 - Pulaaski Industrial Corridor TIF
 - Fullerton/Milwaukee TIF
 - Logan Theatre
 - Pulaaski Industrial Corridor
 - Parks
 - Schools
 - CTA Lines
 - CTA Stations

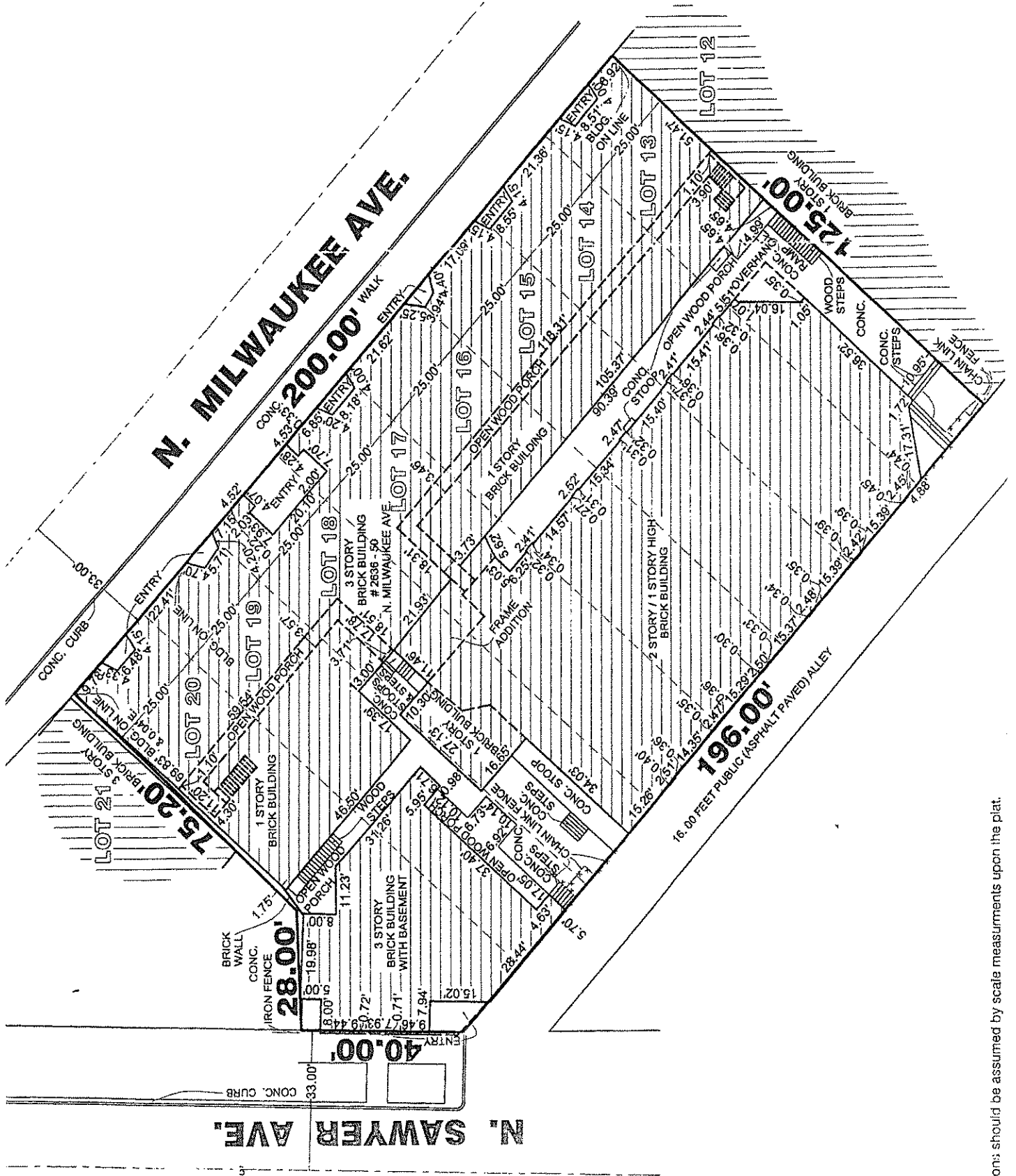
SACHS

CITY OF CHICAGO
RICHARD DALEY
MAYOR

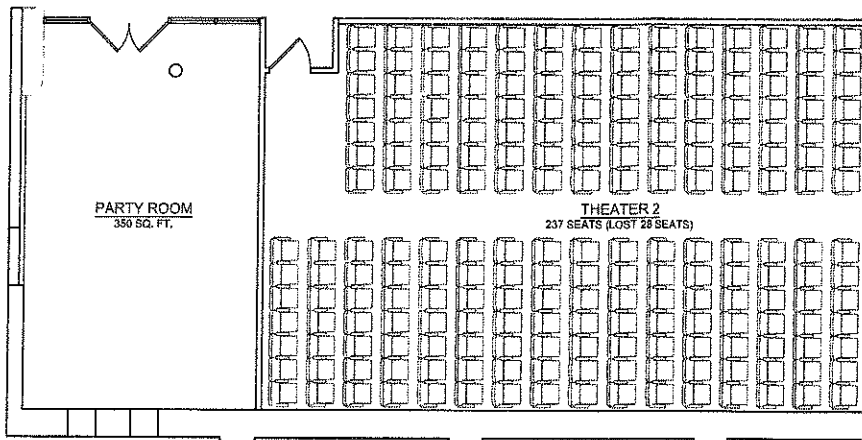
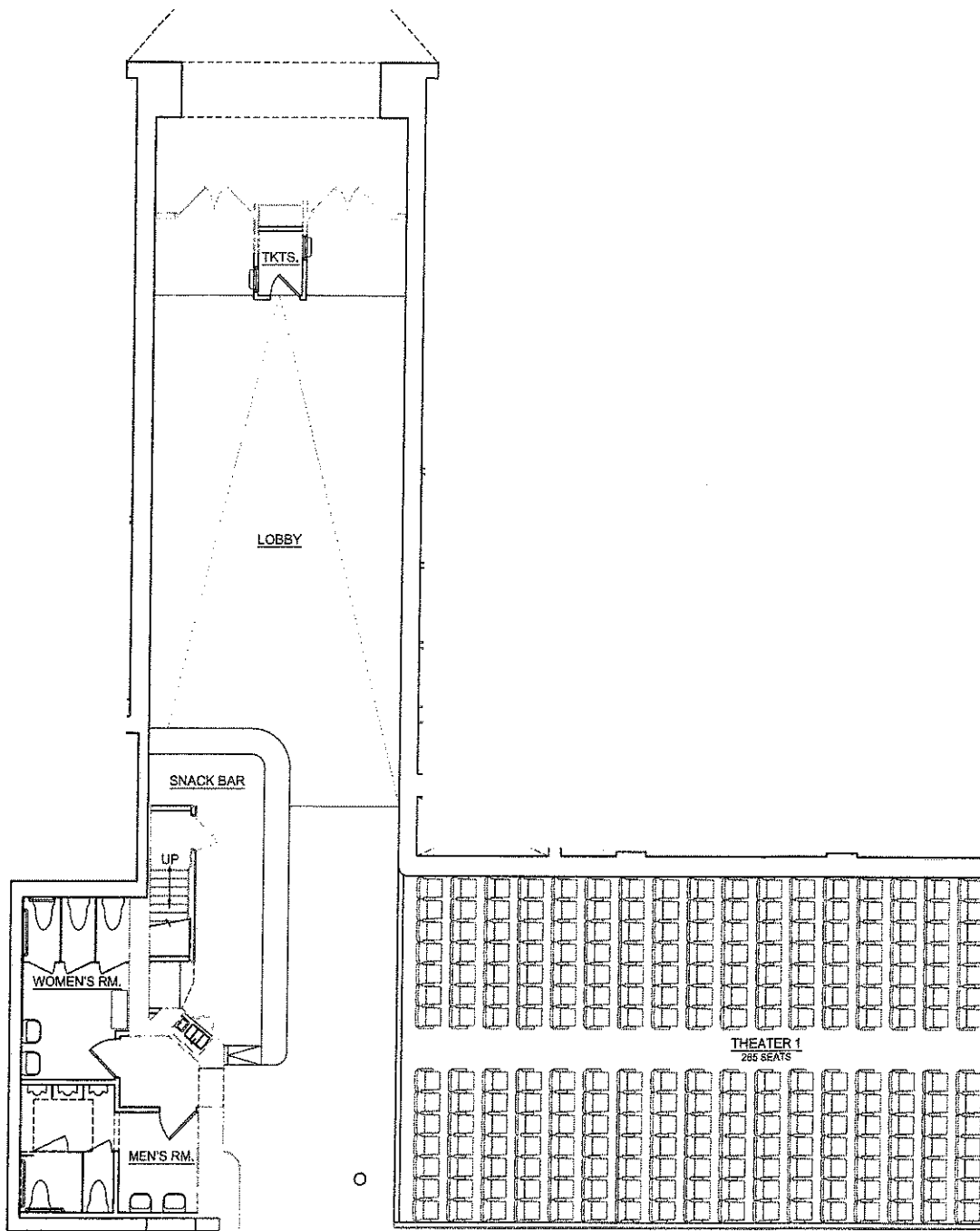
DEPARTMENT OF
COMMUNITY DEVELOPMENT

CHRISTINE RAJORSO
ACTING COMMUNITY DEVELOPER

EXHIBIT D



* No dimensions should be assumed by scale measurements upon the plat.



1 THEATER PLAN
1/8" = 1'-0"

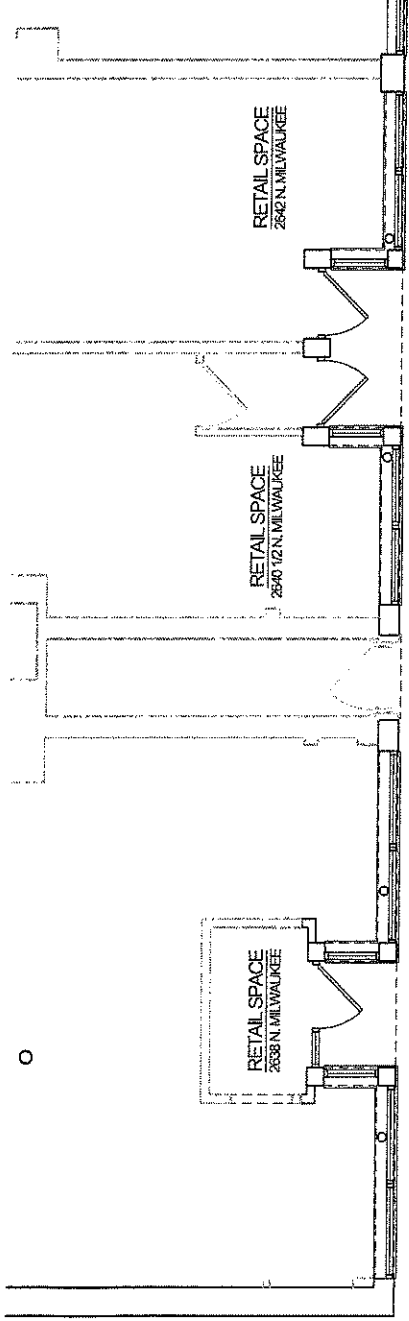
2639-2650 N. MILWAUKEE AVE.
CHICAGO, ILLINOIS 60647

SPACE

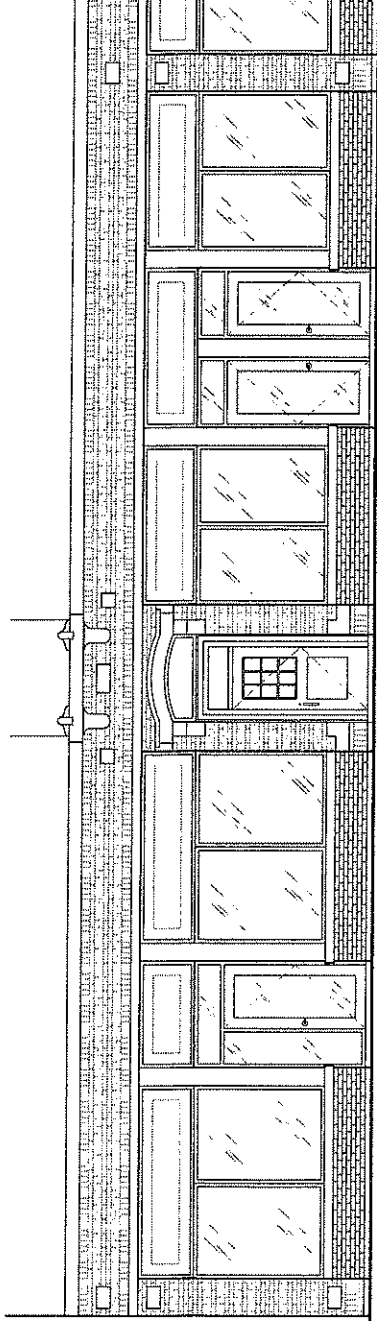
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SK-12



1 STOREFRONT PART PLAN
 3/16" = 1'-0"



2 STOREFRONT ELEVATION
 3/16" = 1'-0"





THE SHIRT G
THE MALL PG
THE LAST AIR BENDER PG-13
THE KARATE KID PG

TOY STORY 3 G
IRON MAN 2 PG-13
THE LAST AIR BENDER PG-13
THE KARATE KID PG

AMANTE

235-7313

07/25/2010



1970 N. Halsted St. | Chicago, IL 60614
T: 773.327.1515 | F: 773.975.5352
www.bridgeviewbank.com

July 19, 2010

Ms. Christine Raguso
Commissioner
Department of Community Development
City of Chicago
City Hall
121 N. LaSalle Street
Chicago, Illinois 60602

Re: 2636-46 N. Milwaukee, Chicago, Illinois

Dear Ms. Raguso,

Please accept this letter as Bridgeview Bank Group's (the "Bank") confirmation that Mark Fishman and his related entities possess the financial capacity to close on the \$3,250,000 purchase of and undertake the rehabilitation of the property located at 2636-46 N. Milwaukee, Chicago, Illinois, commonly known as the Logan Theater. The Bank has a 13 year loan and depository relationship with Mr. Fishman and considers him to be among our most valued clients. While any loan of this size and nature is subject to credit underwriting and approval by the Bank's appropriate approving committee, the Bank does have an interest in providing financing for the purchase and rehabilitation of the subject property.

Should you have any questions, please do not hesitate to contact me at via phone at (773) 975-5304 or email at bryan.griffin@bridgeviewbank.com.

Sincerely,

Bryan P. Griffin
Senior Vice President / Senior Lender
Bridgeview Bank Group



REY COLÓN

ALDERMAN
35th WARD

SERVICE OFFICE

2710 N. SAWYER
CHICAGO, IL 60647
(773) 365-3535
(773) 365-7391 (TDD)
www.reycolon.org

CITY OF CHICAGO CITY COUNCIL

CITY HALL, ROOM 203
121 N. LA SALLE STREET
CHICAGO, IL 60602

COMMITTEE MEMBERSHIPS

RULES AND ETHICS

ECONOMIC, CAPITAL AND TECHNOLOGY DEVELOPMENT

FINANCE

HEALTH

HISTORICAL LANDMARK PRESERVATION

HUMAN RELATIONS

SPECIAL EVENTS AND CULTURAL AFFAIRS

ZONING

July 12, 2010

Ms. Christine Raguso
Acting Commissioner
Department of Community Development
City of Chicago
City Hall - 10th Floor
121 N. LaSalle Street
Chicago, IL 60602

Re: Logan Theater - TIF Assistance

Dear Commissioner Raguso:

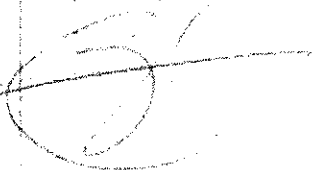
The Logan Theater has been a neighborhood icon for many decades. It anchors the gateway to the commercial corridor just north of the historic Centennial Monument on Milwaukee Avenue. Throughout the years, the Logan Theater has fallen into disrepair. In fact, they still have the same lumpy seats I sat in 41-years ago at age 8. If I'm not mistaken, it's one of the last of the local movie theaters.

I am excited to know that we now have an opportunity to renovate the Logan, create new economic development opportunities for the area and retain it as a neighborhood entertainment venue. I have reviewed the request for TIF Assistance filed by 2650 N Milwaukee, LLC and fully support it. The prospect of making improvements on this tired, but critical neighborhood building is challenging in any economic environment and even more so today. Given the momentum of new businesses coming into the area, I believe the Logan Theater will do for the 2600 block of Milwaukee Avenue what the Music Box Theater did for the 3700 block of Southport Avenue. The successful completion of this project will reinvigorate a critical stretch of Milwaukee and have a positive impact beyond our local boundaries.

I encourage you and your staff to support this project and assist in promptly moving it forward.

Should you have any questions, please feel free to contact me.

Respectfully,


Rey Colon
Alderman, City of Chicago
35th Ward

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

RESOLUTION NO. __ - CDC -

**AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH 2650 MILWAUKEE LLC**

**AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF 2650 MILWAUKEE 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 __-CDC-__ and pursuant to the Act, enacted three ordinances on October 26, 1999 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Fullerton Milwaukee 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, 2650 Milwaukee LLC (the "Developer"), has presented to the City's Department of Housing and Economic Development ("DHED") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the redevelopment of a 18,000 square foot theater with 10,000 square feet of adjacent storefront space(the "Project"); and

WHEREAS, DHED requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that DHED 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 DHED 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: _____, 200_

Attachment: Exhibit A, Street Boundary Description

EXHIBIT A

Street Boundary Description of the
Fullerton/Milwaukee Tax Increment Financing
Redevelopment Project Area

The Area is generally bounded by Belmont Ave. on the north, Western Ave. on the east, Armitage Ave on the south, and Keeler Ave on the west.

FULLERTON/MILWAUKEE TAX INCREMENT FINANCE DISTRICT

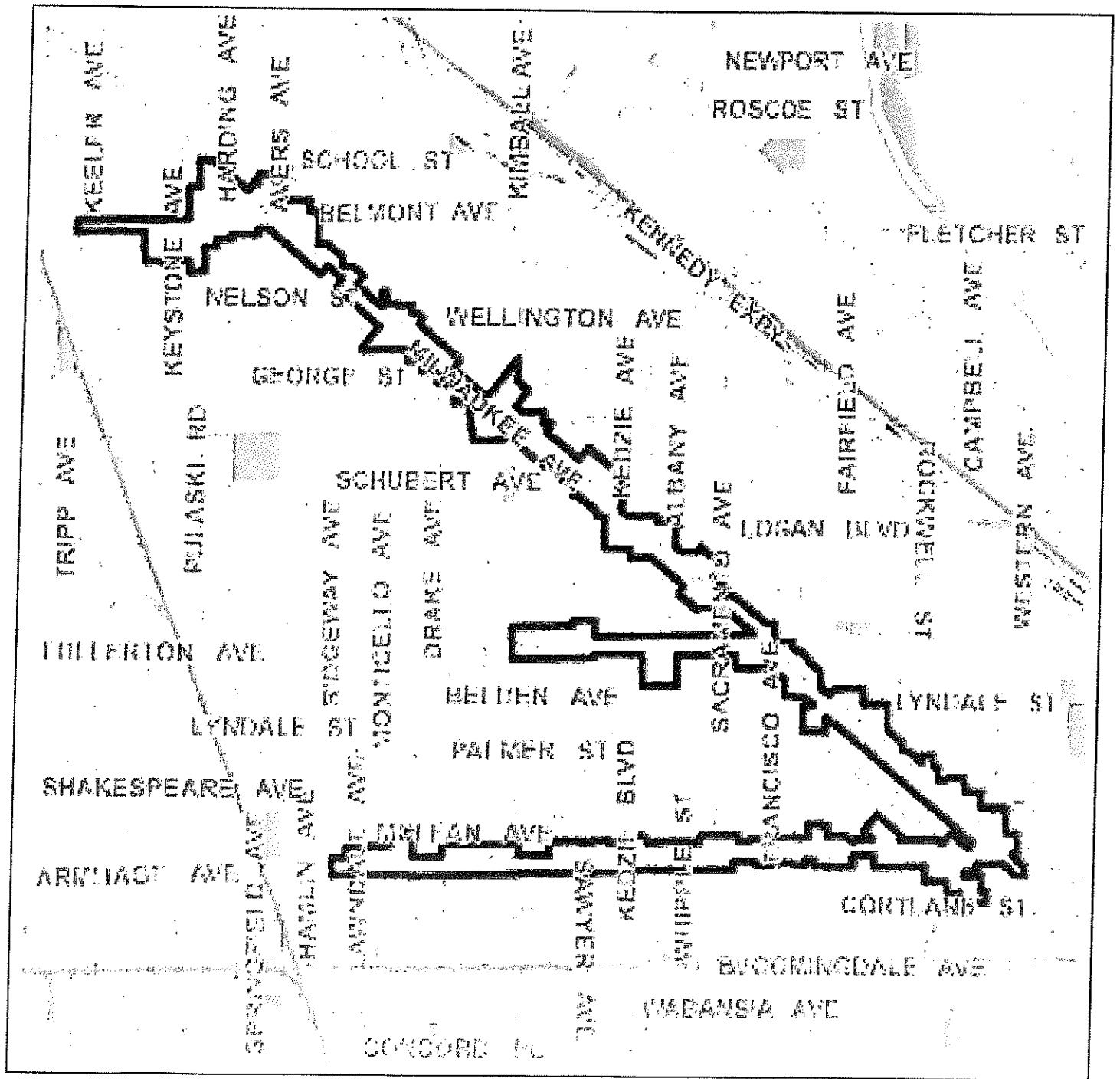


EXHIBIT A

LEGAL DESCRIPTION

LOTS 13 THROUGH 20, INCLUSIVE, IN HITT, RUNYAN AND ARCHER'S SUBDIVISION OF 39 ACRES ON THE EAST SIDE OF THE EAST ½ OF THE SOUTHEAST ¼ OF SECTION 26, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS