

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

**STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REGARDING  
A PROPOSED NEGOTIATED SALE OF CITY-OWNED PROPERTY AND  
DESIGNATION OF DEVELOPER**

**August 9, 2011**

**I. PROJECT IDENTIFICATION AND OVERVIEW**

Project Name:	North and Talman III
Applicant Name:	Hispanic Housing Development Corporation
Project Address:	2656 West North Avenue 1615-17 North Washtenaw Avenue (developer-owned) 1618-20 North Talman Avenue (developer-owned)
Ward and Alderman:	1 <sup>st</sup> , Alderman Moreno
Community Area:	West Town, 24
Redevelopment Project Area:	Humboldt Park Commercial
Requested Action:	Negotiated sale of City building and designation of Developer.
Proposed Project:	Five-story apartment building and three two-unit rental buildings. The project will provide 33 housing units, all of which will be affordable for households earning no more than 80 percent of the area median income.
Appraised Market Value:	\$350,000
Sale Price:	\$1.00
Acquisition Assistance:	\$349,999

TIF Assistance: \$2,358,496

## **II. PROPERTY DESCRIPTION**

Address: 2656 West North Avenue (City-owned)  
1615-17 North Washtenaw Avenue (developer-owned)  
1618-20 North Talman Avenue (developer-owned)

Location: Northeast corner of North and Washtenaw Avenues.

Tax Parcel Numbers: 13-36-427-032 (City land)  
13-36-427-014; -030; -031; -040 (developer-owned).

Land Area: City land: 6,179 square feet  
Developer-owned sites: 15,666 square feet  
Total: 21,845 square feet (0.5 acre)

Current Use: Vacant five-story retail and warehouse building, and vacant parcels.

Current Zoning: B1-1: City-owned land  
RS-3: developer-owned land.

Environmental Condition: Based on the results of the Phase I environmental report, the City may also require submission of a Phase II analysis. The land will be sold "as-is" with no warranties or representations as to its environmental condition, and it will be the responsibility of the applicant to complete any remediation that may be required by the City or the Illinois EPA. The redevelopment agreement with the selected respondent will include release and indemnification language protecting the City from liability.

Inventory Profile: The City acquired the property through eminent domain in 2007. The property has been vacant since that time.

## **III. BACKGROUND**

In December 2004 the City entered into a Negotiated Redevelopment Agreement ("Negotiated Sale RDA") for a negotiated sale with Hispanic Housing Development Corporation (HHDC) for a three-phase redevelopment of the 2600 west block of North Avenue between Talman and Washtenaw Avenues. HHDC owned the existing building at 2646-52 W. North Ave. (Phase I) and as part of the RDA, HHDC would also develop the vacant property at 2634 W. North Avenue (Phase II) and the existing building at 2656 W. North Ave. (Phase III), once acquired by

the City. Phase III would also include adjacent parcels at 1617-19 N. Washtenaw Avenue and 1618-20 N. Talman Avenue located north of the other sites. HHDC has completed the first two phases of the project with the rehabilitation of the existing 24-unit building (Phase I) and the construction of a five-story 53-unit senior rental building (Phase II).

A TIF RDA for Phase II, executed in August, 2007, provided \$2,450,000 TIF and \$1,700,000 HOME financing, but HHDC failed to meet its city residency and WBE requirements under the RDA. HHDC paid \$82,523 for noncompliance with the City residency requirement and the TIF payments have been withheld for the WBE noncompliance. HHDC has agreed to make up the Phase II WBE shortfall of \$307,545 on Phase III in addition to meeting the standard WBE requirement.

The Negotiated Sale RDA and TIF RDA must be amended to increase the WBE requirement by \$307,545 beyond the standard requirement for Phase III. In addition, the Negotiated Sale RDA will be amended to remove the requirement that the Developer reimburse the City for the acquisition and relocation costs incurred during the acquisition of the properties in October 2007 and instead allow for the sale of the City-owned land for \$1.00; create a new outside closing date; and extend the dates by which the Developer must commence and complete the project.

In addition to the previously completed Phase II of the North and Talman, the Humboldt Park TIF has provided funding for La Estancia (another residential project by Hispanic Housing); nearly \$2,000,000 for the Small Business Improvement Program; and \$1,800,000 for streetscaping along North Avenue. Planned TIF projects include a new library on Troy St. funded with \$4,500,000 in TIF and approximately \$4,700,000 for a nursing school (Resurrection University).

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

**Development Entity:** Hispanic Housing Development Corporation is a nonprofit organization established to provide affordable housing, property management, business development, job skills training and construction to Hispanic communities and the Chicago area. HHDC has been in business since 1976 and has developed over 2,800 homes. Following is a chart of some of the projects completed by HHDC since 1993:

Year	Project /Description	Units
1993	Plaza Taino/ new senior housing development	60
2000	Home pride/ Scattered sites citywide (Humboldt Park and Diversey Areas) single family houses and buildings	196
2001	Gateway Apartments 7450 N. Rogers/ new 10 story building for Senior housing-mixed income development	120

2001	Vista North Condominiums/7732-42 N. Paulina St./Renovation of a 22 building unit into a affordable condominiums	22
2003	Paseo Boricua Apartments/New affordable senior housing	59
2007	North and Talman Phase I/New affordable lease to own units	24
2008	North and Talman Phase II/New affordable Senior rental units	53

**Consultants:**

Architect: Weese Langley Weese Architects, Ltd.

General Contractor: Tropic Construction

**V. PROPOSED PROJECT**

**Project Overview:**

The project involves the partial renovation and adaptive reuse of a vacant four-story warehouse into a five-story 27-unit apartment building, and construction of three two-flats and off-street parking spaces on property located north of an adjacent public alley. The entire masonry façade of the elevation on North Avenue will be removed, along with all masonry below the third floor on the Washtenaw façade. This will be replaced with block and face brick. The existing common brick walls on the north and east elevations will remain, but new window openings will be created. New stone sills and headers will also be installed. In addition, the entire existing second floor structure will be removed and replaced with two new protected steel floors. This will increase the total number of floors in the building from four to five. The 27 residential units will include 14 one-bedroom units, 12 two-bedroom units and 7 three-bedroom units. Three bedroom units will include two baths, all others will have one bath.

The first floor of the building will include three units, as well as a 1,032 square foot community space and a loading and handicapped parking space accessed from the alley. The main building entrance will be located near the southwest corner of the building off Washtenaw Avenue. In addition to the one interior handicapped parking space, off-street parking will also be provided on the north side of the public alley. Thirteen spaces will be located west of the north-south public alley and twelve spaces will be located on the east side of the north-south alley, for a total of 26 off-street parking spaces. The basement will include space for shared laundry facilities, a 465 square foot community room/fitness room, bicycle storage, and resident storage lockers.

The 3 two-flat buildings will be located north of the off-street parking areas. Two buildings will face Talman Avenue and one will face Washtenaw. Each of the six units will have three bedrooms and two baths and in-unit laundry facilities. Each unit will also have its own basement space, with half of the basement for each unit. The building facades will incorporate brick with

stone soldier courses as well as cement board panels. Each building will have outdoor green space on one side and portions of the front and rear yards, with a front yard tree. They will also have two parking spaces accessed from the public alley and walkways of permeable pavers.

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 a total of 33 rental units, all of which will be affordable for households earning no more than 80 percent of the area median income. These units will satisfy the Chicago affordable housing ordinance, which requires 10 percent of the total units to be affordable in projects developed on land sold by the City or 20 percent in projects receiving TIF assistance.

### Rental Unit Profile

Unit Type	Number	Market/ Affordable	Size-sf	Monthly Rent/sf*	Monthly Rent*	Fair Market Rent (FMR)	FMR/sf
1 bed/1 bath	2	Affordable at 30% AMI	634	\$0.46	\$292	\$428	\$0.68
1 bed/1 bath	2	Affordable at 40% AMI	634	\$0.67	\$426	N/A**	N/A**
1 bed/1 bath	4	Affordable at 50% AMI	634	\$0.88	\$560	\$712	\$1.12
1 bed/1 bath	4	Affordable at 60% AMI	634	\$1.10	\$695	\$848	\$1.34
1 bed/1 bath	2	Affordable at 80% AMI	634	\$1.18	\$747	\$1,129	\$1.78
2 bed/1 bath	1	Affordable at 30% AMI	873	\$0.41	\$356	\$509	\$0.58
2 bed/1 bath	1	Affordable at 40% AMI	873	\$0.59	\$518	N/A**	N/A**
2 bed/1 bath	4	Affordable at 50% AMI	873	\$0.78	\$678	\$851	\$0.97
2 bed/1 bath	5	Affordable at 60% AMI	873	\$0.96	\$840	\$1,014	\$1.16
2 bed/1 bath	1	Affordable at 80% AMI	873	\$1.02	\$891	\$1,351	\$1.55
3 bed/2 bath	1	Affordable at 30% AMI	1,309	\$0.32	\$415	\$587	\$0.45
3 bed/2 bath	1	Affordable at 40% AMI	1,309	\$0.46	\$600	N/A**	N/A**
3 bed/2 bath*	3	Affordable at 50% AMI	1,309	\$0.60	\$788	\$983	\$0.75
3 bed/2 bath	1	Affordable at 60% AMI	1,309	\$0.75	\$977	\$1,170	\$0.89
3 bed/2 bath	1	Affordable at 80% AMI	1,309	\$0.77	\$1,013	\$1,559	\$1.19

33 total units

\* All 3-bedroom units are located in the two-flat buildings, except one 3-bedroom unit affordable at 50% AMI which will be located in the apartment building.

\*\*HUD does not provide FMR at 40% AMI.

The affordable rents to be paid by the tenant are based on the tenant's income and not on market comparables. The maximum rent for each defined "affordable" income level are published annually by the US Department of Housing and Economic Development and listed according to building construction type ( i.e. apartment, townhouse, house), number of bedrooms and household size but not unit square footage (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.

When developers determine the rent to charge for a project that is using HUD program subsidies through one of the City's or IHDA's Multifamily Financing programs, the developer is required to establish market-area rents by commissioning a market study of the targeted market area. The developer is allowed to charge the lesser of HUD-estimated Fair Market Rent or the rent cap by income group (i.e., the 60% rent), but must also take into consideration the localized rent for the development's targeted market area, which is often much lower than the HUD FMR, and may be the same as, or even lower than, the "affordable" rent levels.

**Environmental Features:** The project will be LEED certified and include an Energy Star-rated 50% green roof, native planting, bike parking, permeable concrete pavers, and energy efficient appliances and elevator.

## VI. FINANCIAL STRUCTURE

The project is a 33-unit rental development with total project cost of \$13,620,168. Financing will include a \$410,000 first mortgage from MB Financial; \$300,000 in Donation Tax Credit Equity from RBC Capital Markets; \$10,288,977 in tax credit equity from Bank of America; Chicago Low Income Housing Trust Fund monies in the amount of \$292,185; and \$2,358,496 in TIF; and a land write-down of \$349,999. The total City assistance including the TIF and the land write-down is \$2,708,495 or 19.8% of the total project costs (\$13,620,169). The TIF will be provided from area wide increment and based on availability, will be paid out partially during construction and partially after the project is complete. The payments are estimated to be \$300,000 paid into a construction escrow at closing of the RDA, \$1.5M paid into the escrow in the second half of 2012, and the remainder (\$558,496) paid after construction completion during the first half of 2013. The Developer is seeking bridge financing since all the TIF monies will not be available during construction. The project itself will generate approximately \$184,000 over the remaining life of the TIF in The units are required to maintain the affordable rents for a minimum of 30 years as a condition of the financing.

HHDC purchase the sites on Talman and Washtenaw in 2002 along with the building at 2652 W. North that became Phase I on February 28, 2002. Utilizing the lower of cost or appraisal, the land was valued at \$139,000 per lot, or a total of \$556,000 for the 4 lots on Washtenaw and Talman. In addition, because these lots were acquired almost 10 years ago, HHDC incurred substantial holding costs, totaling \$730,000, during the time of development to conceptual the site and build phases I and II. The acquisition cost for the Washtenaw and Talman properties are listed in the Uses below at a total of \$1,286,000.

The following table identifies the sources and uses of funds.

### Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Equity	\$ 100	0.01%
Debt (MB Financial)	\$ 410,000	3.0%
Donation Tax Credit Equity	\$ 150,010	1.1%
Chicago Low Income Trust Fund	\$ 292,185	2.1%
Limited Partner Capital	\$ 10,228,977	75.5%
Deferred Developer Fee	\$ 120,401	0.9%
TIF/Bridge Loan	<u>\$ 2,358,496</u>	<u>17.3%</u>
<b>Total Sources</b>	<b>\$ 13,620,169</b>	<b>100.0%</b>

<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>
Land Acquisition of 15,666 sq ft Washtenaw and Talman properties (\$82 per sf of land)	\$ 1,286,000	\$29.30
Acquisition of 2656 W. North Ave (City Land - 6,179 sq ft)	\$ 1	
Hard Costs	\$ 8,966,343	
Related Hard Costs	\$ 180,298	
Soft Costs		
Architect's Fee (5% of hard costs)	\$ 455,000	
Developer Fee (9% of TPC)	\$ 1,200,000	
Reserves	\$ 428,205	
Legal Fees (1.4% of total costs)	\$ 200,000	
Marketing (.14% of total costs)	\$ 20,000	
Other Professional Fees	\$ 173,360	
Construction Loan Interest (2.8% of total costs)	\$ 382,111	
Lender Fees	\$ 278,851	
Other soft costs (.36% of total costs)	\$ 50,000	
Total Soft Costs (23.4% of total costs)	<u>\$ 3,187,527</u>	<u>\$72.64</u>
<b>Total Uses</b>	<b>\$ 13,620,169</b>	<b>\$310.37</b>

\*Gross building area is 43,884 square feet

## **VII. PUBLIC BENEFITS**

The proposed project will provide the following public benefits.

**Affordable Housing:** The project will provide 33 new affordable housing units.

**Environmental Features:** The project will be LEED certified, and include an Energy Star-rated 50% green roof, native planting, bike parking, permeable concrete pavers, and energy efficient appliances and elevator.

**Construction Jobs:** The project will produce 91 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 5% by woman-owned business enterprises (WBEs), plus an additional \$307,545 in contract participation by 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.

## **VIII. COMMUNITY SUPPORT**

Alderman Moreno endorses the project and has provided a letter of support (see exhibits for copy). The project was presented to the community at a meeting with West Bucktown Neighborhood Association held on April 28, 2011. The following community organizations have endorsed the project: Near Northwest Neighborhood Network, Humboldt Park Empowerment Partnership. (See exhibits for copies of support letters).

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

The proposed project is located in the Humboldt Park Commercial Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan: promote the rehabilitation of existing structures and new construction where appropriate in the redevelopment area, promote affordable residential development, and create an environment within the redevelopment project area that will contribute to the health, safety and general welfare of the City. The plan's land use map calls for mixed use development at the subject site.

## **X. CONDITIONS OF SALE**

If the proposed resolution is approved by the CDC, HED will release a public notice announcing the proposed sale and seeking alternative development proposals. The public notice will be published in one of Chicago's metropolitan newspapers at least once for each of three consecutive weeks. If no responsive alternative proposals are received within 30 days of the publishing of the first notice, the department will accept a good faith deposit from the proposed developer, and a redevelopment agreement will be negotiated. 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 public benefits, and the project's conformance with the redevelopment area plan, and HED recommends that the CDC approve the sale of 2656 West North Avenue to Hispanic Housing Development Corporation for development of affordable multi-family housing and recommends the designation of Hispanic Housing Development Corporation as Developer.

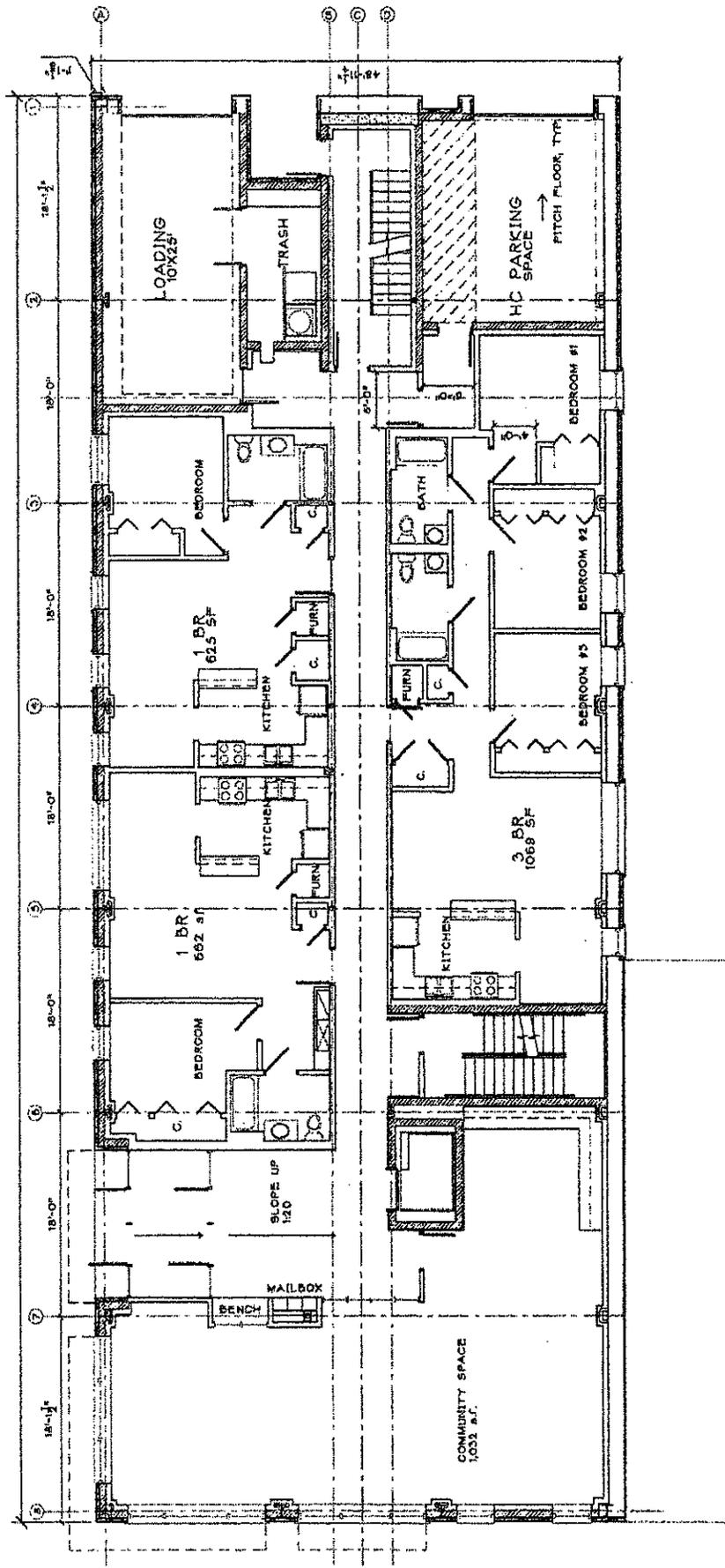
## **EXHIBITS**

Redevelopment Area Map  
Neighborhood Map or Aerial  
Survey or Plat  
Site Plan  
Apartments First Floor Plan  
Apartments Typical Floor Plan  
Apartments Rendering  
Two Flats Typical Floor Plan  
Two Flats Front/Rear Elevations  
Sample M/WBE Letter  
Copies of M/WBE Certified Letter Receipts  
Copy of Residential Developer License  
Letters of Interest from Lenders  
Community Letters of Support  
Alderman's Letter of Support

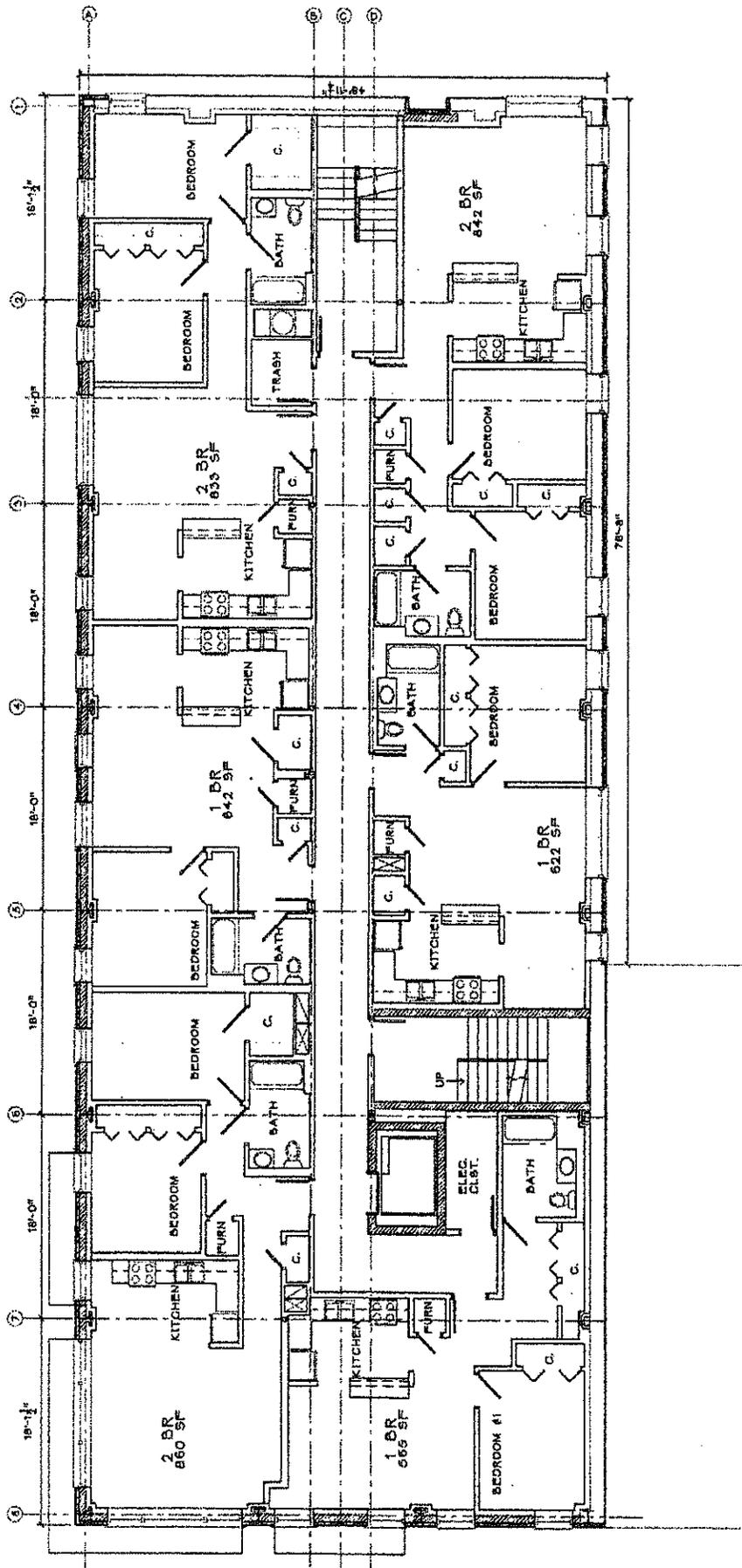




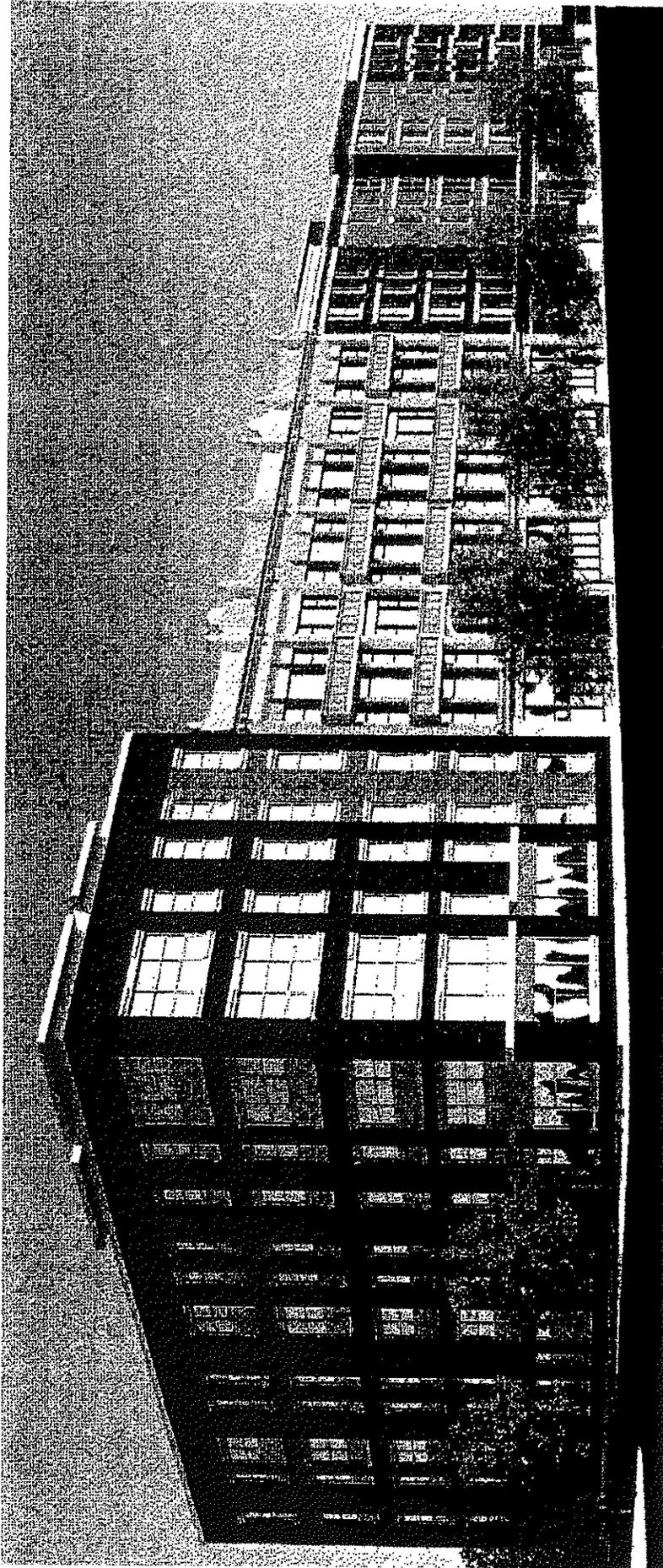




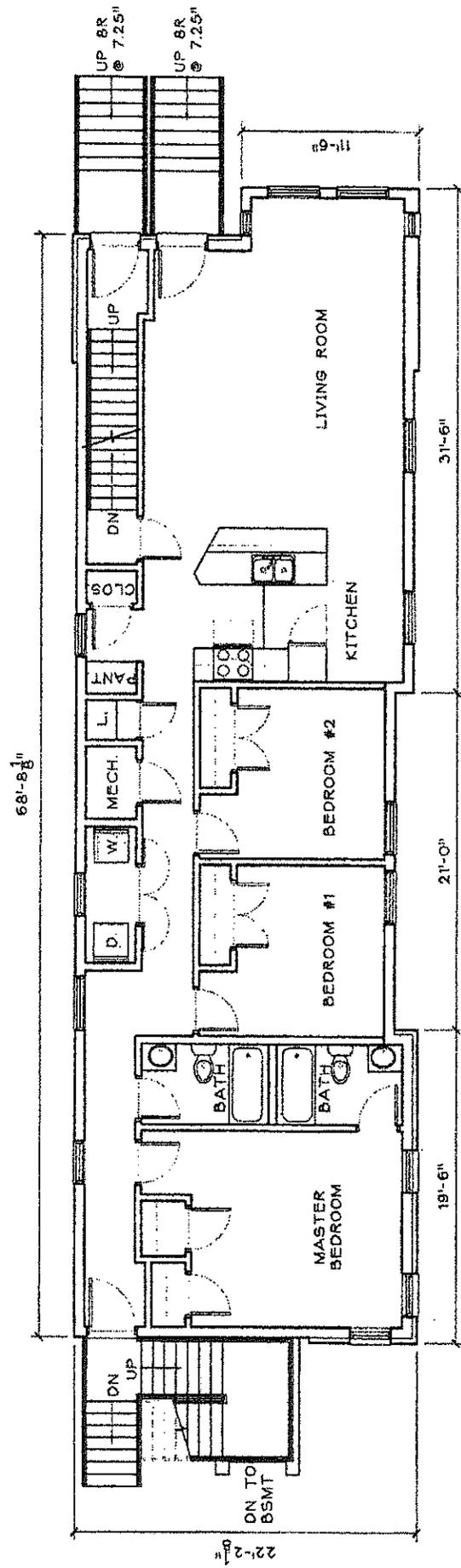
NORTH AVE.- PHASE 3  
 EXISTING BUILDING  
 FIRST FLOOR PLAN



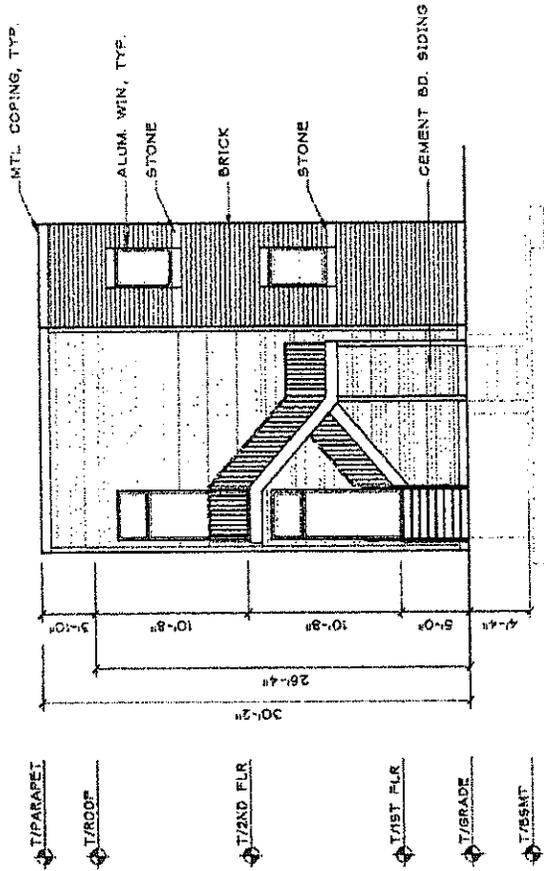
NORTH AVE. - PHASE 3  
 EXISTING BUILDING  
 SECOND FLOOR PLAN



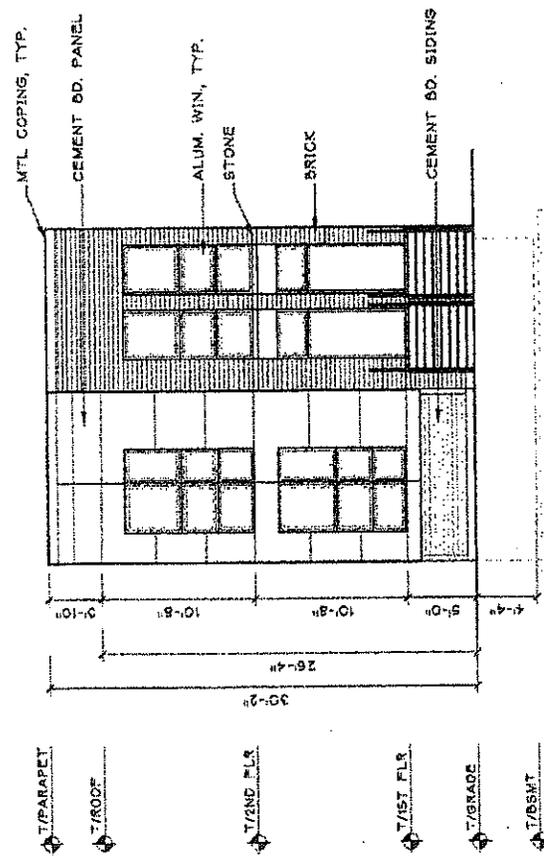
NORTH AVE.- PHASE 3  
EXISTING BUILDING



NORTH AVE.- PHASE 3  
 TWO FLATS  
 FIRST FLOOR PLAN



REAR (ALLEY) ELEVATION



STREET ELEVATION

NORTH AVE.- PHASE 3  
TWO FLATS

**BY CERTIFIED MAIL**

August 2, 2011

Mr. Anthony Guillen  
Director  
Latin American Chamber of Commerce  
3512 W. Fullerton  
Chicago, IL 60647

Re: 2656-58 W. North

Dear Mr. Guillen:

Hispanic Housing Development Corporation is pleased to announce the redevelopment of the North and Talman Phase III located at 2656-58 W. North Avenue, Chicago, Illinois. The property consists of a 5-story vacant that will be redeveloped into affordable housing.

Hispanic Housing has chosen Tropic Construction to be the general contractor for the project. The project will require participation of trades such as carpentry, electrical, mechanical, plumbing, paving, roofing, and others. Attached to this letter is the project budget, which identifies the items subject to minority business enterprise (MBE) participation of 24 percent and women business enterprise (WBE) participation of 4 percent. The attachment also includes the estimated project schedule and contact information for the general contractor.

At your request, the general contractor will meet with a representative of your organization to present the project budget and schedule. At your request, the general contractor will also provide your organization with one copy of the project bid documents (including plans and specifications).

Hispanic Housing is requesting that you make your member companies aware of this exciting project so that they may submit bids for appropriate subcontracting opportunities. Should you have any questions, please do not hesitate to call.

Sincerely,



Mark Kruse  
Vice President - Development

7009 1680 0002 4817 4386

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Sent To Mr. Mitch Schneider  
 Executive Director  
 Asian American Alliance  
 222 W. Cermak Road, Suite 303  
 Chicago, IL 60616

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Sent To Mr. Omar Shareef  
 President  
 African American Contractors Assoc.  
 3901 S. State St.  
 Chicago, IL 60601

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Sent To Ms. Florence Cox  
 Executive Director  
 Black Contractors United  
 400 W. 76<sup>th</sup> St.  
 Chicago, IL 60620

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Sent To Mr. Perry Nakachi, President  
 Association of Asian Construction  
 Enterprises  
 333 N. Ogden Avenue  
 Chicago, IL 60607

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Sent To Ms. Joan Archie  
 Director of Employment  
 Chicago Urban League  
 220 S. State St., 11<sup>th</sup> Flr.  
 Chicago, IL 60604

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Sent To Ms. Tracye Smith  
 Executive Director  
 Chicago Minority Business Dev Council  
 1 East Wacker Drive, Suite 1200  
 Chicago, IL 60601

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Sent To Ms. Beth Doria  
 Executive Director  
 Federation of Women Contractors  
 5650 S. Archer Avenue  
 Chicago, IL 60661

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.03

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Sent To Mr. Cesar A. Santoy  
 Executive Director  
 Hispanic Assoc. Contractors Ind. Assoc.  
 901 W. Jackson Blvd., Suite 205  
 Chicago, IL 60607

PS Form 3800

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.03

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Sent To Ms. Gloria Bell  
 Executive Director  
 Cosmopolitan Chamber of Commerce  
 560 W. Lake St., 5<sup>th</sup> Flr.  
 Chicago, IL 60661

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Total Postage & Fees	\$ 6.03

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Sent To Mr. Anthony Guillen  
 Director  
 Latin American Chamber of Commerce  
 3512 W. Fullerton  
 Chicago, IL 60646

PS Form 3800

# CITY OF CHICAGO

## LICENSE CERTIFICATE NON-TRANSFERABLE

BY THE AUTHORITY OF THE CITY OF CHICAGO THE FOLLOWING SPECIFIED LICENSE IS HEREBY GRANTED TO

NAME: **HISPANIC HOUSING DEVELOPMENT CORPORATION**

DBA: **HISPANIC HOUSING DEVELOPMENT CORPORATION**  
AT: **325 N. WELLS ST., Floor 3**  
**CHICAGO, IL 60610**

LICENSE NO: **1594219** (CODE) **1020** FEE: **\$\*\*\*250.00**  
LICENSE: **Residential Real Estate Developer**

PRESIDENT: **HIPOLITO BOLDAN**  
VICE PRESIDENT: **ERICA PASCAL**

PRINTED ON: **01/28/2010**

**\$\*\*\*250.00**

THIS LICENSE IS ISSUED AND ACCEPTED SUBJECT TO THE REPRESENTATIONS MADE ON THE APPLICATION THEREOF, AND MAY BE SUSPENDED OR REVOKED FOR CAUSE AS PROVIDED BY LAW. LICENSEE SHALL OBSERVE AND COMPLY WITH ALL LAWS, ORDINANCES, RULES AND REGULATIONS OF THE UNITED STATES GOVERNMENT, STATE OF ILLINOIS, COUNTY OF COOK, CITY OF CHICAGO AND ALL AGENCIES THEREOF.

WITNESS THE HAND OF THE MAYOR OF SAID CITY AND THE CORPORATE SEAL THEREOF

THIS 15 DAY OF FEBRUARY, 2010

EXPIRATION DATE:

February 15, 2012

ATTEST:



*Rick M. Daley*  
MAYOR

*Miguel Salas*  
CITY CLERK



ACCOUNT NO: **281883 SITE 2**  
TRANS NO

THIS LICENSE MUST BE POSTED IN A CONSPICUOUS PLACE UPON THE LICENSED PREMISES.



May 12, 2010

Gloria Materre, Executive Director  
Illinois Housing Development Authority  
401 N. Michigan Ave, Suite 700  
Chicago, IL 60601

**RE: North Avenue Redevelopment - Phase 3  
Hispanic Housing Development Corporation  
2656-58 W. North Avenue**

Dear Ms. Materre:

On May 11, 2010, the Board of Directors of the Chicago Low-Income Housing Trust Fund (Trust Fund) gave preliminary approval to an investment not to exceed \$509,000 of MAUI funding to support 8 units of newly created family housing in North Avenue Redevelopment - Phase 3.

The Multi-year Affordability through Upfront Investment (MAUI) grant will come from proceeds of the Illinois Rental Housing Support Program Long Term Operating Subsidy (LTOS) directed to the City of Chicago. The Trust Fund serves as the Local Administering Agency for these funds. LTOS funding will provide 30 years of subsidy to households at or below 30% of the Area Median Income.

The Trust Fund will encourage that the heads of such households be U.S. military veterans.

Final approval and allocation of LTOS funds will be contingent upon a successful underwriting and the ability to leverage additional financing including the award of Tax Credits from the Illinois Housing Development Authority.

We look forward to working with you as we bring additional affordable rental housing to residents of Chicago. Should you have any questions regarding this, do not hesitate to contact our Executive Director, Cary Steinbuck, at 312.744-0675.

Sincerely,

Thomas J. McNulty  
President

Chicago Low Income Housing Trust Fund



Community Development Banking  
800 5<sup>th</sup> Avenue, 37th Floor  
Seattle, WA 98199  
WA1-503-37-67

Todd McCain  
Vice President  
P 206.358.7680 F 206.585.8404  
todd.mccain@bamf.com

May 20, 2011

Mark Kruse  
Hispanic Housing Development Corporation  
325 North Wells Street, 8<sup>th</sup> Floor  
Chicago, IL 60654

Re: Equity Letter of Intent – North and Talman Phase III (the “Project”)

Dear Mr. Kruse:

This letter expresses the interest of Bank of America, N.A., and, or, its affiliates (“Investor”) in making an equity investment in a partnership for purposes of developing and owning the North and Talman Phase III low income family project (the “Project”). This letter is intended to describe the terms and conditions of Investor’s proposed equity investment.

1. Project. The Project consists of the rehabilitation and new construction of 33 units (29 affordable and 4 market rate) of housing for low income families located at 2656 W North Avenue, Chicago, IL 60647.
2. Tax Credits. The Partnership has received a reservation of 2011 federal low-income housing 9% tax credits (the “Projected Federal Credits”) totaling \$1,100,000 per annum from the Illinois Housing Development Authority (the “Credit Agency”).
3. Partnership. The Project will be owned and operated by North and Talman III Limited Partnership, an Illinois limited partnership (for purposes of this letter the “Partnership”). The Partnership will be comprised of the following entities, which will possess ownership interests (collectively the “Percentage Interests”, and as to any one party the “Percentage Interest”) as detailed below:
  - General Partner: (.01%) North and Talman Corporation, the General Partner will make a 168(h)60(F) election on the partnership’s tax return.
  - Investor Limited Partner: (99.98%) Bank of America, N.A, or its affiliate.

North and Talman Phase III  
May 20, 2011

- Special Limited Partner: (0.01%) Banc of America CDC Special Holding Company, Inc.

4. Project Financing. Financing will be provided to the Partnership as follows (the "Loans"):
- A. Construction Loan. A construction loan in the amount as reflected in Bank of America's Debt Term Sheet (the "Construction Loan") will be provided by Bank of America.
  - B. Permanent Loans. The following permanent loans (the "Permanent Loans") are expected to be made to the Partnership:
  - C. First Mortgage. The first mortgage loan is underwritten assuming the loan will be sized with an 8.00% interest rate and a 30 year amortization. Bank of America Tax Credit Equity requires the loan to be sized such that the Investor projections show a minimum DSC of 1.20 in year 15 assuming 2% trending on income and 3% trending on operating expenses. Underwritten tax credit rents will be limited to the lesser of tax credit rents or 10% below market comparables. Underwritten market rents will be limited to 10% below market comparables. Based on the aforementioned assumptions a loan amount of \$410,000 is anticipated.
  - D. City of Chicago ARC Loan. A permanent loan in the amount of \$292,185, with a term of 30 years, and a 0% interest rate, will fund during the construction period, prior to funding of the Bank of America construction loan. The loan will require no annual payments.
  - E. City of Chicago HOME Loan. A permanent loan in the amount of \$ with a term of 30 years, and a 0% interest rate, will fund during the construction period, prior to funding of the Bank of America construction loan. The loan will require no annual payments.
  - F. Illinois Donation Equity. Equity from the sale of IL Donation credits in the amount of \$300,000 will be made available to the project during construction. This equity will be purchased by a third party investor not affiliated with Bank of America.

The terms and conditions of all loans to the Partnership will be subject to Investor's approval. Such loans will (i) expressly permit the admission of Investor into the Partnership and the potential transfers of the partnership interests by Investor and Special Limited Partner without consent of the maker of the loan provided that such transfers are permitted under the Partnership Agreement, and (ii) will provide Investor with notices of default and cure rights acceptable to Investor. All Permanent Loans will be non-recourse.



materialmen's liens. This equity installment will be paid in no earlier than September 1, 2012.

- C. Conversion Capital Contribution. \$4,807,619 will be payable when, among other things, the Investor has received and approved (i) the Project then has achieved at least three consecutive calendar months of 90% occupancy averaging of a minimum of 1.20 to 1 debt service coverage on the Permanent Loans (which period must include the last day of the most recent calendar month ending prior to the date of the Conversion Capital Contribution), (ii) all tax credit units have been leased to qualified tenants at least one time, (iii) all Permanent Loans have closed and funded, or will close and fund concurrent with this Conversion Capital Contribution, (iv) permanent certificates of occupancy have been issued for each building, (v) an ALTA survey of the improvements has been provided, (vi) a cost certification by a qualified accountant has been received in a form acceptable to Investor, and (vii) all reserves have funded or will fund concurrent with this payment. This equity installment will be paid in no earlier than June 1, 2013.
- D. Final Capital Contribution. The balance of the unpaid Total Capital Contribution, \$306,869 will be payable when, among other things, the Investor has received and approved (i) the Credit Agency has issued a Form 8609 for each building, (ii) a copy of the recorded Extended Use Agreement has been received, (iii) a copy of the compliance audit of the initial tenant files has been received, and (iv) calculations of final adjusters have been prepared and agreed to. This equity installment will be paid in no earlier than September 1, 2013.

7. General Partner and Guarantor Obligations.

- A. Completion and Development Deficit Guaranty. General Partner and Guarantor will guarantee lien-free completion of the Project in a good and workmanlike manner substantially in accordance with plans and specifications as approved by Investor on or before December 31, 2013 (the "Completion Date"). General Partner and Guarantor will guaranty payment of all development costs, including all costs of achieving such lien-free completion, including all soft costs and construction period interest. Further, under this guaranty, General Partner and Guarantor will guaranty payment of all operating costs through the later of the date (i) the Project has achieved 90% occupancy for three consecutive calendar months, (ii) the Project is 100% complete, (iii) all tax credit units have been leased to qualified tenants at least one time, and (iv) all Permanent Loans have closed and funded. Payments made under this guaranty will not constitute loans to the Partnership and neither General Partner nor any Guarantor will have any right to receive any repayment on account of such payments.
- B. Operating Deficit Guaranty. General Partner and Guarantor will agree to loan to the Partnership any amounts required to fund operating deficits arising after the expiration of the Completion and Development Deficit Guaranty up to the greater of 6 months of operating expenses plus debt service or \$150,000 (the "Operating Deficit Loan Maximum"). Any amounts so advanced will constitute interest-free

loans ("Operating Loans") repayable only out of future available cash flow or out of available proceeds of a sale or refinancing. The Operating Deficit Guaranty will terminate 60 months after the later of (i) the expiration of the Completion and Development Deficit Guaranty, or (ii) the Project's achievement of an average 1.20 to 1 debt service coverage on the Permanent Loans calculated over a period of 12 consecutive months.

- C. Repurchase. General Partner and Guarantor will be required to repurchase the Investor's interest upon certain material events including but not limited to: failure to achieve completion by December 31, 2013, failure to achieve stabilization within 24 months of completion, or failure to place the Project in service prior to the date required by the Internal Revenue Code or loss of permanent financing commitments. The General Partner and Guarantors will repurchase the Investor's interest in the Partnership at a price equal to the Investor's Capital Contributions paid to date, plus the actual out of pocket costs to the Investor (including legal, accounting, and consulting) plus 10% interest per annum, less any net tax credits received and retained by the Investor.
- D. Tax Credits Guaranty and Indemnification. General Partner and Guarantors will indemnify Investor for the failure to achieve projected tax benefits. Should the actual tax credits be lower than the Projected Tax credits, Investor's capital contributions will be adjusted downward by the amount of the difference and any interest or penalties owed by Investor. Subsequent to the payment of Investor Capital Contributions, General Partner and/or Guarantors will, within 75 days of the end of each calendar year, pay to Investor an amount equal to the difference in actual tax credits plus any interest or penalties owed by Investor.
- E. Adjuster Provisions. The Capital Contributions are based upon your projection of total federal Low-Income Housing Tax Credits of \$10,998,900 ("Original Projected Credit") to Investor, which in turn is based upon certain assumptions and projections. The following federal low income credits will be delivered to the Investor: \$109,989 in 2012, \$1,081,559 in Years 2013, \$1,099,890 in Years 2014 through 2021, \$989,901 in Year 2022, and \$18,332 in Year 2023. The actual amount of Low-Income Housing Tax Credits may in fact change after the determination of eligible and qualified basis. Accordingly, the Capital Contribution may be adjusted when (i) final projections of the amount of Low-Income Housing Tax Credits are completed and/or (ii) upon or after actual completion of the project. Upon satisfaction of all conditions and prior to payment of the Final Capital Contribution, the Partnership Accountant will provide the Investor with Revised Economic Projections and the Final Credit Amount determined by the Accountants.

Credit Adjuster. To the extent such final projected amount of Low-Income Housing Tax Credits varies from the Original Projected Credits, Investor's capital contribution will be adjusted by \$.93 per federal credit on such variance in the delivery of actual credits to Original Project Credit (as reflected in cost certifications or Form 8609). In no event will the application of the above

North and Talman Phase III  
May 20, 2011

adjusters cause Investor's capital contribution to increase by more than 5% without approval from Investor's Investment Committee.

Timing Adjuster. Investor's federal credit capital contribution will be adjusted to reflect the later or earlier than projected delivery of federal credits with respect to the first year and, if applicable, the second year, of the credit period, based on a reduction in price of 65 cents for every federal credit dollar deferred, or an increase based on 65% of the price per credit established in Section 6 above for every federal credit dollar accelerated.

If due to such adjusters, Investor's capital contributions are to be adjusted downward by more than the amount of Investor's then unpaid capital contributions, then General Partner and Guarantor will guaranty payment of the shortfall in such adjustments.

The General Partner's and Guarantor's obligations will be more specifically set forth in the Partnership Agreement and other related documents.

8. Allocation of Tax Credits, Depreciation, Profits and Losses. The Tax Credits, depreciation, operating profits and losses will be allocated in accordance with the Percentage Interests.
9. Distribution of Cash Flow.
  - A. Operating Cash Flow. Operating cash flow will be utilized as follows: (i) payment of all must-pay debt service on the Permanent Loans and other operating expenses, (ii) additions to a funded capital replacement reserve as provided in the Partnership Agreement, (iii) payment of any tax credit recapture owed to the Investor (iv) payment of any tax associated with taxable income to the Investor (v) payment of any loan made by the limited partner to the Partnership (vi) payment of the Asset Management Fee of \$5,000 per year to the Investor, which fee will accrue if not paid, (vii) payment of the Developer Fee Note, (viii) refund amounts drawn on Operating Deficit Reserve, (ix) payment of the GP Asset Management Fee of \$5,000 which fee shall accrue if not paid, (x) payment of the Partnership Management Fee equal to the lesser of 90% of cash flow or \$40,000 to the General Partner, (xi) repayment of any Operating Deficit Loans made by General Partner, and (xii) then to the partners in accordance with the Percentage Interests.
  - B. Sale or Refinancing Proceeds. Distributions of proceeds from a sale or refinancing of the Project will be distributed as follows: (i) payment of all must pay debt service on the Permanent Loans and other operating expenses, (ii) payment of any tax credit recapture owed to the Investor, (iii) payment of any Investor taxes due at sale, (iv) payment of any loan made by the limited partner to the Partnership (v) to the extent reasonably determined necessary by General Partner additions to a capital replacement reserve, (vi) payment of any unpaid accrued Asset Management Fee, (vii) payment of the Developer Fee Note, (viii)

payment of any unpaid accrued GP Asset Management Fee, (ix) 90% to the General Partner, (x) repayment of any Operating Deficit Loans made by General Partner, and (xi) then to the partners in accordance with the Percentage Interests.

10. Developer Fee. The Developer will earn a Developer Fee, projected to be \$1,120,000, with no more than 30% of the non deferred developer fee paid during construction. In the event that the amount of the Final Capital Contribution is insufficient to pay the remaining balance of the Developer Fee, such unpaid portion will be deferred (the "Deferred Developer Fee") and will be payable not later than 12 years after the date the Project is placed in service.
11. Property Manager. [ ] will be the Project's initial property manager. The Property Manager will earn a fee equal to 5.00% of the Project's gross collected rents. If the Property Manager is an affiliate of General Partner, Guarantor, or Developer, then a portion of the property management fees may be deferred to cover operating deficits. The Property Manager may be terminated as Property Manager in the event of the removal of General Partner.
12. Reserves. A Replacement Reserve equal to the greater of \$350 per unit per annum, or amounts required by any Project lender, will be funded from cash flow into a reserve account. A Replacement Reserve will be funded in the amount of \$11,900 at the time of, or prior to, funding of the Conversion Capital Contribution. An Operating Reserve will be funded in the amount of \$245,000 at the time of, or prior to, funding of the Conversion Capital Contribution. A Lease-Up Reserve will be funded in the amount of \$124,080 at the time of, or prior to, funding of the Completion Capital Contribution.
13. Investor Review. As set forth in the Partnership Agreement, Investor will have the right to inspect the Project during and after construction and to review construction loan disbursement requests and other financial and operations matters of the Project and the Partnership.
14. Reporting. The Partnership will be required to prepare quarterly and annual reports in form and substance satisfactory to Investor as set forth in the Partnership Agreement.
15. Additional Partnership Agreement Terms. The Partnership Agreement will provide for customary covenants, rights to approve major Partnership matters, representations and warranties, defaults, remedies, and indemnities to be more fully described in the Partnership Agreement. The Partnership will carry insurance acceptable to Investor.
16. Transfer of Investor Interest. Investor will have the right to transfer its interest in the Partnership, and to have the transferee admitted as a substitute limited partner: (i) to any affiliate of Investor, (ii) to any other person or entity provided that (A) Investor will remain liable to make all capital contributions outstanding at the time of the transfer or (B) the net worth of the proposed transferee will be acceptable to General Partner in its reasonable discretion, or (iii) to a partnership or limited liability company in which the Investor is the general partner or managing member.

North and Talman Phase III  
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17. Transfer of General Partner Interest. General Partner will not sell, transfer, assign, pledge or encumber any portion of its interest in the Partnership without the prior written consent of Investor.
18. Bank Accounts. At least one bank account of the Partnership must be maintained with Investor for the full duration of the Partnership.
19. Conditions to Closing. Investor's investment in the Partnership in accordance with this letter is subject to the satisfaction of the following conditions precedent on or before the Closing Date, which will occur on or before November 1, 2011.
  - A. Due Diligence. Investor's satisfactory due diligence review, in its sole and absolute discretion, of all matters pertaining to the Partnership, the General Partner, the Guarantor, the Developer and the Project including, without limitation:
    - (1) the construction budget, the scope of work, the construction schedule, all required permits, the construction contract, and all other construction and development matters;
    - (2) title, survey, zoning, engineering and environmental matters;
    - (3) any ground lease;
    - (4) market studies, appraisals, and all other matters regarding project feasibility;
    - (5) all aspects of the project's capital structure: the terms of all loans, grants, tax increment financing and equity contributions;
    - (6) debt service coverage, reserves, rental subsidies, income, expenses, and all other assumptions underlying the Projections;
    - (7) tax matters, including all aspects of all tax-exempt bonds;
    - (8) government benefits, government consents, government requirements and all other regulatory aspects of the Project;
    - (9) all formation documents and government filings of the Partnership, the General Partner and the Developer; and
    - (10) the financial condition of the General Partner and the Developer.
  - B. Negotiation of Satisfactory Documentation. The negotiation of a final Partnership Agreement and related documents (collectively the "Project Documents") that are satisfactory to Investor in its sole and absolute discretion. Investor's attorney will prepare and send to General Partner and its attorney the form of the Project Documents.

North and Talman Phase III  
May 20, 2011

- C. Opinions. Investor's receipt of corporate rendered by counsel to General Partner satisfactory to Investor, in form and substance acceptable to Investor. Investor's receipt of tax opinion rendered by counsel to Investor, at the expense of the General Partner, in form and substance acceptable to Investor.
  - D. Consents. Receipt of all necessary consents of governmental authorities and lenders.
  - E. Title Insurance. Receipt of a title insurance policy in an amount and in a form acceptable to Investor, provided the amount of such title insurance must be at least equal to the aggregate of the Total Capital Contribution plus all Permanent Loans.
  - F. Survey Certification & Additional Insured. Certify the Survey to, and add as an Additional Insured, "Bank of America, N.A. and its successors and assigns as lender to and limited partner in North and Talman III Limited Partnership, an Illinois limited partnership."
  - G. Miscellaneous. Receipt of other items or information reasonably required by Investor.
20. Transaction Expenses. The Investor will reimburse the Partnership for all of the Investor's transaction expenses including its legal, market analysis, and accounting fees. This reimbursement will be made in the form of a capital contribution from the Investor, which is separate from and in addition to the Capital Contribution in paragraph 6. If the Partnership fails to close, the entity signing this letter on behalf of the General Partner will be responsible for reimbursing the Investor for all the Investor's transaction expenses.
21. Termination. If the transaction contemplated by this letter fails to close by the Closing Date, as extended by the parties, this letter will be null and void and of no further force and effect, and, neither party will have any claim or demand whatsoever against the other party in connection with this letter, its execution or termination, except the Investor's transaction expenses identified above.
22. Purchase Option. For a period of one year following the end of the 15 year tax credit compliance period, General Partner will have an option to purchase the Property for an amount equal to the greater of (a) fair market value of the Property, or (b) outstanding debt plus taxes payable as a result of the sale.
23. Right of First Refusal. If the Partnership receives a bona fide third party offer to purchase the Property, then Hispanic Housing Development Corporation, will have a right of first refusal to purchase the Property for an amount equal to the greater of outstanding debt plus Investor's taxes payable as a result of the sale.
24. Tax Disclosure. Notwithstanding anything to the contrary contained in the Partnership Agreement or any other agreement between the parties hereto, or in any offering

North and Talman Phase III  
May 20, 2011

materials pertaining to the Project, Investor and each officer, employee, representative or agent of Investor may disclose to any and all persons, without limitation of any kind, (i) the tax treatment and tax structure of the Partnership and any of the Partnership's transactions or activities, and (ii) all materials of any kind (including opinions and tax analysis) that are provided to Investor regarding its investment in the Partnership and/or such transactions or activities of the Partnership. This authorization as to tax disclosure is effective retroactively to the commencement of any discussions between the parties hereto or any of their agents or representatives.

25. Material Adverse Change: Bank of America's obligations hereunder shall terminate if, prior to closing, Bank of America determines, in its sole judgment, that there shall exist any conditions regarding the Property, or the operations, business, assets, liabilities or condition (financial or otherwise, including credit rating) of Borrower, Guarantor, or any tenants or there shall have occurred a material adverse change in, or there shall exist any material adverse conditions in, the market for syndicated bank facilities or the financial, banking, credit or debt capital markets generally, that could be expected to cause the potential Investment to go into default or prevent any guarantor from performing its obligations under any guaranty or to materially and adversely affect the value or marketability of the Investment or the Property.
26. Expiration: This Letter of Intent will expire at 5:00 p.m. on that date which is twenty (20) business days from the date hereof unless you execute this LOI and return it to us prior to that time, which may be by facsimile transmission. This letter is not intended as a commitment or offer by Investor to invest in the Partnership or the Project, but is intended only to summarize for discussion purposes the equity investment it is considering at this time. Investor must obtain the approval of its Investment Committee with respect to any such investment. After receipt of your signature on this LOI and after you provide any additional information that may be required, we will proceed with the necessary due diligence to process your request for Investment Committee Approval; provided, however that in any event, if this investment is not closed by November 1, 2011 this LOI will expire.

North and Talman Phase III  
May 20, 2011

Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this letter and returning it to the undersigned. We look forward to working with you on this transaction.

Bank of America, N.A.

*Todd McCain*

By:  
Name: Todd McCain  
Title: Vice President  
Date: May 20, 2011

Agreed and Accepted:

North and Talman Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**PROJECT INFORMATION**

**Project Name:** North and Talman Phase III  
 North and Talman  
 III Limited  
 Partnership  
**GC#:** 0  
**Partnership Tax ID** 0  
**Developer** Hispanic Housing  
 Development Corp.  
**Developer Type** non-profit  
 North and Talman  
 Corporation  
**General Partner or Managing Member**  
 Pipeline Early  
 9%  
**4% or 9% Credit**  
 Construction Type  
 Property Address  
 2656 W. North Ave  
 Chicago  
 Cook  
 IL  
 60647  
 0  
 Chicago, IL  
 URBAN  
 Multi-family  
 Mid-rise  
 33  
 No  
 No  
 Hispanic Housing  
 Development Corp  
**Property Status**  
**4% or 9% Credit**  
**Construction Type**  
**Property Address**  
**Property City**  
**Property County**  
**Property State**  
**Property ZIP Code**  
**Census Tract Number**  
**Property Assessment Area**  
**Market Location Type**  
**Property Tenant Type**  
**Building Type and number of Buildings**  
**# of Units and # of Parking Spaces**  
**2530 Necessary?**  
**HAP Rental Subsidy? (Months until Expiration)**  
**Guarantor(s)**

**Model Prepared** 05/07/11  
**Forecast Start** September-11  
**Construction Start** September-11  
**Construction Completion** September-12  
**Lease Up Start** October-12  
**Placed in Service Date** 09/01/12  
**Lease Up Complete** 03/01/13  
**Conversion** 06/01/13  
**Months in 1st Year** 4  
**Start Date** 12/31/28  
**End of Compliance Period** 12/31/28

**TAX CREDIT AND TAX RATE ASSUMPTIONS**  
**4% Credit (see <http://www.irs.gov/efile>)** 3.33%  
**9% Credit (see <http://www.irs.gov/efile>)** 9.00%  
**QCT/ODA** 130%  
**Low Income Qualified Occupancy %** 67.86%  
**Federal Tax Rate - Investor** 37.00%  
**Interest Rate on Reserves** 1.00%  
**Federal Historic Credits?** No

**OPERATING ESCALATIONS**  
**Low Income Rent** 102.0%  
**HAP Contract Rent** 102.0%  
**Market Rate Rent** 102.0%  
**Commercial Income** 102.0%  
**Other Income** 102.0%  
**Operating Expenses** 103.0%  
**Replacement Reserve** 100.0%

**ADMINISTRATIVE INFORMATION**  
**Model Prepared by** TM  
**Equity Originator, TCM, Client Manager, DPO or** TM  
**AA Goal Outstanding as 3/14/2011** \$57,316,968

**NEAR NORTHWEST NEIGHBORHOOD NETWORK/  
HUMBOLDT PARK EMPOWERMENT PARTNERSHIP**

2412 West North Ave, Suite 200 - Chicago, Illinois 60647 • Tel: (773) 489-6393 • Fax: (773) 489-6360 • E-mail: info@nnnw.org

March 9, 2011

Mr. Andrew Mooney  
Interim Director  
Department of Housing and Economic Development  
City Hall - room 1000  
121 N. LaSalle  
Chicago, IL 60602

Re Hispanic Housing Development Corporation  
North and Talman Phase III

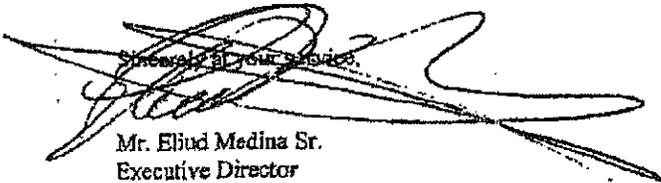
Dear Mr. Mooney:

On behalf of the Near Northwest Neighborhood Network and the Humboldt Park Empowerment Partnership, I am writing to express our support of the Hispanic Housing Development Corporation's proposal to complete their third phase of redeveloping the entire block of North Avenue from Talman to Washtenaw. This proposal will enhance the community by increasing the affordable housing stock and will continue to implement the City of Chicago's commitment to affordable housing. This additional 33 units will provide access to working families to housing affordability and will create stability in our neighborhoods.

Hispanic Housing Development Corporation has been a partner in the development of affordable housing and community stability for the past 35 years. Its commitment to improving the housing stock of developing neighborhoods is unquestionable. This has added to the quality of life for our residents that in turn has helped them stabilize their lives. Phases 1 and 2 of North and Talman were completed in 2008 and are an immediate asset to our community. Completing Phase 3 will eliminate a vacant building on a main street in our community and create infill housing on the side streets of Talman and Washtenaw. Once completed, this development will create a total of 110 apartments that will serve our community for generation to come.

We feel that this is an award winning project that speaks to the work the Near Northwest Neighborhood Network has been executing for the past 23 years and our commitment to stabilize the neighborhood for families to work and raise their children, in a safe environment. We hope you will support and approve their efforts and help complete this important project.

Thank you in advance for your assistance with this important housing development project and if you have any question, do not hesitate to call us at your convenience.

  
Mr. Eliud Medina Sr.  
Executive Director



## PROCO JOE MORENO

### CITY COUNCIL CITY OF CHICAGO

ALDERMAN, 1ST WARD  
2058 NORTH WESTERN AVENUE  
CHICAGO, ILLINOIS 60647  
TELEPHONE: 773-278-0101  
FAX: 773-278-2811

### COUNCIL CHAMBER

CITY HALL, ROOM 300  
121 NORTH LASALLE STREET  
CHICAGO, ILLINOIS 60602  
TELEPHONE: 312-744-3099  
FAX: 312-744-2870

### COMMITTEE MEMBERSHIPS

COMMITTEE, RULES AND ETHICS

ECONOMIC, CAPITAL TECHNOLOGY DEVELOPMENT

ENERGY, ENVIRONMENTAL PROTECTION  
& PUBLIC UTILITIES

HISTORICAL LANDMARK PRESERVATION

PARKS & RECREATION

SPECIAL EVENTS & CULTURAL AFFAIRS

May 31, 2011

Andrew Mooney  
Commissioner  
Department of Housing and Economic Development  
City of Chicago  
City Hall, Room 1000  
121 N. LaSalle Street  
Chicago, IL 60602

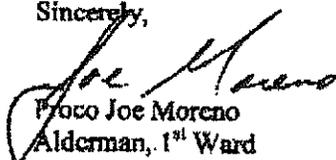
Dear Commissioner Mooney:

I am writing to express my support for the Hispanic Housing Development Corporation's application to develop into affordable housing the "L. Fish" building and adjacent property located at 2656-58 W. North Avenue.

By completing the third and final phase of this residential development project, Hispanic Housing will be rehabilitating a long-time vacant and blighted building into 27 affordable family housing units. Once the entire project has been completed, this development will have created a total of 110 affordable housing units that will serve our community for generations to come.

Therefore, I am pleased to support the completion of Phase 3 of the North and Talman residential development project. Thank you for your assistance in facilitating this important residential development. If you have any additional questions regarding my support of this project, please contact my Chief of Staff, Raymond Valadez, at (773) 278-0101.

Sincerely,

  
Proco Joe Moreno  
Alderman, 1<sup>st</sup> Ward

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

**RESOLUTION  
NO. \_\_\_\_ -CDC- \_\_\_\_**

**AUTHORIZATION TO ENTER INTO A NEGOTIATED SALE WITH HISPANIC  
HOUSING DEVELOPMENT CORPORATION FOR DISPOSITION OF THE  
PROPERTY LOCATED AT 2656 WEST NORTH AVENUE WITHIN THE HUMBOLDT  
PARK COMMERCIAL REDEVELOPMENT PROJECT AREA**

**AND  
AUTHORIZATION TO NEGOTIATE A REDEVELOPMENT AGREEMENT WITH  
HISPANIC HOUSING DEVELOPMENT CORPORATION**

**AND  
RECOMMENDATION TO THE CITY COUNCIL OF THE CITY OF CHICAGO  
FOR THE DESIGNATION OF HISPANIC HOUSING DEVELOPMENT  
CORPORATION 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 01-CDC-21 and pursuant to the Act, enacted three ordinances on June 27, 2001 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Humboldt Park 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**, the City owns the property located at 2656 West North Avenue having the Property Identification Number (PIN) 13-36-427-032-0000 (the "Property") and desires that it be redeveloped for affordable multifamily apartments; and

**WHEREAS**, staff of the Department of Housing and Economic Development of the City of Chicago (the "Department") have entered into discussions with Hispanic Housing Development Corporation (the "Developer") concerning the sale of the Property for the development of a 27 unit affordable multifamily apartment development; and

**WHEREAS**, the Developer has submitted a project budget and evidence of having the financial capacity to complete the project, and the staff of the Department have reviewed these and found them to be satisfactory; and

**WHEREAS**, the Developer has proposed to pay \$1.00 as consideration for the purchase of the Property, which is \$349,999 less than the appraised fair market value of \$350,000 and

**WHEREAS**, the Developer owns land located north of the Property at 1617-19 North Washtenaw Avenue having the Property Identification Numbers (PINs) 13-36-427-040 and 13-36-427-014, and at 1618-22 North Talman Avenue having the PINs 13-36-427-030 and -031, that the Developer intends to develop as affordable housing along with the Property; and

**WHEREAS**, staff of the Department have determined that the Developer's proposal conforms to the Plan; and

**WHEREAS**, pursuant to Section 5/11-74.4-4(c) of the Act, the City may not enter into any agreement relating to the development of City-owned property 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**, HED requests the authority of the Commission to make the required disclosure by publishing a public notice substantially in the form set forth as **Exhibit B** hereto (the "Notice") be published at least once for three consecutive weeks in at least one Chicago metropolitan newspaper, inviting alternative proposals from other developers who will have a period of not less than thirty (30) days after the first publication of the public notice in which to submit a responsive proposal; and

**WHEREAS**, HED requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that HED be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project, if no responsive alternative proposals are received by HED within thirty (30) days after publication of the first Notice or, if alternative proposals are received and HED in its sole discretion determines that the Developer's Project is the best proposal; now, therefore,

**IT IS HEREBY 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 HED to publish the Notice.
- Section 3. The Commission hereby recommends to City Council that the Developer be designated as the developer for the Project and that HED be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project, so long as no responsive alternative proposals are received by HED within the time recited above or, if alternative proposals are received and HED in its sole discretion determines that the Developer's Project is the best proposal.
- Section 4. HED is hereby authorized to advertise the City's intent to negotiate the sale and redevelopment of the Disposition Parcels and to request responsive alternative proposals.
- Section 5. Said proposals must be submitted in writing to Andrew J. Mooney, Commissioner, Department of Housing and Economic Development, Attn: Jim Cox, City Hall- Room 905, 121 North LaSalle Street, Chicago, Illinois 60602 within 30 days of the date of the first publication of the Notice and shall contain names of parties, offer prices for the Disposition Parcels, evidence of financial qualifications, and a timetable for redevelopment before said proposal will be considered.
- Section 6. In the event that no responsive proposals are received at the conclusion of the advertising period, or if alternative proposals are received and HED in its sole discretion determines that the Developer's Project is the best proposal, then the sale of the land described in Exhibit A shall be recommended to the City Council without further Commission action.
- Section 7. 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 8. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.
- Section 9. This resolution shall be effective as of the date of its adoption.
- Section 10. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: \_\_\_\_\_, 2011

Attachments: Exhibit A, PIN and Street Addresses of Disposition Parcel and TIF Area  
Street Boundary Description

Exhibit B, Form of Notice Requesting Alternative Proposals

**EXHIBIT A**

Street Addresses and P.I.N. of Disposition Parcels  
and  
Street Boundaries of the  
Humboldt Park Tax Increment Financing  
Redevelopment Project Area

<b>Address</b>	<b>P.I.N.</b>
2656 W. North Avenue	13-36-427-032

Tax Increment Financing Redevelopment Project Area

The Area generally includes both sides of West North Avenue between North Ridgeway and North Claremont; both sides of North Western Avenue between West North Avenue and West Haddon, extending west to North Oakley between West LeMoyne and West Hirsch and between West Potomac and West Haddon; ad both sides of West Division between North Oakley and North Mozart.

## **EXHIBIT B**

**PUBLIC NOTICE** is hereby given by the Community Development Commission 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.) (the "Act"), that the City's Department of Housing and Economic Development ("HED") intends to negotiate a redevelopment agreement with Hispanic Housing Development Corporation (the "Developer") pursuant to which the City intends to provide financial assistance to the Developer in the amount of \$\$2,208,505 or 16.2% of the total project budget from tax increment financing bond proceeds and/or incremental tax revenues pursuant to the Act for eligible costs associated with rehabilitation of North and Talman Phase III development project (the "Project") to be located at 2656 W. North Avenue, 1615-17 N. Wastenaw Avneu and 1618-1620 N. Talman \_ (the "Property"), located in the Humboldt Park TIF Redevelopment Project Area (the "Area"). The Project will consist of The project involves the partial renovation and adaptive reuse of a vacant four-story warehouse into a five-story 27-unit apartment building, and construction of three two-flats for a total of 33 units and off-street parking spaces on property located north of an adjacent public alley. The City also intends to negotiate a redevelopment agreement with the Developer for the sale of one individual tax parcel, described in Schedule 1 attached hereto (the "Disposition Parcels"), for \$1.00. The Property and Disposition Parcels are located within the Area established pursuant to the Act, and the Project is in compliance with the Humboldt Park TIF Redevelopment Plan. The Area is generally bounded as follows:

The Area generally includes both sides of West North Avenue between North Ridgeway and North Claremont; both sides of North Western Avenue between West North Avenue and West Haddon, extending west to North Oakley between West LeMoyne and West Hirsch and between West Potomac and West Haddon; ad both sides of West Division between North Oakley and North Mozart.

### **THE CITY HEREBY INVITES ALTERNATIVE PROPOSALS FOR THE REDEVELOPMENT OF THE DISPOSITION PARCELS FOR CONSIDERATION BY THE CITY.**

The documents listed below related to the Area, the Project and the Disposition Parcels are available for public inspection on or before August 10, 2011 at the offices of HED, Room 905, 121 N. LaSalle, Chicago, Illinois between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

- (i) "Humboldt Park Tax Increment Financing Redevelopment Project and Plan," which constitutes the City's redevelopment plan for the Area;
  
- (ii) a terms sheet showing all proposed material terms of the redevelopment agreements 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 Developer 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 agreements.

Please contact Jim Cox at HED at (312) 744-0097 to review these materials and for information regarding the form required, if any, for proposals submitted to the City. Proposals shall include the general plan for the redevelopment of a Disposition Parcel, the names of the party or parties making the proposal, the price offered, evidence of financial qualifications and capacity to complete said redevelopment, and the timetable for implementation. The City reserves the right to reject any and all proposals. Proposals will be received by the City at HED's offices, Room 1000, City Hall, 121 N. LaSalle, Chicago, Illinois 60602, until September 9, 2011 at 2:00 p.m., at which time all alternative proposals will be opened and reviewed.

**Laura Hassan, Vice Chairman**  
**COMMUNITY DEVELOPMENT COMMISSION**

Attach Schedule 1 - Disposition Parcels

**SCHEDULE 1**

The Disposition Parcel

<b>Address</b>	<b>P.I.N.</b>
2656 W. North Avenue	13-36-427-032

## Public Notice

Public notice is hereby given that the City of Chicago, through its agents the Community Development Commission and the Department of Housing and Economic Development, intends to enter into a negotiated sale with Hispanic Housing Development Corporation (the "Developer") for disposition of the property located at 2656 West North Avenue having the Property Identification Number (PIN) 13-36-427-032-0000 (the "Property"). The Developer proposes to purchase the Property, which has an appraised value of \$350,000, for \$1.00 in order to develop an affordable multifamily apartment building. The Developer also owns land located north of the Property at 1617-19 North Washtenaw Avenue having the PINs 13-36-427-040 and 13-36-427-014, and at 1618-22 North Talman Avenue having the PINs 13-36-427-030 and -031, that the Developer intends to develop as affordable housing along with the Property. The Department of Housing and Economic Development invites alternative proposals for consideration by the Community Development Commission.

The document entitled "Humboldt Park Commercial Project Area Redevelopment Plan" constitutes the redevelopment plan for the subject area and is available for review at the Department of Housing and Economic Development, City Hall, Room 905, 121 North LaSalle Street, Chicago, Illinois 60602, on business days between the hours of 9:00 a.m. and 4:00 p.m. Please contact James Cox at (312) 744-0097 to arrange an appointment to review the redevelopment plan.

The City of Chicago reserves the right to reject all proposals and to waive any informalities in the submission. All proposals must be submitted in the form approved by the City of Chicago and must be complete with respect to the information contained herein. Proposals shall include the general plan for the redevelopment of the Property, the names of the party or parties making the proposal, the price offered, evidence of financial qualifications and capacity to complete the redevelopment, and the timetable for implementation. Proposals in writing will be accepted until September 9, 2011 at 2:00 p.m. local time by the Department of Housing and Economic Development, ATTN: Mary Bonome, Deputy Commissioner, 121 N. LaSalle Street, City Hall-Room 1003, Chicago, Illinois 60602. It is the responsibility of the offeror to insure that his or her proposal is received by the Department of Housing and Economic Development on or before the designated time.

**Laura Hassan, Vice Chairman**  
**Community Development Commission**

**LEGAL DESCRIPTION OF FOR SALE ACQUISITION PARCEL**

**(Subject to Title-Commitment and Survey)**

LOTS 27 AND 28, (EXCEPT THE NORTH 8 FEET TAKEN FOR ALLEY) IN CHARLES PROEBSTING'S SUBDIVISION OF LOTS 4, 5, 6 AND THE SOUTH 60 FEET OF LOT 7 IN BLOCK 8 IN JAHN BORDEN'S SUBDIVISION OF THE WEST ½ OF THE SOUTHEAST ¼ OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK, ILLINOIS.

Common address: 2656 W. North Avenue, Chicago, Illinois

PIN: 13-36-427-032-0000