

**CITY OF CHICAGO
COMMUNITY DEVELOPMENT COMMISSION
May 13, 2003**

SUMMARY SHEET

Action Requested: 1) Grant authority to negotiate a Redevelopment Agreement with Gunnison Street Lofts, LLC (the "Developer") for the use of incremental tax revenues and/or tax increment revenue bond proceeds for the redevelopment of 4840 N. Broadway Avenue (the "Property"), located within the Lawrence/Broadway Redevelopment Project Area (the "Area") and;

2) Recommend to the City Council of the City of Chicago the designation of Gunnison Street Lofts, LLC as the developer of the Project located within the boundaries of the Area.

Project : Gunnison Street Lofts, LLC will redevelop a currently vacant three story masonry and terra cotta structure (formerly a Heilig Meyers furniture store). The first floor, which includes a mezzanine, will be almost entirely commercial (approximately 12,500 sf). The second floor will have nine (9) condominiums, a combination of one, two, and three bedroom units ranging from 710 to 1,600 sf. The third and fourth floors will have thirteen (13) duplex condominium units, all with two or three bedrooms ranging from 1,100 to 1,800 sf. Five of the residential units will be reserved for households earning between 80% and 100% of the AMI. The basement will be converted into 23 parking spaces and storage units for the residential and commercial users.

Type of Development: Mixed Use — Commercial/Residential

Location: The property is located at 4840 North Broadway. It is located in the Lawrence/Broadway Redevelopment Project Area as well as the Uptown Square Historical District.

Developer: Gunnison Street Lofts, LLC (GSL)

Direct Project Assistance: The City, through the Department of Planning and Development (DPD), is planning to provide to the Developer for the TIF-eligible costs equal to the lessor of \$1,100,000 or 15% of the total actual project costs, currently estimated at \$7,720,612.

Alderman/Ward: Alderman Mary Ann Smith, 48th Ward

Public Benefits:

- Affordable Housing
- Revitalization of the Uptown Square Historic District
- Transit Oriented Development
- Increased EAV
- Jobs
- MBE / WBE

MBE/WBE:

The Developer will comply with all requirements regarding the use of minority and women-owned business contractors for the construction/build-out of the Project.

Issues:

- This project requires a zoning variance to allow for the erection of the 4th story, and no rear yard for the 22 residential units. This variance was received on January 19, 2001. An extension was also granted.
- This property is in the Uptown Square Historic District. A Part II application was submitted in 2002, and was approved by the State of Illinois. However, although it was approved by the State, it was not approved by the National Park District. Therefore, the rehab will not be a certified historic rehabilitation, and the scope of the rehabilitation has been slightly modified since the economic benefit of the historic tax credits will not be realized. However, the developer has been working with the Department of Planning and Development's Landmark Division to retain as much of the historic character of the building as feasible.

STAFF REPORT

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

The resolution before the Commission requests the following actions:

- 1) Grant authority to negotiate a Redevelopment Agreement with Gunnison Street Lofts, LLC (the "Developer") for the use of incremental tax revenues and/or tax increment revenue bond proceeds for the redevelopment of 4840 N. Broadway Avenue (the "Property"), located within the Lawrence/Broadway Redevelopment Project Area (the "Area") and;
- 2) Recommend to the City Council of the City of Chicago the designation of Gunnison Street Lofts, LLC as the developer of the Project located within the boundaries of the Area.

PURPOSE OF THE RESOLUTION:

The purpose of this resolution is to provide Tax Increment Financing in order to foster economic development of a vacant building to revitalize the Area.

BACKGROUND:

Uptown emerged as an entertainment, shopping and recreation destination in the first decades of the 20th century. In 1906, the Uptown Store, a commercial center from which the community eventually took its name, opened at 4720-46 North Broadway. Over the next decade, a shopping district, second only to Chicago's Loop developed around the Lawrence-Broadway-Wilson area. By the early 1920s the Uptown area was crowded with restaurants, theaters, nightclubs and dance halls.

In the 1930s Uptown's commercial district started to show signs of decline as young singles and married people moved away from the community and into the suburbs, replaced by lower income, new migrants who could afford the older, downsized apartment units. These factors coupled with the struggling economic conditions left from the Depression era, contributed to the overall decline of the area.

Today, Uptown is one of the most racially and ethnically diverse communities in Chicago with a concentration of unique architectural and cultural assets.

This building is located in the Uptown Square Historic District which was officially listed on the National Register of Historic Places in January of 2001. This district includes a range of significant architecture reflecting a period of significance from 1900 to 1950. This structure, built in 1926, is a "contributing" building in the district, which means the building was constructed during the period of significance and possesses historic integrity through its location, design, setting, materials, workmanship and feeling which reflect the character at that time.

Most recently this building served as a Heilig Meyers Furniture store. Finnegan Development Corporation purchased the building in 2000. This proposed development will restore this building and enhance the vitality of the historic district.

PROJECT SUMMARY:

Development Team:

Developer: Gunnison Street Lofts, LLC (GSL)

GSL is 100% owned by Jim Finnegan, the founder of Finnegan Development Corporation. Finnegan Development Corporation was founded in April of 1998 and to date has completed five significant developments in the Northern Chicago Lakefront area. These developments were all luxury condominium conversions of vintage rental buildings, from 6 to 13 units.

Architect: Atul Karkhanis Architects, Ltd.

General Contractor: Technology Enabled Construction (TEC)

Project Scope:

The building is a three story masonry and terra cotta structure plus full basement and was built in 1926. The building was built in the art deco style. It has floor-to-ceiling windows. The first story windows are 20' tall, the second story windows are 16' tall (although currently the windows on the second floor are blocked in), the third floor windows are approximately 12' to 13'. Ornate terra cotta detailing can be found on both the Broadway and Gunnison facades. The building structure spans to the site lines, so no additional landscaping can be provided. The building was last occupied in August of 1999 by Heilig-Meyers, a furniture store. The building is currently vacant and is completely gutted.

The basement level (12,900 sf) will be converted into deeded parking (23 spaces) and storage units for the residential and commercial tenants. Parking will be accessible off of Gunnison Street to an alley in the rear of the building. The first floor, which includes a mezzanine, will be almost entirely commercial (approximately 12,500 sf). The commercial space is anticipated to be sold to a single owner for approximately \$1,050,000 or \$84 per square foot. The developer is currently negotiating with a health club business to occupy this commercial space.

The second floor will have nine (9) condominiums, a combination of one, two, and three bedroom units ranging from 710 to 1,600 sf. Five of these units will be reserved for households earning between 80 and 100 percent of AMI (see Deal Structure section for unit mix and affordability).

To accommodate the construction of duplex units on the third floor, a fourth floor will be erected. The third and fourth floors will have thirteen (13) duplex condominium units, all with two or three bedrooms ranging from 1,100 to 1,800 sf.

Units will offer the following standard features:

Market Rate

Fireplace
Hardwood floors
Stainless Steel Appliances
Maple or Cherry Cabinets
Washers and Dryers

Affordable

Berber Carpeting
White or Black Appliances
Oak or European White Cabinets
W/D hook-up only

All market rate features are available as upgrades to affordable units. Also all units will offer individual furnaces, central A/C, wiring for high-speed internet, four phone lines, remote speakers, intercom systems with camera and TV access, soaking tubs, and large private decks (in most units).

DEAL STRUCTURE:

Project Cost and Financing (see attached Budget)

The City, through the Department of Planning and Development (DPD), is planning to reimburse the Developer for the TIF-eligible costs equal to the lessor of \$1,100,000 or 15% of the total actual project costs, currently estimated at \$7,720,612. The developer will receive a developer note with an interest rate to be determined. This developer will receive no more than 90% of the increment generated by the project.

Prices

Affordable For Sale Units:

BRs	AMI%	Price	SF
1	100%	\$165,000	710
2	80%	\$157,000	765
2	90%	\$175,000	1,027
2	100%	\$193,000	1,220
2	100%	\$195,000	1,232

Market Rate For Sale Units - all market rate units will sell for \$235 to \$245 psf. Prices will be between \$255,000 and \$450,000.

Disbursement is subject to the developer's meeting all applicable conditions and requirements of the redevelopment agreement including, but not limited to, MBE/WBE, prevailing wage, and City residency.

City assistance will be used to subsidize the construction of the five affordable residential units and the costs of renovating the historically significant structure. Total sales related to the project (housing units, commercial space, parking spaces, etc.) are estimated to total approximately \$7,573,336 (less associated costs). Without TIF assistance the developer would not realize a return on their investment. With TIF the return is less than 10%. If the market rate units sell for significantly more than projected, the TIF amount will be reduced.

Sources and Uses

Uses of Funds:

Acquisition Costs*	\$2,282,000
Construction Costs	4,593,750
Financing Costs	438,362
Professional Fees	
Arch. & Engin.	169,000
Other	<u>237,500</u>

Sources of Funds:

Construction Sources of Funds:

Revolving Loan Proceeds**	\$6,520,612
Owner Equity	<u>1,200,000</u>

Total	\$7,720,612	Total	\$7,720,612
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Permanent Sources of Funds:

	Gross Sales	Associated Costs	Net Sales Proceeds
Affordable Sales	\$ 885,000	\$(53,100)	\$ 831,900
Market Rate Sales	5,671,255	(425,344)	5,245,911
Upgrades	90,000	(60,750)	29,250
Parking Spaces	517,500	(36,225)	481,275
Commercial Spaces	<u>1,050,000</u>	<u>(65,000)</u>	<u>985,000</u>
Total	\$8,213,755	\$(640,419)	\$7,573,336
Less Loan Repayment			(6,520,612)
Less Equity Investment			(1,200,000)
Initial Profit			(147,277)
Add Present Value of TIF			1,100,000
Estimated Profit to Developer***:			\$ 952,723
Estimated IRR			9.67%

*Includes carrying costs.

**The lender is Uptown National Bank.

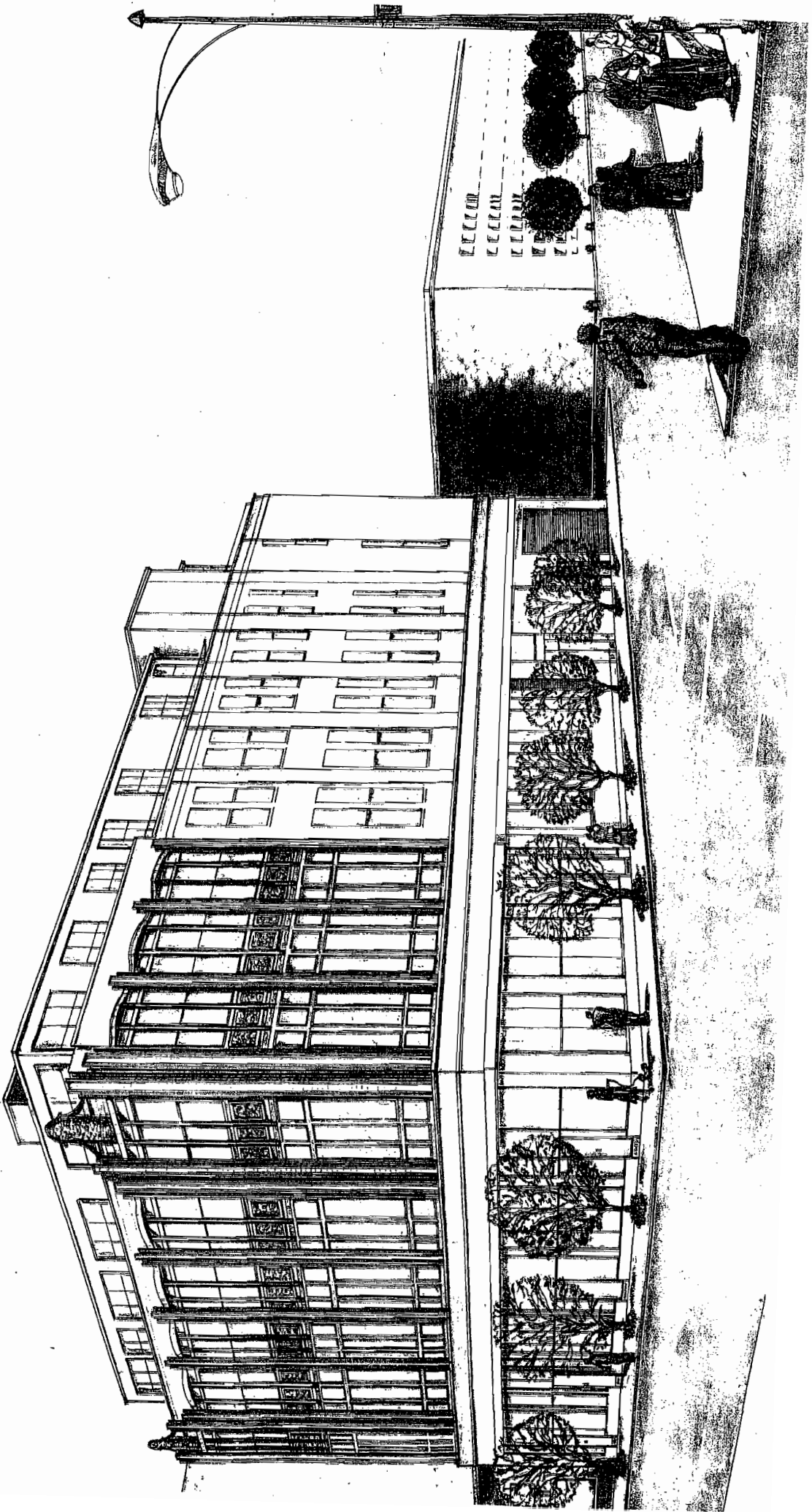
***There is no developer fee.

CONFORMANCE WITH THE REDEVELOPMENT PLAN:

The Project conforms to the plan and goals of the Lawrence/Broadway TIF. It contributes to the goals of the plan by providing sound economic development in the project area, eliminating conditions which qualify as blighted in the Redevelopment Project Area and strengthening the economic well being of the project area as well as the City by increasing business activity and taxable values.

COMMUNITY OUTREACH:

Alderman Mary Ann Smith, 48th Ward supports this Project.





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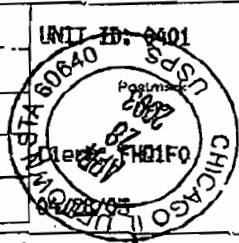
**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

CHICAGO, IL 60620

Postage	\$ 0.60	UNIT ID: 0401
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.90	

Sent To: **Black Contractors United**
 Street, Apt. No., or PO Box No.: **400 W. 76th St.**
 City, State, ZIP+4: **Chicago, IL 60620**

PS Form 3800, January 2001 See Reverse for Instructions



7002 0510 0001 4900 4159

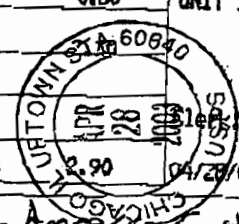
**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

CHICAGO, IL 60607

Postage	\$ 0.60	UNIT ID: 0401
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.90	

Sent To: **Hispanic American Construction Assn**
 Street, Apt. No., or PO Box No.: **1901 W. Jackson (1705)**
 City, State, ZIP+4: **Chicago IL 60607**

PS Form 3800, January 2001 See Reverse for Instructions



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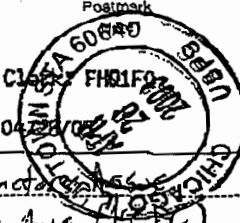
**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

CHICAGO, IL 60653

Postage	\$ 0.60	UNIT ID: 0401
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.90	

Sent To: **African American Contractors Assn**
 Street, Apt. No., or PO Box No.: **3706 S. Indiana Ave. (1705)**
 City, State, ZIP+4: **Chicago, IL 60653**

PS Form 3800, January 2001 See Reverse for Instructions



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**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

CHICAGO, IL 60603

Postage	\$ 0.60	UNIT ID: 0401
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.90	

Sent To: **Morican American Chamber of Comm**
 Street, Apt. No., or PO Box No.: **127 S. Michigan Ave. (1705)**
 City, State, ZIP+4: **Chicago, IL 60603**

PS Form 3800, January 2001 See Reverse for Instructions



T (773) 728.0153
 F (773) 728.0190
 1401 W Balmoral,
 Chicago, IL 60640
 finnmann@yahoo.com
 www.finnegan-dev.com

7002 0510 0001 4900 4210

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

CHICAGO, IL 60649

Postage	\$ 0.60	UNIT ID: 0401
Certified Fee	2.30	Postmark Here
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.90	

Sent To
IL Assoc of Minority Contractors
Street, Apt. No., or PO Box No. 1643 E 71st St
City, State, ZIP+4 Chicago, IL 60649

PS Form 3800, January 2001 See Reverse for Instructions

7002 0510 0001 4900 4166

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

CHICAGO, IL 60607

Postage	\$ 0.60	UNIT ID: 0401
Certified Fee	2.30	Postmark Here
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.90	

Sent To
Association of Asian Contractors
Street, Apt. No., or PO Box No. 333 N. Ogden Ave.
City, State, ZIP+4 Chicago, IL 60607

PS Form 3800, January 2001 See Reverse for Instructions

7002 0510 0001 4900 4173

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

CHICAGO, IL 60606

Postage	\$ 0.60	UNIT ID: 0401
Certified Fee	2.30	Postmark Here
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.90	

Sent To
Federation of Women Contractors
Street, Apt. No., or PO Box No. 330 S. Wells (#110)
City, State, ZIP+4 Chicago, IL 60606

PS Form 3800, January 2001 See Reverse for Instructions

7002 0510 0001 4900 4197

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

CHICAGO, IL 60603

Postage	\$ 0.60	UNIT ID: 0401
Certified Fee	2.30	Postmark Here
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.90	

Sent To
Women Busn. Development Int.
Street, Apt. No., or PO Box No. 8 S. Michigan Ave. (#400)
City, State, ZIP+4 Chicago, IL 60603

PS Form 3800, January 2001 See Reverse for Instructions

TERM SHEET

Gunnison Street Lofts, LLC proposes to redevelop a currently vacant three story masonry and terra cotta structure (formerly a furniture store). The first floor, which includes a mezzanine, will be almost entirely commercial (approximately 12,500 sf). The second floor will have nine (9) condominiums, a combination of one, two, and three bedroom units ranging from 710 to 1,600 sf. The third and fourth floors will have thirteen (13) duplex condominium units, all with two or three bedrooms ranging from 1,100 to 1,800 sf. Five of the residential units (23%) will be reserved for households earning between 80% and 100% of the AMI.

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Total **\$7,720,612**

Project Financing

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MARY ANN SMITH

ALDERMAN, 48TH WARD
5533 NORTH BROADWAY
CHICAGO, ILLINOIS 60640
TELEPHONE: 773-784-5277
FAX: 773-784-6033

**CITY COUNCIL
CITY OF CHICAGO
COUNCIL CHAMBER**

THIRD FLOOR, CITY HALL
ROOM 300
TELEPHONE: 312-744-6860
FAX: 312-744-0804
ward48@ci.chi.il.us

COMMITTEE MEMBERSHIPS

-
- PARKS AND RECREATION
(CHAIR)
-
- BUDGET AND GOVERNMENT OPERATIONS
-
- BUILDINGS
-
- COMMITTEES, RULES AND ETHICS
-
- FINANCE
-
- HISTORICAL LANDMARK PRESERVATION
-
- LICENSE AND CONSUMER PROTECTION
-
- TRAFFIC CONTROL AND SAFETY
-
- NORTHEASTERN ILLINOIS PLANNING COMMISSION
(COMMISSIONER)

May 7, 2003

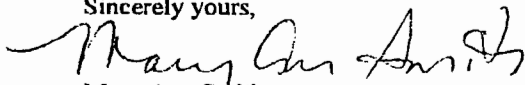
Commissioner Alicia Mazur-Berg
Department of Planning and Development
City Hall Room 1000
121 N. LaSalle Street
Chicago IL 60602

Dear Commissioner Berg,

I am writing in support of the proposed designation of Jim Finnegan and Finnegan Development Co. as developers of the 4840 N. Broadway building. The developer has met extensively with the surrounding community, block clubs, business and development organizations. He has met with my office about details of design and has agreed to give the community approval over commercial tenancy.

His proposal has been approved by the 48th Ward Zoning and Planning Committee, and I urge the CDC to approve this designation.

Sincerely yours,


Mary Ann Smith
Alderman, Ward 48

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

RESOLUTION NO. 03 - CDC -

**AUTHORITY TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH
GUNNISON STREET LOFTS, L.L.C.
WITHIN THE
LAWRENCE/BROADWAY
T.I.F. REDEVELOPMENT PROJECT AREA,**

AND

**TO RECOMMEND TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
THE DESIGNATION OF
GUNNISON STREET LOFTS, L.L.C.
AS THE 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-28 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 Lawrence/Broadway 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, Gunnison Street Lofts, LLC (the "LLC"), has presented to the City's Department of Planning and Development ("DPD") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the renovation of a building located at 4840 North Broadway Avenue into 22 loft condominiums and a commercial space (the

“Project”); and

WHEREAS, the City desires to provide tax increment financing assistance to, and negotiate a redevelopment agreement with the LLC, as developer, in connection with the Project; and

WHEREAS, DPD requests that the Commission recommend to City Council that the LLC be designated as the developer for the Project, that DPD be authorized to negotiate, execute and deliver a redevelopment agreement with the LLC for the Project, and that tax increment financing assistance be provided to the LLC 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 LLC be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver on the City’s behalf a redevelopment agreement with the LLC for the Project providing for tax increment financing assistance.
- 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: _____, 2003

Attachment: Exhibit A, Street Boundary Description

EXHIBIT A

Street Boundaries of the Area

The Lawrence/Broadway Redevelopment Project Area generally includes the Broadway frontage bounded by Berwyn Avenue on the north and Leland Avenue on the south; and also includes the area bounded by Ainslie Street on the north, Lakeside Place on the south, and the east frontage of Sheridan Road on the east.