City of Chicago
Department of Planning and Development

STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
June 14, 2016

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	East Park SRO
Applicant Name:	The Habitat Company, LLC and its related entity
Project Address:	3300 W. Maypole
Ward and Alderman:	28th, Jason Ervin
Community Area:	East Garfield Park
Redevelopment Project Area:	Midwest TIF District
Requested Action:	TIF Developer Designation
Proposed Project:	The project includes the rehabilitation of a 153 Unit affordable Single Room Occupancy building. The project will provide 153 residential units of which 152 units or 99 percent will be affordable for households earning no more than 60 percent of the area median income. The one remaining unit is a residential manager's unit.
Goal of Project:	To Provide safe decent affordable housing to low income individuals at risk of homelessness and whose incomes are at 60% or below of AMI
TIF Assistance:	$5,212,175

II. PROPERTY DESCRIPTION

Address:	3300 W. Maypole
Location:	The building is located on the north side of the street between Kedzie and Homan Avenue
Tax Parcel Numbers:	16-11-412-042, 043, 044, 045, 046, and 047
Land Area:	.92 Acres or 40,375 sf
Current Use:	Existing affordable residential SRO building

Current Zoning:	RM5, Residential Multi-Unit District.
Proposed Zoning:	NA
Environmental Condition:	A Phase I report has been submitted and is under review by 2FM.

III. BACKGROUND

East Park SRO is a 153-unit single room occupancy (SRO) apartment building (152 studio units and 1 residential management unit) on Chicago's West Side. The building was developed by East Park LLC ("Developer and Owner"), an affiliate of The Habitat Company, in 1995 and provides very low income residents clean, contemporary and comfortable studio apartment units.

The subject property is located at 3300 W. Maypole Avenue, in Chicago's East Garfield Park community area, 4.0 miles west of downtown Chicago.

According to the March 17, 2015 Market Study, the neighborhood surrounding East Park is primarily residential, with a mix of multifamily and buildings with one to four units. The larger multifamily buildings are mostly affordable rental housing. The single-family homes and the two- and three-flats in the area are typically older brick or stone buildings. There are only a small number of boarded-up homes, but there are many vacant lots scattered throughout the neighborhood. Commercial and industrial land uses can be found along Lake Street, and there are small pockets of shopping along Homan and Kedzie Avenues. A newer and more attractive shopping center, with a variety of stores and services, can be found at Chicago Avenue and Kedzie, one mile north of East Park. The development is also one block east of the historic 185-acre Garfield Park, which is home to the well-known Garfield Park Conservatory.

The Garfield Community Services Center, operated by the City of Chicago, is located at Kedzie and Madison, 0.25 mile south of East Park Apartments. The site and parking is accessible by way of Maypole Avenue, a residential side street. Maypole Avenue is one block south of Lake Street, a major east/west arterial, and connects with both Kedzie and Homan Avenues, two major north/south thoroughfares. Overall, the subject property is highly accessible by car and public transportation and just one block from major thoroughfares with bus routes, and two blocks from the CTA Green Line.

East Park Apartments is conveniently located with respect to shopping and services. For convenience items and basic groceries, there are two smaller grocery stores within a quarter-mile. An Aldi grocery store is located at 3835 W. Madison Street, 0.8 mile west. The closest pharmacy is a CVS store located at 3146 W. Madison, just 0.25 mile south, and a BMO Harris bank can be found at 3900 W. Madison, 0.8 mile west. There is also a Family Dollar store 0.7 mile south, at 413 S. Kedzie Avenue.

A shopping center with over a dozen stores and restaurants is located 0.9 mile north of the subject property, at Chicago Avenue and Kedzie Avenue. The center includes a Market Fresh Foods grocery store, Aldi, two clothing stores, a Chase bank and other shopping and service options. There are a number of retailers and restaurants located along Madison Street, particularly on the stretch between Hamlin and Pulaski. The closest big-box retailer is Wal-Mart Supercenter, 2.6 miles to the northwest, at 4650 W. North Avenue. There are numerous health clinics and affordable healthcare centers within one mile of the site. The Bobbi Wright Center (Dr. Haidari Shikari) is located 0.25 mile south, at Madison and Kedzie. In addition, Breakthrough Clinic, operated by the Lawndale Christian Health Center, is 0.3 mile north, at 3219 W. Carroll Avenue. For dental care, the All Care Family Dental Centre is 0.3 mile south.

The closest hospital is RML Specialty Hospital, at 3435 W. Van Buren St., 0.7 mile south of the site. There is also a Sinai Group Clinic at 1108 S. Kedzie Ave, 1.2 mile south. The Illinois Medical District, a cluster of major hospitals that includes Rush University Medical Center (600 S. Paulina), Jesse Brown VA Medical Center (820 S. Damen), and University of Illinois at Chicago Medical Center (1801 W. Taylor) is approximately 2.4 miles southeast of the development site. Overall, the site subject property provides excellent access to medical care.

In addition to evaluating the subject property's location and proximity to area services, the study also examined demographic trends in the Primary Market Area (PMA) and the city of Chicago.

The study has defined the PMA for East Park Apartments as the area bounded by Chicago Avenue on the north, Cicero Avenue on the west, Roosevelt Road on the south and the railroad tracks that run parallel to and west of Maplewood Avenue on the east. The northeast corner of the PMA is bounded by Grand Avenue from its intersection with Chicago Avenue east to the point where it would intersect the railroad tracks if they proceeded straight north. The PMA includes both the East and West Garfield Park community areas in their entirety, as well as portions of the community areas of Austin, Humboldt Park and North Lawndale.

Householders in the PMA are generally older than in the city of Chicago as a whole. In 2015, 3.2% of PMA households are under age 25, and 55.0% are between 25 and 54 years of age. By comparison, in the city, 3.9% are under age 25 and 60.7% are age 25 to 54. Some 41.8% of PMA householders are over the age of 55, compared to only 35.4% in Chicago as a whole. During the next five years, households in both the PMA and Chicago are projected to trend older, with the proportion of householders age 55 or older projected to rise to 43.5% in the PMA and 37.7% in the city.

The median household income of the PMA is significantly lower than that of the city of Chicago, and incomes have not risen overall during the past 15 years. The 2015 median of $23,352 in the PMA is approximately half the Chicago median of $46,787. From 2000 to 2015, the PMA median increased by less than 1%, while the citywide median grew 19.4%. However, during the next five years, income growth in the PMA is expected to keep pace with the city. By 2020, the PMA median income is projected to grow 5.5%, while the citywide median grows 5.7%.

The analysis assumes that all demand will come from the PMA; however, the development is expected to draw from a wider geographic area. Due to the subsidies and the target population of those at risk of homelessness and very low-income individuals, the proposed development will continue to draw referrals from the CHA waiting list.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity and Property Manager:
The Habitat Company LLC

The Habitat Company's Community Development Group transforms neighborhoods and creates high-quality living environments for families of various income levels. Their focus is on creating public/private partnerships to create sustainable communities. The team has extensive experience in the design, financing, implementation and management of affordable development programs.

Habitat has been active in the development and management of affordable housing since its founding over 40 years ago. Using low-income housing tax credits and other local, state and federal funding sources, it has demonstrated a long history of proven affordable housing experience and success.

For more than 20 years, from 1987 to 2013, Habitat served as the court-appointed receiver for the Chicago Housing Authority (CHA), by agreement with CHA and the Federal Court. During that period Habitat implemented CHA's Scattered Site Program. In the late-1990's, Habitat's role transitioned to one that focused on the redevelopment of the Plan for Transformation sites. Its primary role was to create an operational program for the procurement, design and mixed-income communities at CHA properties like Cabrini Green, Stateway Gardens, ABLA Homes and others.

This strategic partnership involved many institutions across the city, including philanthropies such as the John D. and Catherine T. MacArthur Foundation, working closely together throughout the design and implementation of the historic Plan for Transformation.

- Through their Scattered Sites program from 1987 to 2000, they have developed nearly 2,100 family housing units that were scattered in 43 of the 50 Chicago wards.
- Worked with the CHA on the redevelopment and revitalization of more than 8,200 new mixed-income housing units and 62 real estate transactions, totaling nearly $2 billion.
- Managed the investment of nearly $700 million in HOPE VI grants and other public housing funds.

Habitat continues its development work and its affordable housing development mission, and current projects include:

Heritage House Apartments
Melrose Park, IL
Partnered with The Resurrection Project
4% LIHTC Bond Deal, with HOME, and IAHTC
$15 million, Acquisition Rehab
142 Units
Closed July 2015

New Pines of Edgewater
Edgewater Community
4% LIHTC Bond Deal with IAHTC
$20 million, Acquisition Rehab
104 Units
Anticipated closing June 2017

Renaissance West
2517 W Fullerton
Acquisition, Future LIHTC Rehab
100 Units
Anticipated Acquisition Closing Fall 2016

Lyndale Place
2575 W. Lyndale Avenue
Acquisition, Future LIHTC Rehab
67 Units
Anticipated Acquisition Closing Fall 2016

Consultant and Other Development Team members include:
Architect:
Landon Bone Baker
Landon Bone Baker Architects is a full-service architectural Chicago-based firm with a strong reputation for bringing responsible design to affordable housing and neighborhood planning. Landon Bone Baker Architects uses a community-based approach, working closely with neighborhood organizations, not-for-profit associations, and developers of affordable housing to create the best possible solutions for residents. The firm's growing portfolio of projects ranges from large to small scale urban developments; from single-room-occupancy buildings to affordable apartment rehabilitations; from daycare centers to college dormitories.

General Contractor:
Ujamaa Construction Inc. and GMA Construction (JV)

Ujamaa is a Construction Manager and General Contracting firm which provides all of the necessary staff and support services for day-to-day project activities, as well as overall program coordination with the Owner, Architect, Engineer and subcontractors. Scope of services includes pre-construction, design/build and design/assist services, construction management and general construction. In addition to the healthcare, educational and retail markets, Ujamaa has also successfully completed work in the religious, multi-family housing, commercial and industrial arenas. They recently completed construction on at least two LIHTC projects in the Chicago area, including the Kennedy Jordan Manor Senior Building.

GMA is a fully integrated General Contracting, Construction Management and Architecture firm that is licensed, bonded, and insured in the State of Illinois.

Developer's Counsel:
David P. Cohen of Katten Muchin Rosenman
David P. Cohen focuses his practice on real estate acquisitions, dispositions, finance and development. David represents lenders, investors, developers, owners and other sponsors in all facets of real estate transactions, with particular experience in debt and equity financings, private equity joint ventures, public-private partnerships, tax-exempt bond financings, health care real estate transactions, and land development transactions including ground leases and mixed-use developments. David has a substantial background in affordable housing and community development programs, with extensive experience in tax-exempt bond financings; tax credit syndications, including Low Income Housing Tax Credits (LIHTCs), New Markets Tax Credits and Historic Rehabilitation Tax Credits; tax increment financings (TIFs); multifamily housing revenue bonds; and Federal Housing Authority (FHA), Fannie Mae and Freddie Mac mortgage loan transactions. David also has counseled cities and other governmental agencies in connection with their housing and community development programs.

V. PROPOSED PROJECT

Project Overview:
East Park Apartments is an existing five-story Single Room Occupancy (SRO) building that provides permanent supportive housing to homeless persons and very low-income persons at risk of homelessness. The development consists of 152 SRO units and one one-bedroom manager's unit that is excluded from this analysis. All 152 units have rent assistance, and supportive

services for residents are provided on site. East Park Apartments has a 24-hour security desk, elevators, laundry facilities, on-site management, computer room, a community room and a resident lounge. A new fitness center will be added as well. Additionally, the building has an on-site social service classroom for a range of supportive services. There will be a full-time service coordinator staffed by a third party, to provide specific services for mental health, substance abuse, health counseling and life skills. Excluding the manager's unit, nearly all of East Park SRO's units are subsidized by project-based housing vouchers (PBVs) through a contract with the Chicago Housing Authority (CHA).

The scope of the project focuses primarily on addressing deficiencies and obsolescence in the building's mechanical systems and providing interior improvements that will enhance the quality of life for residents.

Each unit is fully furnished, with a private bathroom and a kitchen with a full-sized refrigerator and range. Units will also include window treatments, central air conditioning and wiring for cable TV.

Although the City requires a relocation plan, the plan for relocation is expected to take place internally and the goal is to maintain sufficient vacancies on site to allow for the rehabilitation. Current residents would permanently relocate to the newly rehabilitated units, creating vacancies for a subsequent rehab phase. This pattern would continue until all units are completed. Occupancy has historically been between 95% and 96% and remains roughly the same.

East Park Apartments has a 24-hour security desk, elevators, laundry facilities, on-site management, computer room, a community room and a resident lounge. A new fitness center will be added as well. Additionally, the building has an on-site social service classroom for a range of supportive services. There will be a full-time service coordinator staffed by a third party, to provide specific services for mental health, substance abuse, health counseling and life skills.

Key objectives of the rehabilitation are maximizing energy efficiency, reducing operating and maintenance costs, and reducing the environmental impact of the project on the community's natural resources. The scope of work includes new roof and insulating systems, HVAC improvements, accessibility enhancements and energy efficient lighting systems. Improvements to the interiors of the residential units will include kitchen cabinet upgrades, new appliances, new flooring and paint. The common areas will also be improved, and a new community room with a kitchen, library and computer room will be constructed. Green/Sustainability improvements that are safer, with lower energy costs, will be installed, including a rainwater recapture system, low flow water fixtures, Energy Star appliances and lighting, low-VOC materials, recycled content materials and heat-recovering exhaust fans.

There are a total of 16 off-street parking spaces, for a ratio of 0.10 spaces per unit, though some street parking is also available. While the parking ratio is low, it is appropriate for the target market of homeless persons and those at risk of homelessness, who typically do not own a vehicle.

The goal of the redevelopment project at East Park is to ensure continued long-term operations, by addressing critically needed improvements to mechanical systems, the building envelope and interior areas. Overall, the building is expected to use approximately 15% less energy after the proposed redevelopment.

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 153 rental units including one residential manager's unit. 152 units or 99% percent will be affordable for households earning no more than 60 percent of the area median income. These units will satisfy the Chicago affordable housing ordinance, which requires 10 percent affordable units in projects developed on land sold by the City or 20 percent affordable units in projects receiving TIF assistance.

Unit Type	Number	Market/ Affordable	Size-sf	Monthly Rent*	Total Rent	FMR
Studio(SRO)	22	At or below 50% AMI	395	$725	$ 17,490	$725
Studio(SRO)	130	At or below 60% AMI	395	$725	$ 94,250	$725
One BR	1	**Manager's Unit**	540			
Total	**153**		**60,430**		**$ 111,740**	

***Tenants pay no utilities in this SRO development. The tenant pays the landlord 30% of their income toward rent with the balance coming to the landlord from CHA. The rent comes through CHA's Project-based Rental Assistance (PRA) program. It functions like the section 8 program, but the subsidy goes directly to the landlord, provided that a qualified tenant is in place. In total, CHA pays currently approximately $82,985 per month and the remainder comes from tenant's incomes.**

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

When developers determine the rent to charge for a project that is using HUD program subsidies through one of the City of Chicago'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:
Habitat intends to have the building certified as compliant with Energy Star Standards. Features include: New roof and insulating systems, new energy efficient windows, HVAC enhancements, Energy Star appliances, low-flow faucets and fixtures, low VOC paints and flooring, improved energy-efficient corridor lighting, and permeable paving and native landscaping.

VI. FINANCIAL STRUCTURE

The project includes the rehabilitation of an existing 153 unit building, including 152 SRO units and one residential manager's unit. All of the units (100%) will be affordable for tenants with incomes at or below 60% of AMI. In addition to the $5,212,175 in TIF, which represents approximately 33% of the total project cost, the City will issue up to $10,000,000 in tax exempt bonds. The bonds create roughly $477,714 in 4% LIHTC and will generate approximately $4,770,000 in Tax Credit Equity for the benefit of the project. Other project financing will include an IHDA HOME loan in the amount of $4,285,676 and $750,000 in Federal Home Loan

Bank (FHLB) funds.

The TIF will be provided from area-wide increment from the Midwest TIF district based on availability. It will be paid out partially during construction, and partially after construction completion. The total TIF payment of $5,212,175 is estimated to be paid in three payments:

TIF Assistance Payment Structure

Payment	Timing
#1	At 50% of construction completion, the City will provide 25% of the TIF assistance.
#2	At 75% of construction completion, the City will provide an additional 25% of the TIF assistance.
#3	Upon issuance of the Certificate of Completion, the City will provide the remaining 50% of the TIF assistance.

The units are required to maintain the affordable rents and occupancy restrictions for a minimum of 30 years as a condition of the financing. The total project cost is $15,593,886.

The following table identifies the sources and uses of funds.

Sources and Uses of Funds

Sources	Amount	% of TPC
IHDA HOME Loan	$4,285,676	27%
TIF (City)*	$5,212,175	33%
FHLB	$750,000	5%
Deferred Developer Fee	$568,795	4%
GP Equity	$100	0.0%
Equity	$4,777,140	31%
Total Sources	**$15,593,886**	**100%**

***The city will issue up to $10,000,000 in tax exempt bonds. A portion of those proceeds will be in the form of a bridge loan for the TIF funds. A portion of the TIF will come in during construction and pay down the bridge loan and the remaining TIF will be paid at certificate of completion.

Uses	Amount	$/sf of Building*
Land Acquisition**	$4,285,000	$68.02 psf
Hard Costs	$6,855,281	$108.81 psf
Soft Costs		
Architect's Fee (6.49% of hard costs)***	$445,000	
Loan Origination Fee (1.1% of loan)	$105,000	
Legal Fees (1.2% of TPC))	$185,000	
Construction Interest and Reserves (6.9%TPC)	$1,103,491	
Developer Fee (6.1% of TPC) ($568,000 Deferred)	$961,614	
Other Soft Costs	$1,653,500	
Total Soft Costs (21.98% of total costs)	**$4,453,605**	**$70.69 psf**
Total Uses	**$15,593,886**	**$247.52 psf**

*Gross building area is 63,000 square feet
**The current property will be acquired by the new owner East Park Redevelopment LLC
*** Includes architect fee, design, and supervision.

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Affordable Housing: The project will retain 152 affordable housing units.

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

Environmental Features: Habitat intends to have the building certified as compliant with Enterprise Green Community Standards. Features include: New roof and insulating systems, new energy efficient windows, HVAC enhancements, Energy Star appliances, low-flow faucets and fixtures, low VOC paints and flooring, improved energy-efficient corridor lighting, and permeable paving and native landscaping.

Permanent Jobs: The project is estimated to retain 7 permanent jobs in property management and supportive services. The department's workforce development specialists will work with the developer on job training and placement.

Construction Jobs: The project will produce approximately 30 temporary construction jobs.

Affirmative Action: The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 26% by minority-owned business enterprises (MBEs) and 6% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

City Residency: The developer will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents. The developer will also comply with the requirement that all construction jobs are paid the prevailing wage.

VIII. COMMUNITY SUPPORT

Alderman Jason Ervin endorses the project and has provided a letter of support.

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the Midwest Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan:

- An improved quality of life in the Project Area and the surrounding community.
- Elimination of the influences and manifestations of physical and economic deterioration and obsolescence within the Project Area.
- An environment which will contribute more positively to the health, safety and general welfare of the Project Area and the surrounding community.
- An environment which will preserve or enhance the value of properties within and adjacent to the Project Area.
- The retention and enhancement of sound and viable existing residences, businesses, and industries within the Project Area

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of affordable housing. The proposed project also conforms to the plan's land use map, which calls for affordable housing development at the subject site.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, DPD will negotiate a redevelopment agreement with the developer. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DPD policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action.

Closing of the sale of the property will not occur before the City Council has approved the redevelopment agreement and the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The documents will include a development timetable.

XI. RECOMMENDATION

The Department of Planning and Development has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, its need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and DPD recommends that the CDC recommend to the City Council the designation of The Habitat Company LLC and its related entity as Developer for the redevelopment of a 153 Unit SRO building at 3300 W. Maypole.

EXHIBITS

TIF Project Assessment Form
Redevelopment Area Map
Neighborhood Map
Site Plan
Elevation
Typical Floor Plan
M/WBE Sample Letter
M/WBE Certified Letter Receipts
Organizational Chart/List of Directors
Environmental Acquisition Screening Report
Lender's Letter of Interest
Alderman's Letter of Support

TIF PROJECT SCORECARD

East Park SRO
3300 W. Maypole

East Park SRO includes the rehabilitation of a 152-Unit SRO apartment building and 1 manger's unit, and will be included as part of the City's SRO preservation plan. The scope of the project focuses primarily on addressing deficiencies in the building's mechanical systems and providing interior unit improvements that will enhance the quality of life for residents. Building repairs will include a new roof, tuck-pointing, new floors and carpet, lighting upgrades, new security camera systems, and elevator repairs.

Type of Project: Housing

Total Project Cost: $15,593,886

TIF Funding Request: $5,212,175

TIF District: Midwest TIF

Developer: Habitat Company LLC

Timeline for Completion: 18 months

Project Status: City Council Introduction Bond Inducement April 13, 2016

RETURN ON INVESTMENT BENCHMARKS

- **Advances Goal of Economic Development Plan** YES or NO

  ☑ YES ☐ NO

  Develop and deploy neighborhood assets to align with regional econ growth

- **Advances Goal of TIF District** YES or NO

  ☑ YES ☐ NO

  The retention and enhancement of sound and viable existing residences, businesses, and industries within the Project Area.

- **Addresses Community Need** YES or NO

  ☑ YES ☐ NO

  Preserves 152 on-site affordable SRO units

- **Jobs Created/Retained**

  30 Temporary Jobs created
  7 Permanent Jobs retained

- **Affordable Housing Units Created/Preserved**

  152 affordable units preserved.

- **Return on Investment to City**

  N/A

FINANCIAL BENCHMARKS

- **Other Funds Leveraged by $1 of TIF**

  $1.99:1

- **Types of Other Funding Leveraged** YES or NO

  ☑ YES ☐ NO

  IHDA, FHLB AHP, GP Equity

- **Financing Structure** Up to $10,000,000 (Tax-Exempt HR Bonds), $5,212,175 (TIF), $4,777,140 (LIHTC Equity), $4,285,676 (IHDA), $568,795 (Deferred Developer Fee), $750,000 (FHLB AHP), $100 (GP Equity)

RDA TERMS

- **Payment Schedule:**

  25% pmt at 50%, 25% at 75% and 50% at COC

- **Taxpayer Protection Provisions** YES or NO

  ☐ YES ☑ NO

- **Monitoring Term of Agreement:**

  20 years

OTHER CONSIDERATIONS

- Preservation of 152 affordable SRO units

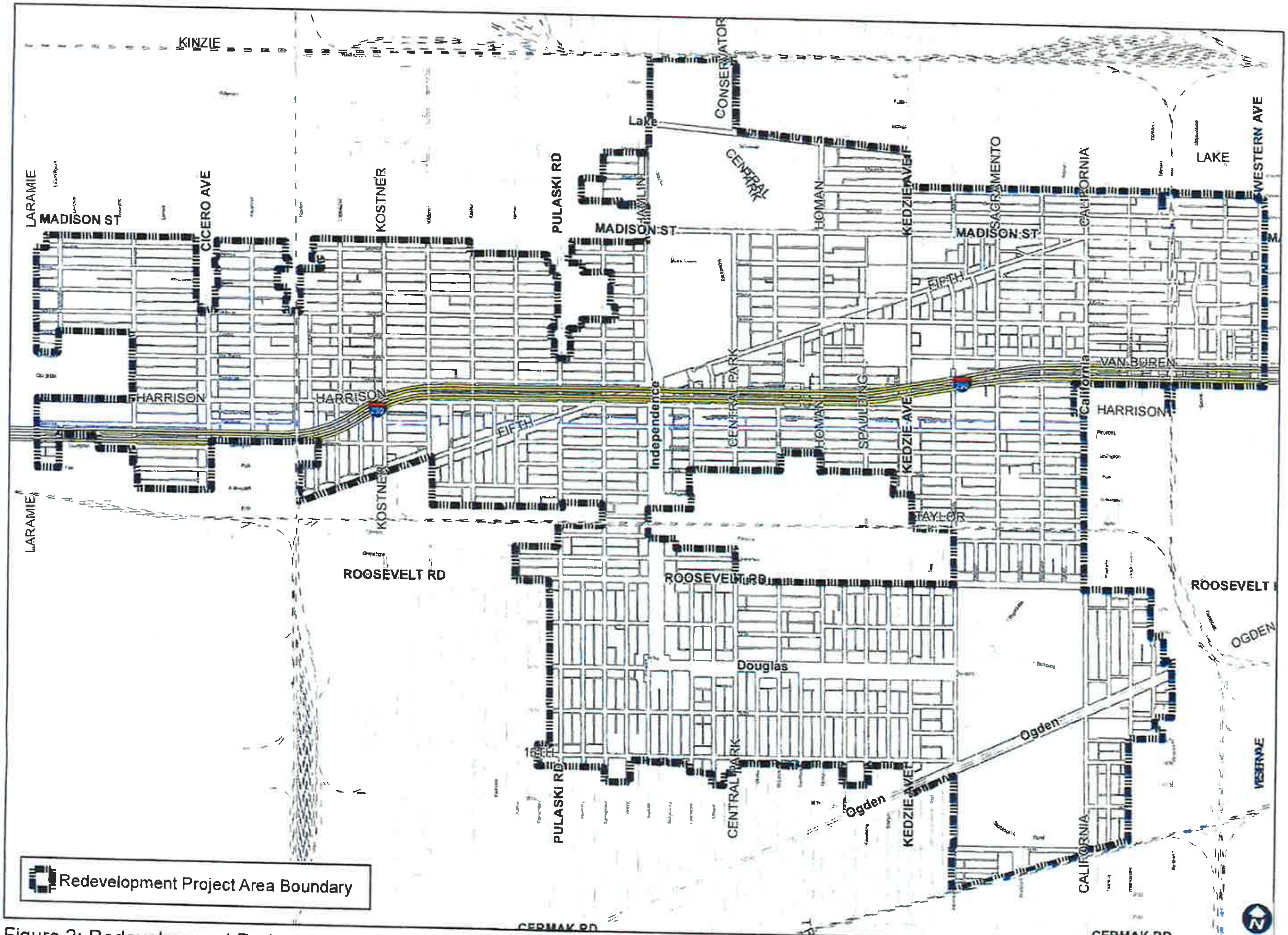


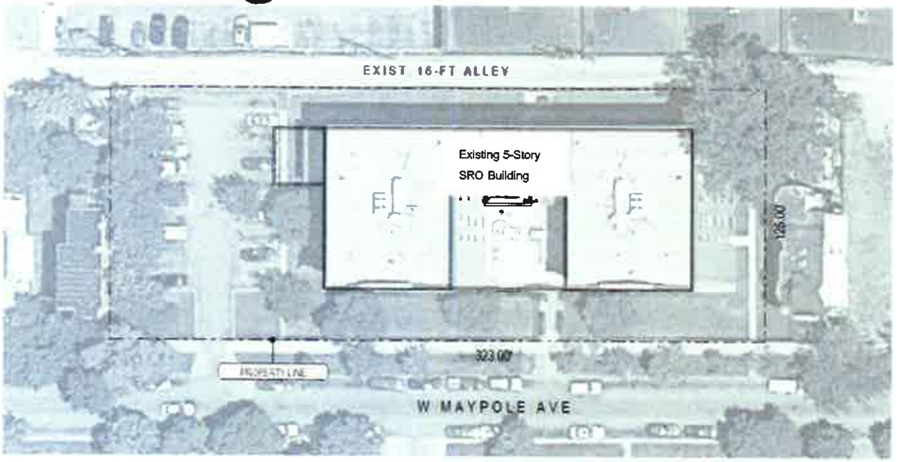
Figure 2: Redevelopment Project Area Boundary

Midwest TIF Amendment No 2

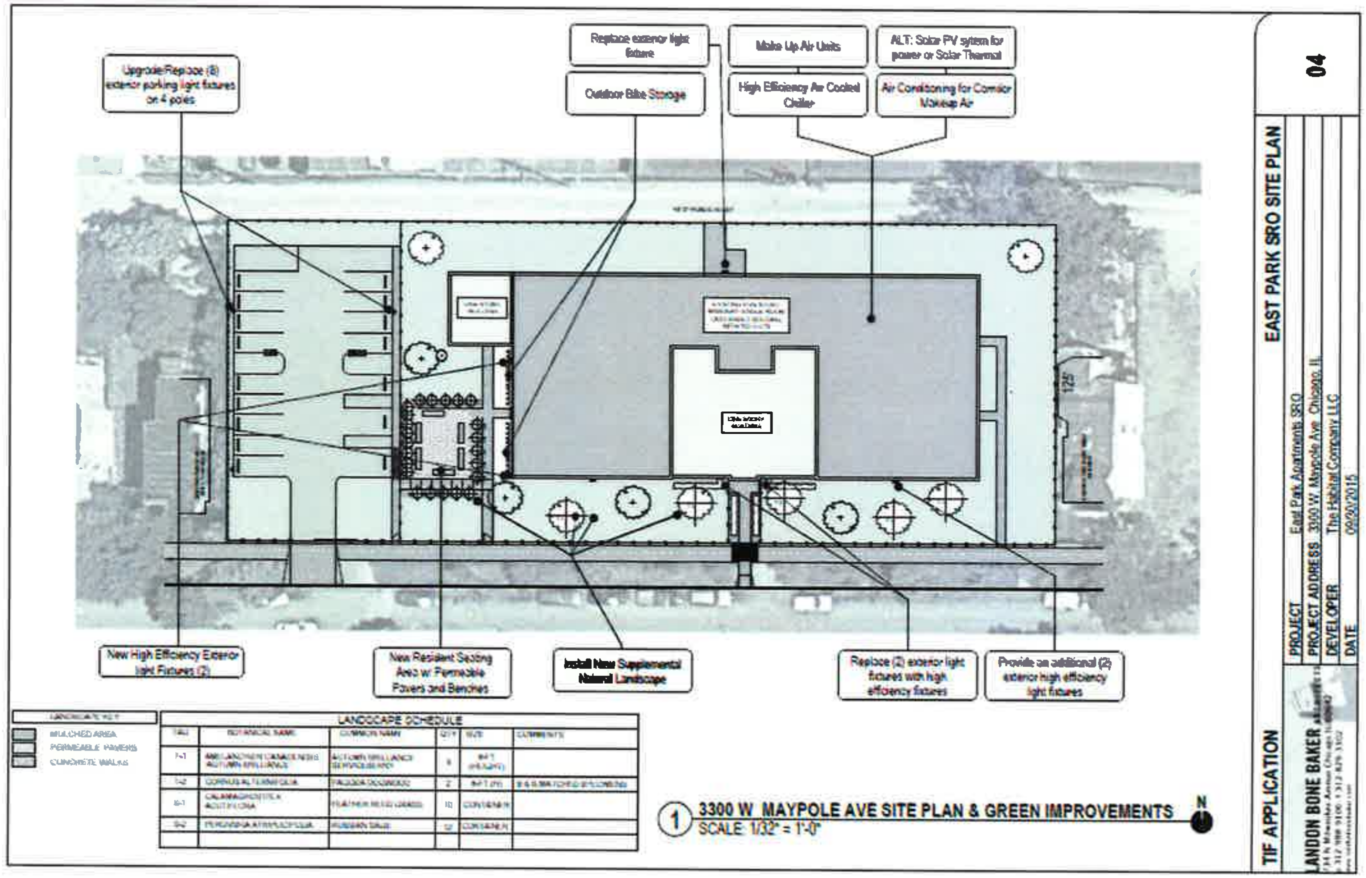
Prepared by JRG
July 2015

East Park SRO (3300 W. Maypole)

Existing Site Plan

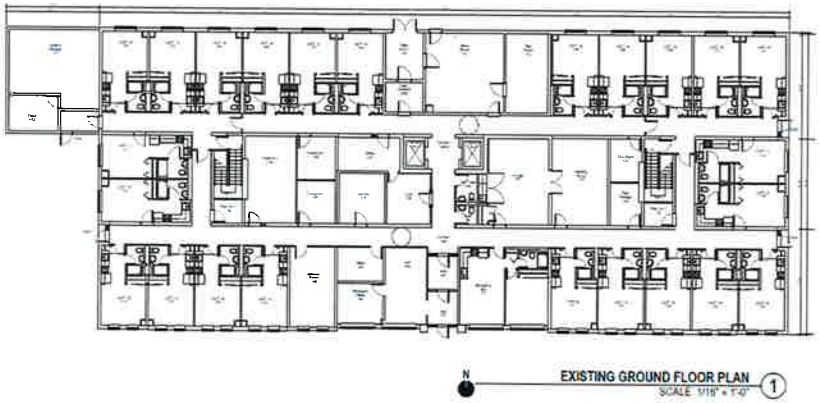


Proposed Site Plan

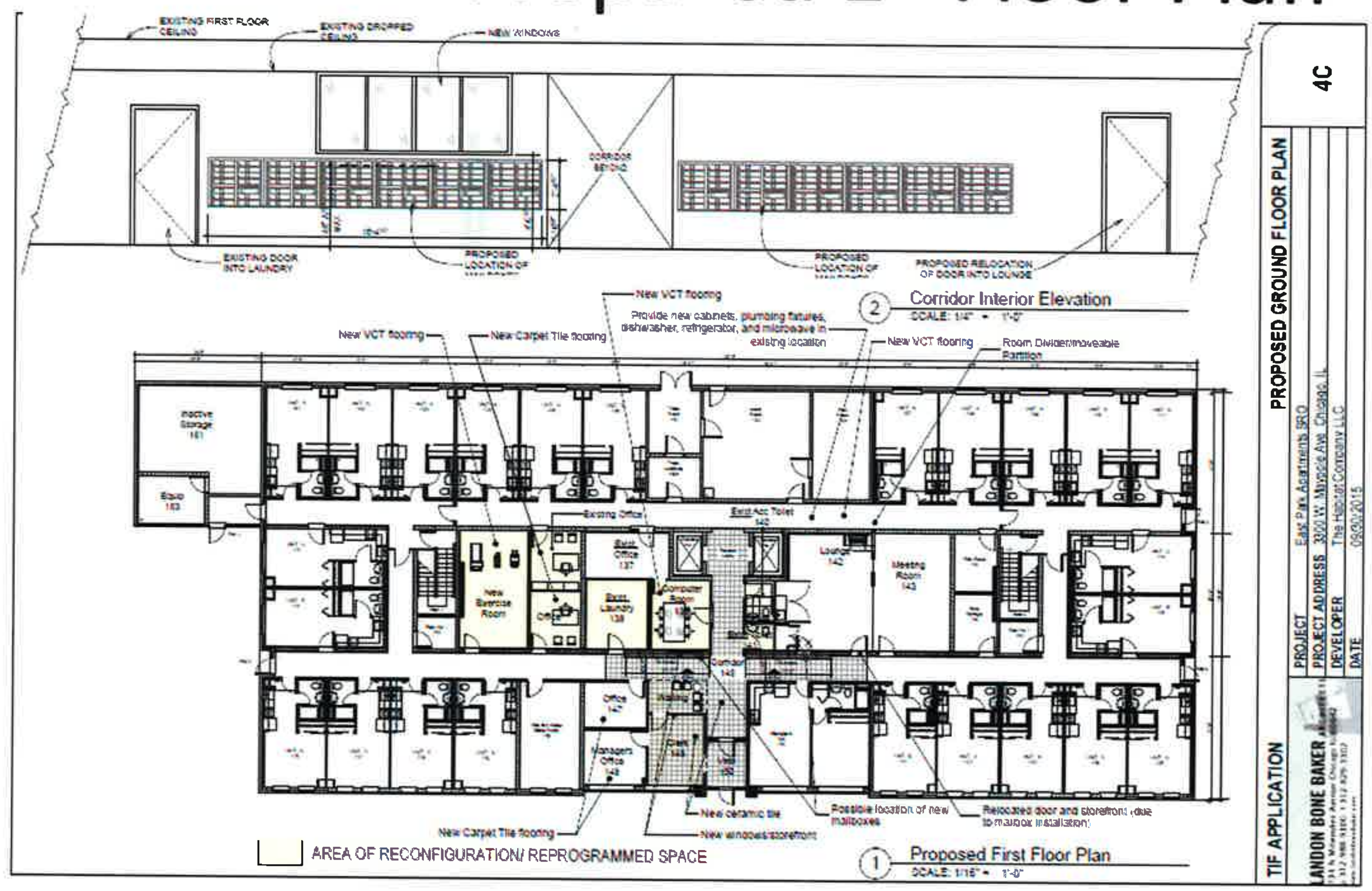


EAST PARK SRO

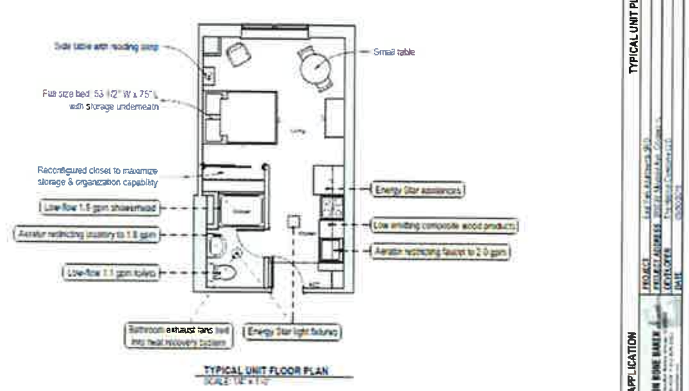
Existing 1st Floor Plan

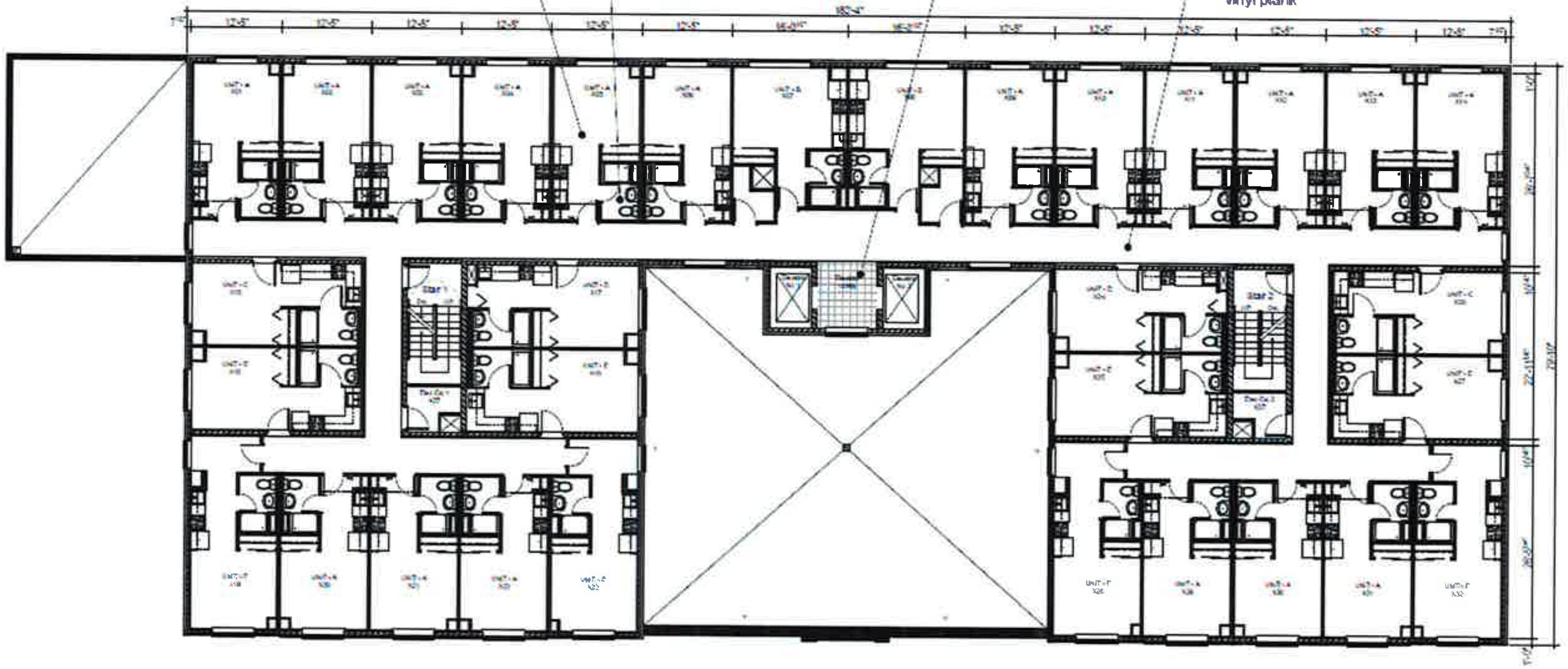


Proposed 1st Floor Plan



Typical Unit Layout



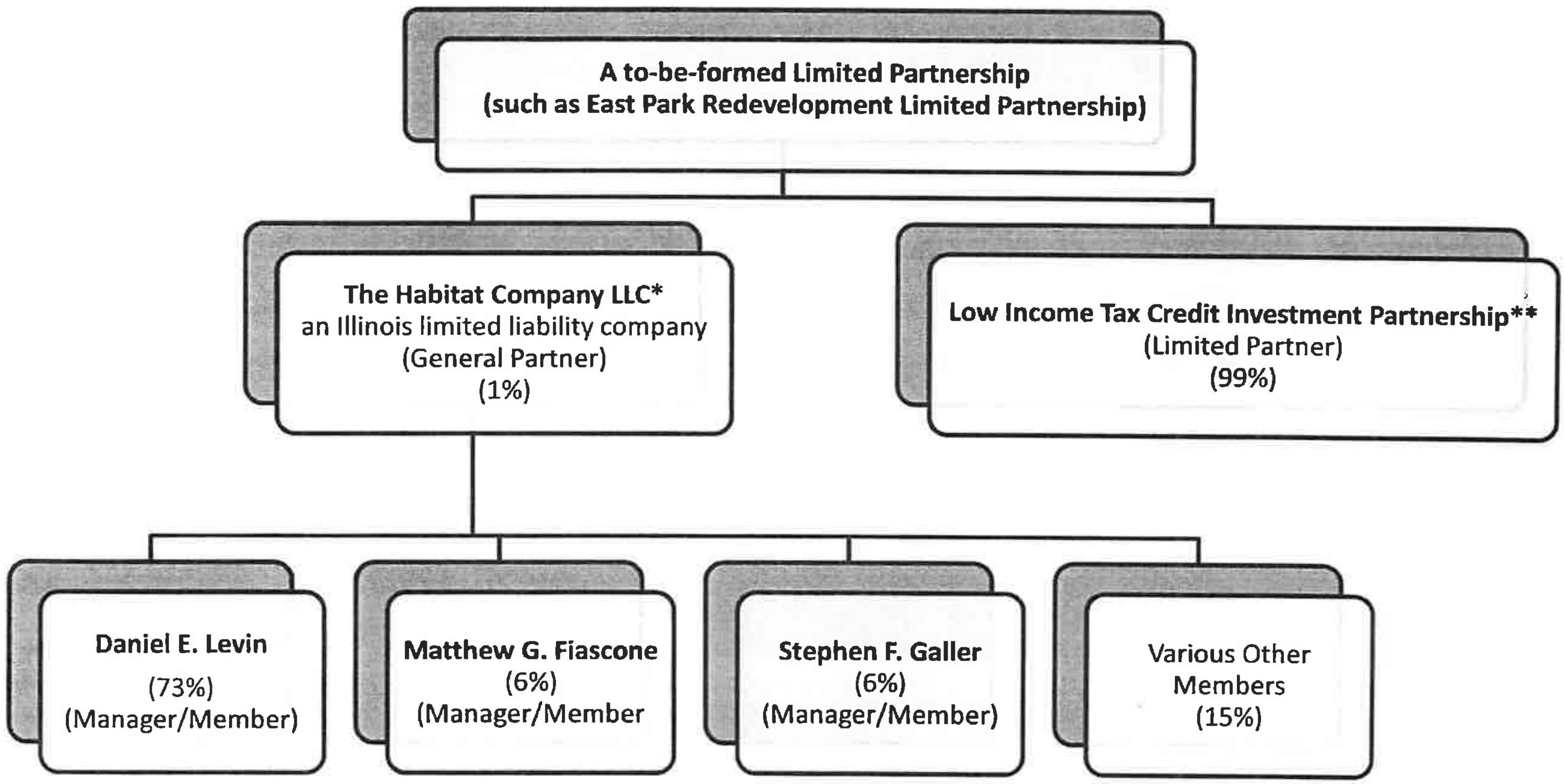


Typical Floor Plan (2-5)

1 Typical Floor Plan (2-5)
SCALE: 1/16" = 1'-0"

3.18.2016

East Park
(Proposed Redevelopment Ownership)



* Prior to closing, The Habitat Company LLC will form an affiliated LLC (such as East Park Redevelopment LLC) to serve as 1% General Partner, of which Major Adams Community Committee will own 15%

** Yet unknown LIHTC syndicator

Community Capital

citi

TERM SHEET

Multifamily Rental Developments with Rent Restrictions
New Construction and/or Substantial Rehabilitation and/or Term Mortgages

Tax-Exempt "Back-to-Back" Loan Structure

EAST PARK SRO

February 2, 2016

NOTE: This Term Sheet constitutes a brief summary of certain, but not all transaction terms and conditions for discussion purposes only. The summary that follows is subject to credit approval and does not constitute an offer or commitment.

In connection with this Term Sheet, CITI will be acting solely as a principal and not as your agent, advisor or fiduciary. CITI has not assumed a fiduciary responsibility with respect to this Term Sheet, and nothing in this transaction or in any prior relationship between you and CITI will be deemed to create an advisory, fiduciary or agency relationship between us in respect of this Term Sheet. You should consider carefully whether you would like to engage an independent advisor to represent or otherwise advise you in connection with this Term Sheet, if you have not already done so.

PRELIMINARY LOAN TERMS

Transaction Summary: CITIBANK, N.A. ("CITI") proposes to arrange a tax exempt construction-only loan to the City of Chicago (the "Governmental Lender"). The proceeds of the Loan to Governmental Lender shall fund an interim construction only loan ("Tax-exempt Loan") by Governmental Lender to the Borrower for the Property described below. If required by Governmental Lender, a fiscal agent ("Fiscal Agent") will be appointed and will be responsible for following the terms of the Tax-exempt Loan documents and administering funds held under the Construction Funding Agreement.

Property: An existing multifamily, SRO property containing 153 units located in Chicago, IL. The property is commonly referred to as "East Park SRO" (the "Property").

Set-Asides: 22 of the units are reserved for individuals or families whose income is no greater than 50% of Area Median Income ("AMI"). 130 of the units are reserved for individuals or families whose income is no greater than 60% of AMI. 1 unit will be reserved as a manager's unit.

Applicant: The Habitat Company, LLC.

Borrower: A single asset entity whose manager or general partner is the Applicant or an affiliate of Applicant. Borrower entity, its constituent entities and its operating or partnership agreement must be acceptable to CITI in all respects.

Guarantor(s): The Habitat Company, LLC and/or other individual(s) or corporate entity acceptable to CITI in all respects. The Guarantor(s)' financial condition(s) must be acceptable to CITI in all respects.

LIHTC Investor/ Syndicator: If applicable, the Low Income Housing Tax Credit ("LIHTC") Investor/Syndicator, the upper tier investor(s) and the terms and conditions of the operating or partnership agreement must be acceptable to CITI in all respects including, particularly, the timing and conditions to funding capital contributions.

Subordinate Debt: If applicable, the sources of subordinate debt and the subordinate loan documents must be acceptable to CITI in all respects. All subordinate debt must fund prior to Loan funding unless CITI approves other arrangements.

Loan Security: First lien on land and any improvements, UCC filings for fixtures; assignment of all leases and rents; and, a first priority collateral assignment of all contracts, management agreements, and other agreements and all permits relating to the Property. Ground leases must be subordinate to CITI's lien position unless the fee interest is owned by a government agency to ensure long-term affordability. All income and rent restrictions will be subordinate to the CITI security instrument.

Construction Phase Recourse Guarantees: Prior to conversion of the Tax-exempt Loan to the Permanent Phase (described below), the Tax-exempt Loan will be fully recourse to the Borrower and to the Guarantor(s) and Completion and Repayment Guarantees are required from the Borrower and the Guarantor(s).

Guarantees, Permanent Phase: None, except for industry standard carve outs ("Carve Outs"). Carve Outs include guarantees against fraud, misrepresentation, bankruptcy and environmental issues.

Environmental Indemnity: Borrower and Guarantor(s) will be liable for CITI's standard environmental indemnity.

Closing: Closing is subject to full satisfaction of CITI's standard due diligence, underwriting and credit approval processes, and the execution and delivery of all required loan documents, delivery of opinions, payment of fees and other customary requirements.

Closing Date (*est.*): July 2016 (estimated).

CONSTRUCTION PHASE

Construction Phase Loan Amount: The Construction Phase Loan amount is currently estimated to be $9,000,000 - but in any event, an amount not to exceed 80% of costs covered through the Construction Phase.

Term: 24 months, plus one 6-month extension(s). Fees for the extension(s) are indicated below under "Fees & Expenses".

Construction Phase Interest Rate: A variable rate equal to 1 Month LIBOR plus a spread of 2.25% during the Construction Phase. As of the date of this Term Sheet, 1 Month LIBOR is 0.43%, for an all-in rate of 2.68%. This rate does not include Governmental Lender, Fiscal Agent, or miscellaneous 3rd party fees. Pricing is based on current market conditions and is subject to change.

Interest Reserve: Calculated at the Construction Phase Interest Rate noted above, plus a cushion acceptable to CITI at time of final credit approval. Currently, CITI is underwriting with a cushion of 1.00%. The Interest Reserve will be sized based on an analysis of the projected draw schedule for the Tax-exempt Loan during the Construction Phase.

Availability: Tax-exempt Loan proceeds will be advanced to Borrower on a "draw down" basis upon receipt of a written request from Borrower, supported by documentation acceptable to CITI. Borrower will be required to submit a loan budget worksheet with each draw request tracking all Property sources and uses of funds. Draw requests limited to one per month.

Loan in Balance: The Tax-exempt Loan must remain "in balance" during the Construction Phase. "In balance" means that (1) the funds available during the Construction Phase (from the Loan and all other debt and equity sources) are sufficient to complete the construction or rehabilitation of the Property and all other expenses reasonably expected to be necessary to achieve the conditions for conversion of the Tax-exempt Loan to the Permanent Phase; and (2) the sources available at Conversion are sufficient to pay down the Construction Phase Loan Amount to the Permanent Phase Loan Amount, along with any other funding requirements for Conversion.

Amortization: None. Payments on the Tax-exempt Loan during the Construction Phase will be interest only.

Prepayment and Yield Maintenance: Prepayment of Tax-exempt Loan principal amounts (partial or full) during the Construction Phase may be made without any prepayment premium.

If Borrower prepays Tax-exempt Loan principal amounts through the application of insurance proceeds or a condemnation award, no prepayment fee shall be payable to CITI.

Budget and Contingencies: The budget for the Construction Phase, including all budget line items, is subject to CITI approval. The budget shall include a hard cost contingency of no less than 5% of budgeted hard costs for new construction projects and no less than 10% of budgeted hard costs for rehabilitation projects. The budget shall include a soft cost contingency of no less than 5% of budgeted soft costs, excluding 1) soft costs incurred prior to or in connection with closing; 2) interest reserve and bank fees; 3) capitalized operating reserve deposits and other costs that may be due in connection with Conversion for which specific sources are identified; and 4) developer fees.

General Contractor and Bonding Requirements: The general contractor and the construction contract must be acceptable to CITI. CITI will require payment and performance bonds equal to 100% of the construction contract amount. Surety issuing bonds must have an A.M. Best rating of "A/X" or better and must be acceptable to CITI in all other respects. In lieu of bonds, CITI will accept a letter of credit ("LC") equal to 10% of the hard cost budget. LC provider must be rated "A" or better.

Retainage: Construction contract will provide for a minimum retainage of 10% of each construction pay application until "substantial completion" (as defined in the Loan documents), unless there are other requirements under State law or unless other arrangements have been approved by CITI. Retainage percentage amounts can be revised, but only down to a minimum of 10% until 50% completion and then 0% retention withheld thereafter. No release of retainage is permitted for achieving 50% completion. All retained amounts will be released upon final, lien-free completion of construction, as approved by CITI.

PERMANENT PHASE

Permanent Phase Loan Amount: N/A. It is CITI's understanding that there will not be a Permanent Phase Loan for this transaction.

OTHER

Appraisal, Environmental, Plan/Cost Reviews: Appraisal and Plan/Cost Review reports will be commissioned and reviewed by CITI. CITI may rely upon environmental reports commissioned by Borrower if report is current (within 12 months) and Citi has been provided evidence of acceptable E&O insurance coverage carried by Borrower's environmental consultant and a reliance letter in form acceptable to CITI. Otherwise, CITI will commission its own environmental report. Appraisal, environmental and plan/cost reviews must be acceptable to CITI in all respects.

Property Tax Abatements, Incentives: All documentation related to any tax abatement or tax incentives must be acceptable to CITI in all respects.

Developer Fee: Any developer fee paid prior to conversion to the Permanent Phase shall be pre-approved by CITI in its sole discretion.

FEES & EXPENSES

Application Fee: $25,000, which amount shall be non-refundable and due and payable upon acceptance of a Loan Application. This fee is applicable toward third party reports, loan underwriting and processing (in the minimum amount of $5,000), and CITI's initial legal fees. Applicant is responsible for the payment of all reasonable costs incurred in connection with the underwriting, processing and/or closing of the Tax-exempt Loan (including CITI legal fees).

Estimates of due diligence expenses to which Application Fee will be applied, include: appraisal - $8,000; environmental ("Phase I") site assessment - $3,000; engineering plan and cost review - $7,000; and, insurance review/warranty - $1,250.

Origination Fee: A non-refundable Origination Fee equal to 1.00% of the Construction Phase loan amount ("Origination Fee") shall be earned in full by CITI upon the closing of the Tax-exempt Loan, and is due and payable at that time. The Origination Fee will be applied towards CITI's costs of providing this financing.

CITI Legal Fees (*est*):	Estimated fees of CITI's counsel for the initial closing is $65,000 and assumes no significant negotiation over CITI's form documents. A portion of the Application Fee will be applied to initial CITI counsel fees. Applicant agrees to make a supplemental deposit to cover CITI's counsel fees once the drafting of legal documentation commences, if requested.
Course of Construction Inspections (*est*):	$1,250 per monthly report.
Construction Term Extension Fee:	0.15% of the outstanding Construction Phase Loan Amount at the time of extension.
Conversion Fee and Expenses:	N/A.
Other Costs:	Applicant is responsible for costs of survey, title insurance policy, hazard insurance policy, tax escrow fee and all other normal and customary loan closing expenses.
Term Sheet Expiration Date:	Thirty (30) days after the date hereof, unless attached to a Preliminary Application letter.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

This Term Sheet is an indication of our proposal to finance the Property. It is understood and agreed that this Term Sheet does not, in any manner, constitute a commitment to lend. The financing documents evidencing the Tax-exempt Loan will be in separate documents and will contain terms and conditions that may be in addition to or in substitution of those set forth in this Term Sheet.

Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This Term Sheet is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital nor does it obligate us to enter into such a commitment, nor are we acting as a fiduciary to you. By accepting this presentation, subject to applicable law or regulation, you agree to keep confidential the existence of and proposed terms for any transaction contemplated hereby (a "Transaction").

The provision of information in this Term Sheet is not based on your individual circumstances and should not be relied upon as an assessment of suitability for you of a particular product or transaction. Even if CITI possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for you of any transaction, series of transactions or trading strategy.

This Term Sheet is provided for information purposes and is intended for your use only. Except in those jurisdictions where it is impermissible to make such a statement, CITI hereby informs you that this Term Sheet should not be considered as a solicitation or offer to sell or purchase any securities or other financial products. This Term Sheet does not constitute investment advice and does not purport to identify all risks or material considerations which should be considered when undertaking a transaction. CITI makes no recommendation as to the suitability of any of the products or transactions mentioned. Any trading or investment decisions you take are in reliance on your own analysis and judgment and/or that of your advisors and not in reliance on us.

CITI often acts as (i) a market maker; (ii) an issuer of financial instruments and other products; and (iii) trades as principal in many different financial instruments and other products, and can be expected to perform or seek to perform investment banking and other services for the issuer of such financial instruments or other products. The author of this Term Sheet may have discussed the information contained herein with others within or outside CITI and the author and/or such other Citi personnel may have already acted on the basis of this information (including by trading for CITI's proprietary accounts or communicating the information contained herein to other customers of CITI). CITI, CITI's personnel (including those with whom the author may have consulted in the preparation of this Term Sheet), and other customers of CITI may be long or short the financial instruments or other products referred to in this Term Sheet, may have acquired such positions at prices and market conditions that are no longer available, and may have interests different from or adverse to your interests.

CITI is required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with CITI. CITI will ask for your complete name, street address, and taxpayer ID number. CITI may also request corporate formation documents, or other forms of identification, to verify information provided.

Although Citibank, N.A. (together with its subsidiaries and branches worldwide, "Citibank") is an affiliate of CITI, you should be aware that none of the financial instruments or other products mentioned in this term sheet (unless expressly stated otherwise) are (i) insured by the Federal Deposit Insurance Corporation or any other governmental authority, or (ii) deposits or other obligations of, or guaranteed by, Citibank or any other insured depository institution.

IRS Circular 230 Disclosure: CITI and its employees are not in the business of providing, and do not provide, tax or legal advice to any taxpayer outside of CITI. Any statements in this term sheet regarding tax matters were not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

JASON C. ERVIN

City of Chicago

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Committee Memberships

Budget & Government Operations, Vice Chair

Human Relations, Vice Chair

Economic, Capital and Technology Development

Education and Child Development

Finance

Pedestrian and Traffic Safety

Transportation

March 23, 2016

David L. Reifman, Commissioner
Department of Planning and Development
121 N. LaSalle St., Room 1000
Chicago, IL 60602

RE: Support Letter for the East Park SRO – 153-Unit SRO Apartment Community

Dear Commissioner Reifman:

This letter is to express my support for up to \$10M in tax exempt bonds and \$5.2M in tax increment financing for the East Park SRO Apartment Community. East Park SRO is a 153-unit single room occupancy (SRO) apartment community (152 studio units and 1 management unit) on Chicago's West Side in the East Garfield Park neighborhood (the "Project").

The goal of the redevelopment project at East Park is to ensure continued long-term operations, by addressing critically needed improvements to mechanical systems, the building envelope and interior areas. In addition to the physical improvements, management at East Park SRO has begun working with *All Chicago*, which coordinates the delivery of housing to homeless veterans in Chicago. As part of the redevelopment plan, the Developer, The Habitat Company LLC ("Habitat") intends to establish a program that prioritizes available vacant units for veterans at-risk of homelessness, within the larger construct of CHA's waiting list for properties with Project Based Vouchers.

For nearly 45 years, Habitat has enhanced the landscape of the City of Chicago and the communities that we serve by providing quality housing communities for our residents. During that time, Habitat has developed over 17,000 units, ranging from market rate to affordable units, from scattered site units to condominiums. Habitat currently manages approximately 20,000 units in over 70 locations across five states.

Habitat has committed to ensuring both local hiring and contracting throughout the construction phase of the project.

Please feel free to contact me with any questions. I can be reach reached at 773-553-0900 or at Ward028@cityofchicago.org.

Sincerely,

Jason C. Ervin
Alderman, 28th Ward

"Moving the 28th Ward to the Next Level"

COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

RESOLUTION NO. __ - CDC -

AUTHORIZATION TO NEGOTIATE A REDEVELOPMENT AGREEMENT WITH THE HABITAT COMPANY LLC AND/OR ITS RELATED ENTITY

AND
RECOMMENDATION TO THE CITY COUNCIL OF THE CITY OF CHICAGO FOR THE DESIGNATION OF THE HABITAT COMPANY LLC AND/OR ITS RELATED ENTITY 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 00-CDC-28 and pursuant to the Act, enacted three ordinances on May 17, 2000 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Midwest TIF 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 Habitat Company LLC (the "Developer"), has presented to the City's Department of Planning and Development (the "Department") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the rehabilitation of the East Park SRO, a 152-Unit Single-Room Occupancy (SRO) apartment building and 1 Residential Management Unit (RMU) (the "Project"); and

WHEREAS, DPD requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that the Department be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project; now, therefore,

BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:

Section 1. The above recitals are incorporated herein and made a part hereof.

Section 2. The Commission hereby recommends to City Council that the Developer be designated as the developer for the Project and that the Department be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project.

Section 3. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.

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

Section 5. This resolution shall be effective as of the date of its adoption.

Section 6. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: ______________________, 20__

Attachment: Exhibit A, Street Boundary Description

EXHIBIT A

Street Boundary Description of the
Midwest Tax Increment Financing
Redevelopment Project Area

The Area is generally bounded by the alley north of Monroe Street, sections of Maypole Avenue, Kinzie Street, Lake Street and Washington Boulevard on the north, an irregular line including Western Avenue and sections of California, Washtenaw, Talman, and Rockwell Avenues on the east, by the C.B. & O Rail Line, an irregular line which includes the south side frontage of 16th Street from Albany Avenue to Pulaski Road, and sections of Taylor and Arthington Streets on the south, and sections of Pulaski Road, the alley west of Pulaski Road, and Hamlin Boulevard and Laramie Avenue on the west. Excluded from the Redevelopment Project Area is an irregular area bounded by sections of Polk Street, Taylor Street and Lexington Avenue on the north; Kedzie Avenue and Albany Avenue on the east; Roosevelt Road on the south; and Central Park Avenue and Independence Boulevard on the west.

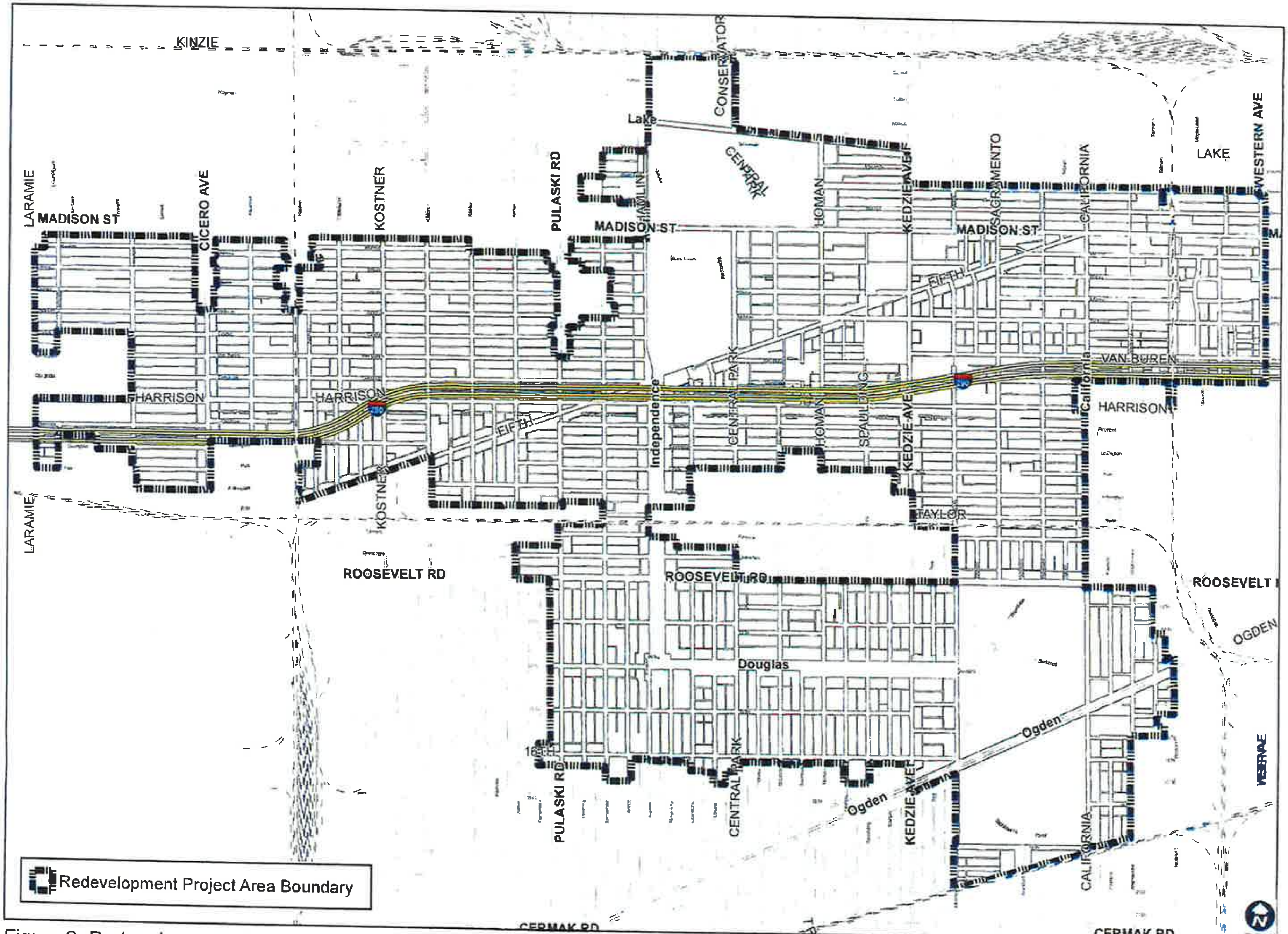

Figure 2: Redevelopment Project Area Boundary

Midwest TIF Amendment No 2

Prepared by JRG
July 2015