NEGOTIATED SALE OF REDEVELOPMENT PROJECT AREA PROPERTIES

Overview and Application

Rahm Emanuel, Mayor
CITY OF CHICAGO

Department of Housing and Economic Development
Andrew J. Mooney, Commissioner
PROGRAM OVERVIEW

A Negotiated Sale is a process that facilitates the sale of City-owned properties. The City of Chicago makes real estate available for purchase and redevelopment, and the Department of Housing and Economic Development (HED) is one of the City departments authorized to accept purchase applications.

Which Redevelopment Project Area Properties Are Available For Purchase By Negotiated Sale?
HED has identified City-owned properties located in designated redevelopment project areas for purchase by negotiated sale. Properties in the department’s inventory consist mostly of vacant residential, commercial, and industrial land, but the inventory can also include improved properties. To find out whether a particular property is City-owned, located in redevelopment project area and available for sale under the negotiated sale process, contact HED’s Real Estate Division at 312-744-2777.

Who Is Eligible To Purchase City Property By Negotiated Sale?
Any entity or individual may qualify to purchase City property by negotiated sale except that some restrictions may apply to City of Chicago employees. The purchaser must be able to demonstrate the financial ability and experience necessary to complete the purchase and the proposed development. All applications to purchase redevelopment project area properties under the negotiated sale process must include a proposal to develop the property in accordance with the redevelopment area plan. HED will provide applicants with copies of the appropriate redevelopment area plan.

How is the Sale Price Determined?
The value of the property is established by a market value appraisal prepared by an independent appraiser hired and compensated by HED. The department may recommend a write-down from the appraised value only when the proposed development meets the redevelopment goals of the community and provides tangible public benefits, such as affordable housing units, new or retained jobs, new retail services in an underserved community, cultural activities, social services, fiscal benefits, or innovative environmentally sustainable features such as green roofs. HED may order an updated appraisal of the property before the final sale price is approved by the City Council.

What Financial Incentives Are Available?
Redevelopment projects that will provide tangible public benefits may be eligible for various forms of financial assistance, such as tax increment financing (TIF) and facade rebates. Eligibility for most financial assistance programs requires a property location in a designated redevelopment area. For more information on the various assistance programs administered by HED, visit the department’s website at www.cityofchicago.org/hed. Separate applications must be submitted for each financial assistance program.
What Are The City’s Construction and Monitoring Requirements?
All purchasers of City property must comply with the City of Chicago’s construction requirements. During construction, 24 percent of hard costs must be paid to City-certified Minority Business Enterprises (MBEs) and four percent must be paid to City-certified Woman Business Enterprises (WBEs). In addition, Chicago residents must perform at least half of all construction-worker hours. A performance bond must be maintained if any work is being done in the public way.

According to city ordinance, applicants seeking a purchase price write-down or financial assistance for residential projects must set aside a portion of the housing units for occupancy by low- to moderate-income households if the project will contain 10 or more units. The City will monitor the development following completion in order to ensure that the affordable housing requirements are satisfied. Likewise, projects offering other public benefits in return for a write-down or financial assistance will be monitored by the City after completion.

Following submission of the purchase application and upon preliminary recommendation of the project by HED, all applicants are required to meet with a representative of the department’s Monitoring and Compliance Division to receive additional information on the construction and affordable housing requirements and the monitoring process. To arrange the meeting, please call 312-742-0345.

APPLICATION AND APPROVAL PROCESS

Applicants must complete the attached application form and submit it, along with all required supporting documents, to HED. HED will review the application, and if recommended by the department the application will be submitted to the Community Development Commission (CDC) for its approval. If approved by the CDC, public notice of the proposed purchase will be published in a metro newspaper in order to solicit alternative proposals. If no responsive alternative proposal is received after 30 days, a Redevelopment Agreement (RDA) will be negotiated between the applicant and HED. If a responsive alternative proposal is received, the department may select another disposition process to sell the property.

The RDA is a contract that commits the purchaser to complete the proposed redevelopment within a specified time frame. The negotiated sale is not complete until the RDA has been approved by the City Council and signed by all parties. Closing of the sale will occur on the date specified in the RDA.

The following sections describe the steps of the application and approval process and the required submissions.

Step One: Application Process
The applicant submits the completed application. For Step One, the applicant must provide:

- Completed application form and attachments
- Economic Disclosure Statement (EDS)
- Principal Profiles
- Conceptual site plan, floor plans, and elevation
**Step Two: Approval Process**

HED will review the application and will notify the applicant whether or not the proposal will be recommended to the Community Development Commission. If the CDC approves the recommendation and if no responsive alternative proposal is received within 30 days of publication of a public notice, a Redevelopment Agreement will be negotiated between the City and the applicant. The RDA will be submitted to the City Council for approval. The final steps in the approval process are the execution of the Redevelopment Agreement and closing of the sale.

For Step Two, the applicant must provide:

**Prior to CDC:**
- Financial Statement
- Organizational and operating documents of purchasing entity
- If project is bank-financed, a letter of interest from the proposed lender
- Residential Developer License (residential or residential mixed-use developments only)
- Developer Disclosure Affidavit (disclosure of ownership of residential buildings in city)
- Preliminary site plan, floor plans, elevations, and color rendering of the proposed project
- Notice of proposed development provided by certified mail to M/WBE contractor’s associations
- Submission to the department’s Workforce Solutions division an employment needs assessment form (for projects providing new or retained permanent jobs)
- Letter of support from the local alderman addressed to commissioner of HED.

**Prior to City Council:**
- Good faith deposit and signed offer form
- Detailed project budget (final estimate, including M/WBE budget)
- Current financial statement

**Prior to Closing:**
- Proof of equity and lender financing
- Copies of building permits and zoning approval
- Any other customary legal documents
- Meet with Monitoring and Compliance

**Step Three: Construction**

The applicant and general contractor are reminded that they must meet with the Monitoring and Compliance Division of the City prior to the start of construction to discuss the City construction requirements. It is the responsibility of the applicant to ensure that the general contractor, or the applicant if acting as the general contractor, complies with all City construction requirements.

For Step Three, the applicant must provide:
- Temporary on-site signage in a form approved by HED
- Monitoring and compliance documentation as required

For more information on property sales call HED’s Real Estate Division. For information on other HED programs, contact the department at 312-744-4190 or visit the department’s website at www.cityofchicago.org/hed. The Negotiated Sale program overview and application form can be downloaded from the website.
Application for Purchase
of Redevelopment Project Area Property

Please return the completed application and supporting documentation to:
City of Chicago
Department of Housing and Economic Development
121 North LaSalle Street, Room 1000
Chicago, IL  60602
(312) 744-4190

I. Property Identification

1. Provide the street address of the property to be purchased below:

_________________________________________________________________
_________________________________________________________________

2. Provide the property’s PIN numbers (tax parcel identification numbers) if known.

_________________________________________________________________
_________________________________________________________________

3. Current Use of Property: □ Vacant Land  □ Improved with Building

4. Property Type: □ Commercial  □ Industrial
    □ Residential  □ Mixed-Use
    □ Other ________________

5. Land Area: _______________ square feet


7. Redevelopment Area or TIF District ________________________________

II. Applicant Information

8. Name of Applicant: ____________________________________________

9. Business Name and Address:
    ____________________________________________
    ____________________________________________

10. Phone Number: ______________________________

11. Fax Number: ______________________________

12. E-Mail Address: ____________________________________________
13. Type of Business Entity:  
☐ Individual  ☐ Sole Proprietorship  
☐ Nonprofit Corporation ☐ For-Profit Corporation  
☐ Partnership ☐ Limited Liability Company

14. Name, address, and phone numbers of other persons or entities having an ownership interest in the applicant business entity:
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________

15. Provide a description of your real estate development experience. Be sure to list any past or present development projects that involved the sale of City land or that included City financial assistance. If you propose residential or mixed-use development of the property, indicate if you are a licensed Residential Developer and provide a copy of the license. Attach additional sheets if necessary.
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________

III. Purchase and Redevelopment Proposal

16. Proposed Purchase Price:  
☐ Market Value as determined by City-ordered appraisal; or
☐ Stated Price: $________________

17. Do you own or control an adjacent property? If so, identify the property by address and PIN, describe your interest, and describe its current use:
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
18. Type of Redevelopment Proposal:  
☐ Commercial/Retail  ☐ Multi-Family Residential
☐ Single Family/Townhouses  ☐ Industrial
☐ Institutional/Non-Profit  ☐ Accessory Parking/Open Space
☐ Mixed-Use  ☐ Other _________________

19. Project Narrative: Write a brief description of the project. Be as specific as possible about timing, scope of work, intended end-users of property, type of construction and financing. If you own or control an adjacent property, describe how the City parcel will contribute to the overall project. Attach additional sheets if necessary.

____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________

20. Building Area:

Existing Building Area: ___________ square feet
Proposed New Construction or Addition: ___________ square feet
Total After Completion: ___________ square feet

21. Unit Breakdown For Residential or Mixed-Use Projects:

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>No. of Units</th>
<th>No. of Bedrooms</th>
<th>Avg. Unit Size-sf</th>
<th>Avg. Rent if Apts.</th>
<th>Avg. Price if For-Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>___</td>
<td>___</td>
<td>___</td>
<td>$____</td>
<td>$________</td>
</tr>
<tr>
<td>B</td>
<td>___</td>
<td>___</td>
<td>___</td>
<td>$____</td>
<td>$________</td>
</tr>
<tr>
<td>C</td>
<td>___</td>
<td>___</td>
<td>___</td>
<td>$____</td>
<td>$________</td>
</tr>
<tr>
<td>D</td>
<td>___</td>
<td>___</td>
<td>___</td>
<td>$____</td>
<td>$________</td>
</tr>
<tr>
<td>E</td>
<td>___</td>
<td>___</td>
<td>___</td>
<td>$____</td>
<td>$________</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>___</td>
<td>___</td>
<td>___</td>
<td>$____</td>
<td>$________</td>
</tr>
</tbody>
</table>

Identify the units, if any, that are deemed “affordable” under the City’s affordable housing ordinance (list unit types): _____________________. Do the affordable unit prices or rents include parking?  ☐ Yes  ☐ No

List which utilities are included in the affordable unit rent (all utilities, heat only, no utilities):
____________________________________________________________________________________

Application Page 3 of 6
22. Attach conceptual site plans, floor plans, and front elevation to illustrate the proposed redevelopment project and site improvements.

23. Job Retention/Creation: List the projected number of part-time jobs and full-time jobs at the project after completion, if applicable.

<table>
<thead>
<tr>
<th>Jobs Retained</th>
<th>Jobs Created</th>
<th>Total Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Time Employees:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part Time Employees:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

24. Identify the public benefits, if any, to be created by the project.

☐ Affordable Rental Housing
☐ Affordable For-Sale Housing
☐ New Retail in Underserved Area
☐ New or Retained Jobs
☐ Cultural or Social Services
☐ Fiscal Benefits
☐ Innovative Environmental Features
☐ Other________________

25. Describe the public benefits. Be as specific as possible regarding number and type of affordable housing units, affordability levels, type of new and retained jobs, number of temporary construction jobs, type of new retail services proposed, and type of innovative environmental features (such as a green roof). Attach additional sheets if necessary.

_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________

26. Are you requesting government assistance in the form of a purchase price reduction, TIF funds, facade rebate, property tax abatement, City infrastructure improvements, street or alley vacation, bond or loan financing, or other economic benefits?  ☐ Yes ☐ No

If yes, describe the type and amount of assistance requested:

_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________

27. Provide sources and uses of funds, construction pro-forma and revenue projections as indicated in Attachment A.
IV. Signature

I, the undersigned, affirm that the project descriptions, numerical and financial estimates, and all other information I have provided in this application are true and complete to the best of my knowledge. I have read and understood the requirements described in the overview, application, and attachments including the Construction Monitoring Requirements. Furthermore, I certify that I am authorized to initiate the application process on behalf of the project described.

I understand that I cannot change the description of the redevelopment project or the identity of the purchasing entity included in this application without HED’s consent. I understand that I must demonstrate to the satisfaction of the department the ability of the purchasing entity to complete the proposed project. I understand that all documents submitted on behalf of this application become the property of the City of Chicago.

Signed, _________________________________ Date: ______________

Title:  _________________________________
Submission Checklist

Initial Submission Requirements

Application Form

Sources and Uses of Funds, Construction Pro-Forma, and Revenue Projections (Attachment A)

Conceptual Site Plan, Floor Plans, and Front Elevation

Economic Disclosure Statement (Attachment B)

Principal Profiles (Attachment C)

Submissions Required Prior to CDC

Applicant’s Financial Statement

Organizational and Operating Documents of Purchasing Entity

Copy of Residential Developer license (if proposed project includes residential use)

Developer Disclosure Affidavit (Attachment G)

Letter of Interest From Financing Sources (if project is to be bank financed)

Copies of Notification Letters to be Sent to M/WBE Contractor’s Associations (Attachment D)

Needs Assessment Form to be Submitted to the Mayor’s Office of Workforce Development (if applicable, Attachment E)

Preliminary Site Plan, Floor Plans, Elevations, and Rendering

Letter of Support from the local Alderman

Submissions Required Prior to City Council

Offer to Purchase and Good Faith Deposit (Attachment F)

Detailed Project Budget (including M/WBE project budget if applicable)

Current Financial Statement

Submissions Required Prior to Closing

Proof of Equity and Lender Financing

Copies of Building Permits and Zoning Approval

Any Other Customary Legal Documents

Informational Attachments

Sample Redevelopment Agreement

City of Chicago Affordable Housing Guidelines

Redevelopment Area Plan (provided upon request)