

NEGOTIATED SALE OF REDEVELOPMENT PROJECT AREA PROPERTIES

Program Overview



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CITY OF CHICAGO**

Department of Planning and Development

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Negotiated Sale of Redevelopment Project Area Properties

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 Planning and Development (DPD) is one of the City departments authorized to accept purchase applications.

Which Redevelopment Project Area Properties Are Available For Purchase By Negotiated Sale?

DPD 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 DPD's Real Estate Division at (312)744-2777.

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. DPD 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 DPD. 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. DPD 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 DPD, visit the department's website at www.cityofchicago.org/DPD. 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 DPD, 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 DPD. DPD 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 DPD. 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

DPD 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)
- 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)

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 DPD
- Monitoring and compliance documentation as required

For more information on property sales call DPD's Real Estate Division. For information on other DPD programs, contact the department at (312)744-2777 or visit the department's website at www.cityofchicago.org/DPD. The Negotiated Sale program overview and application form can be downloaded from the website.