

**CITY OF CHICAGO  
DEPARTMENT OF PLANNING AND DEVELOPMENT**

**STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REQUESTING DEVELOPER DESIGNATION  
April 8, 2014**

**I. PROJECT IDENTIFICATION AND OVERVIEW**

Project Name: Parkside of Old Town – Phase IIB Rental

Applicant Name: Parkside Phase IIB, LP

Project Address: 459 W. Division Street & 1151 N. Cleveland Street

Ward and Alderman: 27<sup>th</sup> Ward – Alderman Walter Burnett

Community Area: Near North Community Area (#8)

Redevelopment Project Area: Near North TIF

Requested Action: TIF Developer Designation

Proposed Project: The financial assistance is for the new construction of two buildings on two sites, containing a total of 106-rental units, and approximately 66 off-street parking spaces. The first building will be nine stories tall, with 94 residential units, including five townhouse-style units and two walk-up flats attached to the rear façade of the building. There will be approximately 59 on-site interior parking spaces which will be accessed off of Cleveland Street or Hudson Street. This structure will sit on Division and Cleveland Streets. The second building which will sit on Cleveland Street, will be a three-story walk-up with twelve residential units, and seven on-site exterior parking spaces. Parking for this structure will be accessed off of Hudson Street. All of the units will have outdoor space; the units at grade will have

small private yards, and the upper units will have private balconies. Of the 106 residential units, 36 or 34% will be CHA replacement units, 27 or 25% will be affordable to households earning 60% or less of the area median income (AMI), and 43 or 41% will be market rate.

Goal of Project: To reduce or eliminate blighted conditions, increase the number of rental units for a variety of income levels, employ project area residents in construction jobs, and strengthen the economic well-being of the project area.

TIF Assistance: \$10,000,000

## **II. PROPERTY DESCRIPTION**

Address: 459 W. Division, and 1151 North Cleveland

Location: Near North Side

Tax Parcel Numbers: 17-04-306-030-0000; 17-04-306-040-0000;  
17-04-306-041-0000; 17-04-306-042-0000;  
17-04-306-043-0000; 17-04-306-044-0000;  
17-04-306-045-0000; 17-04-306-046-0000;  
17-04-306-047-0000; 17-04-306-031-0000;  
17-04-306-039-0000

Land Area: Approximately 46,370 square feet

Current Use: Vacant – CHA land

Current Zoning: Planned Development 1006 approved by zoning January 12, 2006.

Environmental Condition: The Phase I & II Environmental Site Assessment was completed by Wight and Company and showed the presence of building and construction debris from past demolition and fill. Soil remediation will be required.

## **III. BACKGROUND**

The redevelopment of this property is central to the City's overall redevelopment plan for the immediate area and will complete the landscape on Division Street from Orleans, west to Larrabee Street.

The Cabrini-Green development was built over a 20-year period. The first 586 units, known as the Frances Cabrini row-houses, were erected in 1942. In 1958, another 1,928 units were added and known simply as the Cabrini-Green extension north and south, and finally in 1962, 1,096 units, known as The Green Homes, were built on the north side of Division Street. At the peak of this development, Cabrini-Green was home to 15,000 people, and although it was not without violence and neglect, it also had positive notable moments. Unfortunately, in 1970, two Chicago Police officers were fatally shot as violence continued to escalate, and in 1981 in an attempt to stem the violence, the then Mayor of Chicago, Jane Byrne, moved into Cabrini for a three week stay. Violence, however, continued into the 1990's, and in the fall of 1992, Cabrini-Green residents experienced the tragic killing of seven year old Dantrell Davis, who was shot by a stray bullet while his mother was walking him to school.

In 1994, the Chicago Housing Authority received a HOPE VI grant from the federal government to begin the planning redevelopment not only at Cabrini-Green, but at their public housing developments across the Chicagoland area. The Cabrini-Green development was selected by the CHA to be the focus of the first HOPE VI application, however, the Cabrini residents along with their lawyers sued as they felt too many CHA residents would be displaced and would not have the right to return to the gentrifying near north side. The lawsuit took years to settle.

The Near North Redevelopment Initiative (NNRI) was drafted in 1997, and included the expansion of Seward Park to Division street, the construction of the police station at Larrabee and Division streets, the construction of a high school (Walter Payton Academy), elementary school (Jenner), and commercial space at Clybourn and Division, which at the time, was to be anchored by a Dominick's food store. All of the proposed items have since come to fruition. Although Dominick's is now closed, the large space will be the future home of a Jewels' Food store.

The Primary Market Area (PMA) for the Cabrini-Green development is defined by the community areas of Lincoln Park, Near North, West Town and the Loop. It is an irregular area roughly bounded by Diversey Avenue on the north, the lakefront on the east, Western Avenue on the west, and Roosevelt Road on the south.

According to the Market Study, it is anticipated that 50% of the new residents will come from the PMA. However, because the neighborhood is extremely convenient to the center of the city, new residents may come from all over the city. Additionally, persons new to Chicago tend to gravitate to the Near North, Lincoln Park and other neighborhoods lining Chicago's north lakefront.

The market area age distribution shows a diverse division with 15.9% between the ages of 0-17, 7.4% between the ages of 18-24, 41.9% between the ages of 25-44, 26.1% between the ages of

45-64, and 8.7% age 65 and over. As the percentage totals show, 42 percent of the population in the market area was aged 25 to 44; the prime age category for apartment rental.

The market area includes a wide variety of housing types, from high-rise rental and condominium buildings to single-family homes. Townhouses have become the most popular type of new housing in the market area over the past two decades. Additionally, some developments due west of Parkside of Old Town have reintroduced the traditional two- and three-flat building type. Rent levels for both market-rate and affordable apartments at Parkside are competitive, and the rent-levels, combined with the offering of roomy, newly constructed apartments, argues for a reasonable lease-up.

While the market area is an affluent area with more than one-third of the households in the market earning \$100,000 and more in 2010, 51,856 (37.4%) earned less than \$50,000, with almost one-fifth (27,022) of the households earning less than \$25,000.

The Parkside of Old Town development is being built on the portion of Cabrini-Green which is bound by Division Street to the north, Larrabee Street to the west, Oak Street to the south, and Orleans Street to the east. The past phases of Parkside of Old Town have been very successful with the completion of 207 condominiums; 51 of which were purchased by CHA for public housing families, and 16 were sold to affordable families at the 120% area median income and below market. Additionally, 56 townhome units have also been completed with 21 being for CHA families and four for affordable families. Two rental buildings round out the current development; the first which sits on the south east corner of Division and Larrabee Streets and houses 111 units consisting of 28 CHA replacement units, 48 affordable to households at 60% of the area median income and below, and 35 market rate units. The second rental building is located on the north east corner of Larrabee and Oak Streets, and houses 112 units consisting of 39 CHA replacement units, 53 affordable and 20 market rate units. To date, both the for-sale and rental properties are 100% occupied.

Over the past decade, this area has experienced tremendous growth and is close to numerous commercial businesses, restaurants, churches, schools and existing housing. The site is easily accessible by public transportation with the red line subway stops ½ mile east of the proposed site at Clark and Division, or north at Halsted and North Avenue. The brown line elevated stops can be accessed from the north at Sedgwick Street, or from the south at Chicago Avenue; both of which are one-mile away from the site. In addition to el-stops, there are several bus lines that can be accessed as well. The Division street bus, with a stop across from the site, travels east-west on Division, and four blocks north of Division is the North Avenue bus, which also runs east-west. Approximately 1/3 mile west of the site is Halsted Street. The bus line on Halsted runs north-south as does the Clark street bus and several buses on LaSalle Street which are both ½ mile east of the site. The Sedgwick street bus which can be accessed north of the site, also offers bus service during the morning and evening rush hours. The Dan-Ryan and Kennedy

expressways can be accessed off of the Orleans street feeder ramp which is approximately one mile south of the site.

In addition to providing TIF funds for the first phases of Parkside of Old Town, past projects that have received TIF funds to help aid in the development process were River Village located at 1037 N. Kingsbury, North Town Village located at 758 W. Evergreen and the Lakefront Single Room Only (SRO) building located at 1234 N. Clybourn. All of these developments provided affordable and CHA public housing units for individuals and families.

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

**Development Entity:** Parkside Associates, LLC is the master developer for the Cabrini Extension North project. The developer for the phase IIB rental is Parkside Phase IIB, LP, an Illinois limited partnership, and Parkside Phase IIB, LLC, an Illinois limited liability company, whose sole member is Parkside Associates, LLC. Parkside Associates, LLC consists of Holsten Real Estate Development Corp. with a 60% share, and the Cabrini Green LAC Community Development Corporation with a 40% share. At closing, Parkside IIB, LLC will be the general partner with a 0.1% share, and Alliant Capital, Ltd. or an entity acceptable to the City will replace Peter Holsten as the limited partner.

**Experience:** The Holsten Real Estate Development Corporation is one of Chicago's leading for-profit developers and managers of affordable and single-room-occupancy housing, and has over 29 years of experience in developing and managing over 3,000 housing units. Some of their earlier developments includes, but are not limited to, the Rosemont (1601 W. Rosemont - 122 units), the Lakeland (4541 N. Sheridan - 110 units), the Norman (1325 W. Wilson - 154 units), and the Cromwell (5718 N. Winthrop - 75 units), in addition to the Sutherland and the South Shore, developed jointly with Century Place Development Corporation. The Sutherland, South Shore, Rosemont, and the Midwest were all financed with low-income housing tax credits from the City, conventional bank first mortgages, and second mortgages from IHDA. Additionally, Holsten completed the Bryn Mawr/Belle Shore in 1998-1999. Holsten successfully manages all the projects after rehab for the long-term, and has an accounting and management system tailored to meet the needs of these types of projects. As a property manager, Holsten's primary goal is to protect ownership's investment for the entire team.

#### **Other City-funded Projects by this Developer:**

North Town Village (NTV), which is located in the Near North Redevelopment Area is a mixed income, CHA replacement housing development which consists of 261 units of rental and for-sale housing in a combination of town homes, duplexes, coach houses, a seven-story mid-rise building, a 12-unit condominium building, and six and eight flats. Funding for this project came from a variety of City, State and Federal funding sources. The development was completed in

October 2002, and was the first of its kind where mixed income developments were erected to infuse CHA replacement units, affordable units and market rate units.

Completed in 2009, the Lawndale Restoration project, which is located on the west side of Chicago, consists of 10 different buildings, and offers one-, two-, three-, and four-bedroom units to affordable households. Restoration of these three-story walk-ups returned a total of 170 living units back to its former glory, and brought them up to city code.

Wilson Yards, which is located in the Uptown neighborhood, is a multi-purpose facility that consists of a senior building with 98 one-bedroom units, a family building consisting of 80 units, and commercial space that includes a Target store and ALDI food store.

The renovation of Hilliard Homes involved a total of 654 family and senior units housed in four towers. Located in the near south neighborhood, Holsten Development turned what was once all public housing into a mixed-income rental community. Additionally, some of the resident services offered at Hilliard Homes include intergenerational activities for seniors and families, counseling and workforce development services.

The first rental building of Parkside of Old Town sits on the southeast corner of Division and Larrabee Streets, and was completed in 2009. The building, which is a seven-story structure houses 111 mixed-income units comprised of 35 CHA, 48 affordable, and 28 market rate units. Construction on the second rental building begun in late 2010, and was completed in early 2013. This eight-story structure which sits on the northeast corner of Larrabee and Oak Streets, houses 112 mixed-income units which are comprised of 39 CHA, 53 affordable, and 20 market rate units. Both of the existing rental units are fully occupied.

Holsten Management also successfully served as the City's heat receiver from 1994 - 2000.

The Cabrini-Green LAC Community Development Corporation is a not-for-profit entity formed in 2005 to provide housing and services to the residents of the redeveloped Cabrini-Green area. Since its inception, the Cabrini-Green LAC Community Development Corporation has partnered with real estate development firms and private businesses to assist residents in obtaining training and employment opportunities. Additionally, they actively participate in the Near North Unity Program (NNUP), which is comprised of local religious leaders, park directors, school principals, affordable housing tenants and condominium developers, to build the community, by scheduling social events, discussion forums, holiday gatherings and mixers, which assists in the integration of very low and low-income residents into the new mixed-income communities.

The Cabrini-Green LAC Community Development Corporation board members consist of current residents of Cabrini-Green, and is led by Deidre Brewster. Per their by-laws, board members are elected for three-year terms.

The community and supportive services for Parkside of Old Town will consist of a three-pronged approach. Holsten Human Capital Development (HHCD), and the CDC will agree on programmatic policy decisions regarding the implementation of community and supportive services. The day-to-day administration of the community and supportive services program will be the responsibility of HHCD and will include services such as resident transition (initial assessments of each of the public housing assisted families and appropriate referrals for services after the initial assessments), job training and employment initiatives, referrals for training programs, assisting with transportation concerns and child care needs, and planning activities and events for all residents to maximize positive interaction between residents and help focus on common goals.

**Other development team members include:**

<b>Architect:</b>	Landon Bone Baker
<b>General Contractor:</b>	Linn-Mathes
<b>Property Manager:</b>	Holsten Real Estate
<b>Developer’s Counsel:</b>	Applegate & Thorne-Thomsen, P.C. Mandel Legal Aid Clinic Legal Assistance Foundation of Metropolitan Chicago
<b>Developer’s Accountant:</b>	Reznick Group
<b>Other – CHA Counsel:</b>	LaRue Little
<b>CHA Outside Counsel:</b>	Albert Whitehead & Associates

**V. PROPOSED PROJECT**

**Project Overview:** There will be two buildings in this third rental phase of Parkside. The first building will be nine stories tall, with 94 residential units, including five townhouse-style units and two walk-up flats attached to the rear façade of the building. Additionally, there will be one- and two-bedroom “flats” on top of the two-story parking base. The building will house approximately 59 on-site interior parking spaces. This structure will sit on Division and Cleveland Streets, and parking will be accessible from the east off of Hudson Street, or from the west off of Cleveland streets. The second building which will sit on Cleveland Street, will be a walk-up with twelve two- and three-bedroom residential units and seven on-site exterior parking spaces. Accessed from the first floor, the three-bedroom town houses will have individual entries, and the two-bedroom “flats” will be accessed by corridors that contain an elevator or stairs. All of the units will have outdoor space; the units at grade will have small private yards, and the upper units will have private balconies. Parking for this structure will be accessible from Cleveland Street. Of the 106 residential units, 36 or 34% will be CHA replacement units, 27 or 25% will be affordable to households earning 60% or less of the area median income (AMI), and 43 or 41% will be market rate.

The outer envelope of the nine-story building will consist of precast concrete wall panels with or without inlaid brick, aluminum infill window systems, and prefinished aluminum balcony rails. The envelope of the walk-up building will consist of brick veneer and masonry panels. Numerous green features will be utilized which includes reflective roofing materials, high efficiency boilers, programmable thermostats, energy-star appliances and fixtures, low-e windows, compact fluorescent lighting, low VOC paints and adhesives and native drought-tolerant plants. In addition, all interior doors will be made with recycled content and will be manufactured locally. Of the 106 units, 20% will be accessible, and all of the remaining units will be visitable, with the exception of the five town-home style units and the eight flats on the upper floors of the three-story building.

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 106 rental units of which 63 or 59 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. Rents for public housing/CHA units are governed by HUD rules and regulations and as such, are not discretionary on the developer’s or the City’s part.

**Unit Profile**

Unit Type	Number	Market/ Affordable	Size-sf	Monthly Rent/sf*	Monthly Rent*
1 bed/1 bath	19	Market Rate	830 s.f.	\$ 1.63	\$1,350.00
1 bed/1 bath	1	Affordable 30% AMI	800 s.f.	\$ 0.52	\$312.00
1 bed/1 bath	1	Affordable 40% AMI	800 s.f.	\$ 0.61	\$484.00
1 bed/1 bath	4	Affordable 50% AMI	800 s.f.	\$ 0.77	\$615.00
1 bed/1 bath	5	Affordable at 60% AMI	800 s.f.	\$ 0.93	\$746.00
			800 s.f.		

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1 bed/1 bath	21	CHA/PH		\$ 0.53	\$425.00
2 bed/1 bath	13	Market Rate	1,037 s.f.	\$ 1.49	\$1,550.00
2 bed/2 bath	11	Market Rate	1,091 s.f.	\$ 1.47	\$1,600.00
2 bed/1 bath	2	Affordable at 30% AMI	1,000 s.f.	\$ 0.38	\$376.00
2 bed/1 bath	2	Affordable at 40% AMI	1,000 s.f.	\$ 0.53	\$534.00
2 bed/1 bath	3	Affordable at 50% AMI	1,000 s.f.	\$ 0.74	\$736.00
2 bed/1 bath	4	Affordable at 60% AMI	1,000 s.f.	\$ 0.89	\$894.00
2 bed/2 bath	7	CHA/PH	1,100 s.f.	\$ 0.39	\$425.00
3 bed/2 bath	1	Affordable at 40% AMI	1,230 s.f.	\$ 0.50	\$618.00
3 bed/2 bath	2	Affordable at 50% AMI	1,230 s.f.	\$ 0.69	\$849.00
3 bed/2 bath	2	Affordable at 60% AMI	1,230 s.f.	\$ 0.84	\$1,032.00
3 bed/2 bath	7	CHA/PH	1,230 s.f.	\$ 0.35	\$425.00
4 bed/2 bath	1	CHA/PH	1,300 s.f.	\$ 0.33	\$425.00

\* Utilities included: heating, cooling and domestic hot water.

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,), 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:** The project will incorporate green features which will include reflective roofing materials, permeable pavers, high energy efficiency boilers, programmable thermostats, energy-star appliances and fixtures, low-e windows, compact fluorescent lighting, low VOC paints and adhesives and drought-tolerant plants. Additionally, all interior doors will be made with recycled content and will be manufactured locally.

## **VI. FINANCIAL STRUCTURE**

This proposed development will be funded with various sources of public financing of which 57% of the funds will come from tax-exempt bonds issued by the City of Chicago. The permanent financing will have a principal amount of \$3,774,267, which will be supported by net operating income (NOI). The bridge portion will have a principal amount of \$19,477,281 and be paid-out during the construction period. It will be supported by limited partner equity pay-ins, and funds from the Chicago Housing Authority (CHA). Due to the use of tax-exempt bonds, the project will automatically generate low-income housing tax credits at the 4% level. The use of these 4% credits will generate \$8,734,843 of equity of which \$7,004,962 will be used to repay the bridge bond, with the remaining \$1,729,881 being used for the benefit of the project. The equity will be paid into the project in tranches, and funded throughout construction to completion and finally occupancy. The developer will also defer developer fee of \$500,000 which they will have a ten year period in which to collect the fee provided the buildings are performing in the black.

TIF funds will represent 24% of the financing and will be used to pay or reimburse the developer for TIF eligible project costs. A cash payment of TIF funds in the amount of \$5,000,000 will be made at 50% construction completion, \$2.5 million at 75% construction completion, and the final \$2.5 million when both buildings are 100% complete and the developer has received the certificates of completion. Available increment will be defined as that from the project PINs as well as area-wide increment from the Near North TIF district beginning with the first collection after the closing of the RDA.

DPD has preliminarily set-aside \$1,900,000 in loan funds, and the Chicago Housing Authority (CHA) has preliminarily set aside \$12,442,319 in Hope VI funds, pending CHA Board approval.

Illinois Affordable Housing Tax Credits (IAHTC), better known as Donation Tax Credits (DTCs), will fund 9% of the development costs. The CHA land is viewed as a donation, and

50% of the land value, or \$4,000,000, is the amount of DTCs that are to be sold to generate \$3,590,000 of equity for the project. Alliant Capital, or an entity acceptable to the DPD Commissioner, will purchase the credits and provide the equity.

The following table identifies the sources and uses of funds.

**SOURCES AND USES OF FUNDS:**

<b>Sources</b>	<b>Amount</b>	<b>% of total</b>
1 <sup>st</sup> Mortgage	\$ 3,774,267	9%
CHA/Hope VI Funds	\$12,442,319	30%
Near North TIF Funds	\$10,000,000	24%
CDBG/Multi-Family Loan Funds	\$ 1,900,000	5%
Donation Tax Credit (DTC) Equity	\$ 3,590,000	9%
Equity	\$ 8,734,843	21%
GP Contribution (DTC) Equity	\$ 10,100	01%
Deferred Developer Fee	\$ 500,000	01%
<b>Total Sources</b>	<b>\$40,951,529</b>	<b>100%</b>

<b>Uses</b>	<b>Amount</b>	<b>\$/sf of Building*</b>
Land Acquisition	N/A	CHA Land
<b>Hard Costs:</b>		
Construction	\$30,750,000	\$181.53
Construction Contingency	\$ 1,537,500	\$ 9.08
<b>Total Hard Costs:</b>	<b>\$32,287,500</b>	<b>\$190.61</b>
<b>Soft Costs:</b>		
Architect Fees (3.8% of hard costs)	\$ 1,220,935	\$ 7.21
Landscape Architect	\$ 25,410	\$ 0.15
Part 2 Fee-New City Code	\$ 50,000	\$ 0.30
Private Utilities	\$ 85,000	\$ 0.50
Civil & Structural Engineering Fees	\$ 141,355	\$ 0.83
Soil Testing/Geotechnical Borings	\$ 25,000	\$ 0.15
Pre-cast Structural Design	\$ 150,000	\$ 0.89
Mech. Electrical Plumbing (MEP)	\$ 153,800	\$ 0.91
Concrete, Rebar & Masonry Testing	\$ 100,000	\$ 0.59
Permit/Application Fees	\$ 100,000	\$ 0.59
First Mortgage Lender Fees	\$ 75,000	\$ 0.44
Legal Fees (0.2% of total costs)	\$ 677,000	\$ 4.00

Bond Costs (3.4% of total costs)	\$ 1,385,000	\$ 8.18
Tax Credit Reservation Fee	\$ 296,529	\$ 1.75
Title and Recording	\$ 55,000	\$ 0.32
Marketing & Leasing (0.1% of total costs)	\$ 230,000	\$ 1.36
Construction Period Insurance	\$ 150,000	\$ 0.89
Construction Period Taxes	\$ 100,000	\$ 0.59
Construction Period Carry Costs	\$ 90,000	\$ 0.53
Lease-Up Reserve	\$ 300,000	\$ 1.77
PH Operating Subsidy Reserve	\$ 168,300	\$ 0.99
Operating Reserve	\$ 481,700	\$ 2.84
Pre-Development & Bridge Lender Fees	\$ 325,000	\$ 1.92
Pre-Development Loan Interest	\$ 50,000	\$ 0.30
Escrows	\$ 130,000	\$ 0.77
Developer Fee	\$ 2,000,000	\$ 11.81
Other Soft Costs	\$ 99,000	\$ 0.58
Total Soft Costs (21% of total costs)	\$ 8,664,029	\$ 51.15 psf
<b>Total Uses:</b>	<b>\$40,951,529</b>	<b>\$241.76 psf</b>

\*Gross building area is 169,390 square feet

## **VII. PUBLIC BENEFITS**

The proposed project will provide the following public benefits:

**Affordable Housing:** The project will provide 106 units; 63 of which will be available to households at the 30-60% Area Median Income (AMI) levels.

**Environmental Features:** The project will incorporate green features which will include reflective roofing materials, permeable pavers, high energy efficiency boilers, programmable thermostats, energy-star appliances and fixtures, low-e windows, compact fluorescent lighting, low VOC paints and adhesives and drought-tolerant plants. Additionally, all interior doors will be made with recycled content and will be manufactured locally.

**Permanent Jobs:** The project is estimated to generate six permanent jobs as follows: Building Administrator 100% time; Janitor I 100% time; Janitor II 100% time; Maintenance Tech 100% time; Admin/Receptionist 100% time, and Compliance Analyst 50% time. The department’s workforce development specialists will work with the developer on job training and placement.

**Construction Jobs:** The project will produce 121 temporary construction jobs.

**Affirmative Action:** The developer will comply with the requirements of Chicago’s affirmative

action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% 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 Burnett endorses the project and has provided a letter of support (see exhibits for copy).

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

The proposed project is located in the Near North Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area’s redevelopment plan: eliminate blighted conditions, increase the number of rental units for a variety of income levels, employ project area residents in construction jobs, and strengthen the economic well-being of the project area. The proposed project also conforms to the plan’s stated goals and the plan’s land use map, which calls for residential/institutional/commercial employment or parks and open space development at the subject site. The implementation strategy for achieving the plan’s goals envisions the need to provide TIF financial assistance for the development of The Parkside Phase IIB mixed-income rental development.

### **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 will not occur before the City Council has approved the redevelopment agreement, the

developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The documents will include a development timetable.

## **XI. RECOMMENDATION**

The Department of 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 Parkside Phase IIB, LP as Developer for the development of Parkside of Old Town Phase IIB located at 459 West Division and 1151 North Cleveland.

**EXHIBITS**

TIF Project Assessment Form  
TIF Annual Report  
Redevelopment Area Map  
Neighborhood Map or Aerial  
Survey or Plat  
Site Plan  
Typical Floor Plan  
Front Elevation or Rendering  
Sample M/WBE Letter  
Copies of M/WBE Certified Letter Receipts  
Lender's Letter of Interest  
Community Letters of Support  
Alderman's Letter of Support



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

**RESOLUTION NO. 14 - CDC - 25**

**AUTHORIZATION TO NEGOTIATE A  
REDEVELOPMENT AGREEMENT WITH CICERO AND GEORGE LIMITED  
PARTNERSHIP  
AND  
RECOMMENDATION TO  
THE CITY COUNCIL OF THE CITY OF CHICAGO  
FOR THE DESIGNATION OF CICERO AND GEORGE LIMITED PARTNERSHIP  
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 99-CDC-235 and pursuant to the Act, enacted three ordinances on January 12, 2000 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Belmont/Cicero 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**, Cicero and George Limited Partnership (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 construction of a six-story, 70-unit building and approximately 23 on-site parking spaces (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: June 10, 2014

Attachment: Exhibit A, Street Boundary Description

**EXHIBIT A**

Street Boundary Description of the  
Belmont/Cicero Tax Increment Financing  
Redevelopment Project Area

The Area is of linear shape and encompasses the property along Cicero Avenue from Grace Avenue on the north to Montana Avenue on the south. Additionally, an east/west linear section follows Belmont Avenue on the west.