City of Chicago  
Department of Planning and Development  

STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REQUESTING DEVELOPER DESIGNATION  

NOVEMBER 12, 2019

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name: IMI – Portage Park
Applicant Name: Portage Park Capital, LLC
Project Address: 3611-57 North Central Avenue
Ward and Alderman: 36th Ward, Alderman Gilbert Villegas
Community Area: Portage Park - 15
Redevelopment Project Area: Belmont/Central
Requested Action: TIF Developer Designation
Proposed Project: Mixed-use development including 109,320 square feet of self-storage space and 13,000 square feet of commercial and retail space.
Goal of Project: Return a vacant site to a productive use.
TIF Assistance: $3,300,000

II. PROPERTY DESCRIPTION

Address: 3611-57 North Central Avenue
Location: Southeast corner of Waveland Avenue and Central Avenue
Tax Parcel Numbers: 13-21-124-042-0000
Land Area: 36,615 square feet
Current Use: Vacant land
Current Zoning: PD 1450

III. BACKGROUND

Portage Park Capital, LLC acquired the vacant site located at 3611-57 North Central Avenue and plans to develop a 122,320 square foot mixed-use commercial development. The site was previously occupied by a Dominick’s store that closed in 2004 as part of a broader closure of 12 Chicago-area and suburban stores prior to Dominick’s exit from the Chicago market in 2014. The southern portion of the parcel was redeveloped into a CVS store in 2009, but the subject property has remained vacant for 15 years.

The population of Portage Park is 64,307 and it contains 22,689 households. The neighborhood is primarily a mix between white non-Hispanic (50.3%) and Hispanic or Latino (40.8%) households. The median household income is $61,393 which is above the City of Chicago median household income of $52,497.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity:

Portage Park Capital, LLC is an entity created to develop the property. The development entity is managed by Investment Management, Inc., a Wyoming corporation, whose president is Bernard Edelman. Mr. Edelman has been a Chicago attorney and real estate investor/developer since 1988 and has completed projects such as the conversion of the Trustee System Service building/Century Towers (182 W. Lake St.) from commercial space to residential condos and the development of high-end single family homes on Lake Cook Road.

Consultants:

Legal Services
DLA Piper
444 W. Lake, Suite 900
Chicago, IL 60606

TIF Consultant
Laube Companies
200 S Wacker Dr Suite 3100
Chicago, IL 60606

V. PROPOSED PROJECT
Project Overview:

The Developer is proposing to redevelop the property into a four-story, 122,320 square foot mixed-use commercial development containing 13,000 square feet of ground floor retail and commercial space and a public self-storage facility on the upper floors. The Developer is targeting restaurant, brewery, and tavern tenants for the retail and commercial area.

The City intends to reimburse the Developer for a portion of its TIF-eligible costs in an amount not to exceed $3,300,000 (the “City Funds”), which is 23.3% of the Total Project Costs, currently estimated to be $14,156,082; (the “TPC”).

V. LAND ACQUISITION

No parcels have been identified for land acquisition.

VI. FINANCIAL STRUCTURE

The subject property sits in the Belmont/Central TIF District. The district was designated in 1999. The goal of the district is to strengthen the economic vitality of the community, eliminate blight and increase employment opportunities.

The project will be financed with a mix of investor equity and debt. The City intends to reimburse the Developer for a portion of its TIF-eligible costs in an amount not to exceed $3,300,000 for construction of the project. The City is providing up to 23.3% of the total cost of development. The reimbursement will come from area-wide increment generated by the TIF District and will be provided as follows: $2.5 million paid in two equal installments, with the first payment at Certificate of Completion and the second at the one-year anniversary. The remaining $800,000 would be paid as a reimbursement for interest accrued during construction and would be paid in equal annual installments, starting at Certificate of Completion, until the termination of the TIF district on 12/31/2024. Once the TIF District expires, the City will maintain a profit sharing provision.

The City also intends to pass a resolution in support of a Class 7b property tax incentive for a 12-year term for the site. The estimated taxes over the 12-year term, with rehabilitation, would be $5.77 million. The estimated taxes, with rehabilitation and the tax incentive, would be $2.61 million, creating an estimated $3.2 million tax abatement to the Developer over the 12 year term.

The following table identifies the Project’s proposed sources and uses of funds:

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>AMOUNT</th>
<th>% OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>$ 2,171,216</td>
<td>15%</td>
</tr>
<tr>
<td>Debt</td>
<td>$11,984,866</td>
<td>85%</td>
</tr>
<tr>
<td>Total Sources</td>
<td>$14,156,082</td>
<td>100%</td>
</tr>
</tbody>
</table>
### USES

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LAND COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Acquisition and Assembly</td>
<td>$1,884,967</td>
<td>13.3%</td>
</tr>
<tr>
<td>Land Carrying Costs</td>
<td>$664,369</td>
<td>4.7%</td>
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<tr>
<td><strong>TOTAL LAND COSTS</strong></td>
<td>$2,549,336</td>
<td>18.0%</td>
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<tr>
<td><strong>HARD COSTS</strong></td>
<td></td>
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<tr>
<td>Vertical Construction Costs</td>
<td>$6,112,988</td>
<td>43.2%</td>
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<tr>
<td>Excavation</td>
<td>$109,312</td>
<td>0.8%</td>
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<tr>
<td>Site Prep (Construction of caissons and concrete foundations)</td>
<td>$576,280</td>
<td>4.1%</td>
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<tr>
<td>Site Work</td>
<td>$622,951</td>
<td>4.4%</td>
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<tr>
<td>General Conditions</td>
<td>$527,266</td>
<td>3.7%</td>
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<tr>
<td>Project Contingency</td>
<td>$380,818</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>TOTAL HARD COSTS ($68.10/psf GBA)</strong></td>
<td>$8,329,615</td>
<td>58.8%</td>
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<tr>
<td><strong>SOFT COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Architect</td>
<td>$272,000</td>
<td>1.9%</td>
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<tr>
<td>Engineer</td>
<td>$150,000</td>
<td>1.1%</td>
</tr>
<tr>
<td>Accounting/Consulting</td>
<td>$105,000</td>
<td>0.7%</td>
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<tr>
<td>Legal</td>
<td>$155,000</td>
<td>1.1%</td>
</tr>
<tr>
<td>Title Insurance/Transfer Taxes</td>
<td>$150,000</td>
<td>1.1%</td>
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<tr>
<td>Marketing &amp; Signage</td>
<td>$130,000</td>
<td>0.9%</td>
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<tr>
<td>Tenant Allowances ($50 psf at 12,000 sf)</td>
<td>$600,000</td>
<td>4.2%</td>
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<tr>
<td>Third Party Leasing Commissions</td>
<td>$144,000</td>
<td>1.0%</td>
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<tr>
<td>GC Fee</td>
<td>$498,267</td>
<td>3.5%</td>
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<tr>
<td>Operating Reserve for Deficits</td>
<td>$637,857</td>
<td>4.5%</td>
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<td>Development Fee</td>
<td>$435,007</td>
<td>3.1%</td>
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<tr>
<td><strong>TOTAL SOFT COSTS</strong></td>
<td>$3,277,131</td>
<td>23.1%</td>
</tr>
<tr>
<td><strong>TOTAL PROJECT COSTS</strong></td>
<td>$14,156,082</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### VII. CITY PROTECTION

The Developer will comply with an ongoing operations covenant to ensure the Developer shall continuously operate the Project in the manner agreed upon with the City of Chicago.
Additionally, starting at Certificate of Completion, the Developer will comply with an ongoing occupancy covenant that requires the Developer to ensure that at least 50% of the retail space is occupied and open for business. If the Developer does not maintain the required occupancy then it will be an Event of Default and the City will suspend disbursement of TIF funds.

VIII. PROJECT BENEFITS

The proposed Project will provide the following benefits:

**Eliminate Vacancy:** The project will eliminate a large vacant parcel and return the site to productive use.

**Job Creation:** The project is estimated to generate 22 permanent full time jobs and 60 temporary construction jobs.

**M/WBE Hiring:** 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.

**Environmental Features:** The project will be subject to the Chicago Sustainable Development Policy.

IX. COMMUNITY SUPPORT

Alderman Villegas endorses the project.

X. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the Belmont/Central Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the Redevelopment Plan:

- Support and retain the existing tax base of the Area
- Develop new commercial buildings on vacant and/or underutilized properties in the Area
- Improve the condition and appearance of properties within the Area

The implementation strategy for achieving the goals of the Plan includes the need to provide TIF financial assistance to create jobs and spur development in the Project Area.
The proposed project also conforms to the plan's land use map, which calls for commercial development at the subject site.

**XI. CONDITIONS OF ASSISTANCE**

If the proposed resolution is approved by the CDC, DPD will negotiate a Redevelopment Agreement (RDA) with the Developer. The RDA 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. Before today's action is presented to the City Council for approval, the Department will conduct a thorough background check of all principals having an ownership interest of 7.5 percent or greater, and of the boards of directors and trustees of non-profit organizations. Similar background checks will be conducted on the development entity itself.

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

**XII. 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, and DPD requests that the CDC recommend to the City Council the designation of Portage Park, LLC as the Developer for the vacant parcel at 3611-57 North Central Avenue.
EXHIBITS

Neighborhood Map or Aerial
TIF Map
Site Plan
Sample M/WBE Letter
Copies of M/WBE Certified Receipts
Portage Park Capital, LLC
77 W. Washington St., Suite 1501 ◆ Chicago, Illinois USA 60602-3220

Via US Certified Mail
October 29, 2019

Hispanic Am. Construction Industry Assoc. (HACIA)
650 W. Lake St., Unit 415
Chicago, IL 60661

Re: Minority and Women-Owned Business Enterprise Participation
3631-57 North Central Avenue/ 5547-57 West Waveland Avenue
Central & Waveland – Retail & Self-Storage Development

Portage Park Capital, LLC (the “Developer”) is pleased to announce the development of the property at 3631-57 North Central Avenue / 5547-57 West Waveland Avenue, Chicago, IL. The Developer proposes to construct a 4-story building measuring approximately 50’ in height and containing ground floor retail uses and a self-storage facility.

In the near future, the Developer will select a general contractor. The construction of this project is anticipated to require participation of the following trades: concrete, excavation, carpentry, electrical, HVAC/ mechanical, painting, plumbing, roofing, sprinklers, windows, etc. It is also anticipated that other services, such as landscaping, fencing, and signage will also be needed. It is expected that construction will begin first or second quarter of 2020, and the Project’s preliminary budget for “hard” construction costs is approximately $9 Million Dollars. Although the Developer has yet to finalize the project budget, which will identify the minority business enterprise participation of 26% and the women business enterprise participation of 6%, should you request in writing the Developer will follow up with you to provide you with that information and, when available, its general contractor information.

Thereafter, at your request, our general contractor will meet with a representative of your organization to present the project budget and schedule. At your request, our general contractor will also provide your organization with one copy of the project bid documents, including plans and specifications. Please forward this opportunity to all members of your organization and direct them to contact me via E-Mail at: Edelman@InnovativeMarketingInc.com at this time if they wish to be considered for this project at this time and be advised of our general contractor when available. Please also send a hard copy of the e-mail to my attention at the address above. Any E-mail sent in connection with this letter must, in the “subject line”, reference your organization and the Project address.

The Developer is requesting that you make your member companies aware of this project so that they may submit bids for appropriate subcontracting opportunities.

Thank you in advance for your assistance.

Sincerely,

Bernard Edelman
Portage Park Capital, LLC

cc: Alderman Gilbert Villegas
Commissioner Maurice Cox, DPD
Managing Dep. Comm., Chip Hastings, DPD
Hispanic Am. Construction
Industry Assoc. (HACIA)
650 W. Lake Street, #415
Chicago, IL 60661

African American Contractors Assoc.
7445 S. South Chicago Ave.
P.O. Box 19670
Chicago, IL 60619

Black Contractors United
12000 S. Marshfield Ave.
Calumet Park, IL 60827

Federation of Women Contractors
216 W. Jackson Blvd., Suite 625
Chicago, IL 60606

IL Hispanic Chamber of Commerce
222 Merchandise Mart Plaza, #1212 c/o 1871
Chicago, IL 60654

Assoc. of Asian Const. Enterprises (AACE)
5677 W. Howard Street
Niles, IL 60714

Women’s Business Dev. Center
8 S. Michigan Ave., 4th Floor
Chicago, IL 60603
COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

RESOLUTION NO. __ - CDC -

AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH PORTAGE PARK CAPITAL, LLC

AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF PORTAGE PARK CAPITAL, LLC
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-234 and pursuant to the Act, enacted three ordinances on January 12, 2000 (as amended by ordinances adopted on May 17, 2000, July 6, 2011, and October 14, 2015) pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Belmont/Central 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, Portage Park Capital, LLC, together with its affiliates, (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 4 story, mixed-use commercial building (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
Belmont/Central Tax Increment Financing
Redevelopment Project Area

The Area is generally bounded by Berenice Avenue on the north, Cicero Avenue on the east, Fullerton Avenue on the south, and Merrimac Avenue on the west.