



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

**RESOLUTION NO. 04 - CDC - 32**

**AUTHORITY TO NEGOTIATE A  
REDEVELOPMENT AGREEMENT WITH  
4800 DAMEN, LLC  
WITHIN THE  
WESTERN AVENUE NORTH T.I.F. REDEVELOPMENT PROJECT AREA,**

**AND**

**TO RECOMMEND TO  
THE CITY COUNCIL OF THE CITY OF CHICAGO  
THE DESIGNATION OF  
4800 DAMEN LLC  
AS THE 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-238 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 Western Avenue North 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, 4800 Damen, LLC, (the "Developer"), has presented to the City's Department of Planning and Development ("DPD") a proposal for redevelopment of the

Area or a portion thereof that is in compliance with the Plan, consisting of the construction of a mixed-use project including 42 condominium units and 11,900 square feet of retail (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 DPD 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 DPD 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: APRIL 27, 2004

Attachment: Exhibit A, Street Boundary Description

CITY OF CHICAGO  
Community Development Commission  
Department of Planning & Development  
April 27, 2004

**SUMMARY SHEET**  
**4800 Damen, LLC**  
**Western Avenue North Tax Increment Financing Redevelopment Project Area**

**Action**

- Requested:** (1) Authorize the Department of Planning & Development (“DPD”) to negotiate a redevelopment agreement with 4800 Damen, LLC (the “Developer”) within the Western Avenue North Tax Increment Financing Redevelopment Project Area (the “Area”) and
- (2) Recommend to the City Council of the City of Chicago (the “City”) the designation of 4800 Damen, LLC as the Developer

**Project:** The developer plans to demolish the four buildings existing on the 1/2 acre site and construct an approximately 104,000 sq. ft., 4-story building and 36,000 sq. ft. below-grade parking structure. Proposed are 42 condominium units and 11,900 square feet of retail, of which 9,900 sq. ft. would be occupied by a CVS Drug Store. The underground parking structure would contain 75 residential parking spaces. 24 ground level parking spaces would be included at ground level for retail.

**Location:** The project will be located at the northwest corner of Lawrence and Damen Avenues in the Western Avenue North TIF. The site has been purchased by the developer and is currently improved with 4 commercial buildings and an adjacent vacant lot.

**Site Area:** Approximately 1/2 acre (24,501 sq. ft.)

**Developer:** 4800 Damen, LLC

**Assistance:** Approximately \$3 million will be provided to the developer in tax increment financing assistance.

**Ward & Alderman:** 47th Ward/Alderman Eugene C. Schulter

**Issues:** None known

**Public  
Benefits:**

Affordable Housing

A total of 9 units, including 4 2-bedroom CPAN units priced at \$155,000 and 5 3-bedroom units affordable to buyers at 80% of Area Mean Income.

Building Green Initiative

The project will have a 50% green roof, meet LEED compliance standards and Energy Star certification.

Job Training

MOWD will work with the Developer's tenants to provide job training as appropriate.

**MBE\WBE:** The Developer intends to comply or surpass the City's MBE\WBE requirements.

**Community**

**Outreach:** Alderman Schulter held a public meeting in June 2003 to discuss the design and development of this project and is in strong support.

**CITY OF CHICAGO**  
**Community Development Commission**  
**Department of Planning & Development**  
**April 27, 2004**

**STAFF REPORT**  
**4800 Damen, LLC**  
**Western Avenue North TIF Redevelopment Project Area**

**MS. CHAIRMAN AND MEMBERS OF THE COMMISSION:**

The Resolution before you requests that the Community Development Commission take the following actions:

- (1) Recommend to the City Council of the City of Chicago the designation of 4800 Damen, LLC as the Developer of the property at the northwest corner of Lawrence and Damen; and
- (2) Authorize the Department of Planning and Development to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project..

**Purpose of Resolution**

To provide Tax Increment Financing assistance for the redevelopment of land in the 47th Ward.

**Background**

The property to be developed is located within the Western Avenue North Tax Increment Financing Redevelopment Project Area (the "Area"), designated by the City Council on January 12, 2000. The irregularly shaped area is located on the north side of the City, and runs along the major thoroughfares of Damen, Western, and Lincoln Avenues. It runs along Western Avenue from Montrose on the south to Foster on the north, along Lincoln, from Foster on the north to Lawrence on the south, along Lawrence from California on the west to Ashland on the east, and along Damen from Eastwood on the south to Foster on the north.

The project site consists of 5 parcels located on an approximately half-acre site on the northwest corner of Lawrence and Damen. The proposed developer owns the site, which is currently improved with 4 commercial buildings and there is an adjacent vacant lot. The proposed project would create a strong visual anchor and retail presence on a prominent corner (Lawrence and Damen) in the Western Avenue North TIF District.

**Development Project**

**Proposed Developer**

The proposed developer is 4800 Damen, LLC, an Illinois corporation that is an affiliate of KNS Developments, founded by Kent Knebelkamp in 1996. KNS has developed single-family homes and 3-flats in the Lakeview neighborhood and more recently has developed larger buildings, 6 units or more, in several different Chicago neighborhoods.

15

Proposed Project

The project involves the development of a 4-story mixed-use retail and condominium building. The developer plans to demolish the four buildings existing on the 1/2 acre site and construct an approximately 104,000 sq. ft. building and 36,000 sq. ft. below-grade parking structure. Proposed is 11,900 square feet of retail, of which 9,900 sq. ft. would be occupied by a CVS Drug Store and the remaining space leased to smaller retailers. 24 ground level parking spaces would be included at ground level for retail. The project also includes 42 2- and 3-bedroom condominium units. Nine of these units will be affordable to buyers at 80% of Area Median Income (AMI)—4 2-bedroom CPAN units which will be sold for approximately \$155,000 and 5 3-bedroom units with a selling price of \$213,000. The underground parking structure would contain 75 residential parking spaces. Underground parking will be available for purchase to market-rate residential unit buyers for \$13,500 per space with each of the affordable units being assigned one space per unit.

10000

231

234

225

220

The 2-bedroom market rate units will range in size from 1,134 sq. ft. to 1,445 sq. ft. and in price from \$269,000 to \$339,000. The 5 3-bedroom market rate units will range in size from 1,241 sq. ft. to 1,445 sq. ft. and in price from \$280,000 to \$319,000. Standard features in both affordable and market rate units are the same. Upgrades for market rate units are estimated to cost between \$5,200 to \$7,800 per unit.

The building will have a brick veneer over concrete with ornamental masonry trim, prefabricated cornices, and an articulated roofline. Further, there will be a roof deck with green space for use by the residents and balconies will be present on the east, west, and south elevations of the building.

**Deal Structure/Financial Assistance**

TIF is needed to support the residential component of the project to subsidize the cost of the affordable units, underground parking, and the high level of exterior design. With \$3,000,000 in TIF, the projected Internal Rate of Return (IRR) for the residential component is 7.5%. The retail portion of the project has an IRR of 11.35% without TIF. While the retail portion does not need TIF, it does not generate enough income to compensate for the very low return without TIF for the condominium portion of the project.

The Department of Planning and Development, is planning to reimburse the developer for TIF-eligible costs for the lesser of \$ 3,000,000 or 16.3% of total project budget, estimated at \$18,385,283. The reimbursement would be funded through a TIF developer note to be repaid from increment generated by the project PINs. The Note would be issued at completion of the project and will bear interest at a market rate.

**Sources and Uses of Funds**

**Sources:**

Debt	\$14,744,450
Equity	\$ 3,640,833
<b>Total Sources</b>	<b>\$18,385,283</b>

**Uses:**

Land	\$ 3,500,000
Hard Costs	
Site Preparation	\$ 1,100,000

Construction Costs	\$ 9,600,000
Contingency	\$ 1,000,000
<b>Sub-Total Hard Costs</b>	<b>\$11,700,000</b>

**Total Hard Costs** **\$15,200,000**

Soft Costs

Architect, Engineering	\$ 450,000
Soil Borings	25,000
Appraisals	26,250
Survey	35,000
Title Insurance/Escrow	24,500
General Insurance	75,000
Permits and Fees	75,000
Legal/TIF Consultants	30,000
Legal/Accounting	120,000
Property Taxes During Construction	105,000
Construction Loan Fees	290,965
Construction Loan Interest	750,143
Developer Fee	318,750
Developer Overhead	318,750
Soft Cost Contingency	375,000
Sales Commissions and Costs	165,925

*3 million  
16.3%*

**Total Soft Costs** **\$3,185,283**

**Total Uses:** **\$18,385,283**

**Conformance with Plan**

The proposed redevelopment is in conformance with the land use goals and objectives of the Western Avenue North Tax Increment Financing Redevelopment Project and Plan (the "Plan"). The Plan proposes mixed-use (residential/commercial) on this site.

**Community Outreach**

The community, including Alderman Gene Schuler is in support of this project. In June 2003, the alderman held a community meeting, which about 200 people attended, to discuss the project.

**Public Benefits**

Affordable Housing

*171*

*P. 36*

A total of 9 units, including 4 2-bedroom CPAN units priced at \$155,000 and 5 3-bedroom units priced at \$213,000 which will be affordable to buyers at 80% of Area Mean Income.

Building Green Initiative

The project will have a 50% green roof, meet LEED compliance standards and Energy Star certification.

Prevailing Wage, MBE\WBE, City Residency

The Developer has agreed to comply with all City ordinances regarding Prevailing Wage, MBE\WBE and City Residency. They have sent letters to several local MBE/WBE associations to make them aware of the

opportunity to participate in this development.

Job Training

MOWD will work with the Developer's tenants to provide job training as appropriate.

**Recommendations**

The Department of Planning & Development recommends that the Community Development Commission authorize DPD to negotiate a redevelopment agreement with 4800 Damen, LLC for the use of tax increment financing incremental tax revenues for the redevelopment of the property located on the northwest corner of Lawrence and Damen Avenues. DPD also requests that you recommend to the City Council of the City of Chicago the designation of 4800 Damen, LLC as the Developer for this project.

**TERM SHEET**

The approximately ½ acre project site is located on the northwest corner of Lawrence and Damen Avenues and is located in the Western Avenue North Tax Increment Financing Redevelopment Project Area.

The Developer, 4800 Damen, LLC, intends to construct an approximately 104,000 sq. ft., 4-story building and 36,000 sq. ft. below-grade parking structure. Proposed are 42 condominium units and 11,900 square feet of retail. The underground parking structure would contain 75 residential parking spaces. 24 ground level parking spaces would be included at ground level for retail.

The City, through the Department of Planning and Development (DPD), intends to reimburse the Developer for TIF-eligible costs for the lesser of \$ 3,000,000 or 16.3% of total project budget, estimated at \$ 18,385,283. The reimbursement would be funded through a TIF developer note to be repaid from increment generated by the project PINs.

**Sources and Uses of Funds**

**Sources:**

Debt	\$14,744,450
Equity	\$ 3,640,833
<b>Total Sources</b>	<b>\$18,385,283</b>

**Uses:**

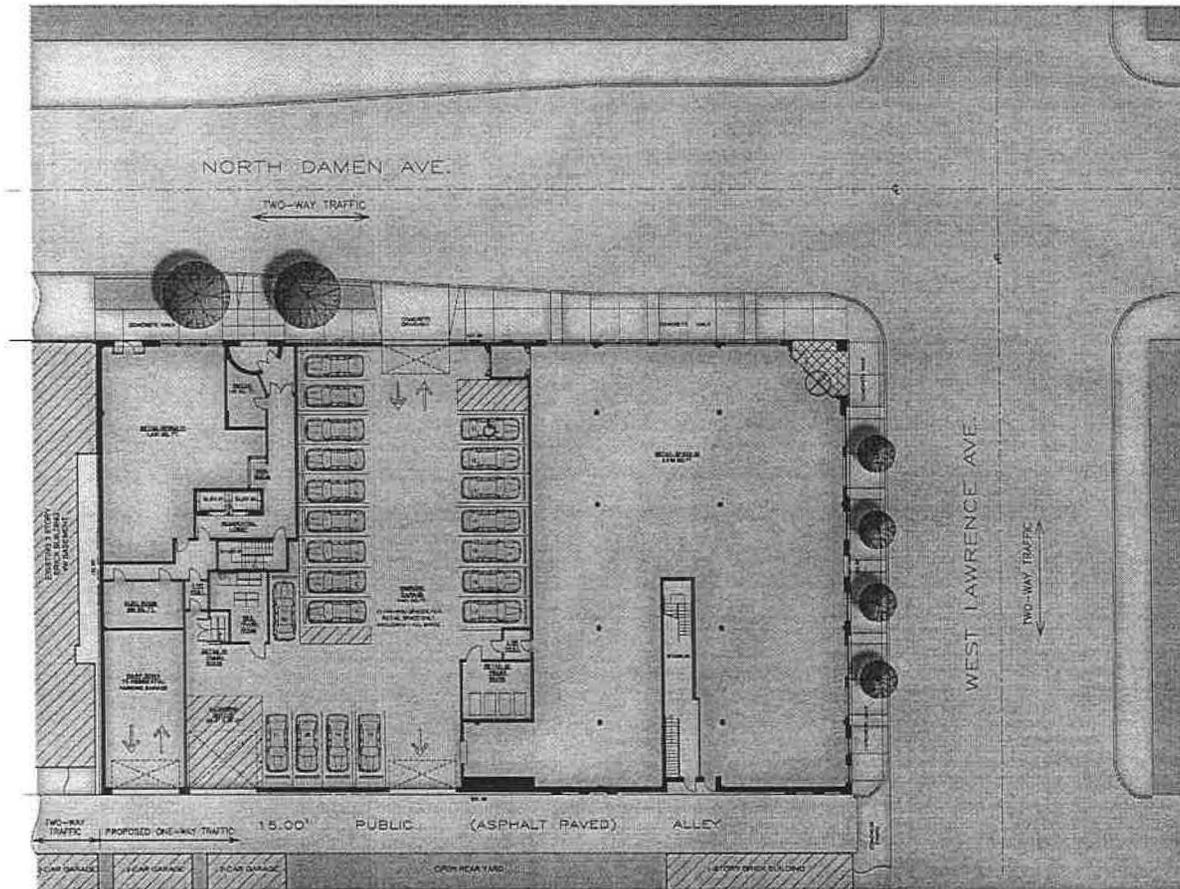
Land	\$ 3,500,000
Hard Costs	
Site Preparation	\$ 1,100,000
Construction Costs	\$ 9,600,000
Contingency	\$ 1,000,000
<b>Sub-Total Hard Costs</b>	<b>\$11,700,000</b>
<b>Total Hard Costs</b>	<b>\$15,200,000</b>

**Soft Costs**

Architect, Engineering	\$ 450,000
Soil Borings	25,000
Appraisals	26,250
Survey	35,000
Title Insurance/Escrow	24,500
General Insurance	75,000
Permits and Fees	75,000
Legal/TIF Consultants	30,000
Legal/Accounting	120,000
Property Taxes During Construction	105,000
Construction Loan Fees	290,965
Construction Loan Interest	750,143
Developer Fee	318,750
Developer Overhead	318,750
Soft Cost Contingency	375,000
Sales Commissions and Costs	165,925

**Total Soft Costs** **\$3,185,283**

**Total Uses:** **\$18,385,283**

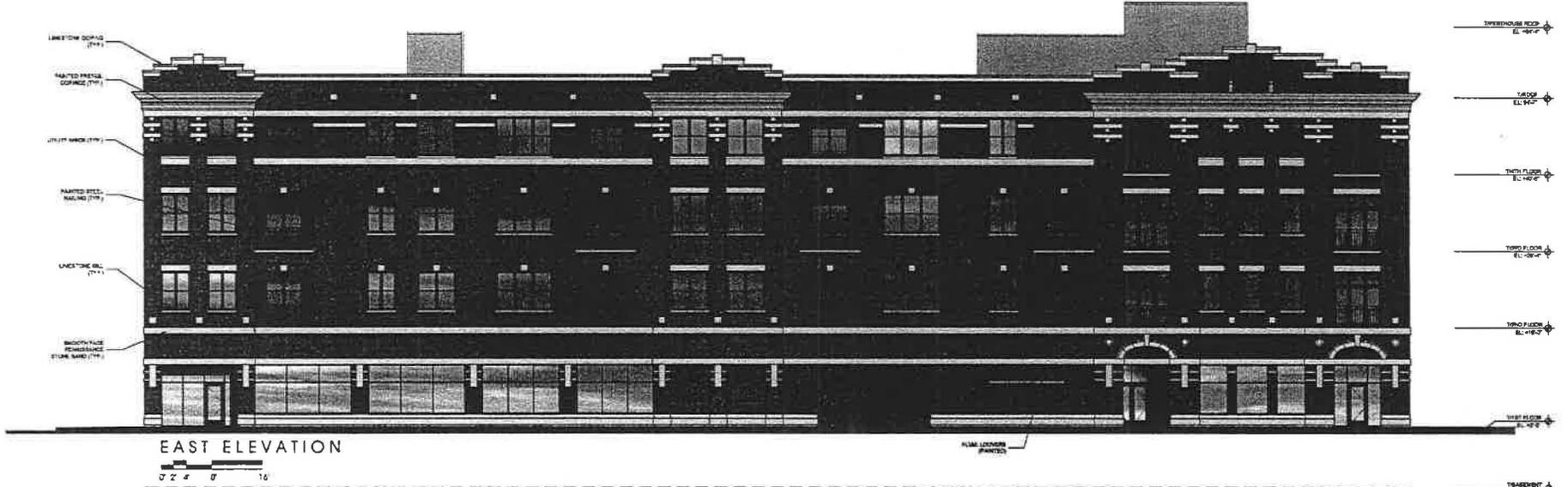


SITE PLAN  
 0 4 8 16 32

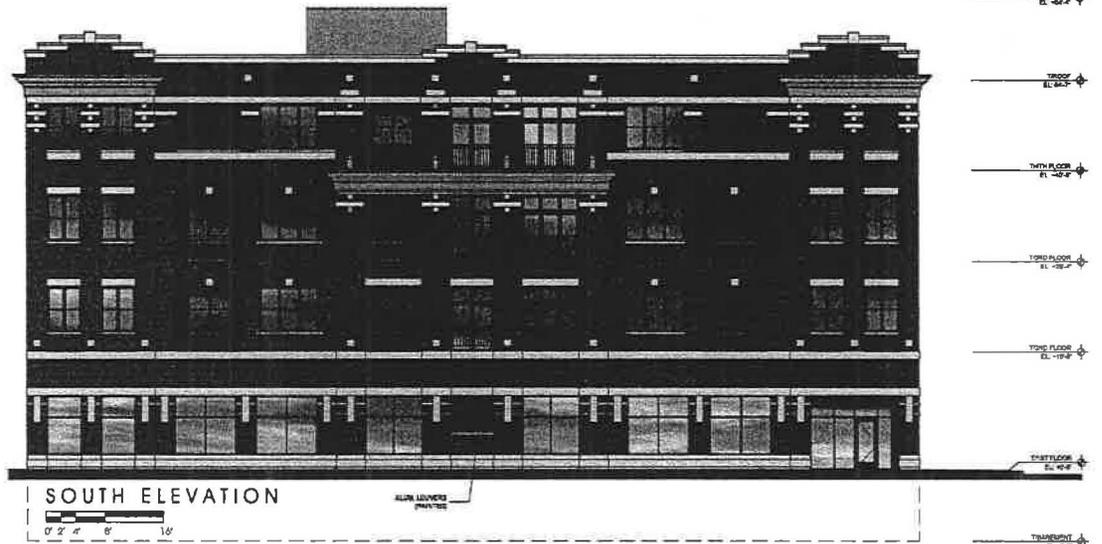
K.N.S. PROPERTIES  
 DEVELOPER  
 DECEMBER 19, 2003

4800 NORTH DAMEN AVENUE  
 CHICAGO, ILLINOIS

SULLIVAN  
 GOULETTE  
 ARCHITECTS



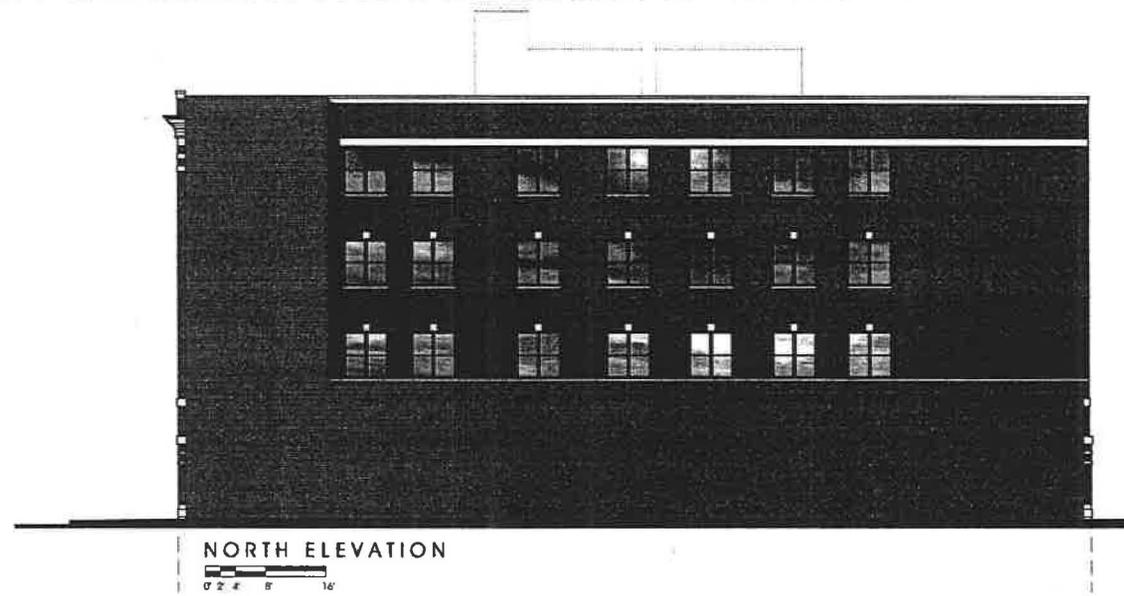
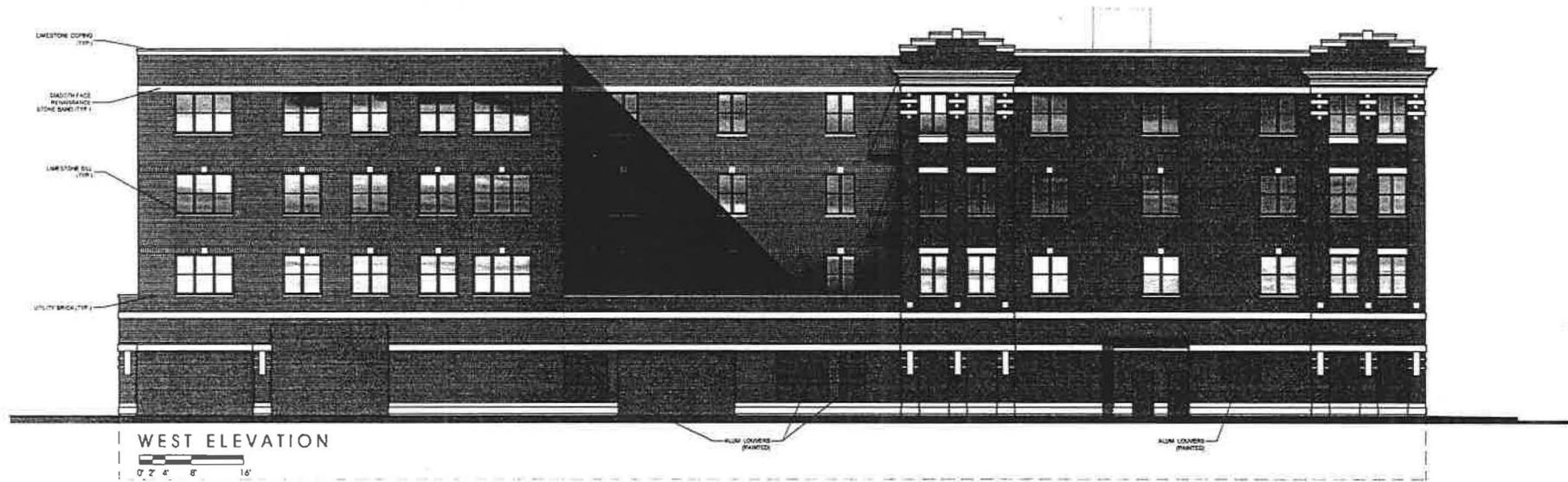
PROJECT DATA	
Current Zoning	B4-3
Lot Area	24,561 SF
Plot Area Ratio	3.0
Maximum Floor Area	73,743 SF
Proposed Floor Area	72,726 SF
Proposed Retail Area	11,847 SF
Proposed Residential Area	60,879 SF
Proposed Parking Area	32,705 SF
Proposed Number of Residential Units	47 Units
Proposed Number of Automobile Residential Units	8 Units
Required Number of Parking Spaces	Residential - 42 Spaces Retail - 3 Spaces Total Required Parking - 47 Spaces
Proposed Number of Parking Spaces	Proposed - 47 Spaces Retail - 21 Spaces Total Proposed Parking - 50 Spaces
Proposed Number of Stories	Four Stories
Maximum Allowable Height	85 Feet
Proposed Building Height	67 Feet to underside of main roof
Off Street Loading	Two 10' Wide x 20' Deep x 1'-6" High Loading Berths



K.N.S. PROPERTIES  
DEVELOPER  
DECEMBER 19, 2003

4800 NORTH DAMEN AVENUE  
CHICAGO, ILLINOIS

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K.N.S. PROPERTIES  
DEVELOPER  
DECEMBER 19, 2003

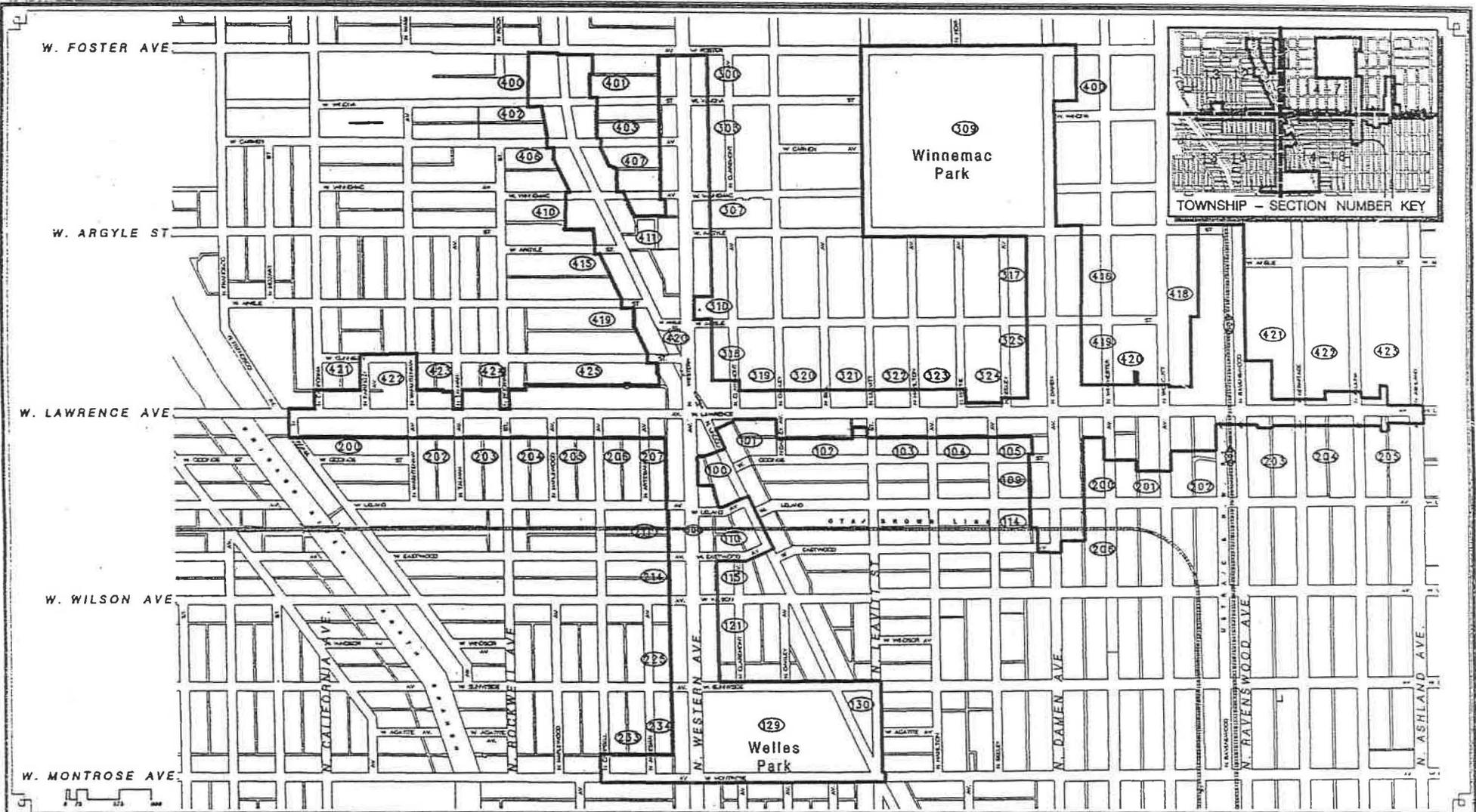
4800 NORTH DAMEN AVENUE  
CHICAGO, ILLINOIS

SULLIVAN  
GOULETTE  
ARCHITECTS

## EXHIBIT A

### Street Boundaries of the Area

The Western Avenue North Redevelopment Project Area is generally described as the north side of Lawrence Avenue from California Avenue on the west to approximately 100 feet west of Ashland Avenue on the east; the south side of Lawrence Avenue from Virginia Avenue on the west to Ashland Avenue on the east; the north side of Montrose Avenue from Campbell Avenue on the west to Leavitt Street on the east; the east and west sides of Western Avenue from Foster Avenue on the north to Montrose Avenue on the south; the east and west sides of Lincoln Avenue from Foster on the north to Lawrence on the south; the west side of Lincoln Avenue from Leland Avenue on the north to Eastwood Avenue on the south; the east and west sides of Ravenswood Avenue from Argyle Street on the north to approximately 250 feet south of Lawrence Avenue on the south; the east and west sides of Damen Avenue from Argyle Street on the north to Eastwood Avenue on the south; the west side of Damen Avenue from Argyle Street on the south to Foster Avenue on the north; and the east side of Damen Avenue from just north of Winona Street on the south to Foster Avenue on the north.



**S. B. Friedman & Company**  
Real Estate Advisors and Development Consultants

**Campbell Tiu Campbell, Inc.**  
Architects - Planners - Construction Managers

**CTC**

**LEGEND**

— TIF BOUNDARY

200 BLOCK NUMBER

**CITY OF CHICAGO**

**WESTERN AVENUE NORTH**

TIF DISTRICT

**NORTH**

**CITY OF CHICAGO**

**WESTERN AVENUE NORTH**

TIF DISTRICT

**MAP 2**

**STUDY AREA**

SEPTEMBER 1999

\*Based on Cook County Property Index Numbering (P-I-N) System.