

For TIF Developer Designation:

Central/West TIF REDEVELOPMENT PROJECT AREA (WARD 27)

Request authority for the Department of Housing to negotiate a redevelopment agreement with WHP-IID, LLC for redevelopment of the property located at 223-257 N Damen and 1951-59 W Lake in the Central West Tax Increment Financing Redevelopment Project Area, and to recommend to the City Council of the City of Chicago the designation of WHP-IID, LLC as Developer.

James O'Connell

**City of Chicago
Department of Housing**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
March 9, 2021**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name: Westhaven Park IID

Applicant Name/Developer: BMH-I, LLC

Borrower/Owner Name: WHP-IID, LLC

Project Address(es): 223-257 N Damen / 1951-59 W Lake

Ward and Alderman: 27th / Walter Burnett, Jr.

Community Area: Near West Side

Redevelopment Project Area: Central West

Requested Action: 1) Issuance of up to \$27,000,000 in tax exempt bonds;
2) Issuance of up to \$890,000 in 4% Low Income Housing Tax Credits;
3) Issuance of up to \$10,000,000 in TIF;
4) Issuance of up to \$6,282,267 in MF loan or cash-equivalent subsidy;
5) Issuance of up to \$946,196 in IAHTCs;
6) Designate BMH-I, LLC as developer.

Proposed Project: Newly constructed, 12-story, 96-unit new construction building with 4,000 sq. ft. of commercial space, with affordable units ranging from 50-80% AMI, and 33 market-rate.

Appraised Market Value: \$1,898,392 "as is value" based on appraisal by Gill Group dated 1/26/2018. An updated appraisal has been requested of the developer and will be a condition of closing.

TIF Assistance: \$10,000,000

II. PROPERTY DESCRIPTION

Address: 223-257 N Damen / 1951-59 W Lake

Location: SE Corner of Damen and Lake

Tax Parcel Numbers:	17-07-416-041
Land Area:	0.537
Current Use:	Vacant; CHA-owned
Current Zoning:	PD 1097
Proposed Zoning:	PD 1097
Environmental Condition:	<p>A Phase 1 Environmental Site Assessment was completed by Pioneer Engineering & Environmental Services, LLC on March 9, 2020. The following was noted:</p> <ol style="list-style-type: none"> 1. Pioneer did not identify any of the following during its assessment: <ol style="list-style-type: none"> a. No RECs were identified with the exception of below; 2. Pioneer did identify the following environmental issues: <ol style="list-style-type: none"> a. The documented presence of subsurface contamination on site identified during prior assessment activities, namely, the potential presence of an on-site UST; 3. Environmental clearance from AIS has been requested, and final clearance will be a condition of closing.

III. BACKGROUND:

On October 11, 2019 Brinshore-Michaels Development, LLC submitted an application for the subject property, as part of DOH's 2019 QAP round.

Neighborhood Overview: The Near West Side is a mix of industrial, residential, commercial and institutional land uses. The southern portion of the neighborhood is dominated by the United Center and associated parking lots while the northern portion, along and north of Lake Street, contains primarily commercial and industrial land uses. Much of the land between is part of Westhaven Park, which has brought new rental and for-sale housing to the community. The redevelopment of the Henry Horner Homes began in 1996 with the 201-unit Villages of Westhaven (Phase I), located between Damen and Leavitt, on the north side of Washington.

The proposed site is well-situated in relation to retail and basic consumer services, and the project will benefit given its close proximity to the soon-to-open CTA Damen green line station. The nearest major supermarket is Pete's Fresh Market at 23333 W Madison Street, 0.7 miles to the southwest, and the closest national pharmacy is a Walgreen's at Madison Street and Western Avenue, 0.6 miles southwest of the subject property. The nearest financial institutions to the development site is a PNC branch at 2154 W Madison, 0.5 miles to the southeast and a Chase branch at 23177 W Madison, 0.7 miles to the southeast.

The subject site is well-situated with respect to both public transportation and the Chicago area expressway system. The CTA #50 bus route runs immediately outside the property along Damen, and the CTA #20 bus runs East-West along Madison Street, linking the Near West Side with downtown Chicago. The #9 Ashland route is also accessible just four blocks to the east of the site.

Other neighborhood amenities include: Studer Montessori Magnet Elementary School located one block south on Washington and Damen, and Robert Nathaniel Dett Elementary School located five blocks south on Monroe Street and Hoyne Avenue. Whitney Young Magnet High School is located 1.0 miles southeast of the project, on the corner of Adams Street and Laflin Street.

IV. PROPOSED DEVELOPMENT TEAM:

Developer/Project Sponsor:	BMH-I, LLC
Owner:	WHP-IID, LLC
General Contractor:	McShane Construction
Architect:	Landon Bone Baker Architects
Property Manager:	Michaels Management-Affordable Living
Borrower’s Attorney:	Applegate
Historic Consultant:	N/A
Social Service Provider:	N/A; Near West Side CDC; CHA Family Works Program

Development Entity: WHP-IID, LLC will be the Owner/Borrower for this project. WHP-IID Manager, LLC will serve as general partner with 0.01% interest, of which there are two members – Brinshore PL, LLC (50%) and Michaels Chicago Holding Company 2, LLC (50%). A limited partner (TBD) will control 99.99% interest.

Experience: Brinshore Development and the Michaels Organization responded to a Request for Qualification issued by the City in 2002, and the joint organization has completed more than 20 phases of Westhaven Park.

Brinshore Development LLC is a private sector firm established in 1994, which specializes in the development of affordable, mixed income, and market rate housing throughout the Midwest.

To date, Brinshore has completed over 60 tax credit funded projects, comprised of over 5,000 apartments, located in the following states: Illinois, Indiana, Iowa, Michigan, Missouri, Nebraska, and Wisconsin. Brinshore is based in Northbrook, IL, with a regional office in Kansas City, MO.

The Michaels Development Company (MDC) is a private sector firm with over 40 years of experience in affordable housing. Founded in 1963, MDC has developed over 55,000 housing units in 33 states. MDC is based in Marlton, NJ with regional offices in Chicago, Hawaii, Lodi, CA and Los Angeles, CA.

At one point, MCD focused almost exclusively on developing federally assisted housing set aside for low and moderate income individuals and families. As a result, 100 properties are subsidized through the Section 8 project based rental assistance program. MDC also has extensive experience in financing affordable housing with HOPE VI Federal funding.

V. PROPOSED PROJECT

Westhaven Park IID is the seventh and final phase of the Henry Horner Homes CHA Plan Forward site. This 12-story, 96-unit new construction building will include mixed-income households and over 4,200 sq. ft. of commercial space. There will be 82 1-BDRM units and 14 2-BDRM units, with 5 at 50% AMI, 55 at 60% AMI, 3 at 80% AMI and 33 market-rate.

Six units will be handicapped accessible, 14 will be adaptable, 3 will be hearing and visually impaired, and there will be 16 parking spaces. Amenities include a community room, exercise room, yoga room, business center, bike room, roof deck, and on-site management

Residential Unit Profile:

The following table provides a detailed description of the proposed project, which will provide 63 units of low-income housing and 33 units of market-rate. There are no CHA rental subsidies, as this is the close-out of HOPE VI funding, rather, there will be 38 public housing units.

PROPOSED Rental Unit Profile; Accessible Units: 14 type-A; 76 type-B

Unit Type	Number of Units	Affordability	Size-sf	Monthly Rent/sf	Monthly Rent (a)
1 bed/1 bath	4	50% AMI	625	\$1.10	\$685
1 bed/1 bath	30	60% AMI	625	\$0.57	\$355
1 bed/1 bath	18	60% AMI	625	\$1.32	\$827
1 bed/1 bath	3	80% AMI	625	\$0.57	\$355
1 bed/1 bath	27	Market Rate	625	\$1.98	\$1,240
	82				
2 bed/1 bath	1	50% AMI	917	\$0.90	\$825
2 bed/1 bath	5	60% AMI	950	\$0.37	\$355
2 bed/1 bath	2	60% AMI	917	\$1.07	\$978
2 bed/1 bath	6	Market Rate	917	\$1.84	\$1,690
	14				

(a) Tenant paid utilities: gas heat, gas cooking, gas water heating, and other electric

TOTAL	96
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Environmental Features: The building will incorporate the following energy saving features:

- On-site water retention system
- High efficiency HVA systems
- Energy Star or LED lighting
- Low-VOC sealants
- Bike racks and permeable paver parking lots

VI. FINANCIAL STRUCTURE

Westhaven Park IID will receive funds from the following sources:

1. A 1st mortgage \$2,250,000
2. A CHA loan in the amount of \$12,160,000
3. A City of Chicago multifamily loan or cash-equivalent subsidy not to exceed \$6,282,267
4. A TIF loan/grant not to exceed \$10,000,000

5. A seller note in the amount of \$2,000,000 (CHA Community Service Corporation)
6. IAHTC credits resulting in \$856,307 in equity (DOH; Clocktower)
7. 4% LIHTC credits resulting in \$8,231,677 in equity (DOH)

The following table identifies the sources and uses of funds:

<u>SOURCES:</u>	<u>Amount</u>	<u>% of TDC</u>
1st Mortgage	\$ 2,250,000	5%
CHA Loan	\$ 12,160,000	29%
City - HOME	\$ 3,949,964	9%
City - AHOF/CDBG/Other	\$ 2,332,303	6%
TIF	\$ 10,000,000	24%
CLIHTF	\$ -	0%
Seller Note (donated value of	\$ 2,000,000	5%
IL Donation Tax Credit Equity	\$ 856,307	2%
LIHTC Equity	\$ 8,231,677	20%
GP Equity	\$ -	0%
Deferred Dev Fee	\$ -	0%
ComEd Energy Grant	\$ -	0%
Total Sources	\$ 41,780,251	100%

<u>USES:</u>	<u>Amount</u>	<u>\$/SF of Building*</u>
Land Acquisition	\$ 2,000,000	\$ 19
<u>Hard Costs</u>		
Construction	\$ 30,587,518	\$ 287.87
Const Contingency	\$ 1,505,991	\$ 14.17
Total Hard Costs	\$ 32,093,509	\$ 302
<u>Soft Costs</u>		
Architect's Fee	\$ 1,334,500	\$ 13
Engineering Fees	\$ -	\$ -
Loan Origination Fee	\$ 22,500	\$ 0
Legal Fees	\$ 450,000	\$ 4
Marketing Fees	\$ 173,000	\$ 2
Loan Interest	\$ 1,284,712	\$ 12
Environmental	\$ 60,000	\$ 1
Reserves	\$ 723,596	\$ 7
Tax Credit Issuer Fees	\$ 75,006	\$ 1
Bond Issuance Fees	\$ -	\$ -
Developer Fee	\$ 2,227,631	\$ 21
Other soft costs	\$ 1,335,798	\$ 13
Total Soft Costs	\$ 7,686,743	\$ 72
Total Uses	\$ 41,780,252	\$ 393

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Affordable Housing: Westhaven Park IID will provide 38 public housing units to former Henry Horner Homes residents, and other very low-income families on the CHA's waiting list. The project is mixed-use, including two storefronts for convenience retail, and includes a mix of income with 63 units at 50%, 60% and 80% AMI, and 33 unrestricted market-rate units.

Environmental Features: Per the terms of the Planned Development, this project will achieve sustainability certification under Enterprise Green Communities or another City-approved certification. Roof drains will run into a detention system, and the building will comply with City sustainability requirements, including high-efficiency HVAC systems, Energy Star or LED lighting, as well as bike racks, low VOC sealants, green finishes, and permeable paver parking lots.

Permanent Jobs: The project is estimated to generate 16 new permanent jobs in on-site staff and maintenance, and commercial retail. The Mayor's Office for Workforce Development (MOWD) has been informed of the project and will work with the developer on job training and placement.

Construction Jobs: The project will produce approximately 155 temporary construction jobs.

Affirmative Action: 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).

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.

VIII. COMMUNITY SUPPORT

Main community input takes place via the Horner Working Group, which has participation from the Horner Residents Committee, Alderman Burnett, CHA, the City, and attorneys for the Gautreaux plaintiff class and the Mothers' Guild Consent Decree. Plans for various phases have been presented on six occasions and adhere to the Group's guidelines. Meetings have been held with Alderman Burnett, and the Alderman will host community meetings as zoning approaches.

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

This project supports the objectives for the Central West TIF plan by supporting the development of a variety of housing types to meet the needs of households with a wide range of income levels. Designated in 2000, this TIF will expire in 2024.

X. CONDITIONS OF CLOSING

Closing of the deal will not occur before the City Council has approved the project, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing.

XI. RECOMMENDATION

This project meets the Department of Housing's goals and guidelines by supporting the retention of affordable housing for low and very low-income residents.

I have reviewed the proposed request, the qualifications of the development team, the financial structure of Phase I of this project, the need for public assistance, its public benefits, and recommend approval of the requested actions listed on Page One of this Executive Summary.

James C. O'Connell
March 9, 2021

EXHIBITS

TIF Project Assessment Form
TIF Data Integrity Form
Redevelopment Area Map
Neighborhood Map or Aerial
Site Plan
Front Elevation or Rendering
Sample M/WBE Letter
Copies of M/WBE Certified Letter Receipts
Ownership Organization Chart
Letters of Support

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

RESOLUTION NO. 20 - CDC -

**AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH WHP-IID, LLC**

**AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF WHP-IID, 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-258 and pursuant to the Act, enacted three ordinances on February 16, 2000 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Central West 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, WHP-IID, LLC and/or its affiliated entities (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 newly built, 96-unit multifamily development with 55 1-BDRM and 8 2-BDRM units, ranging from 50% - 80% AMI, and 27 1-BDRM and 6 2-BDRM units at market rate (the "Project"). Approximately 4,500 sq. ft. of ground floor commercial space will also be present.

WHEREAS, HED 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
Central West Tax Increment Financing
Redevelopment Project Area

The Area is generally bounded by W Lake Street to the North, S Peoria Street to the East, W Polk Street to the South, and Western Avenue to the West.



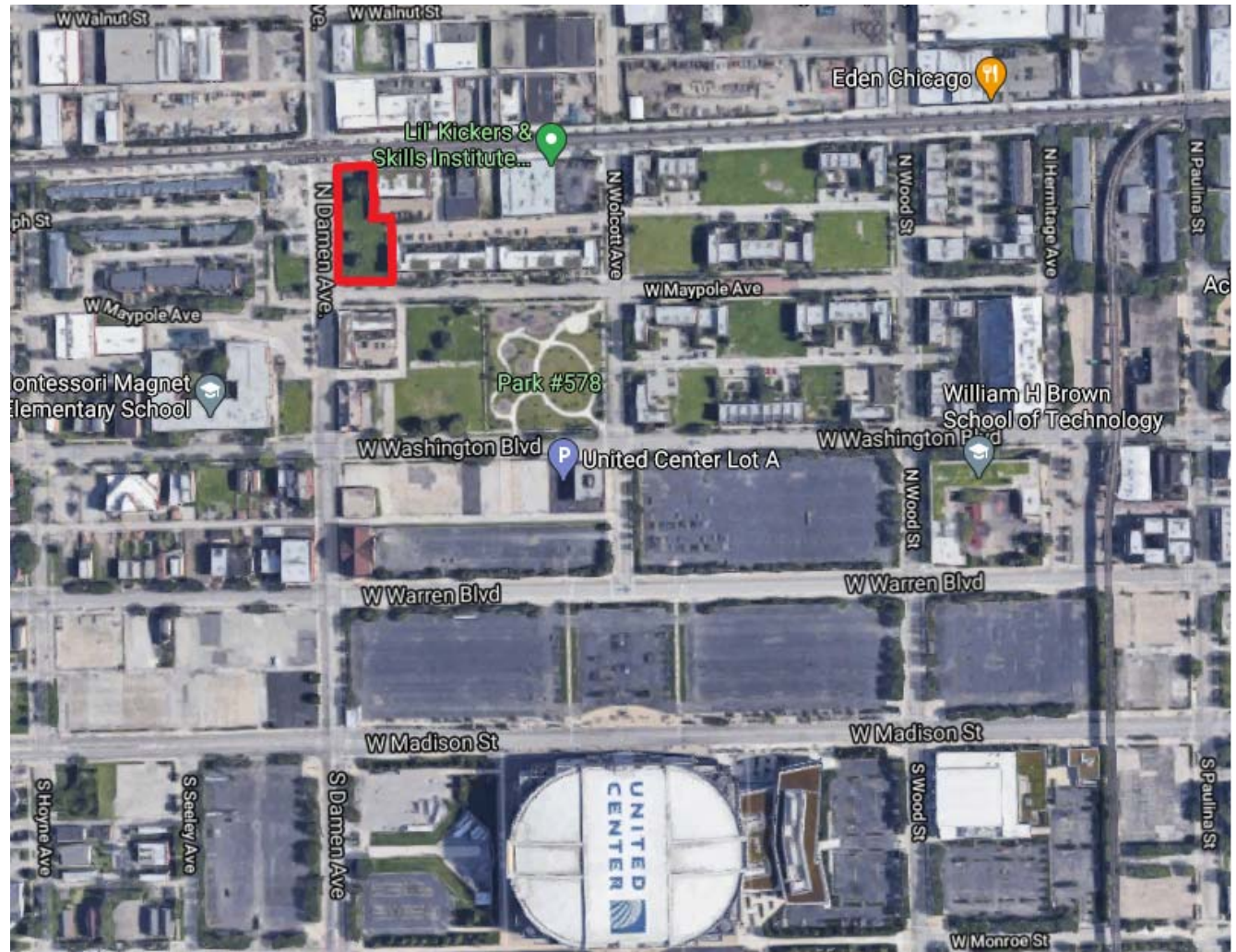
Westhaven Park IID

27th Ward – Alderman Walter Burnett Jr.
Central West TIF – Near West Side Community Area
Requested Action: TIF Developer Designation

3/09/2021 CDC

Draft – Staff policy deliberation – Not for circulation

Aerial Map



Draft – Staff policy deliberation – Not for circulation

★ Street View –NE from Damen & Lake



Draft – Staff policy deliberation – Not for circulation

3/5/2021



Project Summary

- Westhaven Park IID is the seventh and final affordable phase of the Henry Horner Homes CHA Plan Forward site;
- This 12-story, 96-unit new construction building will include mixed-income households and over 4,200 sq. ft. of commercial space;
- There will be 82 1-BDRM units and 14 2-BDRM units, with 5 at 50% AMI, 55 at 60% AMI, 3 at 80% AMI and 33 market-rate;
- 6 units will be handicapped accessible, 14 will be adaptable, 3 will be hearing and visually impaired, and there will be 20 parking spaces. Amenities include a community room, exercise room, yoga room, business center, bike room, roof deck, and on-site management;
- The project was to be built offsite at Skender's modular factory and assembled onsite, but McShane is now G.C. and it will be a traditional build.



History & Community Engagement

- Communications with local Alderman:
 - 27th Ward Alderman Burnett participates regularly in the Horner Working Group
 - Aldermanic Support Letter provided for funding applications
- Community Organizations Contacted:
 - Horner Residents Committee participates regularly in the Horner Working Group
 - Horner Local Advisory Council participates regularly in the Horner Working Group
- Horner Working Group Meetings Held Monthly with WHP IID Presented on:
 - Working Group consists of CHA, City of Chicago, Gautreaux Plaintiffs Counsel (BPI), Alderman Burnett, Horner Residents Committee, Horner Local Advisory Council, Mother Guild Counsel (Shriver Center), HRC Counsel (U of C Housing Clinic)
 - Dates: 2/17/21, 1/20/21, 12/16/20, 11/18/20, 10/21/20, 9/16/20, 8/19/20, 7/15/20
- Community Outreach Planned but not yet taken
 - Community Presentation on “gotomeeting” scheduled inviting Homeowners of West Town and all residents within 250 feet of development on 3/11/21 at 5:30pm

★ Financing

<u>SOURCES:</u>	<u>Amount</u>	<u>% of TDC</u>
1st Mortgage	\$ 2,250,000	5%
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City - HOME	\$ 3,949,964	9%
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Draft – Staff policy deliberation – Not for circulation

★ Financing, Cont'd

TIF-FUNDED IMPROVEMENTS

<u>Category</u>	<u>Project Budget Amount*</u>	<u>% TIF Eligible</u>	<u>TIF Eligible Cost**</u>
Land Acquisition	\$ 2,000,000	0%	\$ -
Public Works or Site Improvements	\$ -	50%	\$ -
Affordable Housing Unit Hard Costs	\$18,615,087	50%	\$ 9,307,544
Environmental Remediation	\$ 485,000	100%	\$ 485,000
Eligible soft costs related to construction			
Architect-Design	\$ 1,057,500	50%	\$ 528,750
Architect-Supervision	\$ 277,000	50%	\$ 138,500
Engineer	\$ -	50%	\$ -
Soft Interest	\$ 1,284,712	30%	\$ 385,414
Total			<u>\$ 10,845,207</u>

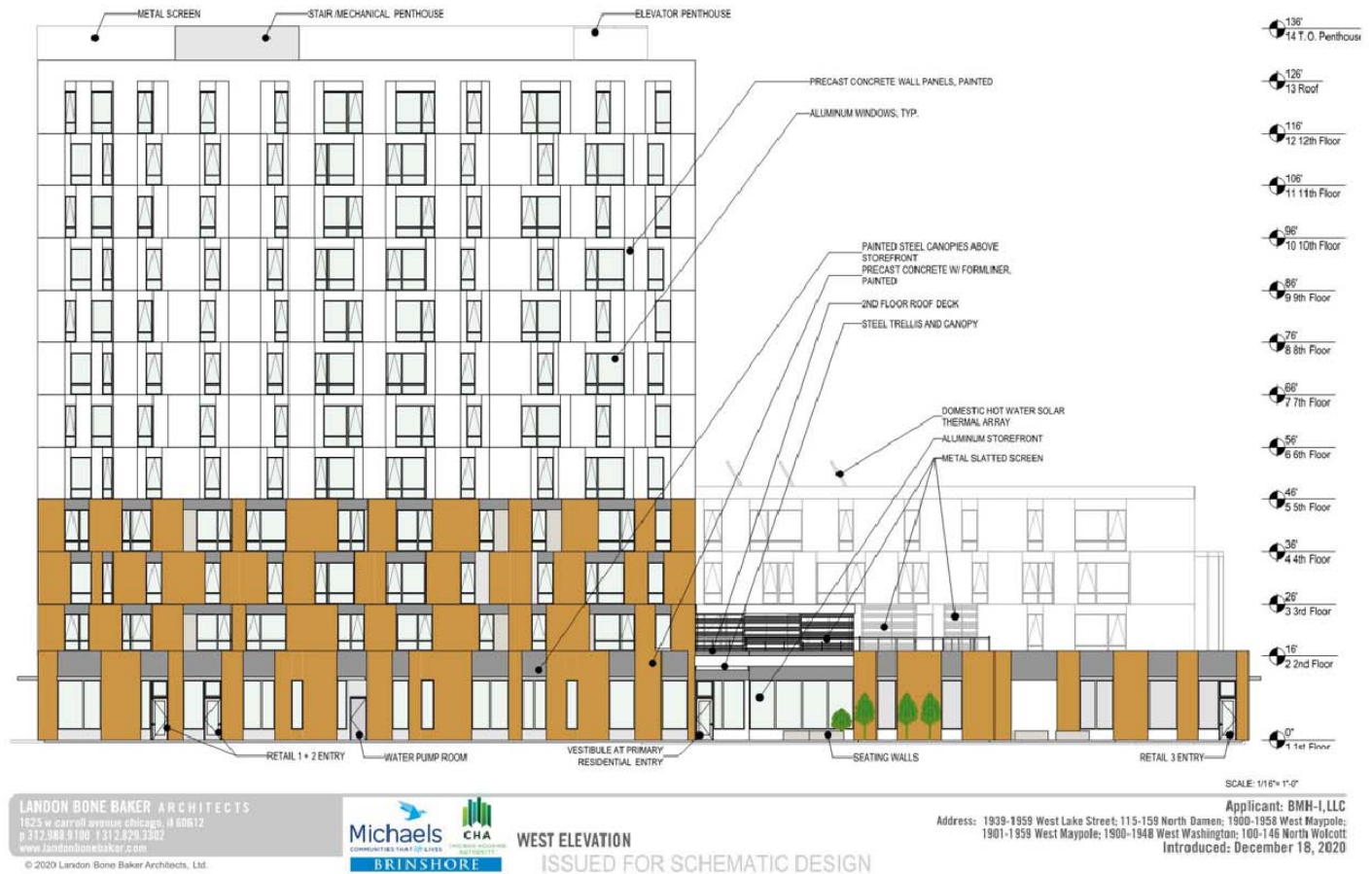
* With the exception of Land, Project Budget amounts above are based upon 63 affordable units

**Notwithstanding the total of TIF eligible costs, the assistance to be provided by the City shall not exceed \$10000000

MBE/WBE BUDGET

Project Hard Costs	\$ 32,093,509
Project Soft Costs (Arch., Eng, soil testing)	\$ 1,349,500
Project MBE/WBE Total Budget	<u>\$ 33,443,009</u>
Project MBE Total at 26%	\$ 8,695,182
Project WBE Total at 6%	\$ 2,006,581

Elevations



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