STATE OF ILLINOIS)
)
SS
COUNTY OF COOK
)

CERTIFICATE

I, Jennifer Rampke, the duly authorized, qualified and Executive Secretary of the Community Development Commission of the City of Chicago, and the custodian of the records thereof, do hereby certify that I have compared the attached copy of a Resolution adopted by the Community Development Commission of the City of Chicago at a Regular Meeting held on the 13th Day of March 2007 with the original resolution adopted at said meeting and recorded in the minutes of the Commission, and do hereby certify that said copy is a true, correct and complete transcript of said Resolution.

Dated this 13th Day of March 2007

[Signature]

EXECUTIVE SECRETARY
Jennifer Rampke

07-CDC-20
COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

RESOLUTION NO. 07-CDC-20

AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH LAWNDALE H & A BOND, LP

AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF LAWNDALE H & A BOND DEVELOPMENT, 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 00-CDC-28 and pursuant to the Act, enacted three ordinances on May 17, 2000 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Midwest TIF 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, Lawndale H & A Bond Development, LLC (the “Developer”), has presented to the City’s Departments of Planning and Development and Housing (“the Departments”) a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the rehabilitation of ten multi-family rental apartment buildings (the “Project”); and

WHEREAS, the Departments request that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that the Departments 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 Departments 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: March 13, 2007

Attachment: Exhibit A, Street Boundary Description
City of Chicago
Department of Planning and Development

STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
MARCH 13, 2007

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name: Lawndale Restoration II Apartments
Applicant Name: Lawndale H & A Bond, LP

<table>
<thead>
<tr>
<th>Project Address</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>4118 W. 15th St.*</td>
<td>15 units</td>
</tr>
<tr>
<td>1134-42 S. Central Park</td>
<td>24 units</td>
</tr>
<tr>
<td>1259 S. Central Park</td>
<td>18 units</td>
</tr>
<tr>
<td>3122 W. Douglas</td>
<td>6 units</td>
</tr>
<tr>
<td>3206 W. Douglas</td>
<td>30 units</td>
</tr>
<tr>
<td>3219-29 W. Douglas</td>
<td>20 units</td>
</tr>
<tr>
<td>3234 W. Douglas</td>
<td>12 units</td>
</tr>
<tr>
<td>3239 W. Douglas</td>
<td>9 units</td>
</tr>
<tr>
<td>1501 S. Kedzie</td>
<td>24 units</td>
</tr>
<tr>
<td>3900 W. Wilcox*</td>
<td>12 units</td>
</tr>
<tr>
<td>TOTAL</td>
<td>170 units</td>
</tr>
</tbody>
</table>

* These two properties are not located in a TIF district.
* TIF funds will not be used on these properties.

Ward and Alderman: 24th, Michael Chandler
28th, Ed Smith

Community Area: North Lawndale, 29
West Garfield Park, 26

Redevelopment Project Area: Midwest TIF District

Requested Action: TIF Developer Designation

Proposed Project: This project, Phase 1 of 2, consists of the rehabilitation of 170 units in ten buildings. All buildings are three-story masonry buildings. The buildings were constructed approximately 80
years ago and do not have elevators. The scope of work will be a substantial rehabilitation with all major systems replaced when possible. The existing radiator heating and central hot water systems will be renovated. New kitchen and bathroom cabinets and fixtures will be provided and the entire building interiors will be repainted. Work to stabilize and remedy building code violations and other health and safety problems are on-going. Buildings will be rehabilitated on a rolling basis, each taking five months to complete. Current occupancy is 70%, so tenants will be relocated to one of the other buildings while their building is under construction. They may return to their unit if they choose to do so. Total length of construction is estimated at 15 months. Phase 2 will include an additional 81 units in five buildings. Separate financing will be sought by the developer for Phase 2.

The project will provide 170 housing units of which 170 units or 100 percent will be affordable for households earning no more than 60 percent of the area median income.

TIF Assistance: $8,950,000

II. PROPERTY DESCRIPTION

Address:

<table>
<thead>
<tr>
<th>Address</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>4118 W. 15th St.</td>
<td>15 units</td>
</tr>
<tr>
<td>1134-42 S. Central Park</td>
<td>24 units</td>
</tr>
<tr>
<td>1259 S. Central Park</td>
<td>18 units</td>
</tr>
<tr>
<td>3122 W. Douglas</td>
<td>6 units</td>
</tr>
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<tr>
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<tr>
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<td>12 units</td>
</tr>
<tr>
<td>3239 W. Douglas</td>
<td>9 units</td>
</tr>
<tr>
<td>1501 S. Kedzie</td>
<td>24 units</td>
</tr>
<tr>
<td>3900 W. Wilcox</td>
<td>12 units</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>170 units</strong></td>
</tr>
</tbody>
</table>

Location:

Many of the buildings are prominent buildings with corner locations. Eight of the buildings are located on or near Douglas Boulevard between Kedzie Avenue and Central Park Avenue. The other two buildings are located on the northeast corner of 15th Street and Kedvale Avenue and the northwest corner of Wilcox Street and Springfield Avenue.
## Tax Parcel Numbers:

<table>
<thead>
<tr>
<th>PIN</th>
<th>Address</th>
<th>Land Area (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-22-220-022</td>
<td>4118 W. 15th St.</td>
<td>6,300</td>
</tr>
<tr>
<td>16-14-328-039</td>
<td>1134-42 S. Central Park</td>
<td>6,250</td>
</tr>
<tr>
<td>16-23-202-020</td>
<td>1259 S. Central Park</td>
<td>10,147</td>
</tr>
<tr>
<td>16-24-103-032</td>
<td>3122 W. Douglas</td>
<td>4,743</td>
</tr>
<tr>
<td>16-23-213-027</td>
<td>3206 W. Douglas</td>
<td>15,960</td>
</tr>
<tr>
<td>16-23-221-037</td>
<td>3219-29 W. Douglas</td>
<td>27,844</td>
</tr>
<tr>
<td>16-23-212-034</td>
<td>3234 W. Douglas</td>
<td>6,838</td>
</tr>
<tr>
<td>16-23-220-006</td>
<td>3239 W. Douglas</td>
<td>5,796</td>
</tr>
<tr>
<td>16-24-105-001</td>
<td>1501 S. Kedzie</td>
<td>17,400</td>
</tr>
<tr>
<td>16-14-102-032</td>
<td>3900 W. Wilcox</td>
<td>6,050</td>
</tr>
</tbody>
</table>

## Land Area:

Lot sizes range from 4,743 square feet to 27,844 square feet. Average lot size is 10,733 square feet. Total area of all ten lots is 107,328 square feet.

## Current Use:

All ten buildings are three-story masonry buildings with an average size of 18,475 square feet. The buildings were constructed approximately 80 years ago and do not have elevators. The buildings are not landmark buildings. The scope of work will be a substantial rehabilitation with all major systems replaced where needed. The existing radiator heating and central hot water systems will be renovated. New kitchen and bathroom cabinets and fixtures will be provided and the entire building interiors will be repainted. Work to stabilize and remedy building code violations and other health and safety hazards are on-going. Recently, an environmental inspection found evidence of lead paint and asbestos which was not removed during a moderate rehab approximately 16 years ago. Buildings will be rehabilitated on a rolling basis, each taking five months to complete. Current occupancy is 70%, so tenants will be relocated to one of the other buildings while their building is under construction. They may return to their unit if they choose to do so. Total length of construction is estimated at 15 months.

## Current Zoning:

All sites are zoned RT-4, with the exception of 3900 W. Wilcox, which is zoned RM-5.

## Environmental Condition:

The Chicago Department of Environment (DOE) is conducting an environmental review. An environmental inspection found evidence of lead paint and asbestos which was not removed during a moderate rehab approximately 16 years ago. A Phase I Environmental Site Assessment was conducted by Midwest Environmental Consulting Services, Inc. on December 8, 2006, and found no evidence of soil contamination.
III. BACKGROUND

These 170 units are part of the 1,200-unit Lawndale Restoration portfolio which had a Project-Based Section 8 contract on all of the units. Despite a “moderate” rehabilitation in the early 1990’s, the buildings fell into severe disrepair. With numerous building code violations and vacancy rates rising, HUD foreclosed on the properties in 2005.

To avoid a mass auction of the units, HUD agreed to convey the properties to the City of Chicago. The CDC recommended acquisition authority in November, 2005. The portfolio was divided into groups of buildings and DOH issued an RFQ for developers to purchase one of the groups for $10 per building through the Community Investment Initiatives program. Holsten Real Estate Development Corporation partnered with ACORN Housing Corporation of Illinois and was selected to purchase the ten buildings in this project. Holsten and ACORN also acquired an additional 80 units they intend to redevelop in the future as Phase II.

This project will restore these buildings to their original grandeur and enhance Douglas Boulevard and the surrounding area. The project will retain 170 units of safe and affordable housing. This specific project has not received previous CDC action.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity:

Developer: Lawndale H&A Bond, LP, an Illinois limited partnership whose general partner is Lawndale H&A Bond Development, LLC which is comprised of Holsten Real Estate Development Corporation (75%) and ACORN Housing of Illinois (25%).

This project is a joint venture between Holsten Real Estate Development Corporation and ACORN Housing Corporation of Illinois. Both organizations bring housing experience; some of which overlaps, some of which is complementary.

Holsten has been developing and managing affordable housing in Chicago for over 25 years. Projects include numerous multi-family new construction and rehab deals with complex layers of financing such as North Town Village and Hillard Homes.

ACORN has been organizing community residents, particularly around housing issues, for over 20 years. ACORN was instrumental in prompting HUD’s repossess of 1,200 mismanaged Lawndale units, which include this project, Lawndale Restoration Apartments. ACORN has been developing affordable single-family housing since the late 1980’s, and began developing multi-family properties in the mid 1990’s.

Consultants:

Architect: Landon, Bone, Baker / Peter Landon
General Contractor: The developer is in the process of selecting a General Contractor
Developer’s Counsel: Applegate and Thorne-Thomsen
Property Management: Holsten Management Corporation
V. PROPOSED PROJECT

All ten buildings are three-story masonry buildings ranging in size from six to 24 units. The units will mainly serve families with units consisting of one to five bedrooms. Masonry finishes vary. Some of the buildings are graystones while others have various colors and styles of face brick. All windows on the front elevations of the buildings will be replaced with custom windows to fit the buildings’ original openings. Ornamental fencing will be erected in front of each building. Courtyards and front yards will be landscaped.

These buildings were designed as 3-story walk-ups with no elevators. Most of the buildings were also built with no side or rear set-back. There are no adaptable units or accessible units in the project. No units are at ground level for accessibility. MOPD has determined that adaptable units are not required in this project.

A total of approximately 15 off-street parking spaces may be accommodated behind two of the buildings. Creating additional off-street parking would be difficult, as there are few vacant lots nearby, especially along Douglas Boulevard. Off-street parking was not a condition of the RFP when the developer acquired the properties in January, 2006. An on-site review of the area found adequate on-street parking at all locations.

Buildings will be rehabilitated on a rolling basis, each taking five months to complete. Current occupancy is 70%, so tenants will be relocated to one of the other buildings while their building is under construction. They may return to their unit if they choose to do so. Total length of construction is estimated at 15 months. Floor plans and building elevations are provided as exhibits to this report.

Unit Profile
See following page
All units are at or below 60% AMI and are approved for Section 8 vouchers, and will remain as affordable units for a minimum of 30 years.

<table>
<thead>
<tr>
<th>BUILDING</th>
<th>1 BR 1.0 BA</th>
<th>2 BR 1.0 BA</th>
<th>3 BR 1.0 BA</th>
<th>4 BR 1.0 BA</th>
<th>5 BR 1.0 BA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1134-42 S. Central Park</td>
<td>18</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>1259 S. Central Park</td>
<td>12</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>3900 W. Wilcox</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>4118 W. 15th/1457 S. Kedvale</td>
<td>10</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>3122 W. Douglas</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>3239 W. Douglas</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>3234 W. Douglas</td>
<td>9</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>3206 W. Douglas</td>
<td>24</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>3219-29 W. Douglas</td>
<td>19</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>1501 S. Kedzie</td>
<td>4</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3</strong></td>
<td><strong>83</strong></td>
<td><strong>71</strong></td>
<td><strong>9</strong></td>
<td><strong>4</strong></td>
<td><strong>170</strong></td>
</tr>
<tr>
<td>Unit Mix %</td>
<td>1.8%</td>
<td>48.8%</td>
<td>41.8%</td>
<td>5.3%</td>
<td>2.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Gross SF</td>
<td>875</td>
<td>980</td>
<td>1,240</td>
<td>1,430</td>
<td>1,400</td>
<td>184,875</td>
</tr>
<tr>
<td>Net SF (-18%)</td>
<td>718</td>
<td>804</td>
<td>1,017</td>
<td>1,173</td>
<td>1,148</td>
<td>151,598</td>
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<tr>
<td>Gross Rent</td>
<td>$740</td>
<td>$876</td>
<td>$982</td>
<td>$1,073</td>
<td>$1,189</td>
<td></td>
</tr>
<tr>
<td>Utility Allowance*</td>
<td>26</td>
<td>32</td>
<td>38</td>
<td>48</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td><strong>Net rent/unit/mo with</strong></td>
<td><strong>$714</strong></td>
<td><strong>$844</strong></td>
<td><strong>$944</strong></td>
<td><strong>$1,025</strong></td>
<td><strong>$1,135</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Section 8</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net rent/mo for unit type</td>
<td>$2,142</td>
<td>$70,052</td>
<td>$67,024</td>
<td>$9,225</td>
<td>$4,540</td>
<td>$152,983</td>
</tr>
</tbody>
</table>

* Tenants pay for household electric only.

Environmental Features:

The scope of this rehabilitation limits the amount of green elements which can be incorporated into this project. The developer has spent considerable time and expense to make emergency repairs to safety hazards and building code violations throughout the ten buildings. “Green” elements will be incorporated into the rehabilitation whenever possible. In addition, Energy Star appliances will be installed in all of the units.

VI. FINANCIAL STRUCTURE

These ten buildings consist of 170 rental units. On average, 70% of the units are occupied. Tenants will be relocated to other buildings within the project, so occupancy levels and rental income during construction are expected to remain close to that level. All of the units are under a HUD Section 8 contract. There is strong demand for Section 8 approved rental units in the North Lawndale and West Garfield Park communities.
This development will be financed in part with approximately $13,000,000 in Tax Exempt Bonds from the Department of Housing. These bonds will then generate 4% Low Income Housing Tax Credits, creating an additional $10,170,000 in Low Income Housing Tax Credit equity to be provided by Apollo Housing Capital. The developer has also received a $1,185,000 grant from the Federal Home Loan Bank.

The developer is requesting $8,950,000 in tax increment financing. The TIF funds would reimburse the developer for construction and other qualified expenses on eight of the ten buildings which are located within the Midwest TIF Redevelopment Area. An initial $4,000,000 in TIF funds would be placed in escrow at closing. The developer will then be able to request payments from the escrow for reimbursement only after construction stages are completed. The remaining $4,950,000 will be paid to the developer over the remaining 16 years of the life of the Midwest TIF Redevelopment Area. This TIF funding represents 33% of the total development cost of the project. The increment will be generated from the overall Midwest TIF Redevelopment Area.

As stated earlier, these 170 units, a part of the 1,200 total units, were severely neglected and require substantial repairs to address pre-existing building code violations. In an emergency move, the City of Chicago took control of the properties to keep the buildings operating so hundreds of tenants would not be forced out of their apartments. For the last 12 months, the developer has made emergency repairs to keep the tenants safe and the buildings operating. But a more substantial rehabilitation is needed to assure the long-term maintenance of these buildings. These buildings are located in a blighted area of the North Lawndale community. The rehabilitation of these buildings will significantly improve the economic viability of the surrounding area. This project would not be possible but for the TIF financing.

The following tables identify the sources and uses of funds. See following page.
## Sources and Uses of Funds

<table>
<thead>
<tr>
<th>SOURCE OF FUNDS</th>
<th>AMOUNT</th>
<th>POSITION</th>
<th>RATE</th>
<th>TERM/AMORT</th>
<th>STATUS</th>
<th>PER UNIT</th>
<th>% of PROJECT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A Private Activity Bond</td>
<td>$6,200,000</td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>6.5%</td>
<td>35/35</td>
<td>Pending</td>
<td>$36,471</td>
<td>23.1</td>
</tr>
<tr>
<td>TIF</td>
<td>8,950,000</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>16/16</td>
<td>Pending</td>
<td></td>
<td>52,647</td>
<td>33.4</td>
</tr>
<tr>
<td>FHLB</td>
<td>1,185,000</td>
<td></td>
<td></td>
<td>Approved</td>
<td></td>
<td>6,971</td>
<td>4.4</td>
</tr>
<tr>
<td>LIHTC Equity</td>
<td>10,170,000</td>
<td></td>
<td></td>
<td>Approved</td>
<td></td>
<td>59,823</td>
<td>38.0</td>
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<tr>
<td>Deferred Developer Fee</td>
<td>191,617</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,127</td>
<td>0.7</td>
</tr>
<tr>
<td>Arbitrage</td>
<td></td>
<td></td>
<td></td>
<td>(interest on unspent bonds)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$26,808,987</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$157,700</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

## Use of Funds

<table>
<thead>
<tr>
<th>USE OF FUNDS</th>
<th>AMOUNT</th>
<th>PER UNIT (170)</th>
<th>PER SF (184,875 SF)</th>
<th>% of PROJECT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Inc. Fees, Taxes, Holding Costs</td>
<td>$487,100</td>
<td>$2,865</td>
<td>$2.63</td>
<td>1.8</td>
</tr>
<tr>
<td>Construction</td>
<td>18,304,022</td>
<td>107,671</td>
<td>99.01</td>
<td>68.3</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>5,954,475</td>
<td>35,026</td>
<td>32.21</td>
<td>22.2</td>
</tr>
<tr>
<td>Relocation Costs <em>(Estimate)</em></td>
<td>$616,533*</td>
<td>3,627</td>
<td>3.34</td>
<td>2.3</td>
</tr>
<tr>
<td>Developer's Fee</td>
<td>1,446,857</td>
<td>8,511</td>
<td>7.83</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$26,808,987</strong></td>
<td><strong>$157,700</strong></td>
<td><strong>$145.02</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

## VII. Public Benefits

The proposed project will provide the following public benefits.

**Affordable Housing:** The project will retain 170 affordable housing units.

**Property Taxes:** The project will expand the tax base because the investment in the property will result in an increase in its assessed value.

**Environmental Features:** The project will incorporate green technology and features wherever possible. Energy Star appliances will be used in all units. This project meets the Department of Housing’s Affordable Housing Green/Energy Efficiency guidelines.
**Permanent Jobs:** The project is estimated to generate 10 permanent jobs. The Mayor's Office for Workforce Development (MOWD) has been informed of the project and work with the developer on job training and placement.

**Construction Jobs:** The project will produce 25 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 eight 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 Chandler endorses the project and has provided a letter of support dated January 19, 2007. (see exhibit). Alderman Ed Smith also supports the project, although the one building that is in his ward (3900 W. Wilcox) is not located within the Midwest TIF, and will not receive TIF funds. The partnership between Holsten Development Corporation and ACORN Housing Corporation of Illinois was formed to ensure that the Lawndale Restoration Project units were developed and managed to provide quality, affordable housing to current tenants of the Project. Working with ACORN, residents formed ACORN Tenants United (ATU), elected a resident board, and initiated regular meetings. Leaders of ATU held regular meetings of project residents, as well as community residents to address issues regarding the preservation of affordable units, to ensure renovation of the units, and to improve community safety.

The following elected officials and community organizations have also endorsed the project:
State Representative Arthur L. Turner
U.S. Congressman Danny K. Davis
Rev. Gene Greer, Jr., pastor, Christian Valley Baptist Church
Rev. Steve Spiller, Sr., pastor, Greater Galilee Missionary Baptist Church
(See exhibits for copies of support letters).

**IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN**

The proposed project is located in the Midwest Tax Incremental Financing ("TIF") Redevelopment Plan and Project Area, established pursuant to ordinances approved by the City Council on May 17, 2000.
The proposed project conforms to the Redevelopment Goals and Objectives of the Plan to include a comprehensive and coordinated area-wide investment in new public and private improvements and facilities. Implementation of the Goals and Objectives are essential for the successful redevelopment of the Project Area; as well as the elimination of conditions that have impeded redevelopment of the Project Area in the past. The success of the Plan will spur the revitalization of existing housing and institutional community 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. 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.

XI. RECOMMENDATION

The Department of Planning and Development and the Department of Housing have 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 and DOH recommend that the CDC recommends to the City Council the designation of Lawndale H & A Bond, LP as Developer for the redevelopment of the ten apartment buildings comprising the Lawndale Restoration II Apartments located at 4118 W. 15th St., 1134-42 S. Central Park, 1259 S. Central Park, 3122 W. Douglas, 3206 W. Douglas, 3219-29 W. Douglas, 3234 W. Douglas, 3239 W. Douglas, 1501 S. Kedzie, and 3900 W. Wilcox.
EXHIBITS

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
ACORN Housing Corporation

Mission
ACORN Housing Corporation (ACORN Housing) is a non-profit organization dedicated to the creation and preservation of affordable housing for very low- and low-income families. ACORN Housing established an office in Chicago in 1987 to specifically address the housing needs of low-income Chicagoans, focusing its efforts primarily on the city’s south and west sides.

ACORN Housing’s mission is to help families of limited means to secure and protect decent, affordable housing. Our work takes place in the overlooked and forgotten neighborhoods in which the concentration of poverty and minority households is very high -- places like Englewood, West Englewood and Lawndale. It is in these areas that ACORN Housing and neighborhood residents have set about the task of reconstruction and authentic community renewal. ACORN Housing and its subsidiaries:

- Develop, own and manage housing for low- and moderate income households;
- Provide services to low income families including credit counseling, homeownership counseling and training for first time buyers; and
- Work with neighborhood groups and tenant organizations on various development and community initiatives.

Qualifications of ACORN Housing Corporation

Housing Development Experience
ACORN Housing has substantial experience with both multifamily rental and homeownership projects. Focused on low and very low income households, financing for these projects has typically been complex and multi-layered; HUD financing programs have generally been a major source of funding.

ACORN Housing and its affiliates have created or preserved 521 affordable rental units for very low-income households. A number of these projects included the preservation of large multifamily rental properties assisted with FHA-insured mortgages and project based Section 8 contracts. Our direct experience includes developing FHA-foreclosed properties, projects purchased from private owners, properties transferred using a note sale and properties whose owner was prepaying his FHA insured mortgage. ACORN Housing was instrumental in creating tenant associations that were actively involved in the redevelopment plans for these buildings. These projects included support from city and state sources, tax exempt bond financing, 4% and 9% tax credits, HUD grants, and other HUD funding programs.

ACORN Housing and its affiliates have also developed and sold 616 affordable housing units in five cities through its Housing and Homeownership Project. These developments created ownership opportunities for low- and very low-income households who would otherwise not be able to afford to purchase their own homes. These projects have leveraged $50 million in financing with funding support from sources such as the New York HPD, State Housing Authorities, CDBG and a variety of other HUD programs. We are currently developing an additional 228 ownership units, which are now under construction. Financing for these projects includes conventional debt, local subsidy and support from HOME and other local grant funds.
LOT 1 IN RISSMANN'S SUBDIVISION OF LOTS 25, 26, 27, 28, 29 AND THE WEST 21
FEET OF LOT 30 IN BLOCK 3 IN THE GOODWIN'S SUBDIVISION OF THE NORTHWEST 1/4
OF THE NORTHEAST 1/4 OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF
THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

TOTAL LAND AREA = 10,161 SQ. FT. = 0.233 ACRES

Legend:
- Electric Light Pole
- Gas Valve

PROPERTY IS NOT WITHIN A SPECIAL FLOOD HAZARD AREA
BUT APPEARS IN ZONE X, AREAS OUTSIDE 500 YEAR
FLOOD, AS PER INSURANCE RATE MAP OF COOK COUNTY,
ILLINOIS, COMMUNITY PANEL NO. 1703165505 F (PANEL
NOT PRINTED).

State of Illinois,
County of Cook

This is to certify that this map or plot and the survey
on which it is based were made in accordance with the
"Minimum Standard Detail Requirements for ALTA/ACSM
Land Title Surveys," jointly established and adopted by
ALTA and NSPS in 2005, and includes items 1, 2, 3, 4,
7A, 7B, 8, 9, 10 and 11A of Table A thereof.

Pursuant to the Accuracy Standards as adopted by
ALTA and NSPS and if effect on the date of this
certification, undersigned further certifies that the in
my professional opinion, as a land surveyor registered
in the State of Illinois, the Relative Positional Accuracy
of this survey does not exceed that which is specified
therein. This Survey was prepared based on Chicago
Title Insurance Company Title Commitment 1401
0830563401 F Dated August 21, 2006 as to matters
of record.

Field measurements completed on September 22, 2006.
Signed on September 22, 2006.

By: [Signature]

Professional Illinois Land Surveyor # 1920

My license expires November 30, 2006.
Lawndale Restoration II Apartments, Group A
Building Photos

1134 S. Central Park

1134 S. Central Park

1259 S. Central Park

1259 S. Central Park
Lawndale Restoration II Apartments, Group A
Building Photos

1413 S. Sawyer

1413 S. Sawyer

3122 W. Douglas

3122 W. Douglas
Lawndale Restoration II Apartments, Group A
Building Photos

3900 W. Wilcox

3900 W. Wilcox
Lawndale Restoration II Apartments, Group B

Building Photos

1501 S. Kedzie

1501 S. Kedzie

3206 W. Douglas

3206 W. Douglas
Lawndale Restoration II Apartments, Group B
Building Photos

3234 W. Douglas

3234 W. Douglas

3239 W. Douglas

3239 W. Douglas
Lawndale Restoration II Apartments, Group B

Building Photos

4118 W. 15th

4118 W. 15th
February 23, 2007

Omar Shareef
African American Contractors Association
3706 South Indiana Avenue, 1st Floor
Chicago, Illinois 60653

BY CERTIFIED MAIL

Re: Lawndale Restoration

Dear Mr. Shareef:

Holsten Real Estate Development Corporation (Holsten) is pleased to announce the redevelopment of the properties located at various addresses in the Lawndale community (see attached), Chicago, Illinois. The project consists of 10 existing, occupied buildings that will be rehabilitated as affordable family housing, comprised of one, two and three bedroom units.

While Holsten has not selected a general contractor for the project, it anticipates and welcomes the participation of trades such as carpentry, electrical, mechanical, plumbing, paving, roofing, and others. Holsten expects to select a general contractor in April 2007. At that time, a preliminary project budget that will identify the items subject to minority business enterprise (MBE) participation of 24 percent and women business enterprise (WBE) participation of 4 percent will be provided. The attachment will also include the estimated project schedule and contact information for the general contractor.

Upon your request, the general contractor will meet with a representative of your organization to present the project budget and schedule and also upon your request, one copy of the project bid documents (including plans and specifications), when available.

Please make your member companies aware of this exciting project so that they may submit bids for appropriate subcontracting opportunities. Should you have any questions, please do not hesitate to call.

Sincerely,

\[Signature\]
Linda Brace
Vice President

cc: Mark Roschen, Financial Planning Analyst
Department of Housing, City of Chicago
Complete this section:

1. Article Addressed to:
   - Edward T. McKinzie
   - Black Contractors United
   - 400 W. 76th Street
   - Chicago, IL 60620

2. Article Number
   (Transfer from service label) 7806 0100 0004 8227 4933

Send: Complete this section:

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Complete this section on delivery:

A. Signature
   - [Signature]
   - Agent
   - Address

B. Received by (Printed Name)
   - [Name]

C. Date of delivery
   - [Date]
   - [Yes/No]

D. Is delivery address different from item 1?
   - [Yes/No]
   - If YES, enter delivery address below:

3. Service Type
   - Certified Mail
   - Express Mail
   - Registered
   - Return Receipt for Merchandise
   - Insured Mail
   - C.O.D.

4. Restricted Delivery? (Extra Fee)
   - [Yes/No]
Cesar Santoy
Hispanic American Construction Industry Assoc.
901 W. Jackson, Suite 205
Chicago, IL 60607

1. Article Addressed to:

2. Article Number
   (Transfer from service label) 7006 0300 0004 8827 4971

3. Service Type
   - Certified Mail
   - Registered
   - Insured Mail
   - Return Receipt for Merchandise
   - C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

PS Form 3811, February 2004
Domestic Return Receipt 102595-02-M-1540
August 25, 2006

Mr. Peter Holsten, President
Holsten Real Estate Development Corporation
1333 North Kingsbury, Suite 305
Chicago, Illinois 60622

Re: Letter of Interest to Purchase 4% Low Income Housing Tax Credits
Lawndale Restoration II - Bond
Chicago, Illinois

Dear Peter:

As you know, Apollo Housing Capital has extensive experience structuring and raising tax credit equity for affordable housing projects throughout the U.S., with a special focus in Chicago. The proposed 170 units of family housing will meet the tremendous need that exists to preserve quality, affordable housing in Chicago’s Lawndale neighborhood. The innovative financing structure and experienced team you have assembled are exciting and a good fit with Apollo’s experience.

Based upon a preliminary review of the information you provided us, Apollo will be able to purchase a 99.99% limited partnership interest in the development at the prevailing market price for Low-Income Housing Tax Credits. At this time, we are looking at LIHTC pricing of $1.015 for an equity investment of approximately $110.0 million in total (comprising roughly $5.3 million for the first group of 80 units and roughly $5.7 million for the second group of 90 units), depending on eligible basis, pay-in, and other factors related to investment risk and return.

This purchase is subject to a thorough underwriting and due diligence review and is based upon certain assumptions regarding LIHTC, timing, and market conditions. Apollo will work closely with you to refine the financing structure to satisfy the requirements of the City of Chicago, IHDA, HUD, the Federal Home Loan Bank, and all other financing sources.

We are confident that with your sponsorship and that of ACORN Housing, the location of the site, and the quality of the proposed rehabilitation, we will be able to provide the tax credit equity needed to make this project a success. Please feel free to contact me at 312/263-5600 should you need any further information or assistance. We look forward to continuing our work together on a third partnership.

Sincerely,

[Signature]

Elliot Frolichstein-Appel
Vice President
September 8, 2006

Ms. Tania Kadakia
Holsten Real Estate Development Corporation
1333 N. Kingsbury Street Suite #305
Chicago, IL 606622

RE: Letter of Interest for Lawndale Restoration II Apartments, Group A

Dear Tania:

Thank you for providing JPMorganChase Bank the opportunity to provide financing for Lawndale Restoration II Apartments, Group A. On behalf of JPMorganChase Bank, N.A., I would like to express our interest in providing construction and permanent financing for Lawndale Restoration II Apartments, Group A, an 80 unit rental housing development contained in five buildings in Chicago, IL. The following does not constitute a commitment to lend or an agreement to issue a commitment on these or any other terms. This letter is not inclusive of all terms and conditions. JPMorganChase would provide permanent bond financing as well as provide a bridge bond to bridge investor equity payments and fund construction. Current terms for financing are as follows:

**Bridge Bond:**

Amount: $ 3,345,294*
Interest Rate: 1.25% over the BMA index plus ancillary costs...
Loan Fee: 1.5% of the bond amount.
Term: 24 months

**Permanent Bond:**

Loan Amount: $ 3,026,470**
Interest Rate: 1.70% over the Municipal Market Data (MMD) 20 year AAA-rated bond index.
Loan Fee: 1.5% of the bond amount
Term: 35 years.

*Prorated portion allocated to Group A of total bridge bond amount of $7,425,165.
** Prorated portion allocated to Group A of total permanent bond amount of $5,900,000.
Ms. Tania Kadakia
September 8, 2006
Page Two

Thank you for the opportunity to be involved with the financing of Lawndale Restoration II Apartments, Group A. If you should have any questions, please call me at (312) 325-5045. I look forward to working with you on this important renovation project.

Sincerely

[Signature]

Jack D. Bernhard
Vice President
May 9, 2006

John G. Markowski
Commissioner
33 N. LaSalle Street
Chicago, IL 60602

Re: Lawndale Holsten-ACORN Bond Development Project

Dear Commissioner Markowski:

In cooperation with HUD and the Community Investment Corporation, the City successfully completed the transfer of 1,105 units of very low-income housing in the Lawndale neighborhood to 23 new owners.

The City awarded Holsten-ACORN Partnership 251 units in 17 buildings which the Partnership. The new owners will rehabilitate all properties, with redevelopment plans calling for the properties being preserved as affordable rental. The Partnership intends to develop the project in two phases. In the first phase, 170 units in 10 buildings is requesting City funding through Private Activity Bonds, Tax Credits, TIF funding and grant funding from the Illinois Housing Development Authority.

Having reviewed the Holsten Real Estate - ACORN Housing Partnership Project, my office supports their redevelopment efforts in the proposed project and supports the use of city funds and financing to benefit residents of the 9th District. We believe this project will both provide much needed affordable housing for the community and is consistent with neighborhood stabilization and revitalization plans for the community.

We are happy to support this project and encourage you to provide financial support to the Holsten Real Estate - ACORN Housing Partnership Project.

Sincerely,

Representative Arthur L. Turner
Illinois House of Representatives 9th District
May 30, 2006

John G. Markowski
Commissioner
33 N. LaSalle Street
Chicago, IL 60602

Re: Letter of Support for Lawndale Holsten- ACORN Bond Development Project

Dear Commissioner Markowski:

I am writing in support of the Board Development application of two of my constituents, Lawndale Holsten- ACORN Bond Development Project. In support of their activities in cooperation with HUD and the Community Investment Corporation, the City successfully completed the transfer of 1105 units of very low-income housing in the Lawndale Neighborhood to 23 new owners.

The City awarded Holsten- ACORN Partnership 251 units in 17 buildings with the Partnership. The new owners will rehabilitate all properties, with redevelopment plans calling for the properties being preserved as affordable rental. The Partnership intends to develop projects in two phases. In the first phase, 170 units in 10 buildings are requesting City funding through Private Activity Bonds, Tax Credits, TIF funding and grant funding from State and Private Sources.

Having reviewed the Holsten Real Estate- ACORN Housing Partnership Project, my office supports their redevelopment efforts in the proposed project and supports the use of city funds and financing to benefit residents in my Ward. We believe this project will both provide much needed affordable housing for the community and is consistent with the City’s neighborhood stabilization and revitalization plans for the community.

We are happy to support this project and encourage you to provide financial support to the Holsten Real Estate- ACORN Housing Partnership Project.

Sincerely,

Danny K. Davis
Member of Congress
DKD/fdc
May 10, 2006

John G. Markowski
Commissioner
33 N. LaSalle Street
Chicago, IL 60602

Re: Lawndale Holsten-ACORN Bond Development Project

Dear Commissioner Markowski:

In cooperation with HUD and the Community Investment Corporation, the City successfully completed the transfer of 1,105 units of very low-income housing in the Lawndale neighborhood to 23 new owners.

The City awarded Holsten-ACORN Partnership 251 units in 17 buildings which the Partnership. The new owners will rehabilitate all properties, with redevelopment plans calling for the properties being preserved as affordable rental. The Partnership intends to develop the project in two phases. In the first phase, 170 units in 10 buildings is requesting City funding through Private Activity Bonds, Tax Credits, TIF funding and grant funding from the Illinois Housing Development Authority.

Having reviewed the Holsten Real Estate -ACORN Housing Partnership Project we support their redevelopment efforts in the proposed project and support the use of city funds and financing to benefit residents. We believe this project will both provide much needed affordable housing for the community and is consistent with neighborhood stabilization and revitalization plans for the community.

We are happy to support this project and encourage you to provide financial support to the Holsten Real Estate -ACORN Housing Partnership Project.

Sincerely,

[Signatures]
June 1, 2006

John G. Markowski
Commissioner
33 N. LaSalle Street
Chicago, IL 60602

Re: Lawndale Holster-ACORN Bond Development Project

Dear Commissioner Markowski:

In cooperation with HUL and the Community Investment Corporation, the City successfully completed the transfer of 1,105 units of very low-income housing in the Lawndale neighborhood to 23 new owners.

The City awarded Holsten-ACORN Partnership 251 units in 17 buildings which the Partnership. The new owners will rehabilitate all properties, with redevelopment plans calling for the properties being preserved as affordable rental. The Partnership intends to develop the project in two phases. In the first phase, 170 units in 10 buildings is requesting City funding through Private Activity Bonds, Tax Credits, TIF funding and grant funding from the Illinois Housing Development Authority.

Having reviewed the Holsten Real Estate-ACORN Housing Partnership Project we support their redevelopment efforts in the proposed project and support the use of city funds and financing to benefit residents. We believe this project will both provide much needed affordable housing for the community and is consistent with neighborhood stabilization and revitalization plans for the community.

We are happy to support this project and encourage you to provide financial support to the Holsten Real Estate-ACORN Housing Partnership Project.

Sincerely,

[Signature]

Rev. Steve Spiller, Sr.
Greater Galilee Missionary Baptist Church
January 19, 2007

John G. Markowski, Commissioner
Department of Housing
33 N. LaSalle Street
Chicago, IL 60602

Re: Lawndale Holsten-ACORN Bond Development Project

Dear Commissioner Markowski:

In cooperation with HUD and the Community Investment Corporation, the City successfully completed the transfer of 1,105 units of very low-income housing in the Lawndale neighborhood to 23 new owners.

The City awarded Holsten-ACORN Partnership 251 units in 17 buildings. The new owners will rehabilitate all properties, with redevelopment plans calling for the properties being preserved as affordable rental. The Partnership intends to develop the project in two phases. In the first phase, 170 units in 10 buildings is requesting City funding through Private Activity Bonds, Tax Credits, TIF funding and grant funding from State and Private Sources.

Having reviewed the Holsten Real Estate -ACORN Housing Partnership Project, my office supports their redevelopment efforts in the proposed project and supports the use of city funds and financing to benefit residents of my Ward. We believe this project will both provide much needed affordable housing for the community and is consistent with the City’s neighborhood stabilization and revitalization plans for the community.

We are happy to support this project and encourage you to provide financial support to the Holsten Real Estate -ACORN Housing Partnership Project.

Sincerely,

Michael D. Chandler
Alderman, 24th Ward
EXHIBIT A

Street Boundary Description of the
Midwest Tax Increment Financing
Redevelopment Project Area

The Area is generally bounded by Lake Street on the north, California Avenue on the east, 16th Street on the south, and Pulaski Road on the west.