

**City of Chicago
Department of Planning and Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
January 12, 2016**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	Montrose Clarendon
Applicant Name:	Montrose Clarendon Partners LLC
Project Address:	4400-4424 and 4401-4415 North Clarendon Avenue
Ward and Alderman:	46 th Ward; James Cappleman
Community Area:	Uptown (3)
Redevelopment Project Area:	Montrose/Clarendon TIF
Requested Action:	TIF Developer Designation
Proposed Project:	<p>The developer is proposing to redevelop the portion of the property on the west side of North Clarendon Avenue with a 26-story mixed-use building which includes 381 residential units (20 units or 5 percent will be affordable) and a grocery store of approximately 31,371 square feet at the building's base along with 278 enclosed parking spaces. Half of the affordable units will be for households earning no more than 50 percent of the Area Median Income and the other half for households earning no more than 60 percent of the Area Median Income.</p> <p>The property on the east side of North Clarendon Ave will include a new 1-story building, consisting of approximately 5,900 square feet of retail space with 11 exterior parking spaces. The total project cost is \$125,044,198.</p>

Goal of Project:

- Increased Equalized Assessed Value
- 550-675 temporary construction jobs
- \$200,000 to \$250,000 in annual sales taxes
- New housing options for residents of the 46th Ward

TIF Assistance:

No more than \$15,880,000.00 (12.70% of the total project cost)

II. PROPERTY DESCRIPTION

Address:

4400-4424 and 4401-4415 North Clarendon

Location:

North east and north west corners of Montrose and Clarendon

Tax Parcel Numbers:

Northwest Corner: 14-17-229-008/-014/-015/-016/-017/-018/-019

Northeast Corner: 14-16-103-006

Land Area:

Overall site area of 99,579 square feet

Current Use:

Vacant buildings and of the former Columbus–Maryville Emergency Shelter.

Current Zoning:

Planned Development 138

Environmental Condition:

In a Phase I Environmental Site Assessment (ESA) it is stated that there are underground storage tank (UST) and UST systems associated with a former filling stations and an abandoned ComEd electrical vault. Fleet and facilities management (2FM) recommends a Phase II ESA be conducted on the subject site to further address the above mentioned Recognized Environmental Conditions (RECs). 2FM also recommends that prior to rehab or demolition, a lead based paint and asbestos survey should be conducted, and any work must be performed in accordance with all applicable local, State and Federal regulations.

The property has been vacant since 2005.

III. BACKGROUND

The subject site is adjacent to Clarendon Park, immediately west of the City of Chicago Lakefront and approximately 1/8 of a mile from the entrance to Lake Shore Drive (Route 41). The property is located in the Uptown Community (3) which has a population of 54,449. This community area is six miles north of the Loop and is one of the densest and most ethnically diverse residential areas in Chicago. The median income of this community is \$44,430 compared to the City of Chicago median income of \$47,270.00. 88.9 % of the community area residents have a high school diploma or higher compared to 81.1 % of the residents of Chicago. 53.3 % of the Community have a Bachelor's Degree or higher whereas 34.2 % of the Chicago population have a bachelor's degree or higher. It should also be noted that 68% of the community residents rent compared to 32% actually own their residence. Only 6% of the total housing units have been built since 2000. The majority of the housing stock (54.6%) was built before 1940.

The buildings on the subject site were originally constructed in 1957 as Cuneo Hospital. The hospital was operated by the Missionary Sisters of the Sacred Heart until 1988 after which the building became the Columbus-Maryville Academy Children's Shelter. The buildings have been vacant since 2005, and it is in a substantially deteriorated condition.

Two other development teams have sought without success to redevelop the subject site with large-scale mixed-use residential/commercial projects prior to Montrose Clarendon Partners LLC, similar in many respects to the current-proposal. These teams worked for extended periods with the City to seek land use approvals and structure TIF funding, but ultimately were unable to proceed due to insurmountable challenges in obtaining the private debt and equity financing necessary for property acquisition, final design and construction. The first of these proposed projects included much greater bulk and density than the current Project, and substantially less affordable housing. The second of these proposed projects would have provided for affordable housing, but with only half the current number of proposed affordable housing units on site.

Several iterations of the project have been presented to the community which led to the 'Uptown Community Guidelines for Maryville Hospital Site' (Guidelines) completed by Uptown United in August 2012. This document provided community background and took into account neighborhood recommendations and concerns that were raised at local planning charrettes during the Spring of 2012. The Guidelines list key considerations for development of the subject parcels as well as general architectural considerations. Notable considerations in the Guidelines which are represented in the proposed project are:

- High density residential development
- Neighborhood oriented retail should be located solely on Montrose
- The development should be a gateway into the Uptown neighborhood
- A mix of housing types
- Incorporation of LEED principles

The Guidelines recognize this site as one of the last major developments along Chicago's northern shoreline.

Historically an entertainment destination, in 2013, the City reinforced this idea by setting a goal through an opportunity initiative to solidify Uptown as a destination for destination-oriented entertainment and ethnic culture.

This plan included:

- Enhancing Broadway and Lawrence Avenue with pedestrian friendly streetscape.
- Revitalizing the Wilson CTA station as a pedestrian-friendly community anchor.
- Maximize existing facilities for entertainment and nightlife.
- Enhance Argyle Street as a center for Asian culture and cuisine.

Previous to this initiative, the city invested \$54 million in tax increment financing to the Wilson Yard development. This mixed use development was anchored by a Target store and created 350 permanent jobs. In addition to the target store the development also included:

- Wilson Yard Senior Apartments – a senior complex containing 98 one bedroom apartments for residents at or below 50 percent of area median income.
- The Wilson Yard Apartments- 80 affordable family units funded by the Illinois Housing Development Authority.
- A new building for an existing Aldi grocery store.
- New ground floor retail and commercial space along Montrose Avenue and Broadway.
- An extension of West Sunnyside Avenue extending west from Broadway.

Tax increment money generated from the Wilson Yard project also was used to fund two additional projects in Uptown- the renovation and preservation of 59 units of affordable housing at the Clifton –Magnolia Apartments in the 4400 block of North Clifton and the construction of a new 7 –story student center and parking garage at Truman College. Notably, the Montrose Clarendon site was included in the Wilson Yard TIF District at the time of its creation, and the tax increment generated by the success of the Wilson Yard project was sufficient to enable the City to remove the Montrose Clarendon site from that district and to create the Montrose Clarendon TIF District and induce additional investment in the Uptown Community Area.

Over the last 25 years the City has made significant investment in developing affordable and low cost housing via the Wilson Yard TIF in and around the uptown community. Approximately 1250 affordable and low income housing has been developed in the 46th ward during this time.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity: The Developer for this project is Montrose Clarendon Partners, LLC an entity created specifically for this project. 50% of the ownership of this entity is owned by LF Montrose, LLC whose sole member and manager is James Letchinger. James Letchinger founded JDL in 1993 to develop single family homes and high-end condominiums. For the past five years JDL has primarily focused on elegant high-rise rental apartments. The company specifically seeks high barrier to entry locations often in overlooked area neighborhoods. JDL is currently completing 1,300 units throughout downtown Chicago.

The remaining 50 percent is owned by the Harlem Irving Companies, Inc. Michael A. Marchese is the Chairman and Chief Executive Officer of the Harlem Irving Companies, Inc. In his 46 years at the Harlem Irving Companies, Inc., Mr. Marchese has been instrumental in formulating and implementing the company's growth and holdings as evidenced by the successful development of retail and mixed use projects valued in excess of \$2 billion, including the flagship Harlem Irving Plaza. Other Chicago project includes:

- The Emerald, a mixed-use residential project in Greek town
- River's Edge Condominiums, a two building residential complex at the edge of the Chicago River
- University Village, an award winning 58 acre development adjacent to the University of Illinois Chicago campus that includes for sale housing, student apartments, urban parks, retail, academic facilities, and historic preservation.

Currently, Harlem Irving Companies owns and manages over 22 million square feet of retail that is over 98% leased.

The developer's organization chart is included in the exhibits.

Consultants: The architecture firm for this project is Hartshorne Plunkard Architecture, an award winning architecture, planning and interior design Chicago firm.

The legal firm representing the developer is DLA Piper, a global law firm with lawyers in the Americas, Asia Pacific, Europe, Africa and the Middle East.

V. PROPOSED PROJECT

Project Overview: The developer proposes to redevelop the portion of the property on the west side of North Clarendon Avenue with a 26-story mixed-use building including 381 residential units, and a grocery store of approximately 31,371 square feet at the building's base along with 278 enclosed parking spaces. The developer will provide 20 affordable units in this project. The developer is providing \$5.7 million in lieu of the remaining affordable units as required under the 2007 Affordable Requirements Ordinance (ARO). To be governed by the 2007 ARO, a project needs to meet two criteria:

- For a TIF project, a complete application has to be received and accepted by the department by October 13, 2015; and
- The Ordinance authorizing the TIF Funds must be approved by City Council by July 13, 2016.

The developer has agreed to fund a total of \$4,600,000 into an escrow to pay for improvements to Clarendon Park adjacent to the Project site on a date approximately 6-8 months from the start of construction. The funding of the \$4.6 million is needed to make immediate improvements to Clarendon Park which the Park District would be unable to fund.

The project will include the demolition of existing structures (which has a cost of \$1.5 million) and the construction of the new buildings. The 26-story building will contain retail space, residential lobby, parking and 8 townhome units facing Agatite, on the ground floor. The second and third floors will be used for parking. The fourth floor will include indoor and outdoor residential amenities and rooftop terraces along with several residential units. The remaining floors will be comprised of residential units. The construction type will be Type 1-A (fire resistive non-combustible) and the building will be fully equipped with a sprinkler system. The project will incorporate LEED certification and green roof covering 100% of the net roof area.

The property on the east side of North Clarendon Ave will include a new 1-story building, consisting of approximately 5,900 square feet of retail space with 11 exterior parking spaces. The type of tenant that will occupy the space is yet to be determined but will be an amenity to the community.

The new buildings will feature glass exterior finishes, with glass/metal panel, modular brick and concrete accents. The pedestrian entrance to the commercial/retail areas will be located at the corner of Montrose and Clarendon. Vehicular ingress and egress to the parking garage and loading area will be located on Clarendon Avenue. The pedestrian access to the residential units will be located on Agatite Avenue, and will include an on-site vehicular pick-up and drop-off area.

The total project cost is budgeted at \$125,044,198.

A site plan, floor plans and elevation are provided as exhibits to this report.

Residential Unit Profile: The following table provides a detailed description of the proposed project. The subject property will provide a total of 381 rental units of which 20 units or 5 percent will be affordable, half of which will be for households earning no more than 50 percent of the area median income and half of which will be for households earning no more than 60 percent of the area median income. Per the City of Chicago’s 2007 Affordable Requirements Ordinance (“ARO”), developers of residential developments of 10 or more that are receiving TIF assistance must provide 20 percent of their units at affordable prices. Compliance can be achieved through payment of a fee in lieu in the amount \$100,000 per unit fee in lieu of the remainder of the affordable units. The total fee in lieu would be \$5.7 million.

Unit Profile

	Unit Type	Number	Market/ Affordable	Size-sf	Monthly Rent/sf*	Monthly Rent*
Affordable Units	Studio	3	50% affordable	561	\$1.13	\$636
	Studio	4	60% affordable	561	\$1.37	\$769
	1 Bed	6	50% affordable	759	\$0.89	\$674
	1 Bed	5	60% affordable	759	\$1.08	\$817
	2 Bed	1	50% affordable	945	\$0.86	\$809
	2 Bed	1	60% affordable	945	\$1.04	\$980
Market Rate Units	Studio	123	market	561	\$3.01	\$1,688
	1 Bed	187	market	759	\$2.74	\$2,079
	2 Bed	43	market	945	\$2.79	\$2,637

The affordable rent paid by the tenant is based on the tenant’s income and not on market comparables. The maximum rent for each defined “affordable” income level is published annually by the US Department of Housing and Urban Development and listed according to building construction type (i.e. apartment, townhouse, and house), number of bedrooms and household size. Rent per square foot is not considered except that HUD housing quality standards and Chicago zoning and building codes set minimum room and unit sizes. Different federal funding development and operating support sources may have different maximum income and rent restrictions.

A market study was completed in March of 2013 by Appraisal Research Counselors. To prove that the study is current, a schedule of the gross market rents for Halsted Flats located 3740 N Halsted which opened in March 2014 was included. As the only Class A multi-family

development built within close proximity to the project site in the last 20 years, this is an excellent comparison for the subject project. The market rate price /square foot in the Halsted Flat is \$2.74- \$3.09 /square foot whereas the proposed project for market rate is \$2.74 - \$3.01. The quick lease up and stabilization (within 10 months) proved there is a strong market for additional comparable units offering the same quality of finishes, amenities, and services.

Montrose /Clarendon will offer similar features as found at Halsted Flats such as a full size pool, vast green space, barbeque are, deck seating, dog park, fitness room, lounges, small and large party rooms, a theatre, and a business center. The proposed project will also contain a 30,000 square foot grocer and unobstructed views of the lake and the Montrose Harbor area.

Environmental Features: The project will incorporate LEED certification and green roof covering 100% of the net roof area.

VI. FINANCIAL STRUCTURE

This is a mixed-use, residential rental project with commercial/retail space. The developer will contribute approximately 38% in equity and is seeking approximately 62% in conventional debt financing. The developer is requesting \$15,880,000 in total TIF assistance of which \$11,280,000 (9.02% of total project costs) will be used toward the project and \$4,600,000 (3.68% of total project costs) will go toward the Clarendon Park improvements. Total project costs for the development are \$125,044,198 with \$15,880,000 in TIF assistance (12.70% of total project costs).

The structure includes an \$8,080,000 tax-exempt note (Note A), and a \$7,800,000 taxable note (Note B) to the developer. The developer would not receive sufficient returns to obtain private financing and move forward with the project but for the TIF assistance, and the Park District would not have the funds needed to move forward with improvements to Clarendon Park without the proposed project.

The developer has agreed to fund a total of \$4,600,000 into an escrow to pay for improvements to the Clarendon Park Field House adjacent to the Project site on a date approximately 6-8 months from the start of construction. As noted above, prior development proposals for the subject site have not included funding for the Park District.

Upon the Developer's funding of \$4,600,000, the City will issue a tax-exempt, interest-bearing City TIF Note A to the Developer in the amount of \$4,600,000 which would accrue interest upon issuance and the Developer will begin receiving payments upon the City's issuance of a Certificate of Completion.

Upon issuance of a Certificate of Completion, the City would re-issue a combined tax-exempt, interest-bearing City TIF Note A to the Developer in the amount of \$8,080,000 and a taxable, interest-bearing City TIF Note B to the Developer in the amount of \$7,800,000.

Available increment will be defined as 95% of the increment generated solely from the Project PINs (Phase 1 PINS only-Sub-Area A and Sub-Area C). Increment will not be ported from any other adjacent TIFs. The Project PINs include the following:

West Parcel

14-17-229-008, 14-17-229-014, 14-17-229-015, 14-17-229-016, 14-17-229-017, 14-17-229-018, 14-17-229-019

East Parcel:

14-16-103-006

A TIF Recapture Provision including a Capital Event/Flip Provision will be included as part of the RDA.

The following table identifies the sources and uses of funds.

Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Equity	\$41,504,228	33.19%
Debt (JP Morgan)	\$67,659,970	54.11%
TIF Assistance*	<u>\$15,880,000</u>	<u>12.70%</u>
Total Sources	\$125,044,198	100.00%

*Developer to fund TIF assistance gap with higher debt and equity contributions.

<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>
Land Acquisition (\$100.42 per sf of land)	\$10,000,000	\$19.50 psf
Demolition	\$1,500,000	\$2.92 psf
Other Hard Costs	\$86,773,105	\$169.19 psf
Total Hard Costs	\$88,273,105	\$172.12 psf
Soft Costs		
Park District Improvements (3.68% of total costs)	\$4,600,000	\$8.97 psf
Architecture and Engineering (2.28% of total costs)	\$2,854,000	\$5.56 psf
Environmental (.02% of total costs)	\$25,000	\$0.05 psf
Testing (.14% of total costs)	\$175,000	\$0.34 psf
Utilities (.28% of total costs)	\$344,000	\$0.67 psf
Permits (.54% of total costs)	\$679,300	\$1.32 psf
Legal and Consulting (0.28% of total costs)	\$354,000	\$0.69 psf
Title and Recording (.12% of total costs)	\$154,500	\$0.30 psf
Lender Fees (.37% of total costs)	\$464,000	\$0.90 psf
Landlord Legal (.20% of total costs)	\$250,000	\$0.49 psf
Insurance (.16% of total costs)	\$197,300	\$0.38 psf
Construction Period Interest (1.31% of total costs)	\$1,638,193	\$3.19 psf
Post Construction Period Interest (1.08% of total costs)	\$1,350,000	\$2.63 psf
Construction Management Cost (.29% of total costs)	\$360,000	\$0.70 psf
Cost Reimbursement (.12% of total costs)	\$150,000	\$0.29 psf
Affordable Trust Payment (4.56% of total costs)	\$5,700,000	\$11.11 psf
Working Capital (.20% of total costs)	\$250,000	\$0.49 psf
FFE (.40% of total costs)	\$500,000	\$0.97 psf

Marketing (.40% of total costs)	\$500,000	\$0.97 psf
Lease Fee-Outside (.35% of total costs)	\$437,000	\$0.85 psf
Lease Coordination Reimbursement (.09% of total costs)	\$109,000	\$0.21 psf
Development Fee (3.94% of total costs)	\$4,925,000	\$9.60 psf
Contingency (.44% of total costs)	\$555,000	\$1.08 psf
Other soft costs (.16% of total costs)	\$199,800	\$0.39 psf
Total Soft Costs (21.41% of total costs)	<u>\$26,771,093</u>	<u>\$52.20 psf</u>
Total Uses	\$125,044,198	\$243.82 psf

*Gross building area of West Parcel is 506,968 square feet
**Gross building area of East parcel is 5,900 square feet
***Total building area is 512,868 square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

The developer is providing a community benefit by agreeing to fund a total of \$4,600,000 to pay for improvements to Clarendon Park adjacent to the Project site on a date approximately 6-8 months from the start of construction.

Affordable Housing: The project will provide 20 new affordable housing units.

Chicago Community Land Trust: The developer has agreed to place the affordable units in the Chicago Community Land Trust. The CCLT ensures the long-term affordability of below-market units by monitoring a restrictive covenant in the unit's deed. The CCLT establishes maximum resale prices so that the units always remain affordable to households at or below 120% of the area median income. The CCLT also assists in marketing affordable units, it counsels and qualifies buyers, and it has established a pool of mortgage lenders who are familiar with the program. The CCLT is funded by a \$25 monthly charge to buyer-participants. The developer will provide 20 affordable units in this project. The developer is providing \$5.7 million in lieu of the remaining affordable units as required by the Affordable Requirements Ordinance.

Property Taxes: Once completed, the project will expand the tax base because the investment in the property will result in an increase in its assessed value. Currently the property is tax-exempt.

Environmental Features: The project will incorporate LEED certification and green roof covering 100% of the net roof area.

Permanent Jobs: The project is estimated to generate 40-60 full time equivalent retail jobs. The department's workforce development specialists will work with the developer on job training and placement.

Construction Jobs: The project will produce 550-675 temporary construction jobs.

Affirmative Action: The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The developer has

provided notification of the proposed project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

City Residency: The developer will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents. The developer will also comply with the requirement that all construction jobs are paid the prevailing wage.

VIII. COMMUNITY SUPPORT

Alderman Cappelman endorses the project and has provided a letter of support (see exhibits for copy). The current project was presented to the community at meetings held on November 19, 2015 and November 30, 2015. At the November 30th meeting the project was accepted by the 46th Ward Zoning & Development Committee without conditions. This committee contains representation of diverse committee groups such as: Uptown United, East Lake View Neighbors Uptown Chicago Commission, East lake View Neighbors, Clarendon Park Neighbors, Lakeview Towers and the Graceland Wilson Block Club all who voted in favor of the current project.

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the Montrose Clarendon Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan:

- Eliminate blighting conditions which prevent further development of the Area;
- Restore and expand the tax base in order to maintain a high level of services, programs and facilities;
- Stimulate private investment;
- Encourage new development and expansion in an orderly manner;
- Encourage productive use of underutilized vacant property;
- Encourage sales tax producing enterprises within the Area; and
- Create market rate and affordable housing options for residents.

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of mixed-use development. The proposed project also conforms to the plan's land use map, which calls for mixed-uses: residential, commercial and hotel development at the subject site.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, DPD will negotiate a redevelopment agreement with the developer. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DPD policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action.

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

XI. RECOMMENDATION

The Department of Planning and Development has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, its need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and DPD recommends that the CDC recommend to the City Council the designation of Montrose Clarendon Partners LLC as Developer for the development of a 26-story residential building, including 381 dwelling units and approximately 36,000 square feet of retail including a 1-story commercial building on the east side of North Clarendon.

EXHIBITS

TIF Project Assessment Form
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

TIF PROJECT SCORECARD

Montrose/Clarendon

4400 N. Clarendon Avenue

The developer is proposing to redevelop the portion of the property on the west side of North Clarendon Avenue with a 26-story mixed-use building with 381 residential units, including 20 affordable units, and a grocery store of approximately 31,371 square feet at the building's base along with 278 enclosed parking spaces. The property on the east side of North Clarendon Avenue will include a new 1-story building, consisting of approximately 5,900 square feet of retail space with 11 exterior parking spaces.

Type of Project: Mixed Use-Residential/Retail

Developer: Montrose Clarendon Partners, LLC

Total Project Cost: \$125,044,198

Timeline for Completion: July 2016 (start), July 2018 (completion)

TIF Funding Request: \$15,880,000

Project Status: CDC 1/12/2016

TIF District: Montrose Clarendon TIF

RETURN ON INVESTMENT BENCHMARKS

Advances Goal of Economic Development Plan YES or NO

Develop and deploy neighborhood assets to align with regional econ growth

Advances Goal of TIF District YES or NO

Encourage private investment and encourage productive use of an under utilized and vacant site

Addresses Community Need YES or NO

Provides neighborhood grocery store and 20 on-site affordable units

Jobs Created/Retained

550 Temporary Jobs created
65 Permanent Jobs created

Affordable Housing Units Created/Preserved

20 affordable units on-site and \$5,700,000 fee in lieu payment for remainder.

Return on Investment to City

N/A

FINANCIAL BENCHMARKS

Other Funds Leveraged by \$1 of TIF
\$6.77:1

Financing Structure \$47,545,199 (Equity), \$77,498,999 (Debt)

Types of Other Funding Leveraged YES or NO

Private equity \$47,545,199
Bank financing \$77,498,999

RDA TERMS

Payment Schedule:
TBD

Monitoring Term of Agreement:
10 years

Taxpayer Protection Provisions YES or NO

TIF Recapture Provision

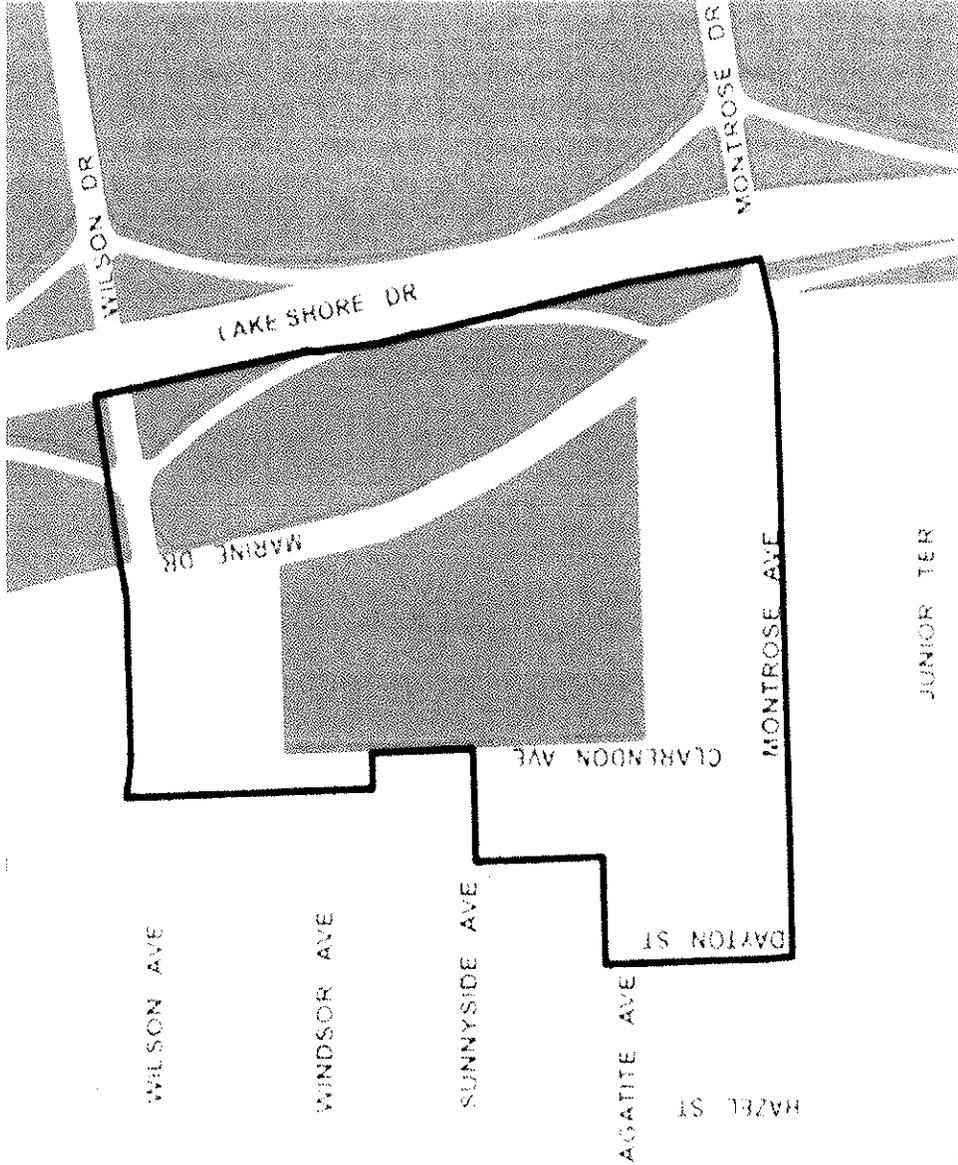
OTHER CONSIDERATIONS

Clarendon Park improvements of \$4,600,000

Developer \$5,700,000 fee in lieu contribution to the affordable housing trust fund



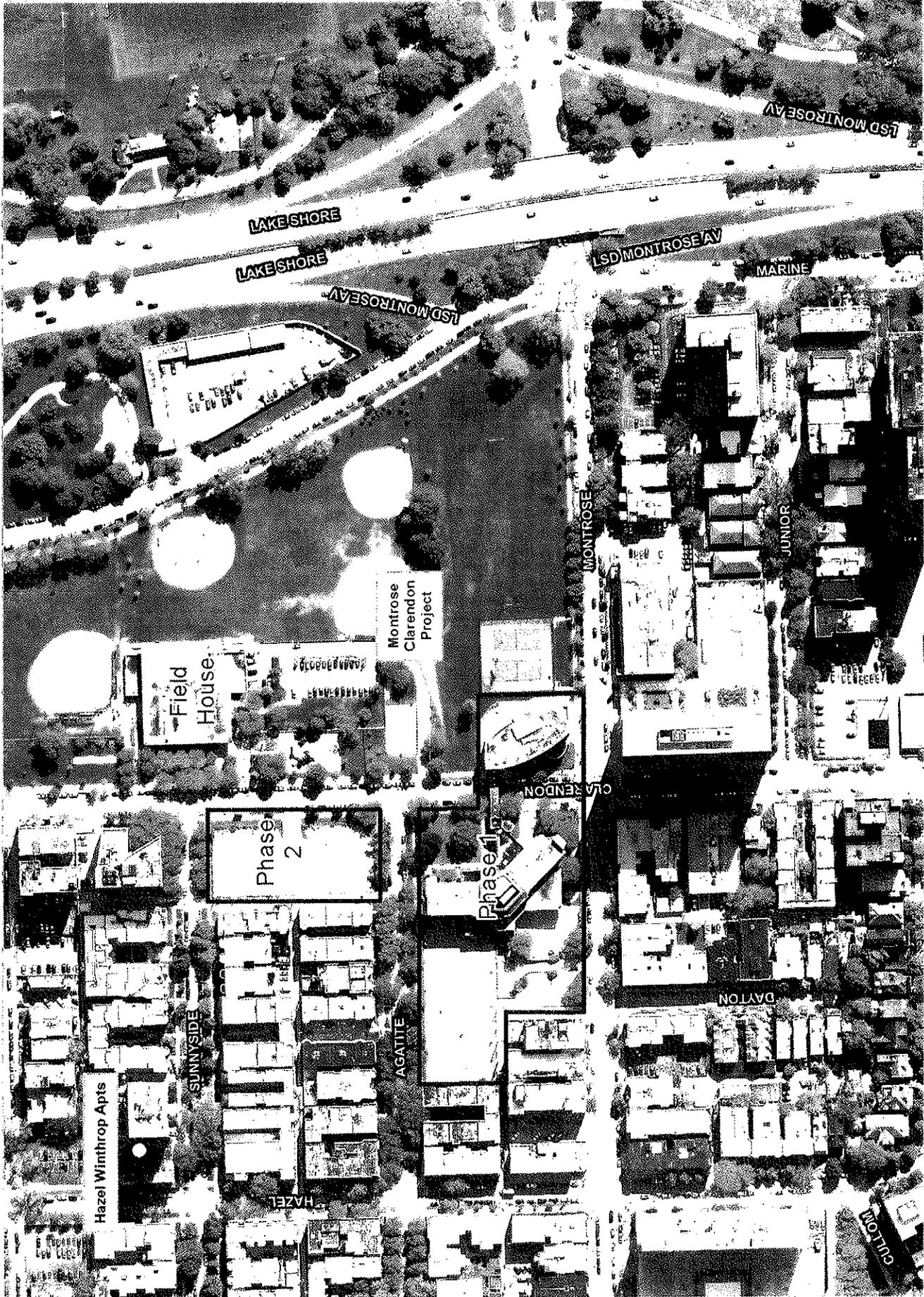
Montrose/Clarendon TIF District



DDP

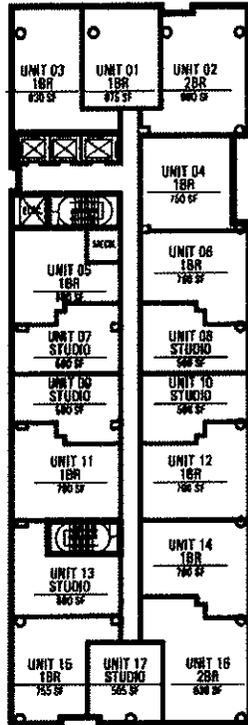
CHICAGO DEPARTMENT OF
PLANNING & DEVELOPMENT

JUNIOR TER

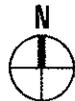


4400 N. Clarendon Avenue

Montrose Clarendon Site Area



NOTE: INTERIOR LAYOUT IS SHOWN FOR ILLUSTRATIVE PURPOSES ONLY.



APPLICANT: MONTROSE CLARENDON PARTNERS LLC

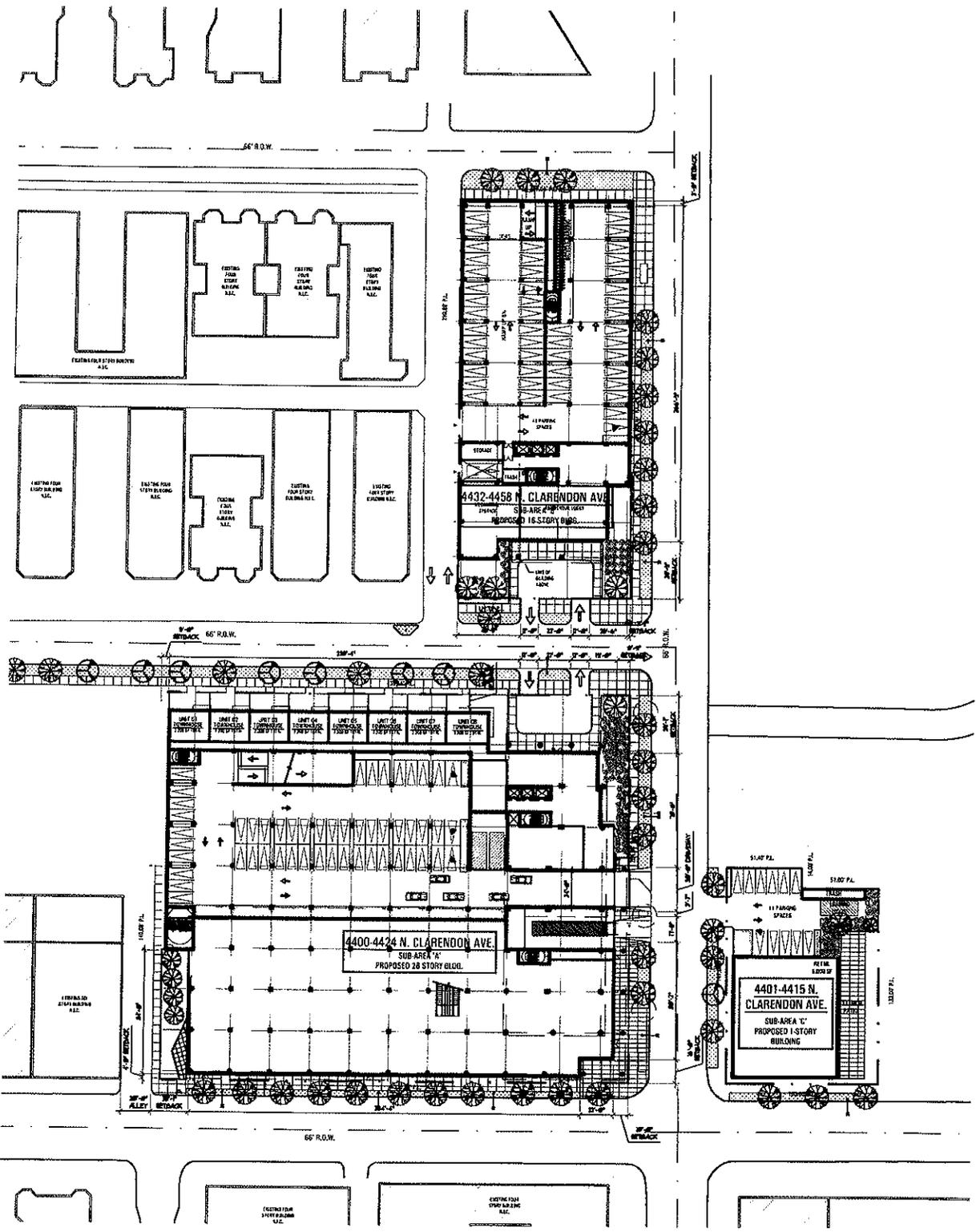
ADDRESS: 4400-24, 4401-4415, 4432-4458 N. CLARENDON AVE.

DATE: JUNE 21, 2013

REVISED: JULY 30, 2015

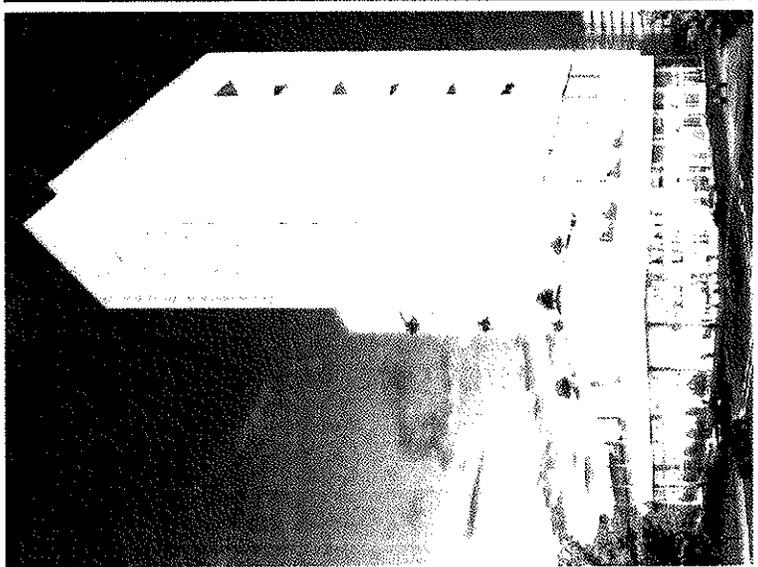
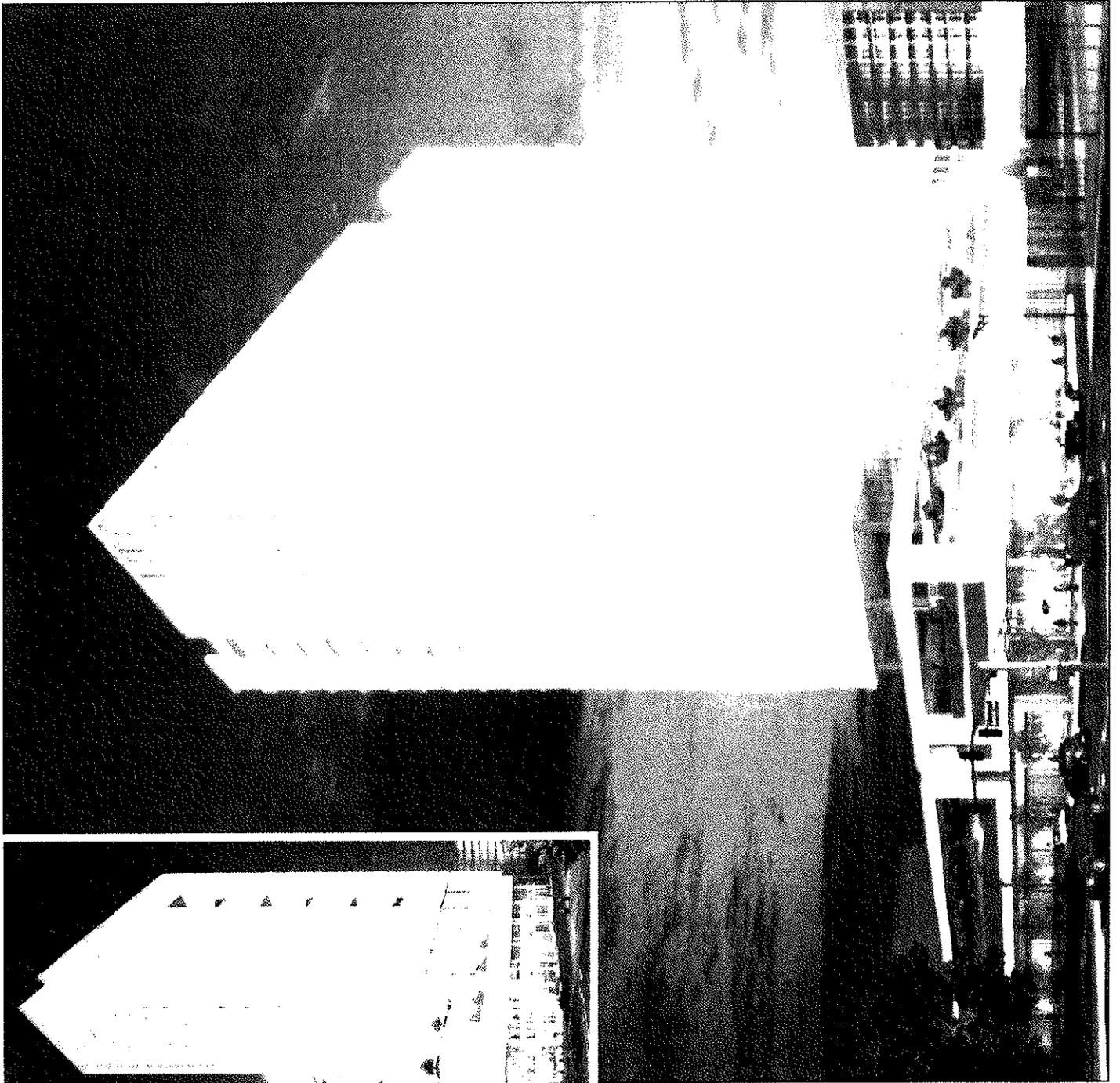
SCALE: 1" = 50'

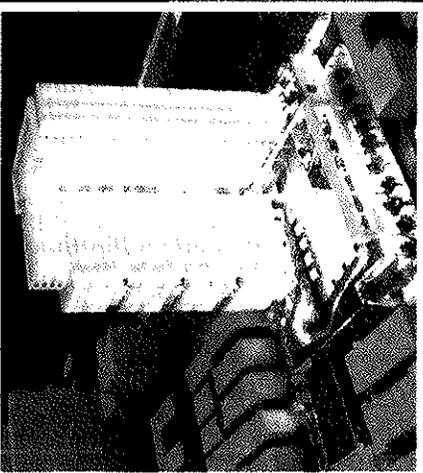
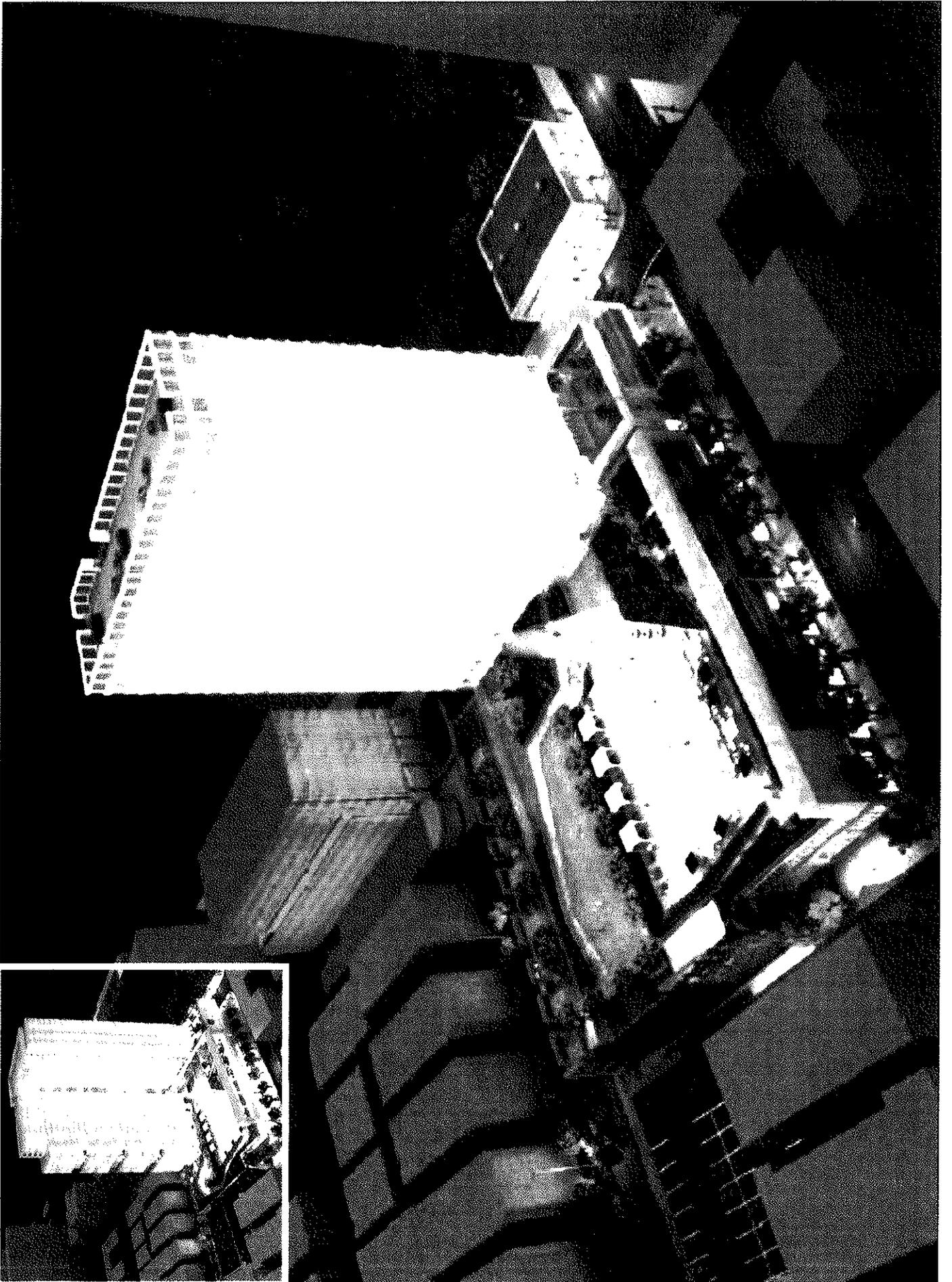
**SUB-AREA 'A'
TYPICAL FLOOR PLAN**



APPLICANT:	MONTROSE CLARENDON PARTNERS LLC	
ADDRESS:	4400-24, 4401-4415, 4432-4458 N. CLARENDON AVE.	
DATE:	JUNE 21, 2013	
REVISED:	JULY 30, 2015	SCALE: 1" = 60'-0"

**FIGURE 3.1 -
PROPOSED SITE PLAN**







CITY OF CHICAGO

LICENSE CERTIFICATE NON-TRANSFERABLE

BY THE AUTHORITY OF THE CITY OF CHICAGO THE FOLLOWING SPECIFIED LICENSE IS HEREBY GRANTED TO

NAME: Montrose Clarendon Partners LLC

PRINTED ON:
08/05/2015

DBA: Montrose Clarendon Partners LLC
AT: 4104 N. HARLEM AVE.
NORRIDGE, IL 60706

LICENSE NO. 2283536

CODE: 4404

FEE: \$****250.00

LICENSE: Regulated Business License

Includes: Residential Real Estate Developer;

MANAGING MEMBER: The Harlem Irving Companies, Inc.

MEMBER: Gregory E. Fix

This license is a privilege granted and not a property right. This license is the property of the City of Chicago.

THIS LICENSE IS ISSUED AND ACCEPTED SUBJECT TO THE REPRESENTATIONS MADE ON THE APPLICATION THEREFOR AND MAY BE SUSPENDED OR REVOKED FOR CAUSE AS PROVIDED BY LAW. LICENSEE SHALL OBSERVE AND COMPLY WITH ALL LAWS, ORDINANCES, RULES AND REGULATIONS OF THE UNITED STATES GOVERNMENT, STATE OF ILLINOIS, COUNTY OF COOK, CITY OF CHICAGO AND ALL AGENCIES THEREOF.

WITNESS THE HAND OF THE MAYOR OF SAID CITY AND THE CORPORATE SEAL THEREOF
THIS 15 DAY OF SEPTEMBER, 2015

EXPIRATION DATE: September 15, 2017

ATTEST:

Rahm Emanuel

Suzanne J. Mendez

ACCOUNT NO. 384443 SITE: MAYOR

CITY CLERK

TRANS NO

THIS LICENSE MUST BE POSTED IN A CONSPICUOUS PLACE UPON THE LICENSED PREMISES.



J.P.Morgan

Thomas J. Reynolds
Vice President, Client Executive
Real Estate Banking

September 28, 2015

The Harlem Irving Companies
4104 N. Harlem Avenue
Chicago, Illinois 60634-1298
Attn: Michael Marchese, President & CEO

Re: Montrose & Clarendon Development, City of Chicago TIF Application

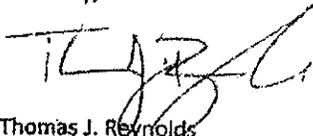
To Whom It May Concern:

This letter is being sent to confirm that The Harlem Irving Companies is long-term, highly-valued customer of JPMorgan Chase's Real Estate Banking Group. Over the course of our relationship, JPMorgan Chase and predecessor banks have made over \$225 million in construction loans to The Harlem Irving Companies for the development of high quality properties in the city of Chicago. We have been provided information regarding the development project planned for the Montrose and Clarendon intersection including a construction budget and operating statement proforma schedule. JPMorgan Chase is beginning our underwriting and would have a strong interest in providing financing for Harlem Irving as a Borrower, as they undertake the development of the project. We have familiarity with the area and the plan itself, having previously provided the construction financing for Harlem Irving's successful Halsted Flats development nearby.

In addition to providing numerous construction loans over the past 30 years for various retail, multifamily apartment and condominium projects, we have also provided term loans, lines of credit, letters of credit, and other financing and treasury needs over the course of the relationship. Throughout the relationship history with Harlem Irving, all arrangements have been handled satisfactorily as agreed.

You may call me directly at (312) 325-5039 if you have questions regarding the Company's ability to complete the redevelopment, or our potential interest in financing the construction of the Montrose & Clarendon multi-family and retail project.

Sincerely,



Thomas J. Reynolds
Vice President

Cc: Larry Gerlach, Harlem Irving

Aldermanic letter of Support forthcoming

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

RESOLUTION NO. __ - CDC -

**AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH MONTROSE CLARENDON PARTNERS,
LLC**

**AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF MONTROSE CLARENDON PARTNERS, 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 10-CDC-30 and pursuant to the Act, enacted three ordinances on February 26, 2010 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Montrose Clarendon 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, Montrose Clarendon Partners, 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 26-story residential building, including 381 dwelling units and approximately 36,000 square feet of retail including a 1-story commercial building on the east side of North Clarendon. (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: _____, 2016

Attachment: Exhibit A, Street Boundary Description

EXHIBIT A

Street Boundary Description of the Montrose Clarendon Tax Increment Financing
Redevelopment Project Area

The Area is generally bounded by Wilson Ave. on the north, Lake Shore Drive on the east,
Montrose on the south, and Dayton on the west.