



# **Pullman/Roseland/West Pullman Neighborhood Roundtable**

March 9, 2021



# Agenda

## 01 Welcome

## 02 General Updates

- NOF
- SBIF

## 03 RFP Update

- Visioning Session
- Market Analysis

## 04 Open Discussion & Next Steps

# General Updates



# NEIGHBORHOOD OPPORTUNITY FUND

## Spring 2021 Rollout

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*Grants of up to \$250,000 available for retail businesses, nonprofits and cultural projects across the South, West & Southwest sides*

Applications open Monday, March 8  
Applications due Friday, April 9

### **INFORMATIONAL WEBINARS**

12:00 p.m. | Friday, March 5  
11:30 a.m. | Monday, March 8  
10:30 a.m. | Monday, March 15

Register, apply and learn more at [chicago.gov/nof](https://chicago.gov/nof)





# DPD | SBIF

Small Business Improvement Fund

## ROSELAND/MICHIGAN TIF DISTRICT April 2021 Rollout

\$150,000 grants available for commercial businesses  
\$250,000 grants available for industrial businesses

*Applications open Thursday, April 1 at 9 a.m.  
Applications due Monday, May 3 at 5 p.m.*

Informational webinar on Wednesday, April 7 at 1 p.m.

Learn more and register at [chicago.gov/sbif](http://chicago.gov/sbif)



# INVEST South/West Request for Proposals (RFP)

# Draft RFP Timeline

New RFP Release Date: April 21, 2021



# Roseland RFP Team

## Chicago Central Action Committee (CCAC)

### SmithGroup

- Site Planning
- Design Guidelines

### Sterling Bay

- Development Pro Forma

### S.B. Friedman

- Market Analysis



# February 23<sup>rd</sup> Visioning Session

- 105 registrants
- 56 attendees



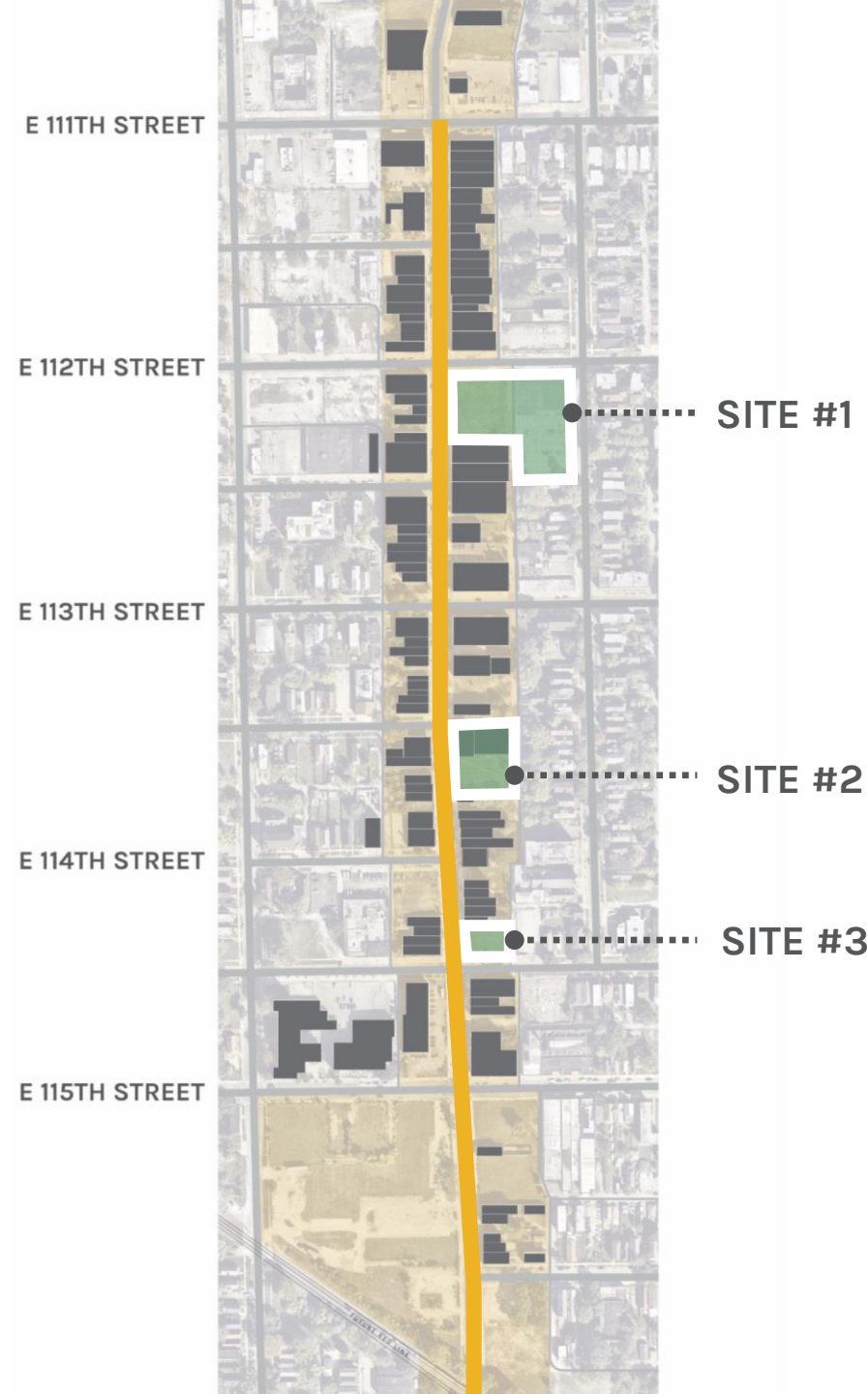
**SITE #1 OLD GATELY'S PEOPLES SITE**  
11201-15 SOUTH MICHIGAN AVE



**SITE #2 ROSELAND THEATRE**  
11331-43 SOUTH MICHIGAN AVE



**SITE #3 CORNER OF 114TH PLACE**  
11417-21 SOUTH MICHIGAN AVE



E 111TH STREET

E 112TH STREET

E 113TH STREET

E 114TH STREET

E 115TH STREET

SITE #1

SITE #2

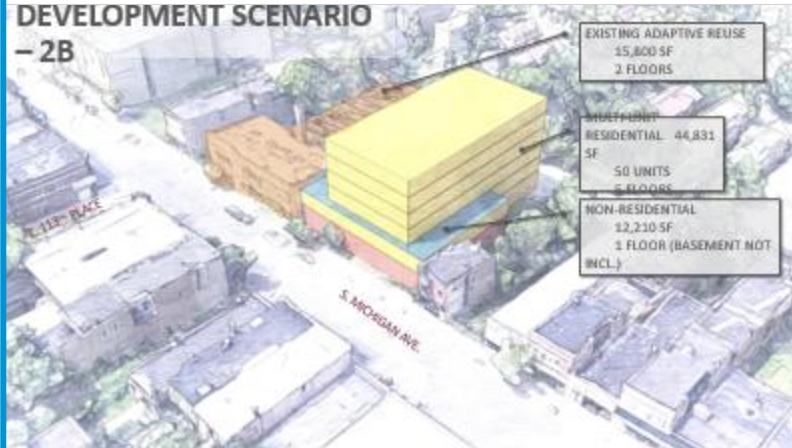
SITE #3



# Roseland RFP Opportunity Sites



**SITE 1**



**SITE 2**



**SITE 3**

# February 23<sup>rd</sup> Visioning Session

- Art. Community. Small Black Business
- Thriving
- Vibrant
- Tourist Attraction
- Culture. Small Business
- Family dining
- Restored
- Revitalized, transform, historical shopping, mecca, treasured, friendly, safe
- Clean, safe, tourist friendly
- Small business destination
- Full of life
- Small business, community, art, welcoming, adaptive reuse of historic properties
- Revitalized business district
- Adaptive Reuse
- Community art
- New businesses
- Tech hub, start-ups, high paying jobs
- Healthcare providers
- An incorporation of Black talent: Developers, Contractors, Architect, Engineers, Small black owned and operated business that benefit from NOF & SBIF. Most of all, an inclusive plan that includes residents that intentionally presents organic and tangible opportunities for ALL!
- One of a kind mom and pop retail shops that will have #1 customer service

# Polls

What types of uses would you like to see along Michigan Avenue?

Business Incubators	27%	12
Restaurants	27%	12
Retail	27%	12
Community Centers/Spaces	16%	7
Shared Kitchens	4%	2
Total Votes		45

# Polls

Which types of housing would you like to see along Michigan Avenue?

Multi-family apartments (senior, affordable, etc)	56%	15
Attached homes (townhouses, rowhouses)	22%	6
Single-family homes	22%	6
	Total Votes	27

# Polls

What do you think about the height of the building (six floors)?

Too tall!	50%	12
The right height	46%	11
Could be taller	4%	1
Total Votes		24



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# ISW ROSELAND

Market Assessment

DRAFT | March 5, 2021



VISION  
ECONOMICS  
STRATEGY  
FINANCE  
IMPLEMENTATION

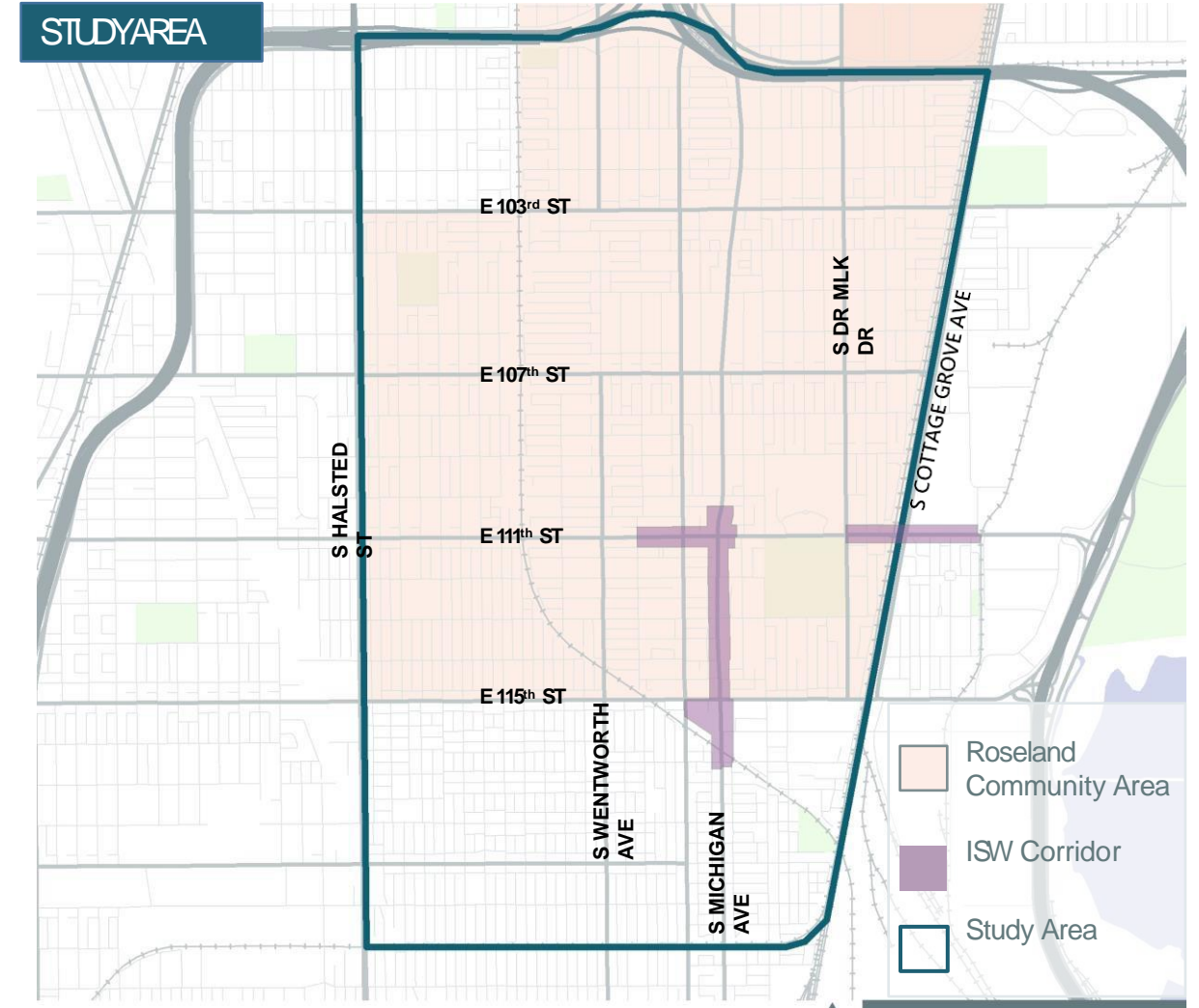
# STUDY AREA— KEY STATISTICS

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55% of households in the Study Area are owner-occupied

Households	Study Area	City of Chicago
Households	15,014	
Household Size	2.96	2.53
Median HH Income	\$38,400	\$57,000

Housing	Study Area	City of Chicago
Vacancy Rate	21%	11%
Renter-Occupied	45%	57%
Owner-Occupied	55%	43%



Source: Esri, City of Chicago, SB Friedman  
SB Friedman Development Advisors

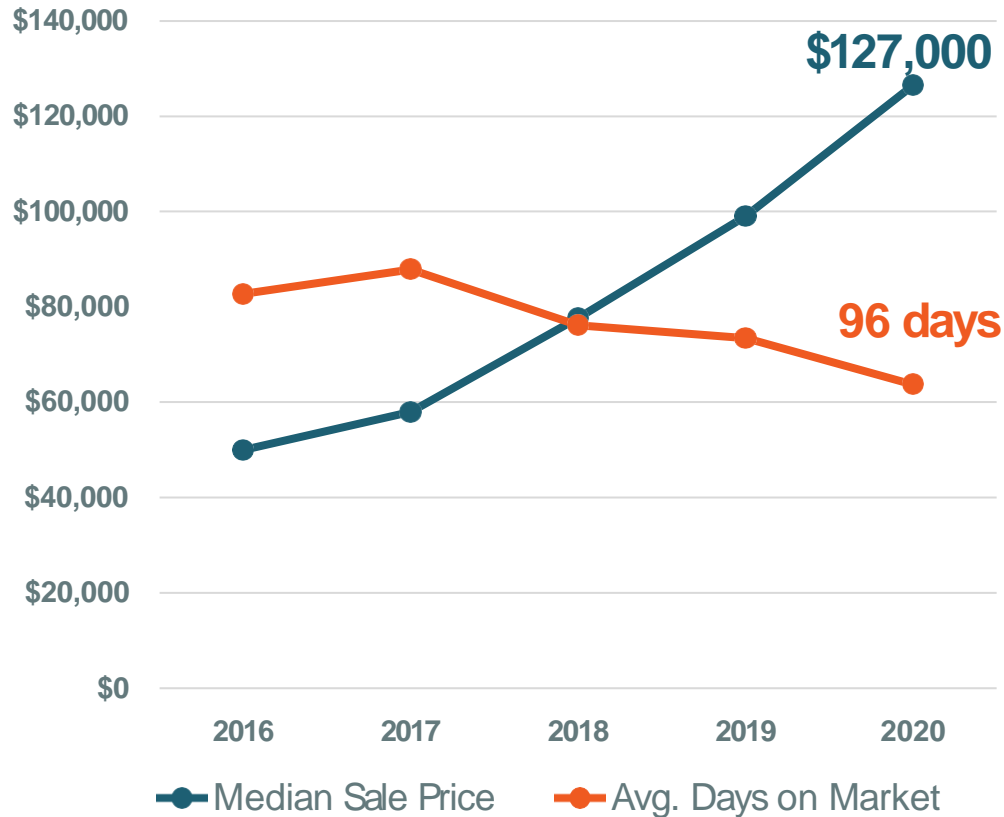


# SINGLE FAMILY DETACHED

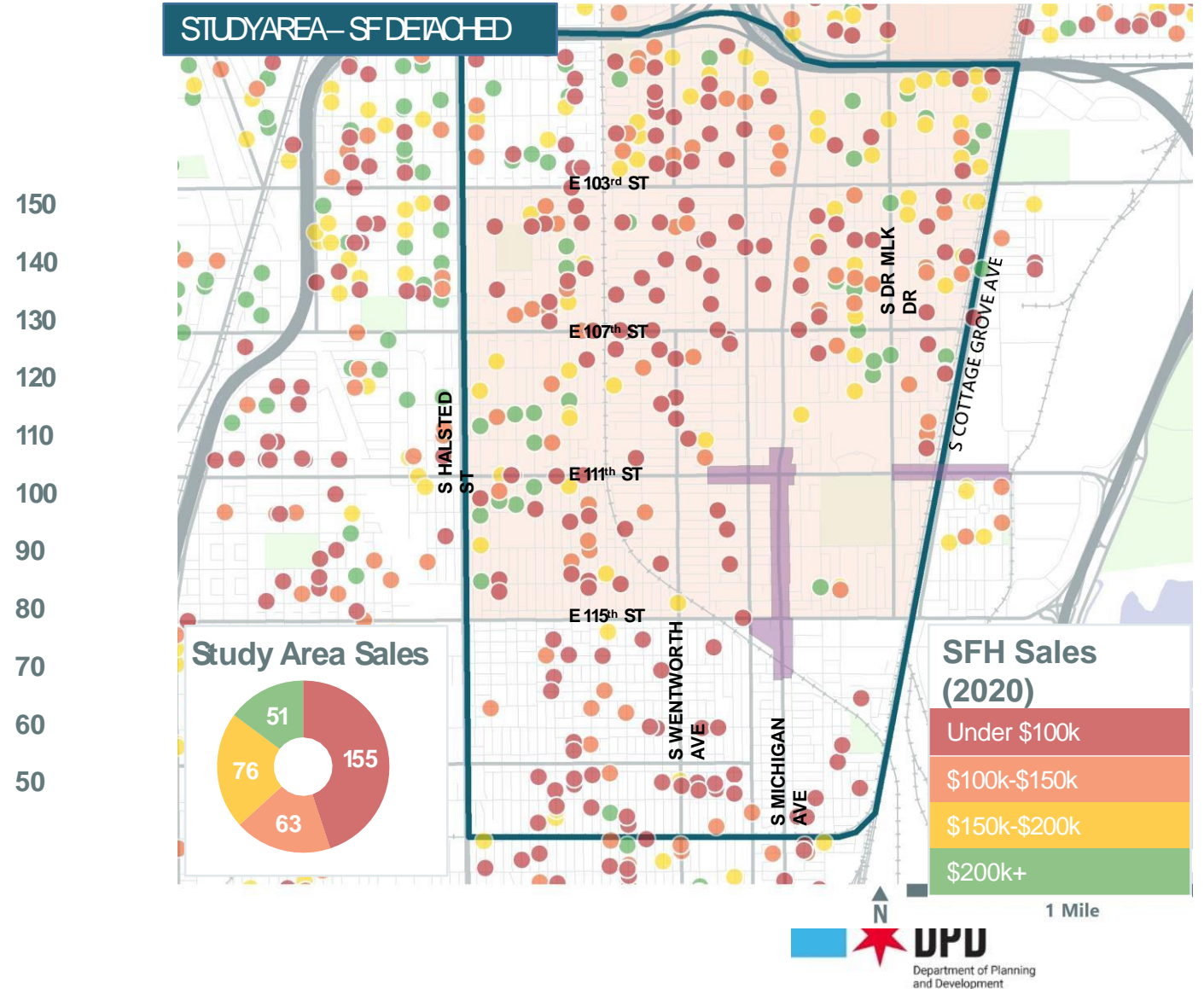
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Median single family detached sale price in Roseland has increased 153% since 2016

## SINGLE FAMILY DETACHED PERFORMANCE:



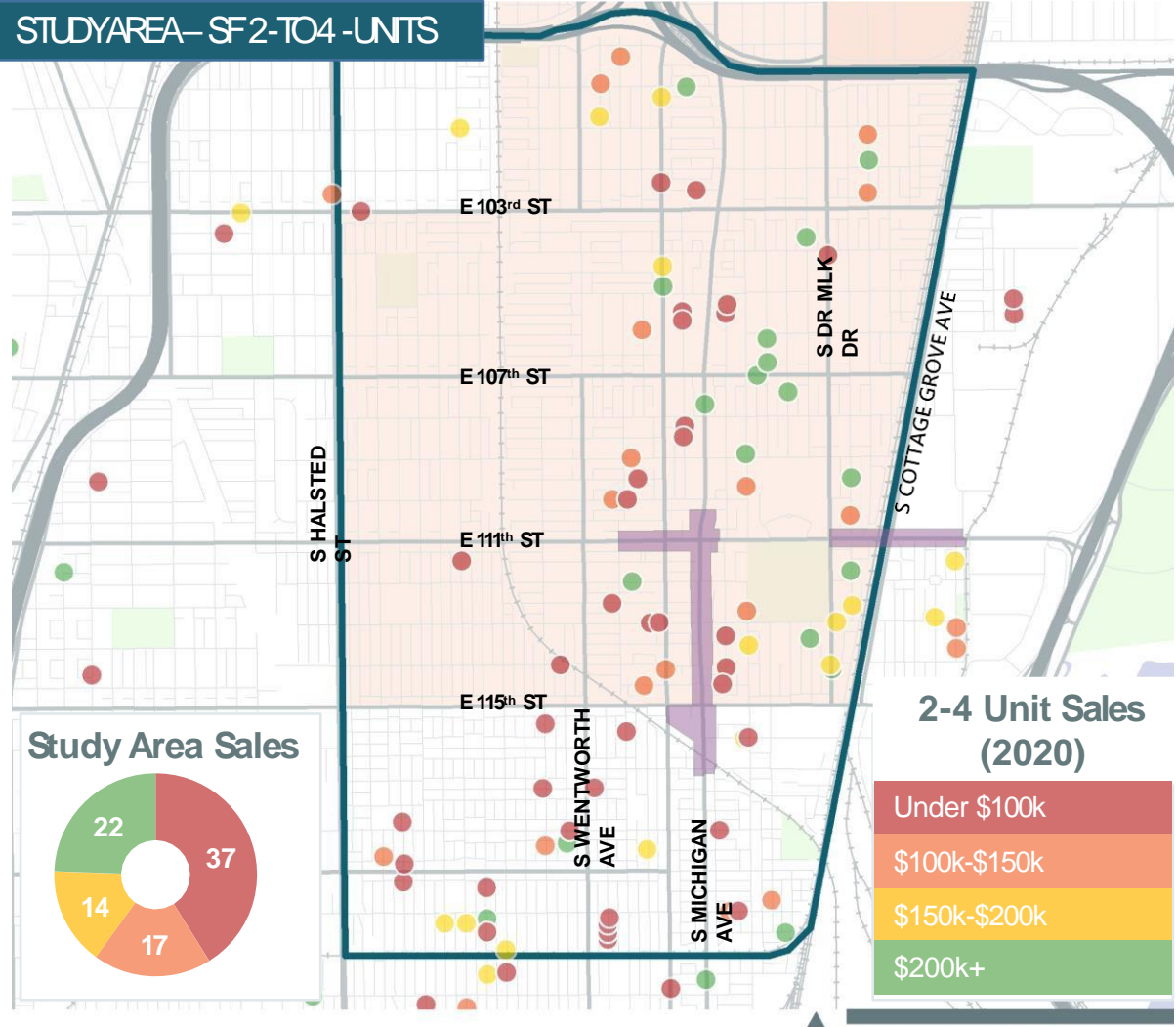
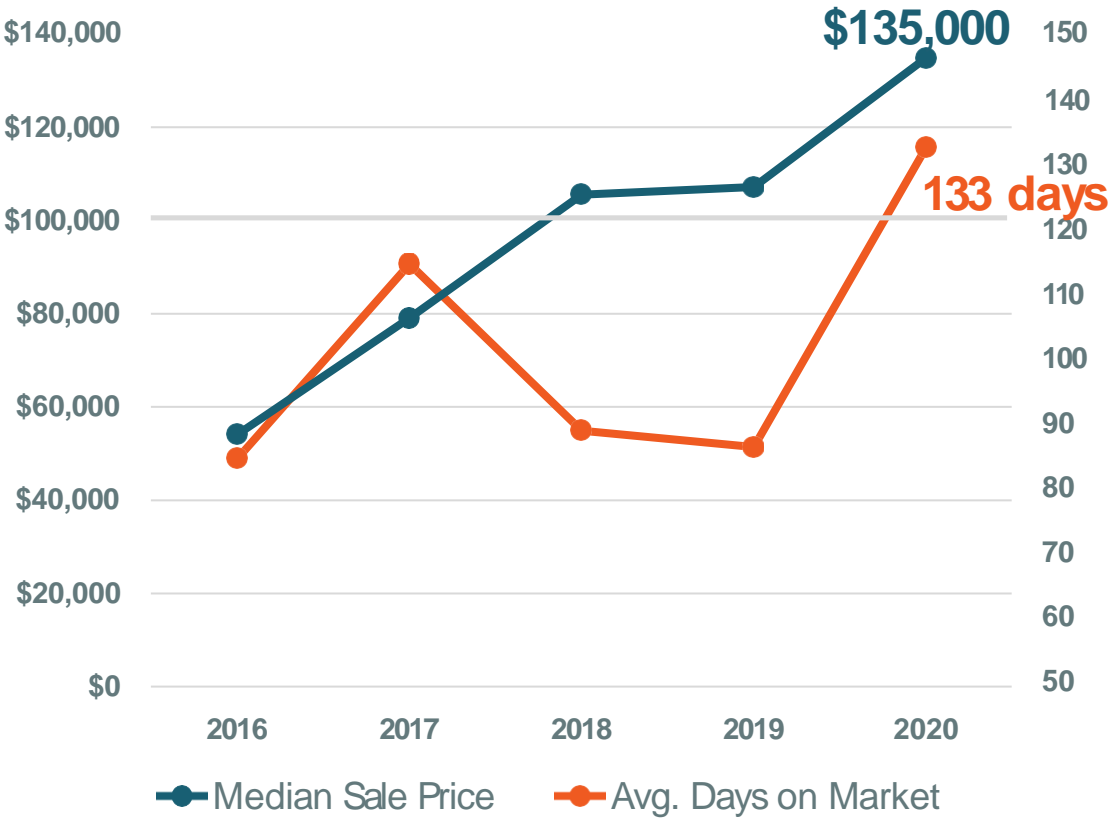
Source: MLS, SB Friedman  
SB Friedman Development Advisors



# 2-TO-4-UNIT FOR SALE HOUSING

2-to 4-unit median sale price increase is comparable to SF detached, but average days on market has increased since 2019

## SINGLE FAMILY 2-TO 4-UNIT PERFORMANCE:



Source: MLS, SB Friedman  
SB Friedman Development Advisors

# SINGLE FAMILY COMPS

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New single family detached rehabs in Roseland are selling between \$200,000 and \$240,000



	SINGLE FAMILY DETACHED		2-TO 4-UNITS	
<b>Address</b>	10755 S Calumet Ave	11200 S Emerald Ave	10725 S Forest Ave	10747 S Michigan Ave
<b>Distance from 112<sup>th</sup>/Michigan</b>	0.6 miles	1.0 miles	0.6 miles	0.5 miles
<b>SF</b>	1,100	2,974	N/A	N/A
<b>Rooms</b>	3 BR / 3 BA	4 BR / 2.5 BA	2 units (2BR, 3BR)	2 units (4BR, 4BR)
<b>Sale Price</b>	\$224,900	\$227,500	\$265,000	\$250,000
<b>Sale Date</b>	4/6/2020	5/21/2020	1/26/2021	6/26/2020
<b>Year Built / Year Renovated</b>	1953 / 2020 (purchased in 2019 for \$47,500)	1952 / 2020 (purchased in 2019 for \$32,000)	1915	1895

Source: MLS, SB Friedman, Zillow  
SB Friedman Development Advisors



# MULTIFAMILY BUILDING AGE

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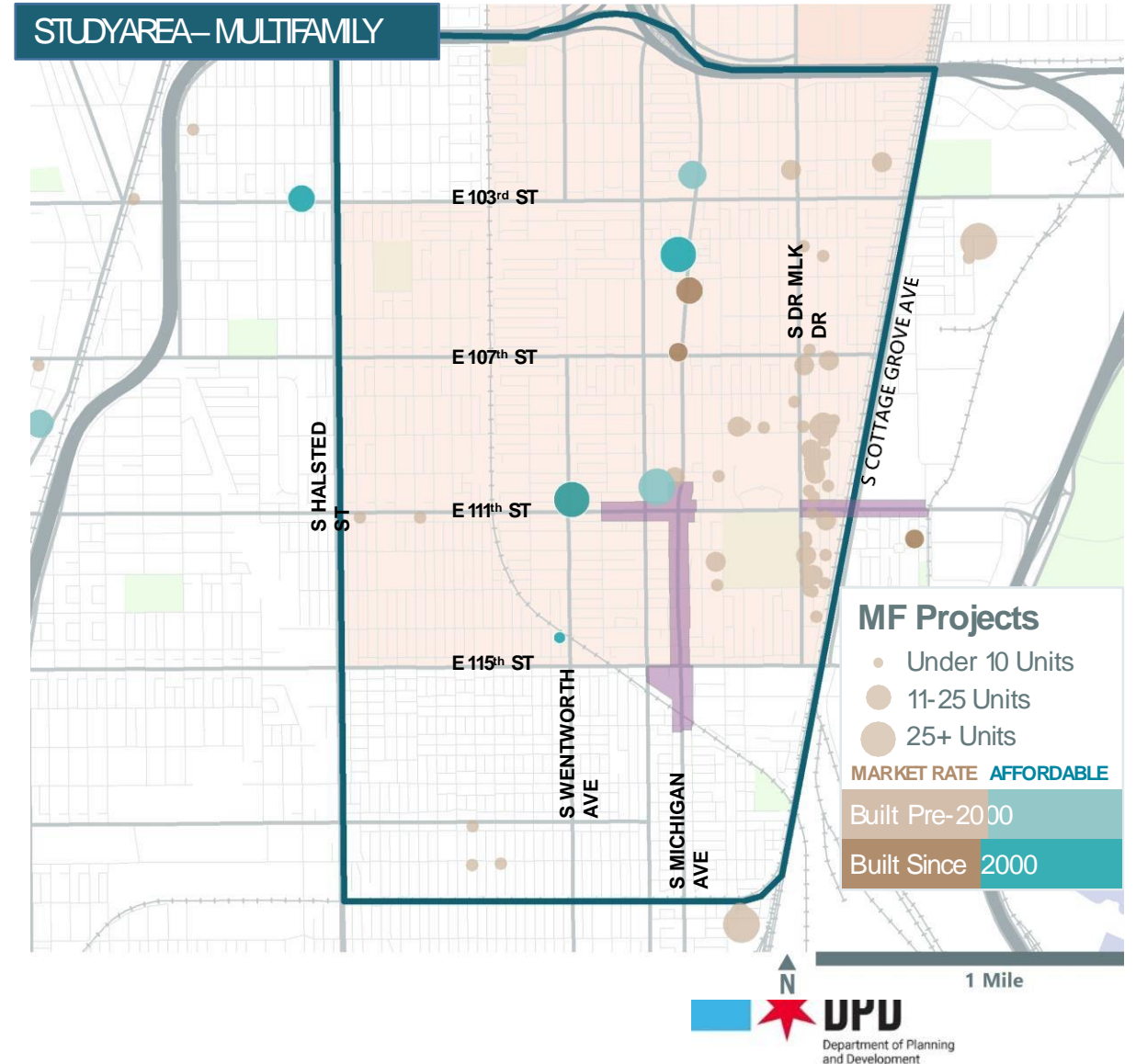
Majority of multifamily units constructed prior to 1940

## MULTIFAMILY BUILDING AGE:

Year Built	%
Before 1920	29%
1920-1940	39%
1940-1960	14%
1960-1980	13%
1980-2000	1%
Since 2000	5%

Sample: 104 buildings, 1,418 units

Source: CoStar, City of Chicago, SB Friedman  
SB Friedman Development Advisors





# MULTIFAMILY UNIT MIX

Majority of existing affordable supply is small-unit senior housing with very few units 2 BR+

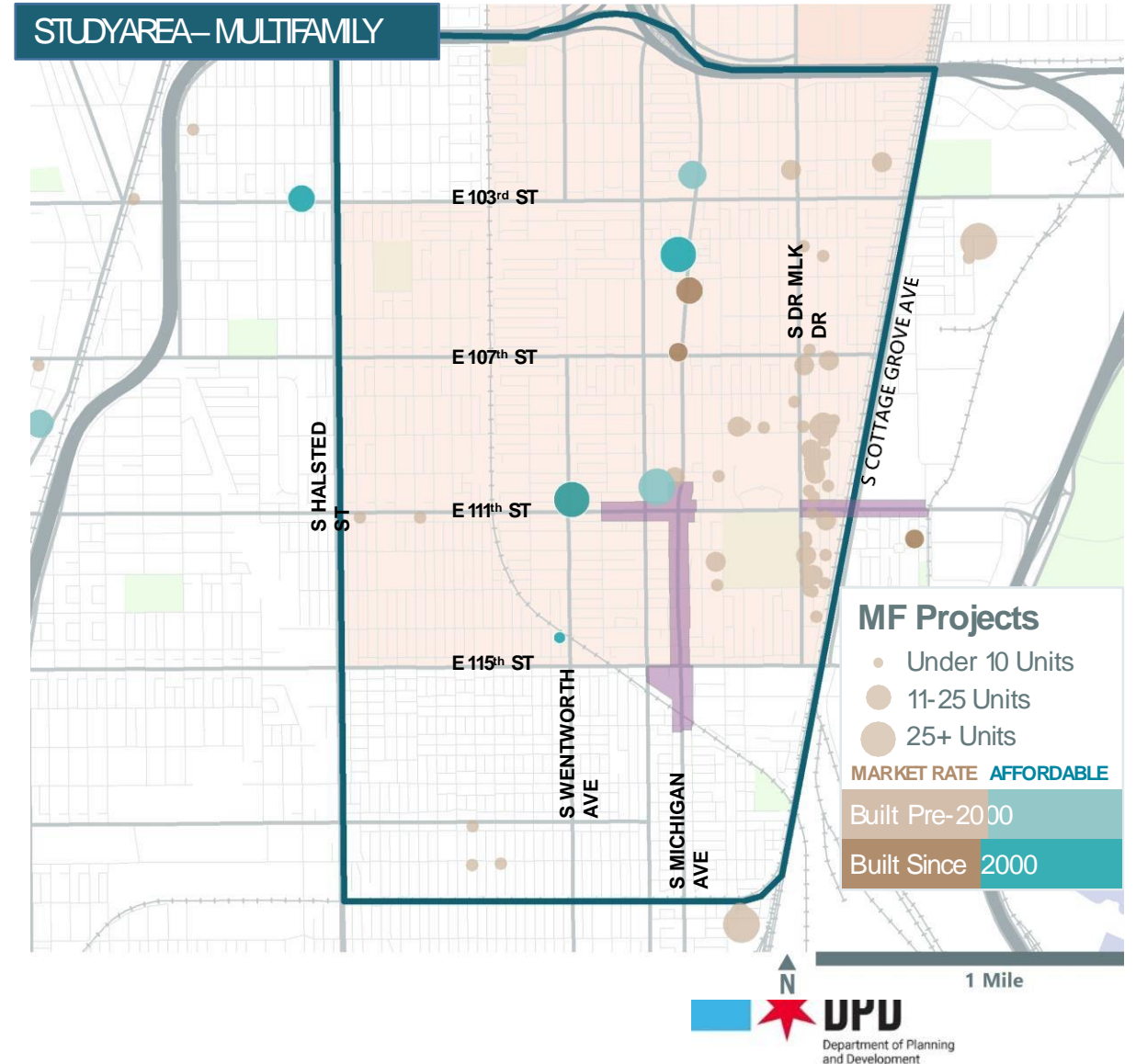
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## MULTIFAMILY UNIT MIX:

Year Built	Market Rate	Affordable
Studio	10%	33%
1 BR	51%	52%
2 BR	33%	8%
3 BR	5%	6%
4 BR	1%	1%
Average Chunk Rent	\$769	\$1,241

Sample: 104 buildings, 1,418 units

Source: CoStar, City of Chicago, SB Friedman  
SB Friedman Development Advisors

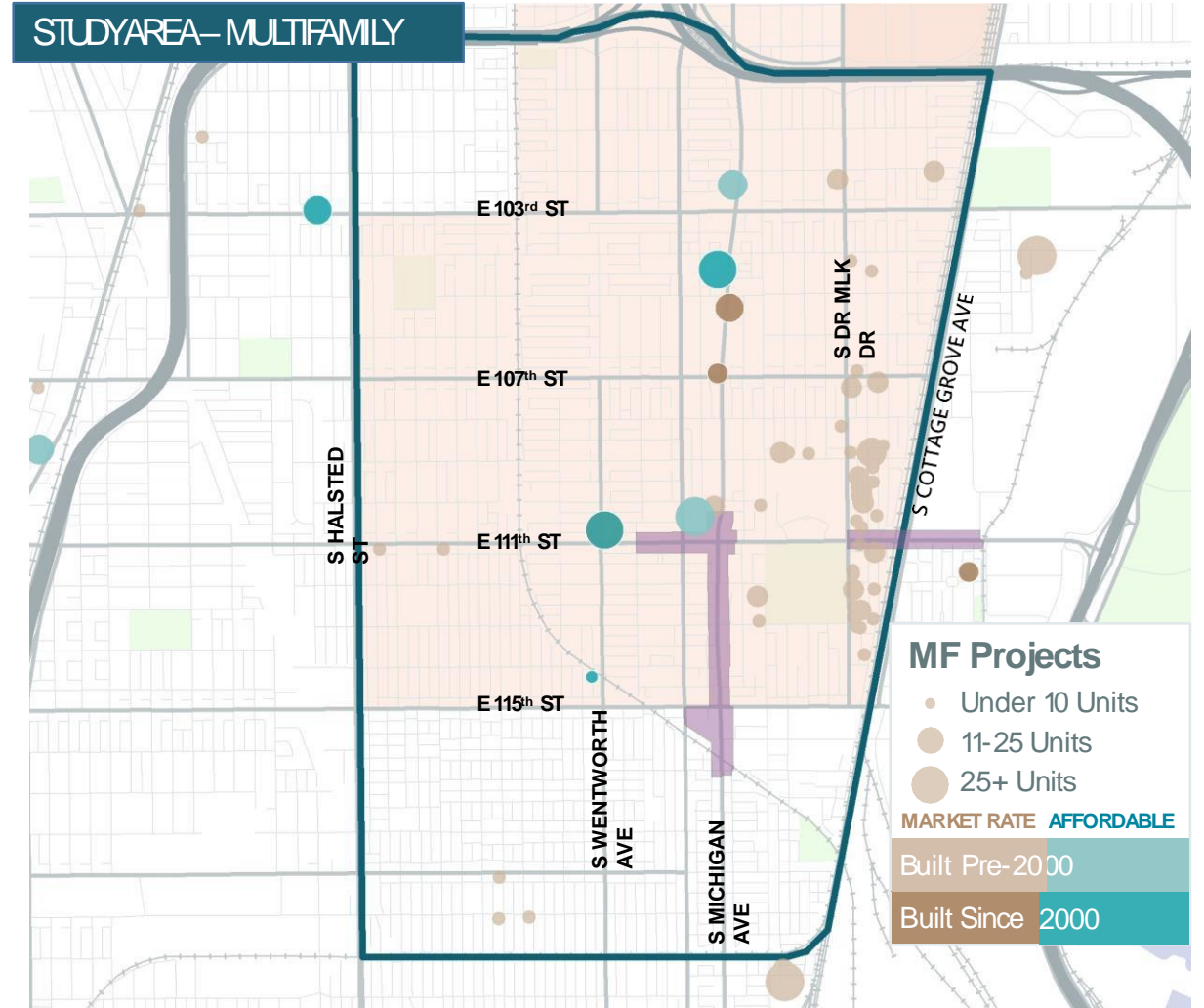
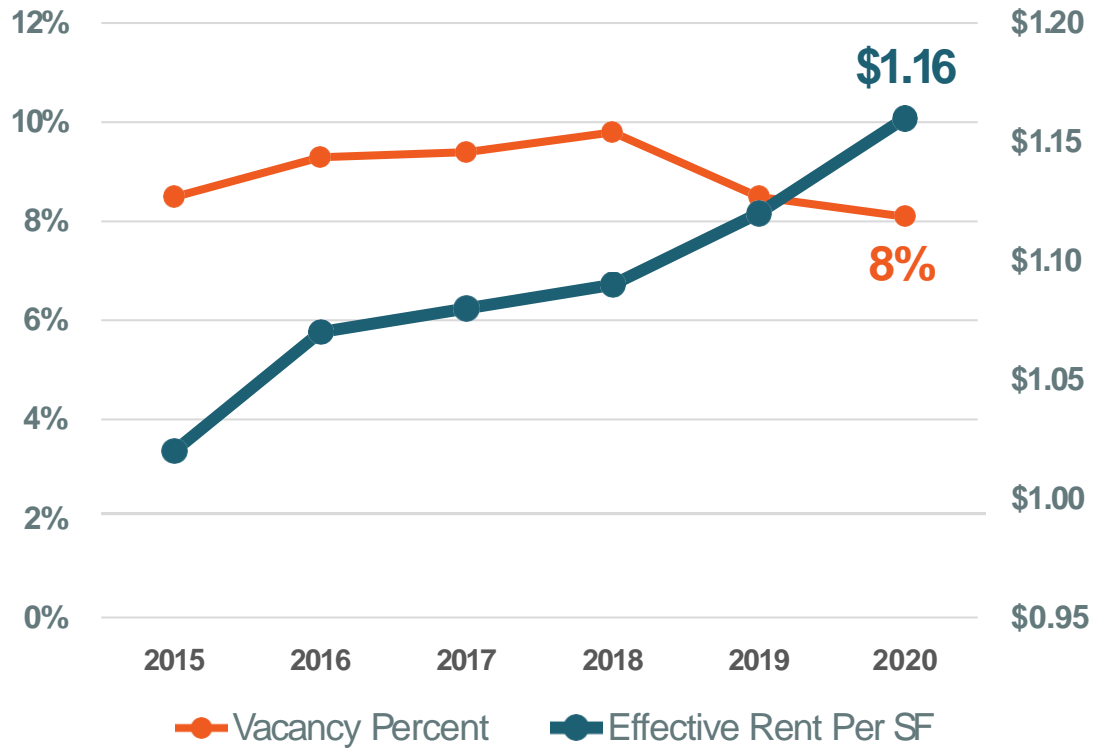


# RESIDENTIAL – MULTIFAMILY RENTS AND VACANCES

Market rate multifamily rents have risen 3% annually on average since 2015

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MARKET RATE MULTIFAMILY PERFORMANCE:  
(CoStar data, excluding affordable)




Source: CoStar, City of Chicago, SB Friedman  
SB Friedman Development Advisors

# MULTIFAMILY COMPS

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Most market rate housing is in buildings under 50 units constructed prior to 1960

	MARKET RATE		AFFORDABLE	
				
	<b>Pullman Apartments</b>	<b>N/A</b>	<b>Roseland Place Apartments</b>	<b>Wentworth Commons</b>
<b>Address</b>	11111-11115 S Vernon Ave	11027-11035 S MLK Dr	10426 S Michigan Ave	11045 S Wentworth Ave
<b>Units (Studios/1/2/3+)</b>	48 (12/24/12/0)	27 (8/4/14/1)	60 (0/60/0/0)	51 (12/0/9/18)
<b>Avg Unit Size</b>	478	852	540	658
<b>Rent PSF</b>	\$1.63	\$0.89	\$1.95	\$1.09
<b>Average Rent</b>	\$778	\$762	\$1,054 (50% AMI)	\$716
<b>Vacancy</b>	2%	0%	2%	6%
<b>Year Built</b>	1927	1926	2011	2005

Source: CoStar, SB Friedman  
SB Friedman Development Advisors

# RESIDENTIAL – TAKEAWAYS

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Supportable residential uses include single family housing and affordable housing at 80-100% AMI

- **For Sale Housing:** The Roseland neighborhood is experiencing substantial growth in the single-family and 2-4 unit housing market, with median sale price increasing by over 145% since 2016. Home value increases are in part being driven by rehab activity of the existing housing stock, with properties purchased in the last year for under \$50,000, rehabbed, and sold for prices exceeding \$200,000. This suggests an opportunity for new construction for sale housing product (townhomes, 2-4 unit and single family) at affordable prices ranging from \$225,000 to \$275,000. Homes should be priced to be affordable to existing residents at 80%-100% AMI. 2-flats could also provide for affordable rental units and allow a homeowner to use rental income to pay for their mortgage.
- **Market Rate Multifamily Rental Housing:** Existing multifamily rental housing stock mostly consists of units in older buildings built prior to 1980. Existing product is well-leased, but neighborhood market rate multifamily rents are likely too low to support new unsubsidized market rate construction.
- **Affordable Multifamily Rental Housing:** There is a significant existing supply of affordable housing in the Study Area; of the approximately 1,400 units reports in CoStar, 30% are affordable units. Many affordable projects also have a senior housing component. Due to low neighborhood market rate rents, it is likely that multifamily housing will need to be developed using affordable housing financing (LIHTC) for it to be financially feasible.

## Residential

For Sale Housing

- \$225,000 - \$275,000
- 3BR - 4BR
- 80-100% AMI

Affordable  
Multifamily Rental

- 30-80% AMI

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RETAIL/COMMERCIAL



# BUILDING AGE

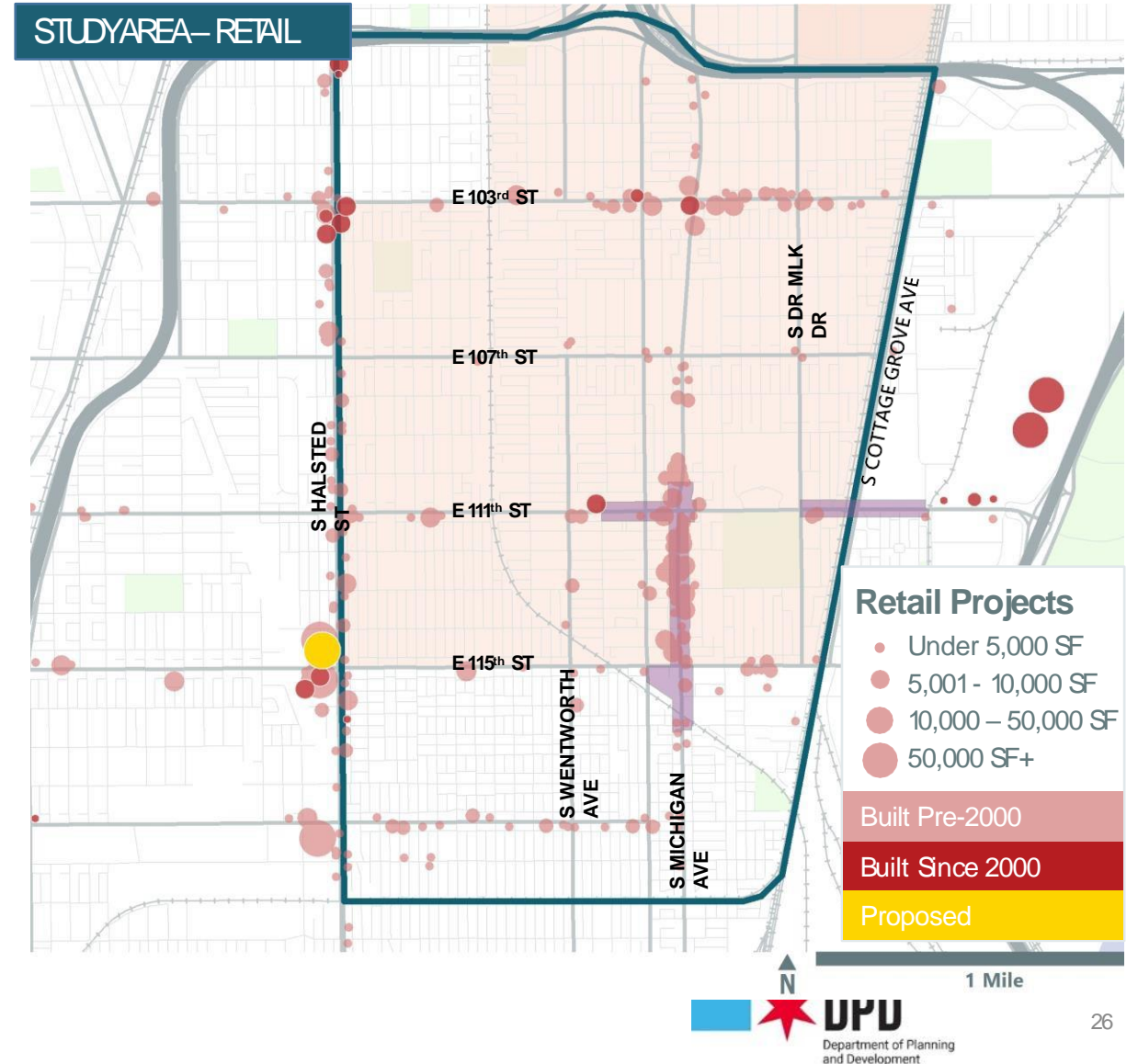
The majority of commercial buildings have been constructed prior to 1940

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## COMMERCIAL BUILDING AGE:

Year Built	%
Before 1920	28%
1920-1940	22%
1940-1960	20%
1960-1980	13%
1980-2000	12%
Since 2000	4%

Sample: 213 buildings, 1.2M total SF





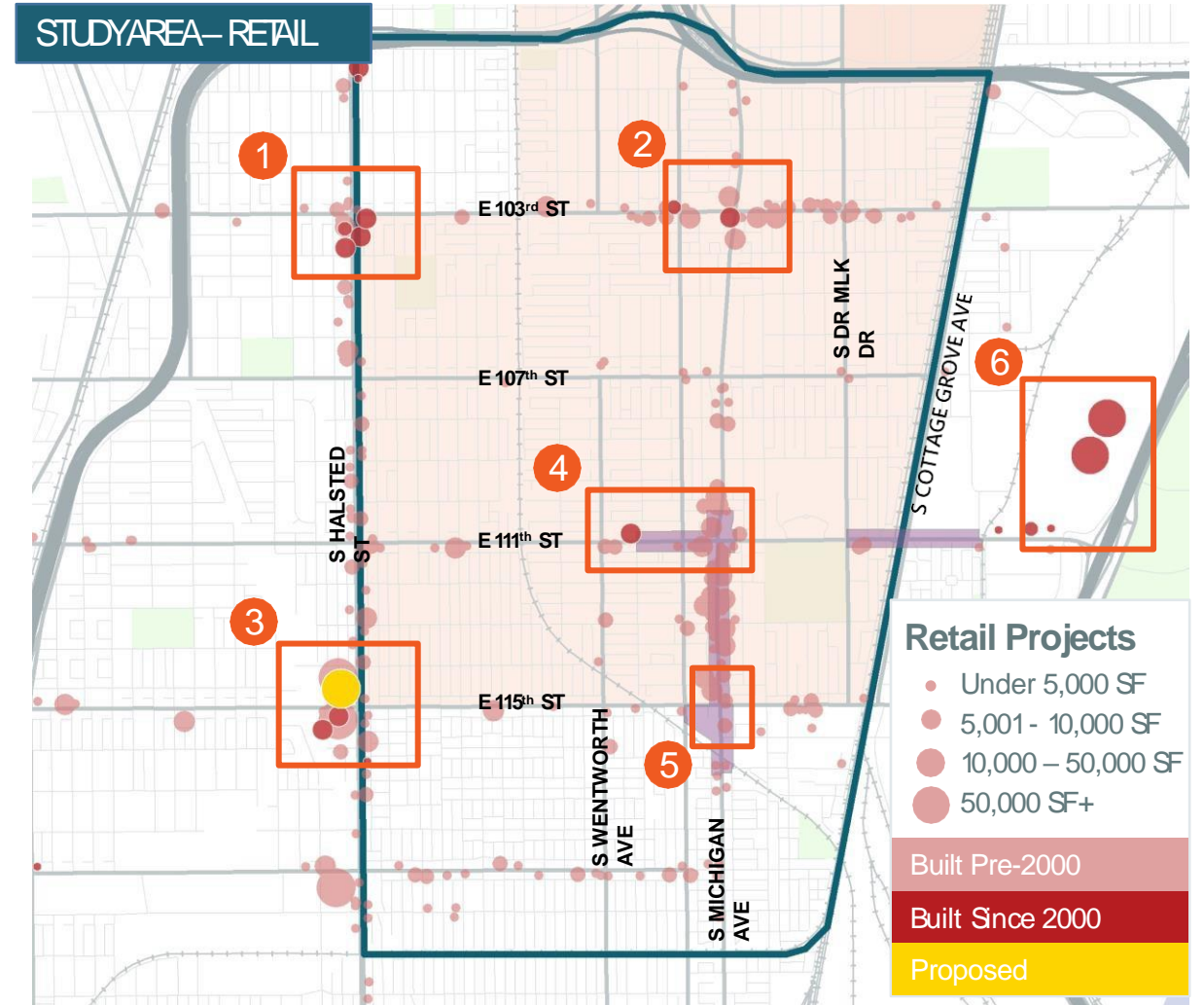
# COMPETITIVE CLUSTERS

The South Michigan Avenue corridor is near six primary commercial clusters

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## KEY RETAILERS:

Node	Retailers
1	Family Dollar
2	Walgreens, Family Dollar, Chase Bank, Autozone
3	Walgreens, Autozone, ALDI
4	Fresenius Kidney Care, City Sports, Rainbow
5	Family Dollar
6	Walmart Supercenter, Ross Dress for Less, Villa, Planet Fitness, One Eleven Food Hall



# COMPS

Storefront retail along the South Michigan Avenue corridor achieves \$12-13/SF in rent, but asking prices can be as high as \$23 if adjacent to an anchor tenant

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<b>Address</b>	11438-11442 S Michigan Ave	723 W 111 <sup>th</sup> St	411 E 111 <sup>th</sup> St
<b>SF (Total)</b>	12,500	13,350	8,000
<b>SF (Available)</b>	1,350 (two spaces)	1,400	3,000
<b>Vacancy Rate</b>	22%	10%	38%
<b>Year Built</b>	1997	1930	1990
<b>Asking Rent PSF</b>	\$23 (NNN)	\$13 (NNN)	\$12 (Modified gross)
<b>Tenants</b>	Family Dollar	Professional office tenants	Flash Tax Services

# DEMAND POTENTIAL

Leakage analysis suggests that there is the greatest local need for Grocery Stores

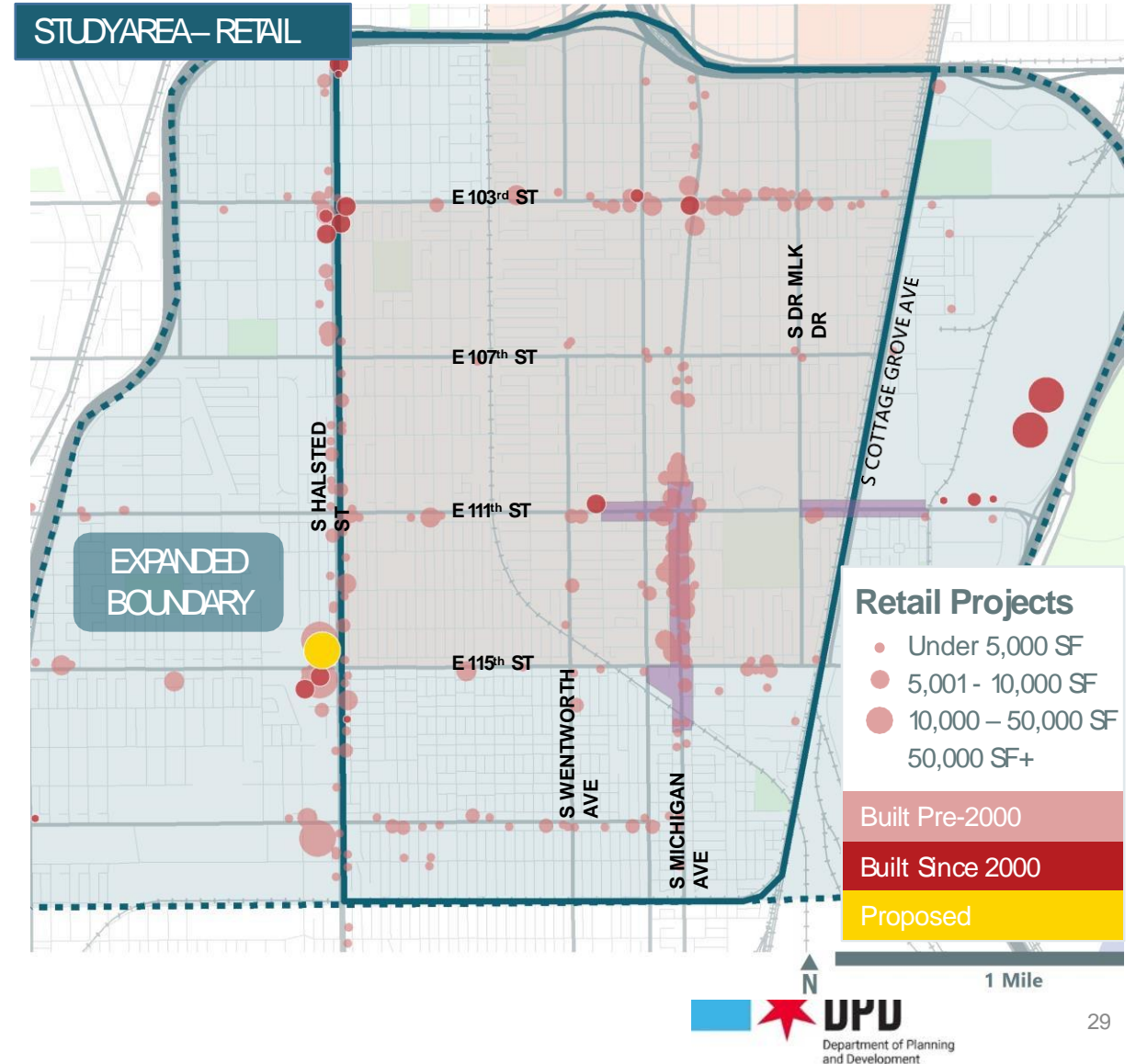
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	Study Area	Expanded Boundary
<b>Total Leakage [1]</b>	<b>\$158.3M</b>	<b>\$173.8M</b>
<b>Key Categories</b>		
Grocery Stores	\$27.2M	\$43.6M
Building Materials, Garden Equipment & Supply Stores	\$20.0M	\$14.7M
Food Services & Drinking Places	\$15.4M	\$19.0M
General Merchandise Stores	\$51.1M	\$16.9M

[1] Excludes NAICS codes 441 (Motor Vehicle and Parts Dealers) and 447 (Gasoline Stations)

Source: CoStar, City of Chicago, Esri, SB Friedman

SB Friedman Development Advisors





# COMMERCIAL OPPORTUNITIES

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Commercial opportunities informed by funding capacity and neighborhood need



Small-format commercial store (e.g. hardware store)



Small-format grocery



Shared kitchen / storefront concept



Business incubator

Suitability	High	Medium	Medium	Low
Project components	<ul style="list-style-type: none"> <li>Second-hand home improvement store</li> <li>For-sale single-family housing</li> </ul>	<ul style="list-style-type: none"> <li>Ground floor grocery and supportive retail</li> </ul>	<ul style="list-style-type: none"> <li>Shared commercial kitchen</li> <li>Storefront and small café space</li> </ul>	<ul style="list-style-type: none"> <li>Neighborhood office space</li> <li>Coworking space</li> <li>Supporting retail</li> </ul>
Project Costs / Requirements	<ul style="list-style-type: none"> <li>20% of housing units must be affordable at 80% AMI</li> </ul>	<ul style="list-style-type: none"> <li>Grocery must generate \$7-8M in annual spend to be eligible for NMTC</li> </ul>	<ul style="list-style-type: none"> <li>Requires site with easy auto access</li> <li>400 – 1,000 SF of ground floor retail with 4,000 – 10,000 SF of production space</li> </ul>	<ul style="list-style-type: none"> <li>Likely requires private equity</li> <li>Newly-opened 1921 business incubator at 111<sup>th</sup> and Michigan may already fulfill neighborhood needs</li> </ul>
Funding / Partnership Considerations	<ul style="list-style-type: none"> <li>NMTC</li> <li>Chicago NOF</li> </ul>	<ul style="list-style-type: none"> <li>NMTC</li> <li>Chicago NOF</li> </ul>	<ul style="list-style-type: none"> <li>NMTC</li> <li>Chicago NOF</li> <li>Private equity</li> </ul>	<ul style="list-style-type: none"> <li>Likely not NMTC-eligible if built on spec, but can use NMTC for expansion after proof of concept</li> </ul>

# RETAIL/COMMERCIAL – TAKEAWAYS

## DRAFT

- Roseland neighborhood commercial space is concentrated along South Michigan Avenue within the ISW corridor and along West 103th Street. Most neighborhood retail along these corridors is older storefront retail constructed prior to 1940 which gives the spaces an interesting historical character.
- The ISW corridor competes with several retail clusters oriented along Halsted Street, West 103th Street, and east of Cottage Grove Avenue in the Pullman neighborhood. Nearby anchors include Family Dollar, Walgreens, and ALDI.
- New storefront retail can likely achieve rents of \$12-13/SF (NNN). Adjacency to anchor tenants such as a grocery store, hardware, or general merchandise store can result in a 20% to 50% rent premium for smaller tenants.
- Leakage analysis suggests unmet retail demand, with the greatest unmet demand for Grocery Stores within the immediate Study Area.
- Non-market retail opportunities are driven by the strength of existing partnerships and the demonstration of neighborhood need for goods and services with a presence in Roseland.

### Commercial

Supportable rent (without anchor tenant)	• \$12-13/SF
Supportable rent (with anchor tenant)	• \$15-20+/SF
Supportable tenant types	• Grocery • Food and beverage • Hardware store • Early education



# OVERALL MARKET

## TAKEAWAYS

- The South Michigan Avenue corridor has an existing stock of historic storefront commercial buildings with strong historic character, and the neighborhood has a rich history as a major commercial corridor for the Far South Side.
- However, high vacancies, boarded up storefronts, low daytime foot traffic, and concerns regarding public safety challenge the current marketability of the corridor. Tactical interventions by City and community groups related to enhancing safety, corridor programming/events and marketing are necessary to attract investment.
- The corridor has been successful in attracting private sector investment, both through long-term neighborhood institutions such as Old Fashioned Donuts and through recent investment through the newly opened 1921 business incubator.
- A critical mass of development that activates the Michigan Avenue street front can have a catalytic effect on surrounding properties and set the stage for additional development as the Red Ahead station opens in 2029.
- While private investment is critical to revitalize the Roseland corridor, new commercial development should accommodate local businesses and new housing should be attainable for local residents.



# Open Discussion and Next Steps










# Next Steps

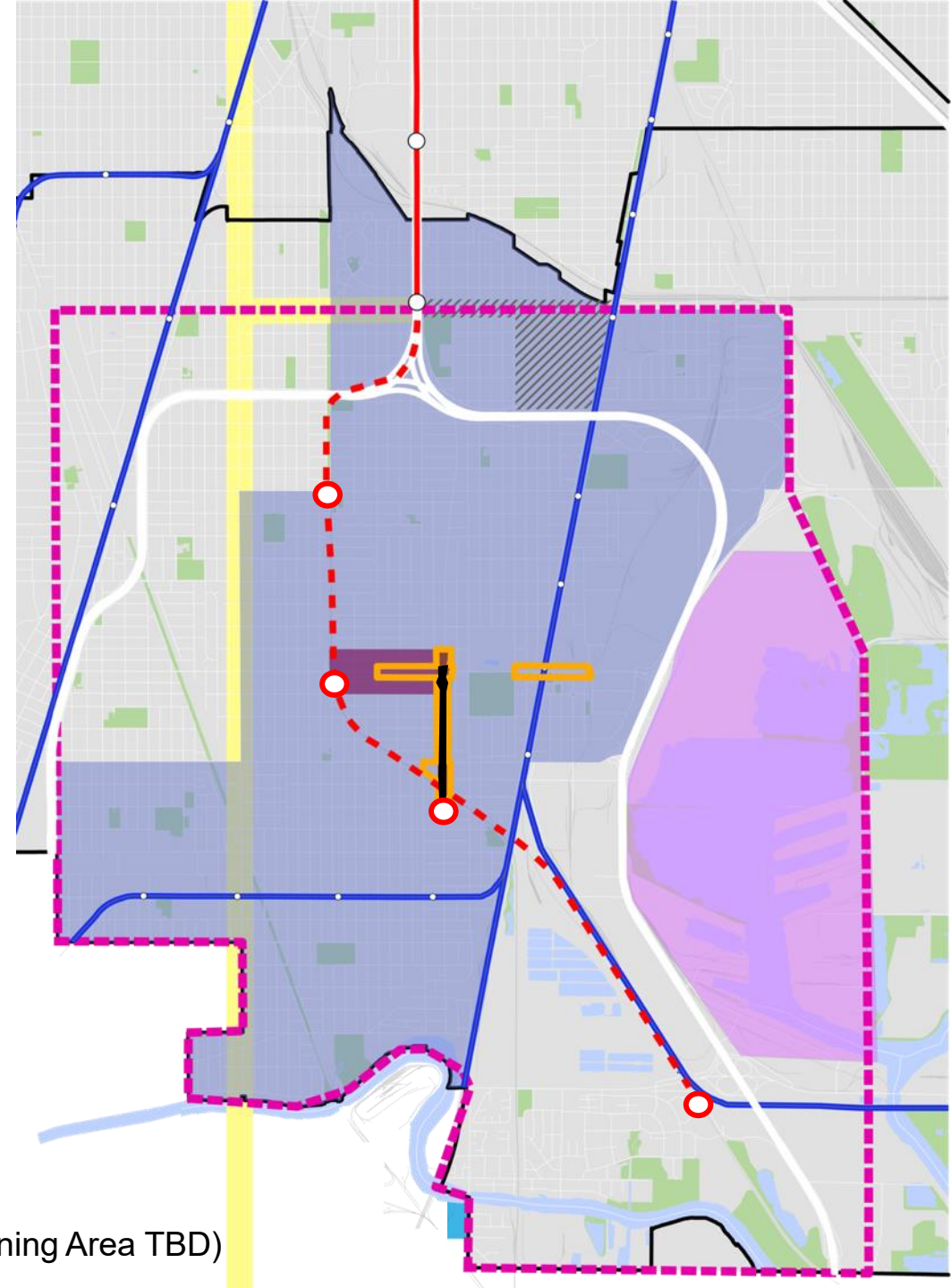
01 Upcoming Visioning Session on March 23, 2021

# Area Plan Updates

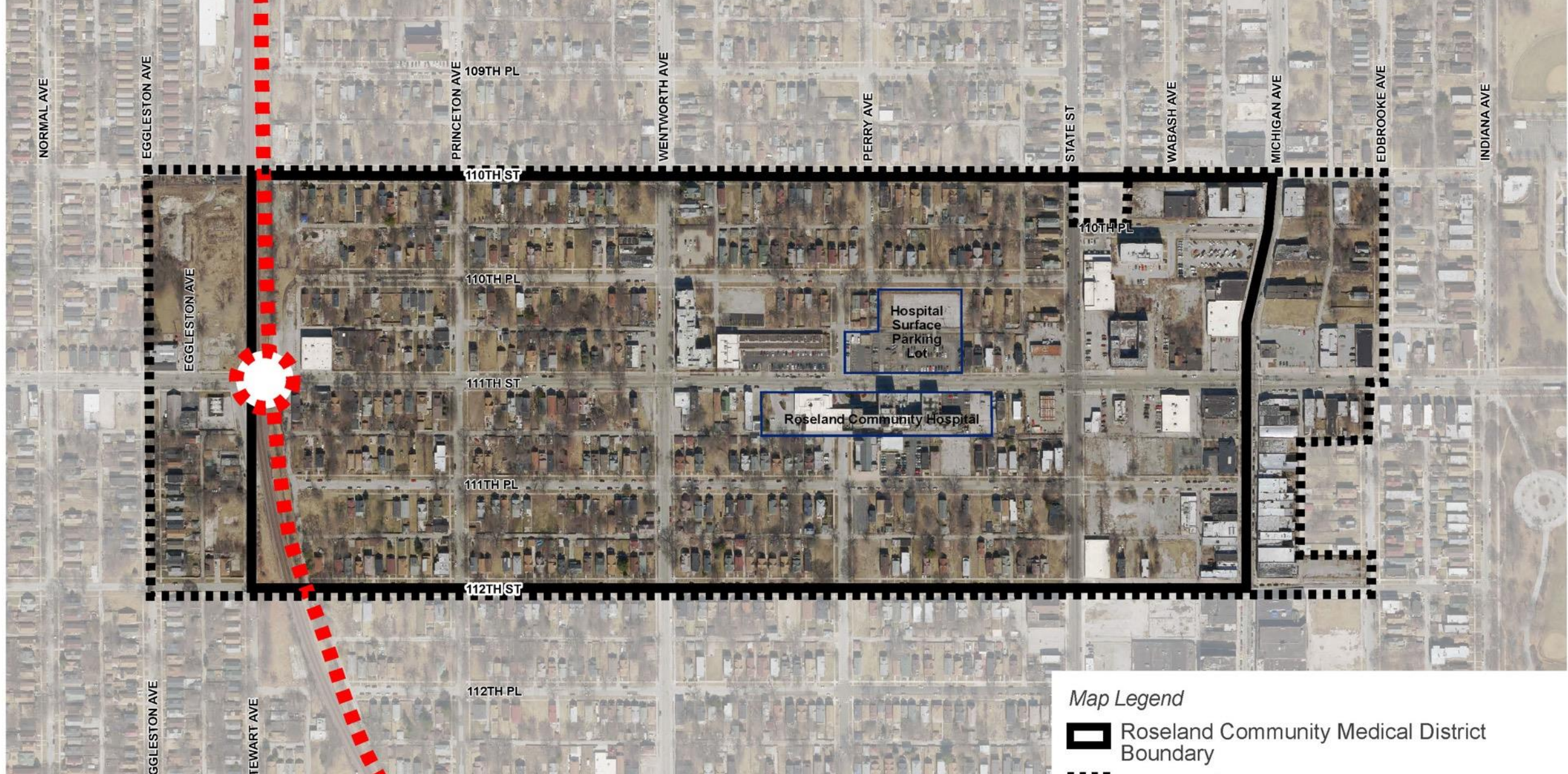


# Current/Upcoming Plans





-  Far South Boundary
-  INVEST S/W Corridors
-  Red Line Extension (RLE)
-  RLE Transit-Supported Development Plan
-  Illinois Port District Master Plan
-  LISC Quality-of-Life Planning
-  Roseland Medical District Planning
-  Historic Preservation Study (Michigan Ave)
-  Modern Metra Electric (Station Updates)
-  South Halsted Bus Corridor Enhancement Project
-  Chicago State University Study







*Map Legend*

-  Roseland Community Medical District Boundary
-  Planning Study Boundary
-  Roseland Community Hospital Properties
-  CTA Red Line Extension & Station

# Roseland Community Medical District

## Study Boundary