

**DEPARTMENT OF PLANNING AND DEVELOPMENT
CITY OF CHICAGO
COMMUNITY DEVELOPMENT COMMISSION
October 12, 1999**

SUMMARY SHEET

ACTION

REQUESTED:

- 1) Authority to advertise the City's intention to enter into a negotiated sale with North Town Village, LLC and NTV Limited Partnership for the sale of Parcel R-4, subject to survey, within the Clybourn/Ogden Redevelopment Area and the Near North Tax Increment Financing Redevelopment Project Area;
- 2) Provide tax increment financing assistance and negotiate a redevelopment agreement with North Town Village, LLC, NTV Limited Partnership and NTV II Limited Partnership, as co-developers, for the sale and the redevelopment of Parcel R-4 located within the Clybourn/Ogden Redevelopment Area and the Near North Tax Increment Financing Redevelopment Project Area;
- 3) Approve a request for alternate proposals;
- 4) Recommend to the City Council the sale of Parcel R-4, subject to survey, to North Town Village, LLC and NTV Limited Partnership, if no alternative proposals are received; and
- 5) Recommend the designation of North Town Village, LLC, NTV Limited Partnership and NTV II Limited Partnership, as co-developers for the redevelopment of Parcel R-4, if no responsive alternate proposals are received.

PROJECT: Construction of 261 unit mixed-income housing development. The development will be comprised of 50% market rate units; 30% Chicago Housing Authority ("CHA") replacement units; and 20% affordable units in a variety of structure types arranged around a re-established street grid, with appropriate open space/landscaping.

ADDRESS: Approximately 7 acres, bounded generally by Scott Street on the south, New City YMCA on the north, Halsted Street on the west and Stanton Park and Sojourner Truth School on the east.

ALDERMAN/

WARD: Walter Burnett, 27th Ward.

**AMOUNT/TYPE
OF ASSISTANCE:**

TIF funds in an amount not to exceed \$8.6 million to be funded from the Near North TIF incremental tax revenues or bond proceeds secured by incremental tax revenues for TIF-eligible costs.

DEVELOPER:

North Town Village, LLC, an Illinois Limited Liability Company, is comprised of Holsten Real Estate Development Corporation (owned by Peter Holsten), an Illinois corporation, and Kenard Corporation (owned by Harold and Geraldine Lichterman), an Illinois corporation.

NTV Limited Partnership, an Illinois limited partnership, is composed of NTV Development Corporation as General Partner (Peter Holsten, sole shareholder) and Holsten Real Estate Development Corporation as Initial Limited Partner* (Peter Holsten, sole shareholder).

NTV II Limited Partnership, an Illinois limited partnership, is composed of NTV Development Corporation as General Partner (Peter Holsten, sole stockholder) and Holsten Real Estate Development Corporation as Initial Limited Partner* (Peter Holsten, stockholder).

*The ultimate limited partner is expected to be Edison Capital Housing Investments or one of its affiliates.

COMMUNITY OUTREACH/INPUT:

Alderman Walter Burnett (27th Ward), the Cabrini Green LAC and the North Town Community Congress are in support of this project.

A community meeting was held regarding the project on August 8, 1998. The development proposals received and "short listed" by the City were presented to the community.

ISSUES:

The property has been vacant for more than 10 years. Approximately half the site is currently owned by the City. The City will acquire certain other parcels comprising the southeastern corner of the site from the Chicago Housing Authority and the Chicago Park District. The City Council passed ordinances accepting the conveyance of these parcels on September 29, 1999. A 1.8 acre portion of Parcel R-4 known as Parcel C-2 is privately owned. Parcel C-2 is being acquired by the City. The Commission and the City Council have previously approved acquisition authority for Parcel C-2. The City has initiated eminent domain proceedings to acquire Parcel C-2. Accordingly, Parcel C-2 is included in Parcel R-4.

The proposed developer was selected through an RFP process.

**COMMUNITY DEVELOPMENT COMMISSION MEETING
October 12, 1999**

STAFF REPORT

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

The Resolution before you requests that you:

- 1) Grant authority to advertise the City's intention to enter into a negotiated sale with North Town Village, LLC and NTV Limited Partnership for the sale of Parcel R-4, subject to survey, within the Clybourn/Ogden Redevelopment Area and the Near North Tax Increment Financing Redevelopment Project Area;
- 2) Provide tax increment financing assistance and negotiate a redevelopment agreement with North Town Village, LLC, NTV Limited Partnership and NTV II Limited Partnership, as co-developers, for the sale and the redevelopment of Parcel R-4 located within the Clybourn/Ogden Redevelopment Area and the Near North Tax Increment Financing Redevelopment Project Area;
- 3) Approve a request for alternate proposals; and
- 4) Recommend to the City Council the sale of Parcel R-4, subject to survey, to North Town Village, LLC and NTV Limited Partnership, if no alternative proposals are received;
- 5) Recommend the designation of North Town Village, LLC, NTV Limited Partnership and NTV II Limited Partnership, as co-developers for the redevelopment of Parcel R-4, if no responsive alternate proposals are received.

BACKGROUND

The Clybourn/Ogden Redevelopment Area was approved by the City Council of the City of Chicago ("City Council") on December 20, 1967 (see Exhibit 1). Since that date, the Redevelopment Plan has been amended six times. A seventh amendment was introduced to City Council on September 29, 1999.

The Near North Tax Increment Financing Redevelopment Project Area ("Area") was approved by City Council on July 30, 1997 (see Exhibit 2). Its overall goal is to provide financing for the projects and programs of the Near North Redevelopment Initiative which represents a comprehensive effort to revitalize this significant urban district by utilizing its natural strengths.

Parcel R-4 is located within the Clybourn/Ogden Redevelopment Area and the Near North Tax Increment Financing Redevelopment Project Area. The proposed negotiated sale and use of TIF allocation financing are consistent with both Redevelopment Plans.

Parcel R-4, subject to survey, is approximately seven (7) acres in size. It is bounded generally by Scott Street on the south, the New City YMCA on the north, Halsted Street on the West and Stanton Park and Sojourner Truth School on the east. Parcel R-4 is composed of Parcel R-3 and Parcel C-2 (see Exhibit 3.1). In turn, Parcel R-3 is composed of Parcel I-2C, a portion of vacated Ogden Avenue and a triangular parcel east of vacated Ogden Avenue (see Exhibit 3.2).

On January 28, 1998, the CDC approved the issuance of the Near North Redevelopment Initiative

Request for Proposals for Purchase and Redevelopment of The Halsted North Property (the "RFP") by the Department of Housing ("DOH"). The property covered by the RFP was Parcel R-3. DOH received four responses.

An evaluation committee, comprised of an architect, a real estate professional with experience in developing mixed income communities to replace public housing and representatives of DOH, the Department of Planning and Development (DPD), the Office of the Mayor, the CHA and the Cabrini Green Local Advisory Council (LAC) reviewed each proposal against the criteria set forth in the RFP.

Two proposals were rejected as being non-responsive to key terms of the RFP. The other two were determined to be responsive and included adjacent land that was not City-owned, but its inclusion was encouraged. The conclusion of the Evaluation Committee was that the goals of the RFP would be best met by adding the non-City-owned parcel (Parcel C-2) to the RFP specified site (Parcel R-3). Of the two responsive proposals, the one jointly submitted by Holsten Real Estate Development Corporation and Kenard Corporation most successfully met all the criteria.

In furtherance of the goals of the RFP, on December 8, 1998, the CDC approved the acquisition of Parcel C-2, and the City Council approved such acquisition on February 10, 1999. In July 1999, the City initiated eminent domain proceedings to acquire Parcel C-2. Accordingly, Parcel C-2 is included in Parcel R-4.

NEGOTIATED SALE

The City intends to enter into a Negotiated Sale with North Town Village, LLC and NTV Limited Partnership for Parcel R-4. NTV Limited Partnership will buy that portion of Parcel R-4 identified on Exhibit 4 as Lots RR-1, RR-2, RR-3, RR-4 and RR-5 for \$1. North Town Village, LLC will buy the remainder of Parcel R-4 for the City's cost of acquiring Parcel C-2.

DEVELOPMENT PROJECT

Proposed Development Project

The proposed redevelopment project will include 261 units of mixed-income housing with approximately 306 off-street parking spaces. This development will be comprised of 50% market rate units, 30% CHA replacement units and 20% affordable units in a variety of structure types arranged around a re-established street grid with appropriate open space/landscaping. The affordable rental units will be targeted at households with incomes at or below 60% of area-wide median income and the 12 affordable for-sale units will be targeted at household with incomes at or below 120% of area-wide median income.

Five buildings, scattered throughout the site, will include 116 rental units. The five buildings include one seven-story midrise, two six-flats and two eight-flats. The midrise has 88 units; the six- and eight-flats have an additional 28 units. Thirty-eight (38) units will be rented at market rates including one for a resident manager. Thirty-nine (39) units will be leased to the CHA for 40 years. Thirty-nine (39) other units will be leased at affordable rents to households having incomes equal to or less than 60% of area-wide median income.

The balance of the development will consist of 145 condominium units. These units include a combination of townhomes (60 units), six- and eight-flats (40 units), stacked duplexes (36 units) and coach houses (9 units). One hundred five (105) units (including the 12 affordable for-sale units) will

be sold to private purchasers. Forty (40) units will be sold by North Town Village, LLC to NTV II Limited Partnership, which will lease these units to the CHA for 40 years. The 40 leased units will make up 28 percent of the condominium units (similar to the Mohawk North and Old Town Square developments).

Proposed Developer

The proposed co-developers of the property are North Town Village, LLC, NTV Limited Partnership and NTV II Limited Partnership. The underlying owners of these entities are Holsten Real Estate Development Corporation (“Holsten”) (owned by Peter Holsten) and Kenard Corporation (“Kenard”) (owned by Harold and Geraldine Lichterman). See Exhibit 5.

Holsten has been in the real estate business since 1975 and has rehabilitated and currently manages over 2,000 units of affordable and market-rate housing. Holsten is known to DOH and has successfully completed five projects with DOH assistance totaling 912 units of affordable rental housing. Kenard has been in the real estate business since 1976 and has created over 1,500 units of market-rate condominiums, lofts and single-family homes. To date, Kenard has developed over \$300 million in properties.

Financial Assistance

Tax Increment Financing, in the amount of \$8.6 million, will fund site assembly, site preparation and remediation and infrastructure costs. In addition to the TIF assistance of \$8.6 million, sources of funds include Developer equity of \$4,694,398 million, investor equity of \$13,184,777, private construction financing from Bank One of \$8,500,000, a private bridge loan from Uptown & LaSalle of \$8,536,998, and public financing from the Department of Housing, the Illinois Housing Development Authority, the Chicago Housing Authority and the Federal Home Loan Bank Board totaling approximately \$20,360,879. The total project budget is \$64,277,052. See Exhibit 6.

DEAL STRUCTURE

The City intends to negotiate a redevelopment agreement with North Town Village, LLC, NTV Limited Partnership and NTV II Limited Partnership for the sale and redevelopment of Parcel R-4, as described above, and to provide the project with an amount of TIF funds not to exceed \$8.6 million to be funded from the Near North TIF incremental tax revenues or bond proceeds secured by incremental tax revenues for TIF-eligible costs.

The Developer will be expected to comply with all City requirements, including M/WBE, Prevailing Wage, and City Residency.

CONFORMANCE WITH THE REDEVELOPMENT PLAN

The uses of the subject property proposed by the developers are consistent with the Clybourn/Ogden Redevelopment Plan and Near North Tax Increment Financing Redevelopment Plan and Project in terms of land use and the furthering of each plan’s goals and objectives. With regard to land uses, the plans state that residential uses are permitted on this site. The uses and development plans are also consistent with the Planned Development for the site approved by the City Council in May 1999.

The proposed development is consistent with the “integrated community” concept as stated in the RFP and was the most successful in re-establishing the street grid within the constraints imposed by the site. In addition, the proposed development is consistent with the following design objectives as stated in the

RFP:

1. Neighborhood planning that restores a traditional urban fabric and adds to Near North's character as a compact, pedestrian-friendly, mixed-use and secure urban neighborhood.
2. Housing that mixes building scales, housing types and densities to create a model for livable and economically viable mixed-income development.
3. Architecture and landscape design that draws on familiar and successful Chicago neighborhoods.
4. Architecture and infrastructure that promote the independence of people with disabilities and enable them to participate equally in all facets of community life.

BENEFITS

Taxes

While the increment that this project is projected to generate will be pledged, along with other incremental taxes from property in the TIF Area to pay certain costs relating to the TIF Bonds, a portion of the proceeds of which are being given to the co-developers, while such TIF Bonds remain outstanding, the project life is expected to extend beyond the life of the TIF (2020) and therefore contribute to the tax base indefinitely.

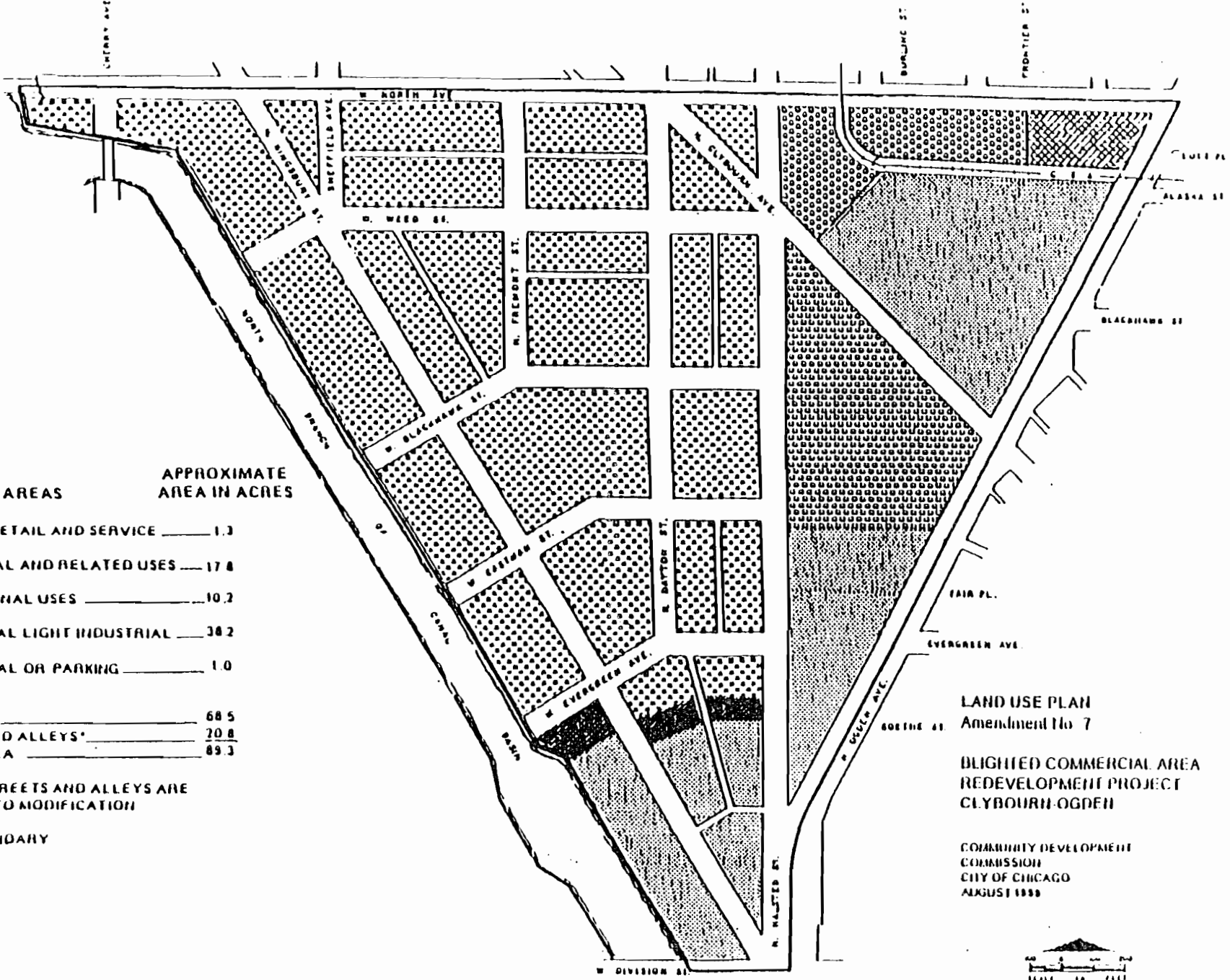
Quality of Life

The project will improve the quality of life in the Area and the City by knitting together the vacant and disparate elements of the immediate neighborhood into a more viable mixed-income community. The proposed development will be comprised of 50% market-rate housing units, 30% CHA replacement units for residents being relocated from public housing developments and 20% affordable units for households with incomes at or below 60% of area-wide median income, with respect to the rental units, and households with incomes at or below 120% of area-wide median income, with respect to the for-sale units.

RECOMMENDATION

The Department of Planning and Development recommends that the Community Development Commission take the following actions, as embodied in the attached resolutions:

- 1) Grant authority to advertise the City's intention to enter into a negotiated sale with North Town Village, LLC and NTV Limited Partnership for the sale of Parcel R-4, subject to survey, within the Clybourn/Ogden Redevelopment Area and the Near North Tax Increment Financing Redevelopment Project Area;
- 2) Provide tax increment financing assistance and negotiate a redevelopment agreement with North Town Village, LLC, NTV Limited Partnership and NTV II Limited Partnership, as co-developers, for the sale and the redevelopment of Parcel R-4 located within the Clybourn/Ogden Redevelopment Area and the Near North Tax Increment Financing Redevelopment Project Area;
- 3) Approve a request for alternate proposals; and
- 4) Recommend to the City Council the sale of Parcel R-4, subject to survey, to North Town Village, LLC and NTV Limited Partnership, if no alternative proposals are received; and
- 5) Recommend the designation of North Town Village, LLC, NTV Limited Partnership and NTV II Limited Partnership, as co-developers for the redevelopment of Parcel R-4, if no responsive alternate proposals are received.



LAND USE AREAS	APPROXIMATE AREA IN ACRES
BUSINESS RETAIL AND SERVICE	1.3
RESIDENTIAL AND RELATED USES	17.8
INSTITUTIONAL USES	10.2
COMMERCIAL LIGHT INDUSTRIAL	38.2
RESIDENTIAL OR PARKING	1.0
NET AREA	68.5
STREET AND ALLEYS*	20.8
GROSS AREA	89.3

*LOCAL STREETS AND ALLEYS ARE SUBJECT TO MODIFICATION

- CHRP BOUNDARY

LAND USE PLAN
Amendment No 7

BLIGHTED COMMERCIAL AREA
REDEVELOPMENT PROJECT
CLYBOURN-OGDEN

COMMUNITY DEVELOPMENT
COMMISSION
CITY OF CHICAGO
AUGUST 1988

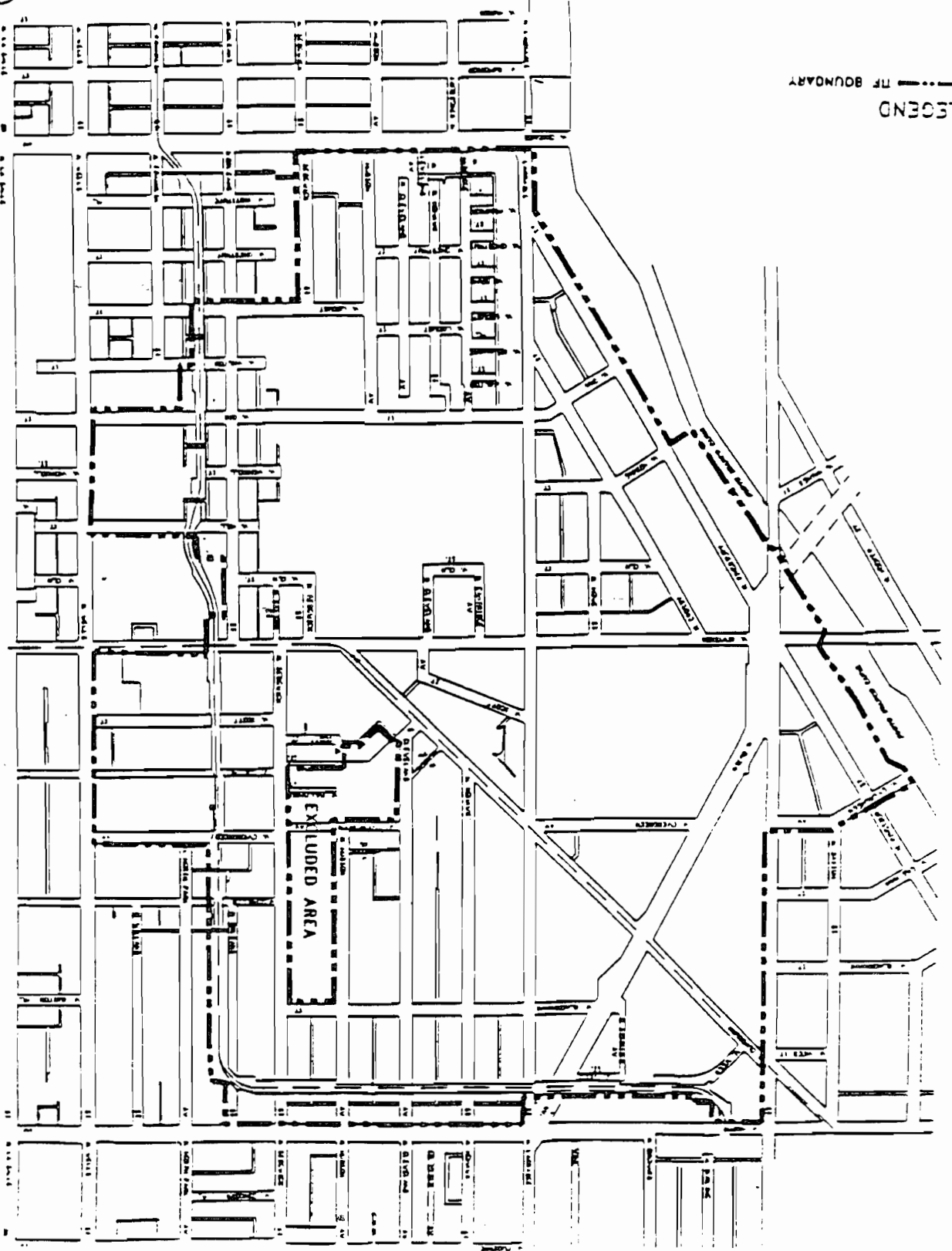


BOUNDARY MAP

FIGURE 1

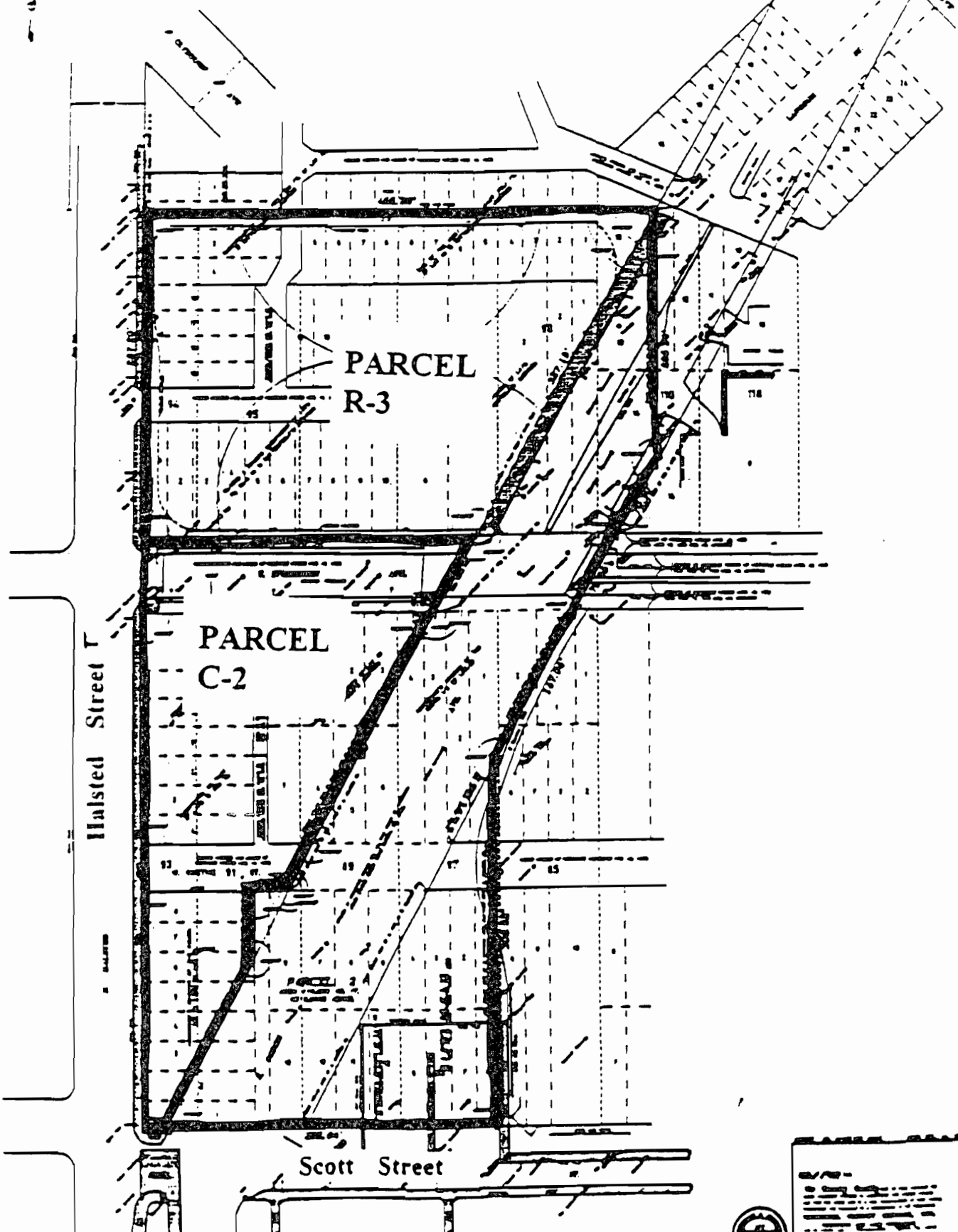


LEGEND
- - - - - THE BOUNDARY



NATIONAL SURVEY SERVICE, INC.

PARCEL R-4



Halsted Street

Scott Street

PARCEL R-3

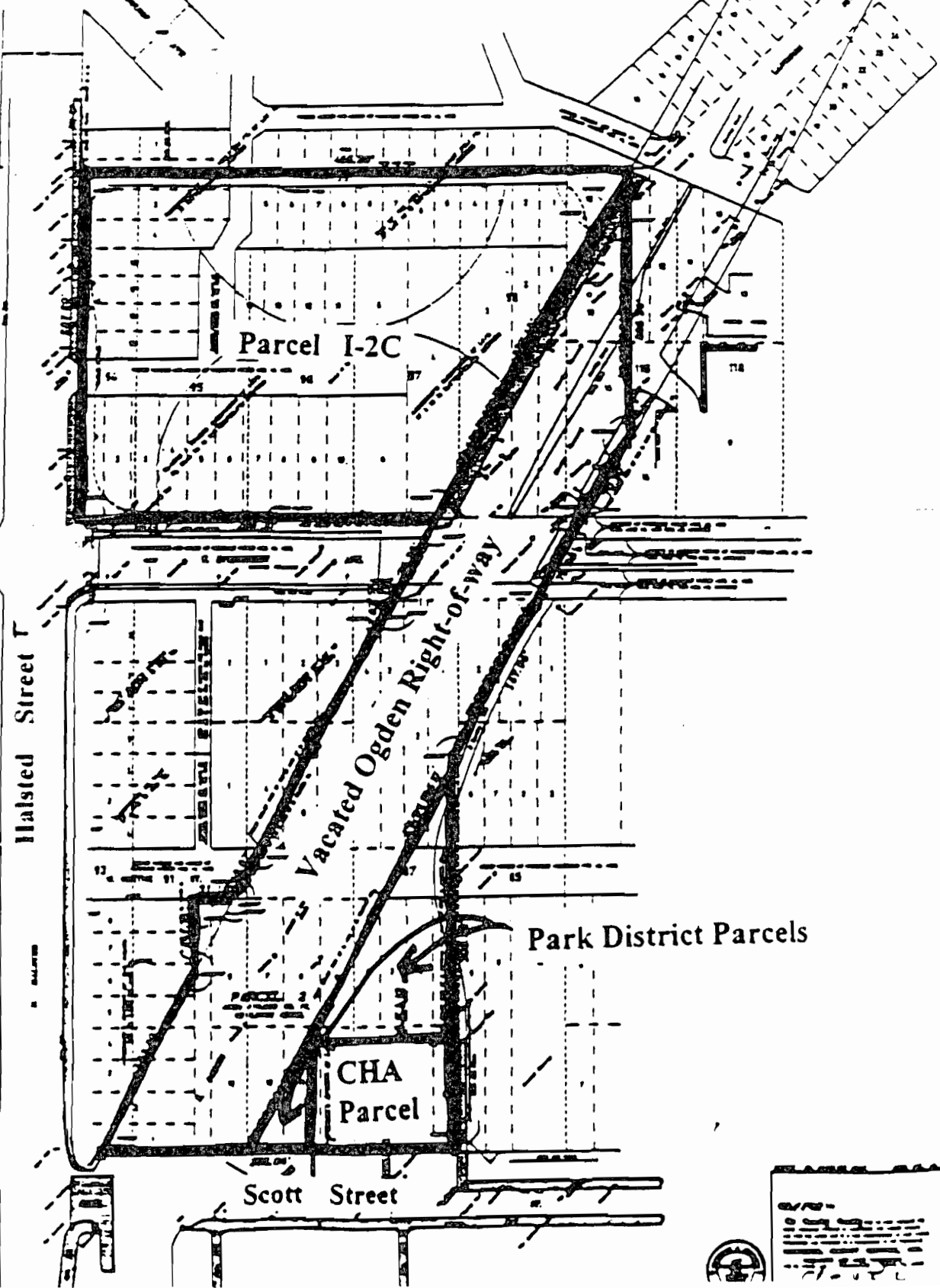
PARCEL C-2

A small rectangular box in the bottom right corner containing illegible text and a circular logo.

NATIONAL SURVEY SERVICE, INC.

Map of Survey

PARCEL R-3



Halsted Street

Parcel I-2C

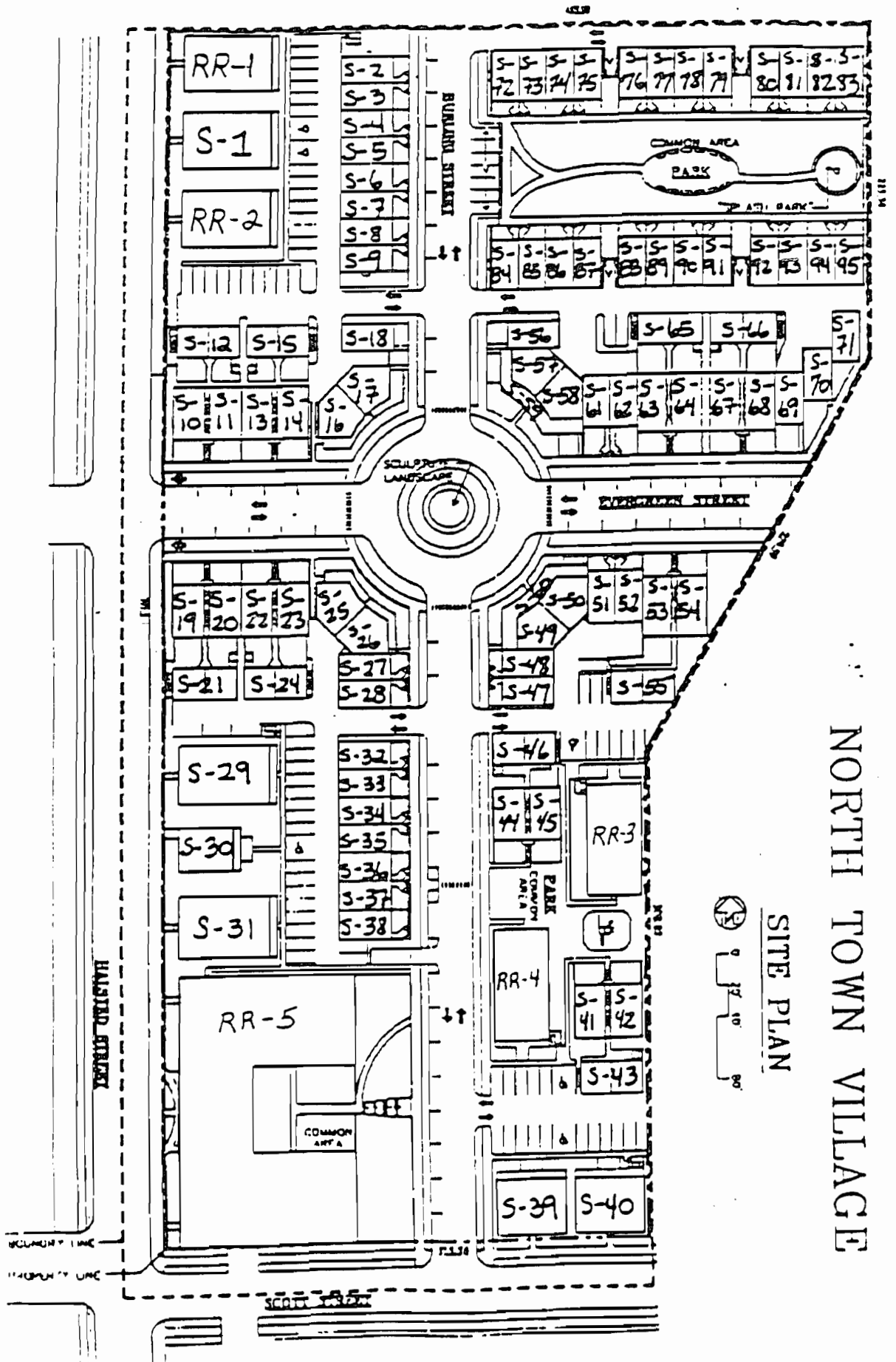
Vacated Ogden Right-of-Way

Park District Parcels

CHA Parcel

Scott Street

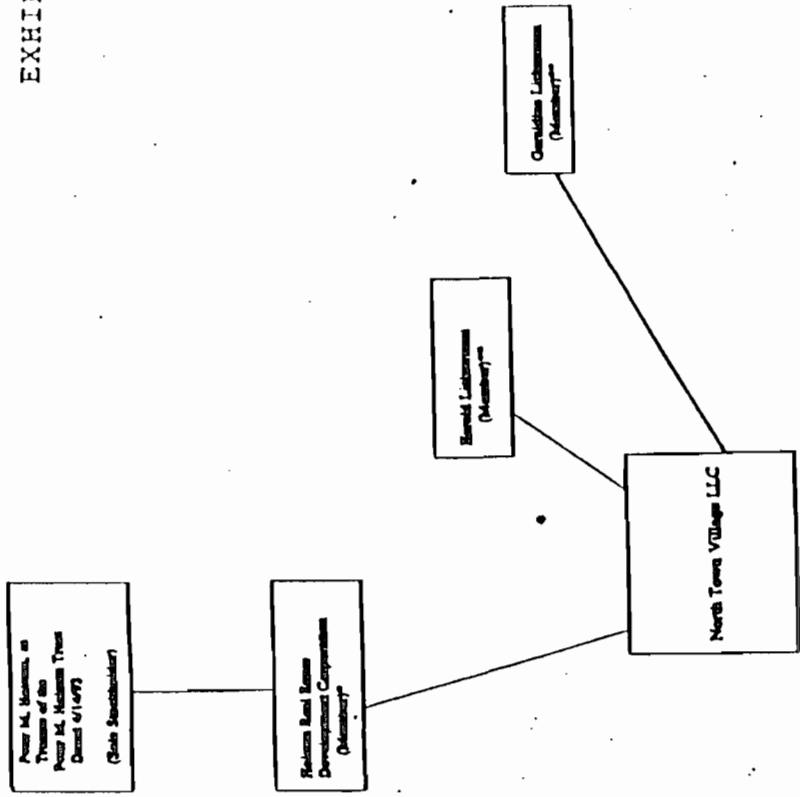
A north arrow pointing upwards and a legend box containing several lines of text and symbols, likely defining the map's scale and symbols.



NORTH TOWN VILLAGE

SITE PLAN

EXHIBIT 5



- NTV Development Corporation may be substituted for Holman Rural Estate Development Corporation.
- Rural Corporation may be substituted for Harold and Camille Lichman.

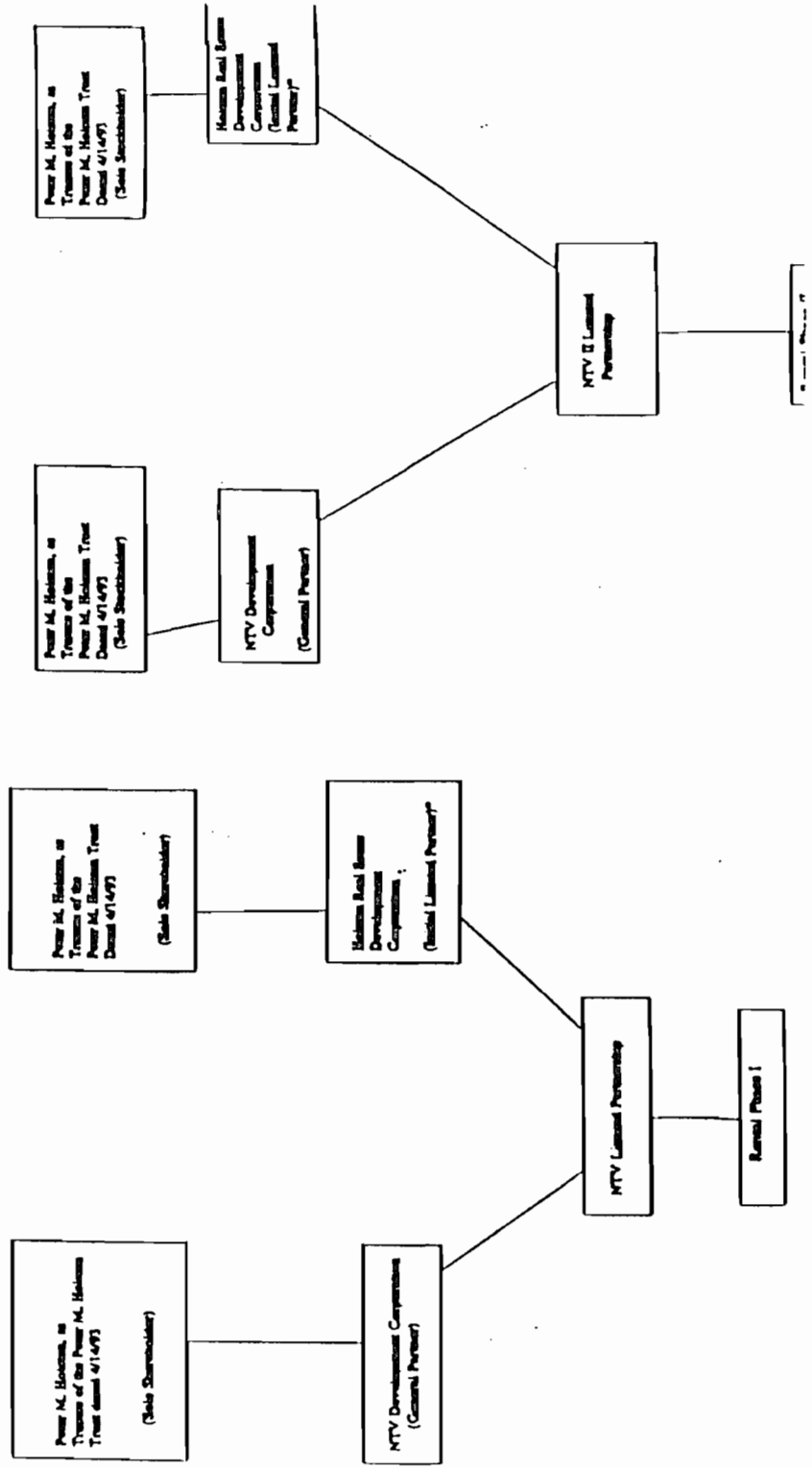


EXHIBIT 6

NORTH TOWN VILLAGE

PROJECT BUDGET

<u>Sources</u>		<u>Uses</u>	
Equity		Land Acquisition	\$ 3,587,064
Developer*	\$ 4,694,398	Site Preparation	5,073,750
Edison Capital	<u>13,184,777</u>	Construction	40,521,403
Subtotal	17,879,175	Professional Fees	2,031,091
Private Financing		Financing Costs	2,115,140
Uptown & LaSalle Bridge loan	8,536,998	Tax & Insurance	916,850
Bank One Construction loan	<u>8,500,000</u>	Marketing/Sales/Rental	2,555,012
Subtotal	17,036,998	Tenant Services	900,000
Government Financing**		Syndication Costs	2,832,745
TIF	\$ 8,600,000	Developer's Fee	<u>3,744,995</u>
DOH HOME	10,394,285	Total Project Budget	\$64,277,052
CHA Dev. Funds	7,491,019		
FHLB AHP Funds	620,000		
IHDA Risk Share	<u>2,255,575</u>		
Subtotal	29,360,879		
Total Sources	\$64,277,052		

* Source of equity contribution is sale proceeds from the market-rate and affordable for-sale units.

** With the exception of the TIF grant, all sources of government financing are loans.

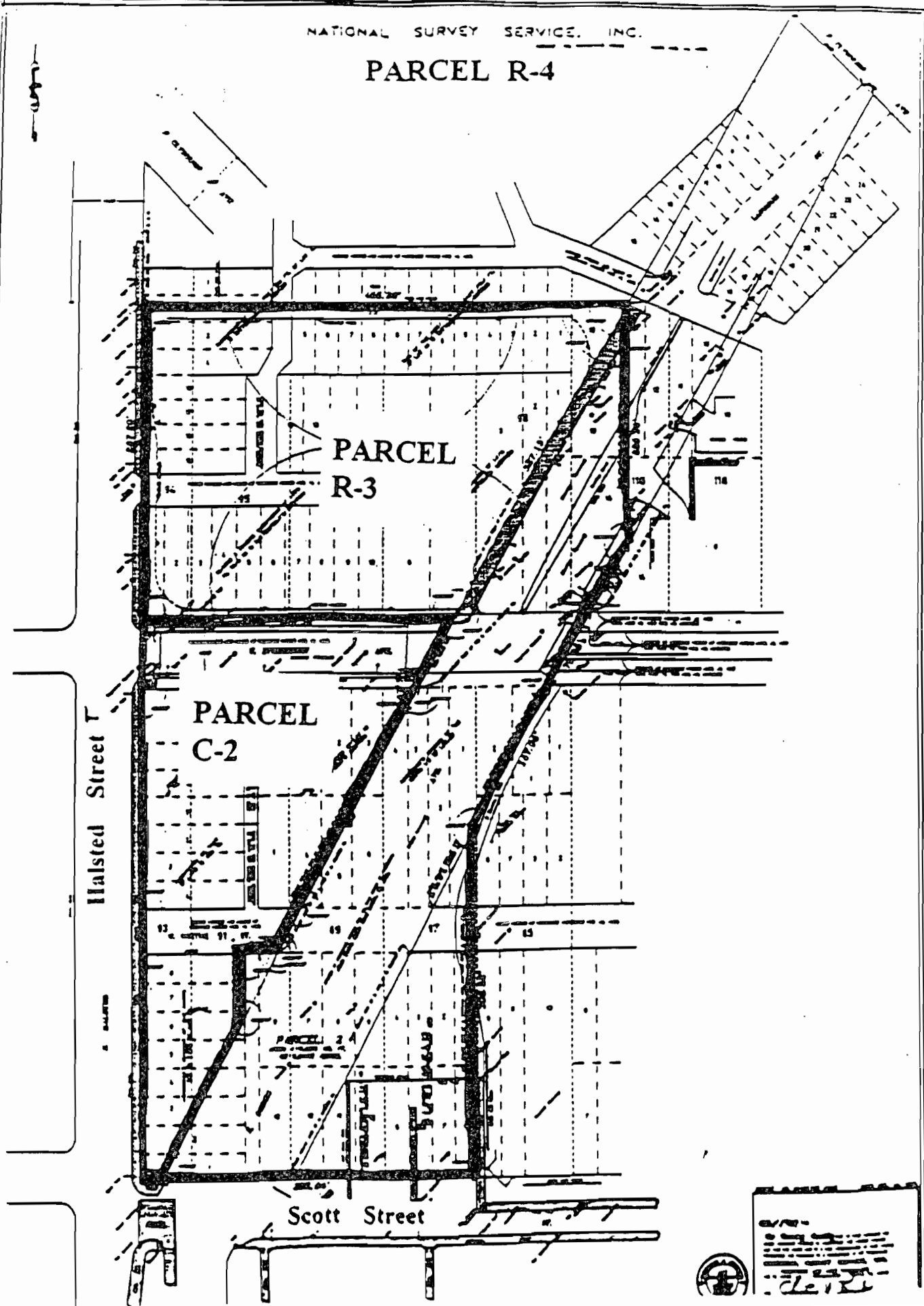
EXHIBIT A

Street Boundary Description
of the
Near North
Tax Increment Financing Redevelopment Project Area

The Area consists of approximately 340 acres and is irregularly shaped. It is generally bounded on the north by Evergreen Avenue, North Avenue, and the CTA right-of-way; on the east by Orleans Street, the CTA right-of-way, Wells Street, and Sedgwick Street; on the south by Oak Street, Locust Street, and Chicago Avenue; and the on the west by Larrabee Street, Kingsbury Street, the east seawall of the North Branch Canal of the Chicago River and Halsted Street.

NATIONAL SURVEY SERVICE, INC.

PARCEL R-4



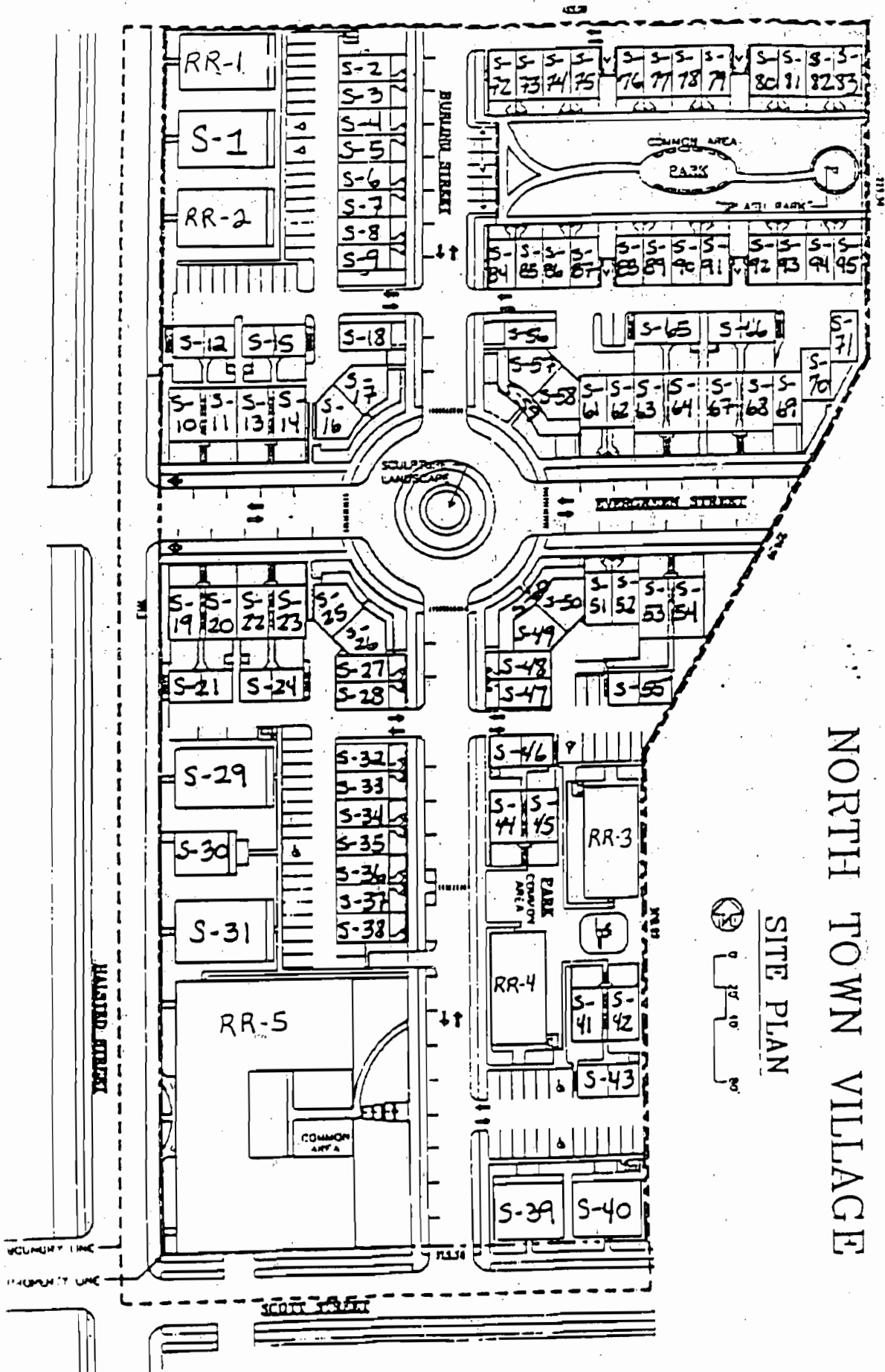
PARCEL R-3

PARCEL C-2

Halsted Street

Scott Street

Survey data and notes box containing a circular logo and several lines of text.



NORTH TOWN VILLAGE

SITE PLAN

EXHIBIT D

PUBLIC NOTICE is hereby given by the Community Development Commission ("CDC") of the City of Chicago (the "City") pursuant to Section 5/11-74.4-4(c) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.)(1996 State Bar Edition) (the "Act"), that the City's Department of Planning and Development ("DPD") intends to negotiate a redevelopment agreement (the "Redevelopment Agreement") with North Town Village, LLC, NTV Limited Partnership, and NTV II Limited Partnership (the "Co-Developers") pursuant to which the City intends to:

- I. Enter into a negotiated sale for the portion of Parcel R-4 within the Clybourn/Ogden Redevelopment Area and the Near North Tax Increment Financing Redevelopment Area as identified as Lots RR-1, RR-2, RR-3, RR-4, and RR-5 to NTV Limited Partnership, subject to survey, for \$1.00 and the remainder of Parcel R-4 to North Town Village, LLC for the City's cost of acquiring that portion of Parcel R-4 consisting of Parcel C-2.
- II. Provide financial assistance to the Co-Developers in the amount of \$8,600,000 using tax increment allocation financing revenues or bond proceeds secured by incremental tax revenues, pursuant to the Act, for the redevelopment of Parcel R-4 for the development of a 261-unit mixed-income residential development and related infrastructure and site improvements consisting of the following: (1) the construction by NTV Limited Partnership of 116 rental units in a combination of a seven-story, mid-rise building (88 units), two eight-flats (16 units), and two six-flats (12 units), of which 38 units will be rented to individuals at market rates (including one unit that will be rented to a resident manager), 39 units will be rented to the Chicago Housing Authority (CHA) for 40 years, 39 units will be rented at affordable rates to households at or below 60% of area-wide median income; (2) the construction by North Town Village, LLC of 145 condominium units in a combination of townhomes, coach houses, six-flats, eight-flats and other multi-family buildings of which (a) 40 units will be sold by North Town Village, LLC to NTV II Limited Partnership which will lease these units to the CHA for 40 years, (b) 93 units will be sold at market rates, and (c) 12 units will be sold to qualifying purchasers at sales prices affordable to households at or below 120% of area-wide median income; and (3) related infrastructure and site improvements (the "Project") within the Near North Redevelopment Project Area (the "Area"). The Area is generally bounded as follows:

on the north by Evergreen Avenue, North Avenue, and the CTA right-of-way;
on the east by Orleans Street, the CTA right-of-way, Wells Street, and Sedgwick Street; on the south by Oak Street, Locust Street, and Chicago Avenue; and the
on the west by Larrabee Street, Kingsbury Street, the east seawall of the North Branch Canal of the Chicago River and Halsted Street.

THE CITY HEREBY INVITES ALTERNATIVE PROPOSALS FOR THE SALE AND REDEVELOPMENT OF PARCEL R-4 FOR CONSIDERATION BY THE CITY.

The documents listed below related to the Area and the Project are available for public inspection at the offices of DPD, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

(i) "Near North Tax Increment Financing Redevelopment Project and Plan"

(ii) a term sheet showing all proposed material terms of the Redevelopment Agreement as of the date hereof, including but not limited to an estimated Project budget setting forth the amount of financial assistance the City intends to provide to the Co-Developers for the Project; and

(iii) the terms of all bids and proposals received, if any, by the City related to the Project and the Redevelopment Agreement.

Please contact Susan Kroll of DPD at (312) 744-6711 to review these materials and for information regarding the form required for proposals submitted to the City. Those submitting alternative proposals must be financially and otherwise qualified to complete the Project. The City reserves the right to reject any and all proposals. Proposals will be received by the City at DPD's offices, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, until November 2, 1999 at 10:00 a.m., at which time all alternative proposals will be opened and reviewed.

Elvin E. Charity, Chairman
COMMUNITY DEVELOPMENT COMMISSION
City of Chicago