

LASALLE STREET REIMAGINED INVITATION FOR PROPOSALS

ADDENDUM NO. 1

This Addendum No. 1 to the LaSalle Street Reimagined Invitation for Proposals (“IFP”) provide revisions to the IFP Submission Requirements related to: (1) evidence of property ownership agreements; (2) submission requirement documents; and (3) submission format due by noon December 23, 2022. This Addendum No.1 to the IFP also includes the Questions and Answers from the Pre-Submission Meeting held on October 18, 2022 and from potential respondents.

(1) Revision to Submission Requirements under Project Narrative, item 4(d) on Page 34 of the original IFP document to be replaced by the below:

A fully-executed Purchase and Sale Agreement (PSA) with conditions and contingencies or a Letter of Intent (LOI) with the subject property owner. Respondents providing an LOI must outline the anticipated timing to get a PSA executed with the property owner. For properties that are currently in foreclosure, Respondents may provide either an LOI from the lender with the first- priority mortgage or an explanation of how they intend to acquire the property given its foreclosure status and some evidence that they’ve talked with the bank and borrower. Respondents shall also outline the expected timing of completion of the foreclosure process and any other issues that the City should be aware of related to the ability of the developer to close on the transaction and execute a PSA.

(2) Revision to Submission Requirements under Financial Information, item 6 on Page 34 of the original IFP document to be replaced by the below:

At minimum, Respondents shall include in the IFP the following financial information:

- a) A complete budget for construction costs, operating costs, sources and uses, unit mix, analysis including cash flow projection for rental projects or sales revenue projection for for-sale projects. As an example, Respondents can use the [DOH 2022 Pro-forma template](#).
- b) Most recent two years of personal and/or audited corporate financial statements.
- c) The City reserves the right to request from the Respondent and/or each team member other financial documentation.

(3) Correction to Submission Requirements on Pages 32 and 36 of the original IFP document:

Only one original and one bound color copy of the proposal must be submitted, along with an electronic version on a USB drive.

Questions and Answers from 10/18/22 Pre-Submission Meeting and from Potential Respondents

On Tuesday, October 18, 2022, at 12:30 p.m., the Department of Planning and Development (DPD) and the Department of Housing (DOH) hosted an informational webinar where interested parties could ask questions and receive answers related to the Invitation for Proposals (IFP) for LaSalle Street Reimagined. Below is a summary of the questions and answers discussed during the webinar and any questions the City has received from potential respondents; any future questions will be consolidated and answered in future addenda.

1. Have you looked into minimum lot area (MLA) issues that may come up when converting some of the buildings on LaSalle to residential?

Minimum lot area (density) reductions may be considered for buildings which are non-conforming for purposes of floor area (building bulk) based on the calculations provided in Section 17-4-0404-B, as follows: for each one percent increase in floor area awarded through the floor area bonus provisions of Section 17-4-1000, the minimum lot area per unit standard is reduced by one percent. The minimum lot area per unit reduction may not exceed 30 percent, regardless of the floor area bonus granted.

2. Would developers have to buy bonus floor area to reduce their MLA even if they are not using the bonus floor area?

If any buildings are non-conforming from a floor area standpoint today, and if the applicant does not further increase that specific nonconformity, DPD may consider reductions to minimum lot area standards, pursuant to the bonus density reduction found in Section 17-4-0404-B of the Municipal Code, provided any such development is established in accordance to Section 17-13-0600. Property owners will not need to purchase floor area bonus equivalent to the non-conforming floor area that already exists in their building; and, the establishment of new dwelling units that complies with the standards of Section 17-4-0404-A will be subject to Section 17-8-0515.

3. Can properties on/outside the border be considered? Will other properties within the TIF district be considered? What if a property is across the street from the boundary, could that be considered?

For this call, only properties within the LaSalle Street Reimagined - Invitation for Proposals Boundary will be considered. Refer to the map on page 14 of the IFP document.

4. Would properties that are not historically designated red or orange be considered?

Yes, properties that are not designated red or orange will be considered, however priority consideration will be given for projects that rehabilitate a historic building (defined as either a designated or eligible Chicago Landmark, a building rated "orange" by the Chicago Historic Resources Survey, or a contributing building in the West Loop-LaSalle Street National Register District).

5. What is the reasoning for only up to 3 projects to be selected by DPD? Might additional properties be considered at a later phase?

DPD has identified that up to 3 projects would be selected for this IFP given the availability of financial incentives available in this corridor. The City may consider future invitations and alternative geographies depending on the success of the responses from this IFP.

6. Will the slideshow for this presentation be made available?

The LaSalle Street Reimagined website has the recording of the Pre-Bid meeting and the presentation deck: <https://www.chicago.gov/city/en/sites/lasalle-street/home.html>

7. Is a list of developer potential respondents available for the purpose of facilitating minority and women certified firms to team with developer respondents regarding their submission?

The list of attendees are posted on our website: <https://www.chicago.gov/city/en/sites/lasalle-street/home.html>. The directory of minority, women, and BEPD-owned firms are located on this website: <https://www.chicago.gov/city/en/depts/dps/provdrs/cert/svcs/certdirectory.html>

8. Will there be an RFQ or RFP process after the RFI process?

This IPF is similar to an RFP process, only the terminology is different because the City's other RFPs are specific to certain parcels whereas this is for a corridor geography.

9. Will there be availability for an "Unhoused" element in the residences?

DOH requirement for city financial assistance is 30% of the units remain affordable for households earning an average income of 60% AMI.

10. When will the DOH intake meeting be required, before or after the IFP submission?

The DOH intake meeting is not required. The DOH intake process is an opportunity to meet with any interested parties to explain any questions you may have as it relates to multi-family funding and in general all the available housing programs. Please use this e-form to request a meeting <https://webapps1.chicago.gov/eforms/housingdevelopment>.

11. Are the MBE goals to be applied to the design phase separate from construction?

Utilization of minority and women owned business enterprises in the proposed development must achieve minimum participation contract expenditures of 26% for MBEs and 6% for WBEs per the IFP. As identified on page 38 of the IFP, improving the participating of minority-owned and women-owned businesses in downtown redevelopment proposals is one of the goals of the IFP.

12. Will the city require a technology plan for each development?

A technology plan is not a submission requirement, but if Respondents want to provide information that is not required but that will clarify the goals or scope of their redevelopment project, the IFP evaluation committee will review this information.

13. Are there incentives for owners looking to revitalize retail only (no residential conversion) and bring in new retailers to improve the LaSalle St corridor?

A new Small Business Improvement Fund (SBIF) program for the LaSalle Street corridor to revitalize retail activities is being developed. DPD is targeting for approval of the ordinance before the end of the year and approval of the funding allocation sometime next year. DPD will provide status updates on the www.chicago.gov/lasallestreet website.

14. Will the selected projects be required to go through the Planned Development process as well?

The expansion or change of use in any existing building will be governed by the applicable portions of Section 17-8-0515.

15. Is there a list of the building addresses that are in the corridor, especially the preferred historic ones?

There is a map on our website that includes all the eligible properties and identifies their historic significance: <https://www.chicago.gov/city/en/sites/lasalle-street/home/ifp-map.html> The National Register of Historic Places Registration Form for the West Loop – LaSalle Street Historic District can be found here: https://www.chicago.gov/content/dam/city/depts/zlup/Historic_Preservation/Publications/WestLoopLaSalleHD_NR_nom_WO_photos_and_map_FINAL.pdf Additionally, below is a list of property addresses with notations if they are a landmark and/or a Red or Orange-rated building:

Address	Historic Significance
132 W. Van Buren	
141 W. Jackson	Chicago landmark and Red-rated building
175 W. Jackson	Orange-rated building
111 W. Jackson	
231 S. LaSalle aka 230 S. Clark	Orange-rated building
230 S. LaSalle	Orange-rated building
176 W. Jackson	
105 W. Adams aka 200 S. Clark	Orange-rated building
209 S. LaSalle	Chicago landmark and Red-rated building
208 S. LaSalle	Chicago landmark and Orange-rated building
135 S. LaSalle	Chicago landmark and Red-rated building
190 S. LaSalle	
172 W. Adams	Orange-rated building
180 W. Adams	
145 S. Wells	
111 W. Monroe	Orange-rated building
115 S. LaSalle	
120 S. LaSalle	Orange-rated building
183 W. Monroe	
37 S. LaSalle	Chicago landmark and Orange-rated building
29 S. LaSalle	
19 S. LaSalle	Orange-rated building
11 S. LaSalle aka 127 W. Madison	Chicago landmark and Orange-rated building
123 W. Madison	Orange-rated building
50 S. LaSalle aka 150 W. Monroe	Building is partially Orange-rated
10 S. LaSalle	
181 W. Madison	
1 N. LaSalle	Chicago landmark and Orange-rated building
33 N. LaSalle	Orange-rated building
2 N. LaSalle	

172-190 W. Madison	
30 N. LaSalle	
175 W. Washington	Orange-rated building
177-181 W. Washington	
100 N. LaSalle	
120 N. LaSalle	
166 W. Washington	
170 W. Washington	
176 W. Washington	Orange-rated building
180 W. Washington	Orange-rated building
188 W. Washington aka 103 N. Wells	

16. Given HB2621 relies on a 'base year' to derive your incentive, how will the city/assessor think about the base year assessments given we're dealing with existing buildings? (i.e. an overly high base year can severely dilute the value of your incentive). Has the assessor weighed in on how it plans to value the "base year" or the assessed values during construction for spaces that are converted from office to residential?

FAQs related to Affordable Illinois HB2621 can be found here: <https://www.cookcountyassessor.com/faq/affordable-housing> and any questions can be submitted to the Assessor's Office at this email address: assessor.AHSAP@cookcountyil.gov

17. If a proposal is not one of the winning proposals, is the City open to continued collaboration in advancing the LaSalle Street Plan?

Yes.

18. Will priority be given to smaller projects, thus allowing for a broader distribution of the TIF across projects along the corridor?

As identified in the IFP, the City's priority is to adaptively reuse buildings that have been identified as historic and to consider if the project would be a catalyst to bring other investments in the area. The City encourages interested entities to submit a proposal for consideration.

19. How does the new 34th ward and incoming alderman impact the IFP award or decision process?

When the new 34th Alderman is elected, DPD will ensure this alderman is briefed on the submitted proposals and on the next steps. Redevelopment agreements require City Council approval prior to their execution.

20. Can the financial stack for the proposal include 4% tax credits, TIF, and the Affordable Illinois (HB2621) incentive? What applications are needed?

Yes, the financial stack can include all three items. See page 1, (2) of this Addendum for financial information that is required to be submitted as part of an IFP response. After the winning IFP proposals are selected, the awardees will be required to submit the DOH Multi Family Housing Assistance Application. HB2326 is a separate application through the assessor. Additional FAQs related to Affordable Illinois HB2621 can be found here:

<https://www.cookcountyassessor.com/faq/affordable-housing>

21. If we are unable to obtain an executed purchase and sales agreement due to a building in the foreclosure process would DPD allow an alternative site control deliverable for submission? Possibly a Letter of Interest or an agreement to enter into a Purchase Sale Agreement after the foreclosure process is complete?

See page 1 of this Addendum for response to this question.

22. How much of a formal commitment do you want to see with our various vendors at the time of submission?

The IFP includes information regarding submission requirements for the respondent's organization under "02" on page 33:

https://www.chicago.gov/content/dam/city/depts/dcd/rfps/LaSalle_Street_IFP.pdf

23. Do the plans to convert these buildings to residential use include making sure all the buildings have sprinkler systems installed? I am worried that they will be grandfathered in as historic landmark buildings and not be required to install or update sprinkler systems.

New residential units in a mixed-use building will require the building to be fully sprinklered. Other non-residential occupancies in the building that are located in a separate fire area may not be required to install a sprinkler system. The landmark exception that allowed unsprinklered high-rise landmark buildings built before 1975 to obtain engineered life safety upgrades instead of a retro installation of a sprinkler system only applied to non-residential buildings.

24. What is the household income levels for different unit types (studio, one bedroom, two bedroom, and three bedroom)?

Here is a link to the 2022 table for income limits and maximum affordable monthly rents:

https://www.chicago.gov/content/dam/city/depts/doh/general/2022_HUD_income_limits_chart.pdf. These tables are updated annually by HUD (typically around June).

25. Is there also a rent limitation as a percentage of household income?

IFP proposals must provide a minimum set-aside of 30% at a weighted average of 60% of the Area Median Income (AMI). For example, if the total # of units in a building is 100 units, the ARO AMI mix would be: 5 units at 80% AMI, 5 at 70% AMI, 10 at 60% AMI, 5 at 50% AMI and 5 at 40% AMI for a total of 30 affordable units. Please note that the unit type (studio, 1 BD, 2 BD, etc.) must be evenly distributed across every AMI level.

26. If we agree to add 30% affordable units to our unit mix (versus as of right with no affordable), what is the level of TIF subsidy that would be reasonable to assume?

Proposals are limited by the requirements under the TIF statute that reimburse up to a percentage of the affordable development expenses. Proposals will first need to apply other sources of assistance to reduce the gap, such as the 20% Federal Rehabilitation Tax Credit, the Affordable Illinois State Tax Incentive (HB2621), and any eligible local incentives. TIF may cover the remaining gap.

27. Lower affordable rents rarely cover the amount of operating expenses and real estate taxes allocable to the affordable units, so there is a negative return on the cost to build. The TIF subsidy would reduce the cost and alleviate the negative impact of building the affordable - Is this consistent with how the city intends to offer TIF to support the construction of affordable units?

The Affordable Illinois State Tax Incentive (HB2621) is designed to deal with the operating cost deficiency between the affordable rents and the per unit operating costs. More info can be found attached and at <https://www.cookcountyassessor.com/affordable-housing>

28. Please provide information on the tax-exempt bond program that is unique to the City of Chicago.

The city receives an annual allocation of tax-exempt bonds for the purpose of developing affordable housing. The city's Qualified Allocation Plan (QAP) guides the allocation of its LIHTC and tax-exempt bonds. The link to the QAP can be found here:

<https://www.chicago.gov/city/en/depts/doh/provdrs/developers/svcs/multi-family-assistance.html>

29. Is there any limit on the size and underwriting of the tax-exempt bonds? Loan per unit type? Or an overall size limitation?

The City receives an annual allocation of volume cap and retains any carryover for a limited period. In recent years, demand for tax exempt bonds have increased and the process is becoming competitive. Every year, the City receives around \$270M in volume cap.

30. Based on past experience, did the bonds require credit enhancement (from HUD or letter of credit) in order to be sold in the market?

The determination of credit enhancement vs. non-credit enhancements is usually initially determined by an underwriter and/or financial advisors analyzing the financial capacity of the owner/borrower and the security/revenues stream pledged for the bonds. In addition, the underwriter/financial adviser will work to determine if there are likely purchasers of the bonds based on that specific credit profile – either via public offering or private placement.