

City of Chicago
Department of Housing and Economic Development

STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REGARDING
A PROPOSED NEGOTIATED SALE OF CITY-OWNED PROPERTY
April 5, 2011

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	Pullman Suites Senior Apartments
Applicant Name:	Marshall Davis Ministries
Project Address:	17-29 E. 112 th Place
Ward and Alderman:	9 th Ward/Alderman Anthony A. Beale
Community Area:	#49 Roseland
Redevelopment Project Area:	Roseland - Michigan Redevelopment Project Area and TIF
Requested Action:	Negotiated Sale of vacant City-owned land.
Proposed Project:	Construction of a five-story senior apartment building providing 60 units of affordable rental housing for independent seniors.
Appraised Market Value:	\$300,000 (\$ 6.14 s.f.); appraised September 2, 2010. Great Realty Advisors
Sale Price:	\$1 per parcel
Acquisition Assistance:	\$300,000 represents 2.00% of total project costs.
TIF Assistance:	None

II. PROPERTY DESCRIPTION

Address: 17-29 East 112th Place, Chicago, IL 60628

Location: Southeast corner of West 112th Place and South State Street in the Roseland Community.

Tax Parcel Number: 25-22-106-009 and 25-22-106-041.

Land Area: 31,333 square feet (0.72 acres)

Current Use: Vacant lot

Current Zoning: B2-3 Neighborhood Mixed-Use District

Environmental Condition: Environmental Clearance was issued on May 13, 2010. DOE determined that the project is in compliance with HUD environmental laws and authorities.

Inventory Profile: To be determined.

III. BACKGROUND

IV. PROPOSED DEVELOPMENT TEAM

Owner: Pullman Suites, L.P.

Development Entity: Marshall Davis Ministries, Inc.

Experience: This project will be the first development for this developer. However, this developer has hired as its attorney, Gregory Miller, who has been the consultant and attorney to another faith-based organization, Antioch Missionary Baptist Church. Antioch Church successfully developed two DHED-assisted multi-family affordable housing developments with Mr. Miller packaging and consulting on both of these projects.

Consultants:

General Contractor: Safeway Construction Company/John Bonds
Architect: Triad Consortium Limited
Lead Lender: Chicago Community Loan Fund (CCLF)
Counsel: Miller & Ferguson/Greg Miller
Consultant: Environmental Consulting Group, Inc
Property Manager: Triangle & Associates

V. PROPOSED PROJECT

Each residential unit will have a combination living/dining area, full residential kitchen, bathroom, and provisions for storage. All bathrooms and bedrooms will be equipped with emergency pull chords connected to the manager’s desk.

The building entrances and upper stories will be fully accessible to seniors and visitors with physical disabilities. The first floor will be at grade and the second through fifth floor will be accessible by elevator. Hallways and residential units will be designed with the highest standard of visit ability and universal design in mind. One hundred percent of the total units will be fully accessible /adaptable and an additional 5% will be H/V compliant per the City of Chicago MOPD requirements. All accessible/adaptable units will have the required clearances and fully accessible/adaptable kitchens and bathrooms.

The building will be a green, energy-efficient structure and will have a 50% green roof and a parking lot constructed of permeable pavers. Please see exhibits for comprehensive list of green features.

Residential Unit Profile: The following table provides a detailed description of the proposed project:

Rental Unit Profile

Unit Type	Number	Market/ Affordable	Size-sf	Monthly Rent
1 bedroom	59	Affordable at 50% AMI	526 sq. ft.	\$675*
1 bedroom	1	Affordable at 50% AMI	700 sq. ft.	\$700**
Total	60			

* Tenants pay for gas for cooking and hot water heating.

** This unit will be the resident Manager’s unit.

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

Environmental Features:

- Green Homes Checklist for Multifamily New Construction
- Meets IL DCEO Energy Standards
- 50% of total roof area is green space
- Energy Star refrigerators and clothes washers
- Permeable concrete paving for all outdoor paved areas

VI. FINANCIAL STRUCTURE

The following tables identify the sources and uses of funds.

SOURCES and USES of FUNDS

Permanent Sources of Funds

Source / Type	Lender / Partner	Amount	% of Total Dev Costs
Community Loan Fund	CCLF	\$ 750,000	5.08 %
City HOME	DHED	\$ 8,116,725	55.01 %
DTC Tax Credit Equity	State of Illinois	\$ 127,500	.86 %
LIHTC Equity	Community Group ILL Inc.	\$ 5,760,000	39.05
TOTAL		\$14,754,225	100.00%

USES:

Amount \$/sf of Building***

Land Acquisition	\$2	
Security	\$ 250,000	\$ 5.12
Hard Costs		
Construction Costs*	\$8,692,065	\$177.92
Contingency	\$ 521,524	\$ 10.67
Bond Premium (G.C.'s Insurance)	\$ 209,000	\$ 4.28
GC, Overhead & Profit	\$ 782,285	\$ 16.01
Other Construc. Costs (Site Preparation)	\$ 125,000	\$ 2.56
General Conditions	\$ 956,127	\$ 19.57
Soil Testing	\$ 25,000	\$.51
Environmental Remediation	-0-	
Total Hard Costs	\$ 11,561,003	

Soft Costs

Architect's Fees (Design and Supervis.)	\$ 895,000
Engineering Fees	\$ 56,000
Blue Prints & Reproductions	\$ 30,000
Title and Surveys	\$ 65,000
Accountant	\$ 28,000
Legal Fees (Organizat., Synd. & Lender)	\$ 256,000
Marketing	\$ 60,000
Tax Credit Issuer & Application Fees)	\$ 40,000
Construction Interest	\$ 75,000
Reserves	\$ 567,500
Developer Fee	\$ 924,773
Other Soft costs	<u>\$ 195,950</u>

Total Soft Costs (21.81% of total costs)	\$ <u>3,193,223</u>	\$ <u>65.36 psf</u>
Total Uses	\$14,754,225	\$302.00 psf

***Gross building area is 48,855 square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits:

Affordable Housing: The project will provide 60 new affordable housing units for independent seniors.

Environmental Features: The project will incorporate the following features:

- 2 star building Meets IL DCEO Energy Standards
- 50% of total roof area is green space
- Energy Star Appliances
- Permeable concrete paving for all outdoor paved areas

Construction Jobs: The project will create 75-100 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.

Permanent Jobs: The project is estimated to create 3 permanent jobs in on-site program staff and maintenance.

VIII. COMMUNITY SUPPORT

Alderman Beale endorses the project and has provided a letter of support (see exhibits for copy). The project has been presented to residents at several community meetings over the past five years; and is fully supported.

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the Roseland Michigan TIF Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan:

- An improved quality of life in the project area and the surrounding community.
- A mix of housing styles, rental costs, sale prices, and densities that meets the needs of the Roseland and West Pullman communities, including rental and ownership opportunities for very low, low, and moderate income residents.
- An environment which will contribute more positively to the health, safety, and general welfare for residents in the project area and surrounding community.
- The elimination of the influences and manifestations of physical and economic deterioration and obsolescence with the project area.

The implementation strategy for achieving the plan's goals envisions the sale of City land for residential development. The proposed project also conforms to the plan's land use map, which calls for residential, commercial, and mixed use developments.

X. CONDITIONS OF SALE

If the proposed resolution is approved by the CDC, DHED will release a public notice announcing the proposed sale and seeking alternative developments proposals. The public notice will be published in one of Chicago's metropolitan newspapers at least once for each of three consecutive weeks. If no responsive alternative proposals are received within 30 days of the publishing of the first notice, the department will accept a good faith deposit from the proposed developer, and a redevelopment agreement will be negotiated. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DHED 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 Housing and Economic Development has thoroughly reviewed the proposed Project, the qualifications of the development team, the financial structure of the project, its public benefits, and the projects' conformance with the redevelopment area plan, and DHED recommends that the CDC approve the sale of 17-29 E. 112th place to Marshall Davis Ministries for development of Pullman Suites Senior Apartments, a five story, 60 unit affordable rental apartment building for independent seniors.

EXHIBITS

Redevelopment Area Map
Neighborhood Aerial
Plat of Survey
Site Plan
Parking Site Plan
Typical Floor Plan
Front Elevation or Rendering
Green Features
Sample M/WBE Letter
Copies of M/WBE Certified Letter Receipts
Letter of Interest from funding sources
Community Letters of Support
Alderman's Letter of Support