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REPORT OF THE  
ADVISORY COMMITTEE FOR  
SCHOOL REPURPOSING  
AND  
COMMUNITY DEVELOPMENT



FEBRUARY 2014

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## LETTER FROM THE COMMITTEE

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Dear Mayor Rahm Emanuel and  
Chicago Public Schools' CEO Barbara Byrd-Bennett,

At your request, the Advisory Committee for School Repurposing and Community Development has created a set of guiding principles and a proposed process for repurposing the schools recently closed by the Chicago Board of Education in ways that maximize community benefit. In many ways, these properties can serve as community anchors, each with its own distinctive identity. You requested that any process for identifying new uses for these properties acknowledge the changing needs of the surrounding communities. You also asked that the resulting repurposing contribute to residents' quality of life, the community's vitality, the city's competitiveness, and the region's economy.

We know that residents and City leadership alike are interested in maintaining and growing population, strengthening economic activity, and increasing economic opportunity. As we worked to establish guiding principles and criteria for repurposing, we paid close attention to the need to ensure community input. We also understood the importance of acting quickly to diminish the effect vacant properties can have on community vitality and public safety.

We understand that CPS faces a substantial challenge in determining how best to reuse these properties. We appreciate the opportunity to help shape a process that we hope will serve to transform these properties into valued community assets that should, in turn, help to strengthen the communities they serve.

Sincerely,

Wilbur Milhouse  
Chair  
Advisory Committee for School Repurposing and Community Development



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## EXECUTIVE SUMMARY

On May 22, 2013 the Chicago Board of Education voted to close 50 of the system’s underutilized public schools. Many of the properties, spread across 21 city wards, can continue to be assets in their neighborhoods and for the city as a whole. To ensure decisions around these sites are made in the best interests of their local communities, Mayor Rahm Emanuel, on August 23, 2013, created the Advisory Committee for School Repurposing and Community Development. This Committee, a group of independent community and civic leaders, was tasked with recommending a framework and implementation plan for repurposing the sites of the properties.

The Advisory Committee reviewed recommendations from various existing community planning efforts, including Community Action Councils’ plans and LISC Chicago’s quality-of-life plans, as well as citywide plans like Sustainable Chicago 2015, Chicago Neighborhoods Now, the City’s Five-Year Housing Plan, and the Chicago Housing Authority’s Plan Forward. The City of Chicago and various sister agencies, such as the Chicago Park District, were also asked to review the property and identify potential repurposing opportunities.

A key consideration for the Committee was how to make the most efficient use of these properties in timely, financially viable ways that returned them to constructive use quickly.

Finally, the Committee worked to create a process that would not only be transparent, but would actively solicit community input on each location, and as the process moves forward, on the specific proposals for each site.

Adding to the complexity of the issue, the Advisory Committee had to ensure that its recommendations did not violate bond requirements, State statutes and tax considerations that govern the disposition of school buildings in Illinois.

In order to address all of these issues, the Committee makes three recommendations: (1) a three-phase repurposing process that reflects a set of guiding principles; (2) community engagement that is authentic, fully informed, and influential; and (3) a dedicated fund, equal to the value of proceeds from the sale of a small number of properties at market rates, to support the process, facilitate projects with high community value, and provide technical assistance to community-based organizations that propose to undertake redevelopment.

To get the process started as quickly as possible, the Advisory Committee proposes a multi-phase effort. The first phase should allow for repurposing within CPS or the early transfer of properties to sister agencies for uses that meet bond requirements, State statutes and tax considerations. In addition, because occupancy can help preserve buildings and reduce maintenance costs, some temporary leases should be extended to non-governmental organizations until a final repurposing plan can be adopted.



Francis Scott Key Elementary School



The remainder, and majority, of properties should then be opened to public bidding via a solicitation. This process, to be managed by the Chicago Public Schools, should be initiated as quickly as possible in 2014. All requests should be reviewed by a committee that includes experts in real estate, development, social services, finance, and lending, and members of the CPS staff. Every facility should be available for viewing on a public website, which should include details about the facility and invite the public to leave comments about suggested uses. Each location should also be open, on at least one occasion, for a walk-through by interested parties.

Responses to the solicitation should be assessed on financial viability, community support, and potential positive impact on the community. Proposals that make efficient use of the property in a manner that most benefits the community should be prioritized. Before a final decision is made on any location, proposals should be presented to local residents at community meetings. Residents should be ensured the opportunity to offer their feedback during the community meetings.

Responsibility for handling the repurposing of properties that remain after this initial solicitation process should then be transferred to a third-party revitalization partner, an agent with the expertise and ability to market the properties to additional purchasers and maintain the buildings in the interim.

The Advisory Committee recognizes that this process cannot continue indefinitely. Ultimately, structures on the properties that remain after the full repurposing process may need to be demolished. The goal of the process detailed in this document is to minimize the number of properties that fall into that category.

The Advisory Committee believes that these recommendations will result in a balanced, transparent, and inclusive process that will put many of the closed buildings back into constructive use as quickly as possible.



Robert Nathaniel Dett Elementary School

## VISION

There is not a one-size-fits-all process to determine the best uses for the buildings currently vacant. Indeed, Chicago communities have diverse populations and varied needs. As such, the repurposing process for the properties should meet those needs in a responsive and fiscally responsible way.

In determining how best to repurpose these properties, we believe that:

- Community input is vital
- If repurposed in the right way, many of these buildings can create opportunity and positive change in their communities
- Though financial consideration should not be a driver, economic reality dictates that some hard choices may need to be made, including possible demolition of buildings that cannot be efficiently repurposed in an economically viable way





## ADVISORY COMMITTEE CHARTER AND GUIDING PRINCIPLES

On August 23, 2013 Mayor Rahm Emanuel announced the creation of the Advisory Committee for School Repurposing and Community Development. This group of community and civic leaders, planning experts, social service providers, and government officials was tasked with providing strategic recommendations to the City of Chicago on a process to repurpose closed school buildings.

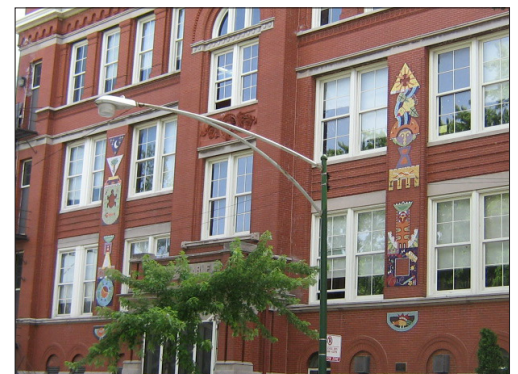
### Charter for the Advisory Committee for School Repurposing and Community Development

The Advisory Committee for School Repurposing and Community Development is being established to recommend a framework and implementation plan for repurposing closed school buildings to realize their value as community assets.

The majority of the CPS buildings are in communities already challenged by the economic downturn and foreclosures. However, these communities have significant assets and are vital to the city's future. Residents and City leadership alike are interested in maintaining and growing population, strengthening economic activity, and increasing economic opportunity. If strategically repurposed, these buildings and their land have the potential to make a significant contribution to residents' quality of life, community vitality, city competitiveness, and the regional economy.

The Committee will review and consider a variety of sources of information about the specific buildings and the communities in which they are located, including:

- Physical and financial assessments on the conditions of each of the buildings from Chicago Public Schools, City of Chicago, and independent experts
- Demographic, economic, and other trends for the local communities, the city, and the region
- Maps of assets, vacant and abandoned buildings, code violations, crime incidents, and other relevant information in the areas proximate to the school properties
- Existing area, neighborhood, or corridor plans created through neighborhood/community planning efforts or by the City of Chicago
- Relevant provisions or recommendations from other City-generated plans, including Sustainable Chicago 2015, the City of Chicago Neighborhoods Now Plans, and the Chicago Housing Authority's Plan Forward



Charles W. Earle Elementary School

- City of Chicago and other governmental agencies’ programmatic needs
- The Committee may determine that broader input is required and may engage other participants or seek ideas as part of its review

The Committee’s recommendations will be made to the City of Chicago and will:

- Categorize the properties according to their potential for strategic repurposing
- Recommend a set of principles to guide decisions about repurposing the properties
- Recommend a process for engaging community representatives
- Recommend a process for soliciting and reviewing proposals
- Recommend an implementation plan and timeframe

### Guiding Principles

The Advisory Committee crafted a set of principles to guide the repurposing process.

#### Primary Priorities

- Assess facilities by their ability to advance existing community, citywide, and City/sister-agency plans

- Prioritize reuse strategies for purposes that will make the most efficient use of the current facility configurations
- Create the most efficient, flexible, and streamlined process for facility disposition
- Assure future uses are financially viable

#### Additional Priorities

- Create a once-through process that identifies and begins redevelopment plans for all facilities within three years
- Assure the disposition process is transparent
- Allow for some facilities to generate revenue to support the redevelopment of other facilities
- Value and preserve the architectural significance of the facilities
- Provide a process for locally-involved planning around those facilities that do not currently have a community plan or for which there is not strong local agreement for the vision and reuse
- Provide technical assistance to reuse strategies led by community-based or other nonprofit entities



Daniel S. Wentworth Elementary School

## RECOMMENDATIONS

### REPURPOSING AND DEVELOPMENT PROCESS

1. Establish a three-phase process that reflects the guiding principles:
  - Immediate Reuse
  - Competitive Redeployment
  - Development through a Revitalization Partner
  
2. Ensure community engagement that accomplishes the following goals:
  - Community has full information about all properties
  - Community is offered the ability to review and provide input into all proposals

In considering various options, the Committee gathered and reviewed information relative to the physical and financial status of the properties, governmental agencies’ programmatic needs, and demographic, economic, and other trends affecting local communities. The Committee also was advised about bond requirements, State statutes and tax considerations, which limit the acceptable reuses of properties that are not sold at Fair Market Value.<sup>1</sup>

#### Phase One: Immediate Reuse

The Immediate Reuse stage of the process is intended to quickly put to use buildings that may help meet the programmatic needs of the City of Chicago or other governmental agencies. The Committee recommends that this stage begin without delay, as early as the first quarter of 2014, with City or other governmental agencies taking ownership of the facilities soon after. After facilities that are candidates for Immediate Reuse are identified, community meetings should be held for those properties, to inform community members of the plans for the buildings.

Agencies seeking to gain access to school facilities in the Immediate Reuse phase should be expected to:

- Fully describe the use for the facility and its benefits to the community
- Demonstrate the financial viability of the proposal
- Provide evidence that the local Alderman supports the proposed use



Ana Roque de Duprey Elementary School/  
Alexander Von Humboldt Elementary School

<sup>1</sup> Buildings sold at Fair Market Value would likely not face restrictions on use, but there would be limitations on how CPS could utilize the proceeds from those sales as well as restrictions on how Fair Market Value is achieved. If a school building does not fall within this fair market value category, it can be repurposed for use by another governmental agency only for qualified governmental purposes – a category that is broad, but does include some significant restrictions on use. The governmental agency taking possession of closed school buildings from CPS would need to provide the district with various tax covenants, including documentation stating that the agency will continue to use the property for qualified uses. Buildings sold at Fair Market Value would not face any restrictions on use, but there would be limitations on how CPS could utilize the proceeds from those sales. There are also mandated restrictions on the use of private brokers in the disposition of school properties. Any decision to sell or transfer property must be approved by a vote of two-thirds of the school board. For properties that are neither sold at Fair Market Value nor turned over to another government agency for qualified use, district lawyers may need to do further analysis on related bond issues on a case-by-case basis, which would identify which properties face further tax issues.

Beginning in the Immediate Reuse phase, CPS or a City agency could identify an interim use for a property, until a permanent use is determined. Allowing interim uses diminishes the blight of a vacant property, reduces CPS’s carrying costs, and may produce revenue that can support the repurposing process. Permission to use a property on an interim basis should not privilege the occupant in the formal repurposing process.

After an initial review of space needs, the following schools have been identified for repurposing in the Immediate Reuse Phase:

- William H. King Elementary School – The City of Chicago’s Department of Fleet and Facility Management is working to consolidate functions at several leased locations, and has identified King School as a location that will support those functions in the most cost-effective manner
- M. Jean Lafayette Elementary School – The Chicago Public Schools has identified Lafayette School as a future location for the Chicago High School for the Arts, a public high school within the system

Other properties may be identified as the formal process begins. In addition, one school is currently being occupied on an interim basis:

- John Fiske Elementary School – Fiske is temporarily being used by the Woodlawn Children’s Promise Community to house community, health, and an alternative school program

Additionally, CPS has advised the Committee that it may wish to retain a property for future use. A location has not been chosen. That interest notwithstanding, CPS will include all of its locations in the initial offering of properties to allow other financially viable, community-supported uses to surface.



William H. King Elementary School



John Fiske Elementary School

**Phase Two: Competitive Redeployment**

The Competitive Redeployment phase, which will mark the first public offering of the properties, should expedite their transfer and productive reuse. Most communities housing vacant properties have been considering ideas for their reuse since the buildings closed. Community groups and other interested parties have been very eager to submit proposals for reuse and this phase, as proposed, allows for a formal review and quick decision on any reuse plan.

**Bidding Period**

The solicitation process, facilitated by CPS with the assistance of external advisors, should:

- Incorporate criteria that clearly articulate the guiding principles and recommendations
- Provide sufficient time for community engagement and technical assistance

- Offer site tours at scheduled times between mid-February and mid-March
- Include on the website information for individuals unable to attend the site tours, including photographs and basic physical and financial information about the properties
- Provide on the website a forum function allowing visitors to leave ideas about proposed reuses
- Offer technical assistance to potential applicants before proposals are due, helping interested community groups understand solicitation requirements, viable financial scenarios, and attributes of a strong proposal (more information is included in the Financing Tools section)

	2013	2014				2015				2016				2017			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Phase One: Immediate Reuse</b>																	
Assess facilities for immediate action																	
- Public facilities - immediate use, funded, Aldermanic support																	
- Interim uses - short-term, Aldermanic support																	
Complete data collection*																	
Procure revitalization partner																	
<b>Phase Two: Competitive Redeployment</b>																	
Create website with data on properties																	
Host property walk throughs																	
First offering of properties																	
Host community meetings to solicit input on proposals																	
Assess proposals against screening criteria																	
Board of Education review and action																	
Execute redevelopment agreements for accepted proposals																	
Begin redevelopment projects																	
Execute contract with property revitalization partner																	

\* Includes property assessments and condition reports; neighborhood, City, and sister agency plans; and the analysis and assimilation thereof.

Chicago Public Schools should convene an advisory review and evaluation committee of individuals with relevant skills or knowledge, including real estate, finance, development, and local community needs. The review and evaluation committee should include six people, each with expertise in one of the following categories:

- **Community and Neighborhood Planning** – This person should have an expertise in planning, zoning, or land use, and would ensure that repurposing proposals are consistent with existing plans for their local areas, and are compatible with other neighborhood uses
- **Community Benefit** – This person, from a neighborhood development group or a community service provider, would weigh in on the overall benefits to communities
- **Job Creation** – This person, from the labor sector or one of the Mayor’s small business or diversity advisory boards, would weigh in on job creation potential, including local hiring, both during construction and post construction
- **Economic Development** – This person, from a Chamber of Commerce, a real estate consulting firm, or the City’s Department of Planning and Development, would weigh in on tax generation and other potential economic benefits
- **Project Implementation** – This person, from either a nonprofit or a for-profit developer, would weigh in on the feasibility of individual proposals
- **Community Engagement** – This person, a CPS parent or other community representative, would bring the perspective of a local resident

This advisory group would work with CPS staff members to create criteria for proposals and advise on the community process.

Chicago Public Schools’ property conveyance process is governed by bond requirements, State statutes and tax considerations that require that it negotiate with the highest responsive bidders. However, CPS may

include additional criteria and qualifications as threshold requirements for determining responsiveness. The Advisory Committee has identified minimum criteria for consideration of any proposal:

- **Strength and capacity of team:** Proposers must have the skills and capacity needed to implement the project
- **Experience with similar projects:** Proposers must have demonstrated experience in successfully implementing similar projects
- **Financial viability:** Proposals must be financially viable and sustainable
- **Demonstrated community support:** Proposals must have the support of the community
- **Benefit to community:** Proposals must provide a benefit to the community, such as employment opportunities, health care, housing, access to fresh produce, etc.

**Additional criteria include:**

- **Relevance to existing plans:** Greater consideration shall be given to proposals that clearly advance existing community or citywide plans
- **Use complementary with surrounding neighborhood:** Greater consideration shall be given to proposals that clearly align with the surrounding neighborhood by, for example, maintaining similar residential densities or compatible commercial uses
- **Vibrancy and security:** Greater consideration shall be given to uses that either create a sense of street-level vibrancy or provide an increased element of security
- **Timeframe for implementation:** Greater consideration shall be given to projects that can begin relatively quickly
- **Acceptance of redevelopment agreement:** Greater consideration shall be given to proposals that accept the terms and conditions of the sample redevelopment agreement included with the offering

- **MBE/WBE participation:** Greater consideration shall be given to proposals that provide significant and meaningful opportunities for participation by minority- and women-owned businesses
- **Opportunities for local hiring during construction:** Greater consideration shall be given to proposals that provide significant and meaningful opportunities for local hiring during construction
- **Overall opportunities for hiring post construction:** Greater consideration shall be given to proposals that provide significant and meaningful opportunities for hiring post construction
- **Collateral economic benefits:** Greater consideration shall be given to proposals that provide significant collateral economic benefits, such as indirect job creation or business opportunities for local firms
- **Increased tax generation:** Greater consideration shall be given to proposals that generate additional tax revenue for the City
- **Other special considerations:** Greater consideration shall be given to proposals that provide other identifiable benefits to the community

All proposals determined to be responsible, responsive, and that meet the above criteria should be referred to the community engagement process prior to acceptance of a proposal by CPS.

**Community Engagement in the Review of Proposals**

CPS should engage with the community by requesting that Aldermen facilitate at least one local meeting for each property being repurposed. These meetings should provide sufficient time for all potential purchasers to present viable proposals for reuse to local residents. The meetings should be preceded by a broad outreach effort to advertise the meeting date, time, and location. The meetings should allow residents the opportunity to provide their input on the specific proposals. To ensure that those who cannot attend the meetings are able to offer their input, CPS should create a website that would include information on the reuse proposals for each site, and a space for visitors to leave their ideas and comments. The website should document the ideas that are collected online in the same way that it documents the ideas offered at the community meetings. Information about ideas and other relevant comments should be available publicly, either online, or in some other easily accessible way. All input – that collected both at the meetings, and online – should be included as part of the solicitation and review of proposals.

**Final Recommendations to the Board of Education**

Final recommendations to the Board of Education should be based on the criteria outlined above and reflect community input. They should acknowledge the citywide redevelopment context, taking into account how each proposal aligns with other forward-looking imperatives such as the City’s housing plan, public safety proposals, and Park District investment and development plans. The Board of Education can accept or reject proposals by a vote at its monthly meetings.

	2013	2014				2015				2016				2017			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Phase Three: Development Through A Revitalization Partner</b>																	
Continue community engagement process including community planning sessions where plans do not exist, maintaining/ updating the repurposing website, hosting community meetings to review proposals																	
Prepare and issue bid solicitations for remaining properties																	
Assess proposals against evaluation criteria																	
Board of Education review and action																	
Execute redevelopment agreements																	
Begin redevelopment projects																	
Final offering - all remaining facilities																	
Demolish remaining facilities																	
Monitor redevelopment projects																	

### Phase Three: Development through a Revitalization Partner

This phase is designed to help CPS deal with properties where a community or financial benefit is not readily available or apparent, including properties in areas without a community plan or strong local agreement on a vision for reuse. This would also be the period when community groups or other entities that have a nascent vision, but require time or assistance to put together a viable proposal, receive the technical assistance they need.

CPS should engage an entity whose core business is real estate planning and community redevelopment for this phase. In order to ensure that this happens in a timely manner, CPS should immediately start the process of identifying a Revitalization Partner, so that properties remaining after the Competitive Deployment phase can be immediately referred for planning their reuse. CPS should consider land management agencies and real estate professionals specializing in the reuse of large-scale, public-sector properties. With the counsel of the advisory committee, CPS should solicit and recommend to the Board of Education an entity (or team) to take on this work.

#### *Community Engagement and Assistance*

The Advisory Committee expects that the Revitalization Partner may need to seek additional technical assistance, community planning, and potentially philanthropic help during this stage to facilitate a more comprehensive community outreach and planning process. Ideas for ways that the remaining properties can become viable community assets may emerge during this phase.

Several organizations could be available to support reuse planning, including:

- Landmarks Preservation Council of Illinois
- BauerLatoza Studio, an architecture firm with an emphasis on preservation and sustainable design (as an added resource, the firm has launched a Chicago Historic Schools website: <http://chicagohistoricschools.wordpress.com/>)
- Urban Land Institute Chicago
- Metropolitan Planning Council

The Revitalization Partner should be contractually bound to implement the Community Engagement process outlined earlier, including community meetings coordinated with the local Aldermen.

#### *Routine Review Reporting*

The agreement with the Revitalization Partner should require routine reports on the status of each property to CPS. Those reports should be made available to the public. When a specific reuse has been identified and determined viable, the Revitalization Partner should be required to present the proposed conveyance to the Board of Education. The Board can accept or reject the proposal by a vote at its monthly meetings.

#### *Final Decisions*

If properties remain after Phase Three, the Revitalization Partner should have the authority to determine their final disposition, including demolition.





## POTENTIAL USES OF BUILDINGS

School buildings often occupy a prime location in their communities, with ample frontage, and a commanding physical presence. Given those characteristics, many closed buildings have already garnered interest for various types of repurposing. While final decisions will not be made outside of the formal process, interested parties have already proposed the following uses for specific properties:

- Urban farming
- Reuse by a church
- Community center
- Tutoring and mentoring program
- Reconfiguration as a contract school to serve at-risk students
- Reconfiguration for use by a private school

- Senior and affordable housing
- Private school after-school program
- Health clinic
- Residential development
- Community arts center
- Activity center for Chicago Park District properties
- City agency reuse

Other potential reuses include commercial development and mixed-use development.



Anthony Overton Elementary School



## FINANCING TOOLS

### 3. Establish a fund with proceeds from the sale of properties

A limited number of the properties will likely be attractive to developers and could be sold at prices that reflect current market rates for future residential, commercial, or mixed-use developments. At the other end of the spectrum, some sites have limited market value, notwithstanding strong community interest in their reuse. The remaining properties fall somewhere in between, with the potential to generate some level of revenue upon sale.

Although details have not been worked out, a fund equivalent to proceeds of the sale of properties should be used to:

- Support the Revitalization Partner
- Make a modest contribution of initial capital to purchasers for the acquisition of some properties
- Provide technical support to potential purchasers

The Advisory Committee has collected information designed to assist potential purchasers. Five illustrative redevelopment scenarios (See appendix B) provide information on potential partners, timelines, capital requirements, operating budgets, and other relevant issues. These scenarios focus on the following uses:

- Repurposing an existing building for affordable housing
- Repurposing an existing building for market-rate housing
- Repurposing an existing building for a multi-purpose community center, anchored by a health clinic
- Demolishing an existing building and constructing a new commercial development
- Demolishing an existing building and constructing a new mixed-use development

A number of organizations can provide further technical and/or financial assistance related to Low-Income Housing Tax Credits and affordable housing:

- Illinois Housing Development Authority (IHDA) for Low-Income Housing Tax Credits
- City of Chicago has no uncommitted allocations through 2017
- CHA for potential Section 8 vouchers

Potential sources of capital and technical assistance:

- LISC Chicago
- Illinois Finance Fund
- Local foundations
- For-profit lenders

Other potential sources of capital and operating funds:

- Federally Qualified Health Care Centers designation from U.S. Department of Health and Human Services
- Federal grants targeting specific populations (Example: homeless veterans)

# APPENDIX

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**APPENDIX: SCHOOL CLOSINGS AND REPURPOSING**

**A. Citywide and Agency Plan Matrix with Facility Maintenance Costs**

**School Consolidation Reference**

School Name	Address	Citywide Plans					Agency Plans					Facility Info					
		CAC Plan	LISC Quality of Life	Plan to End Homeless 2.0	Chicago Sustainability Plan	Cultural Plan	5 Year Housing Plan	CHA	CPS	Fleet and Facility Management	Park District	Park Adjacent	TIF District	Acreage	Maintenance Cost As School	Carry Costs as Vacant	Mechanical Need
ARMSTRONG, L	5345 W Congress Pkwy											X	1.34	\$115,300	\$38,550	No	No
ATTUCKS	5055 S State St	X										X	3.6	\$225,867	\$23,855	Yes	Yes
BONTEMPS	1241 W 58th St		X										1.39	\$238,267	\$80,696	Yes	No
BUCKINGHAM	9207 S Phillips Ave				X								1.53	\$115,850	\$17,570	No	No
BURNHAM	1903 E 96th St												3.09	\$141,517(M) \$135,833(B)	\$19,482(M) \$23,729(B)	Yes	Yes
CALHOUN	2833 W Adams St		X										3.62	\$280,067	\$64,867	Yes	No
CANTER	4959 S Blackstone Ave												2.71	\$167,550	\$67,001	Yes	No
COURTENAY	1726 W Berteau Ave												1.41	\$143,900	\$27,464	No	No
DETT	2306 W Maypole Ave		X								X	X	1.79	\$252,933	\$51,458	Yes	No
DODGE	2651 W Washington Blvd		X									X	2.85	\$267,600	\$899,144	No	No
DRAKE	2722 S King Dr	X										X	3.48	\$245,050	\$147,672	Yes	Yes
DUPREY/VON HUMBOLDT	2620 W Hirsch St	X	X										2.78	\$440,667	\$121,028	Yes	No
EARLE	6121 S Hermitage Ave		X									X	4.39	\$310,592	\$110,030	No	No
EMMET	5500 W Madison St												3.51	\$272,733	\$119,696	No	Yes
FISKE	6145 S Ingleside Ave		X					X				X	2.74	\$269,250	\$83,867	Yes	No
GOLDBLATT	4257 W Adams St												2.07	\$254,217	\$79,655	Yes	Yes
HENSON	1326 S Avers Ave		X										2.44	\$257,883	\$90,194	No	Yes
KEY	517 N Parkside Ave											X	2.13	\$284,650	\$111,702	No	Yes
KING	740 S Campbell Ave								X				2.77	\$234,233	\$38,784	Yes	No
KOHN	10414 S State St												4.3	\$323,150	\$122,652	Yes	Yes
LAFAYETTE	2714 W Augusta Blvd	X						X					2.23	\$430,767	\$118,125	Yes	No
LELAND	5221 W Congress Pkwy											X	0.95	\$118,233	\$34,544	No	No
MARCONI	230 N Kolmar Ave											X	2.46	\$224,700	\$47,446	No	No
MAYS	838 W Marquette Rd	X	X			X						X	1.98	\$230,750	\$59,906	Yes	No
MELODY	412 S Keeler Ave												1.92	\$266,683	\$64,619	Yes	Yes
MORGAN	8407 S Kerfoot Ave										X		3.63	\$287,217	\$256,060	No	Yes
NEAR NORTH	739 N Ada St												0.38	\$245,233	\$29,967	Yes	Yes
OVERTON	221 E 49th St	X										X	2.66	\$251,100	\$109,862	Yes	Yes
OWENS	12450 S State St							X					2.35	\$232,950	\$116,458	Yes	No
PADEREWSKI	2221 S Lawndale Ave		X									X	1.67	\$242,850	\$70,170	Yes	No
PARKMAN	245 W 51st St	X	X			X						X	2.43	\$331,033	\$78,334	No	Yes
PEABODY	1444 W Augusta Blvd												0.28	\$204,283	\$72,084	Yes	No
PERSHING EAST	3113 S Rhodes Ave	X									X	X	0.57	\$138,033	\$89,249	No	No
POPE	1852 S Albany Ave		X								X	X	1.67	\$277,500	\$85,978	No	No
ROSS	6059 S Wabash Ave												2.72	\$285,200	\$114,091	Yes	No
SONGHAI	11725 S Perry Ave												3.61	\$340,750	\$93,788	No	Yes
STEWART	4525 N Kenmore Ave											X	2.33	\$305,733	\$79,020	Yes	No
TRUMBULL	5200 N Ashland Ave												0.65	\$312,700	\$84,617	No	No
WARD, L	410 N Monticello Ave		X			X						X	1.58	\$243,767	\$77,677	Yes	Yes
WENTWORTH	6950 S Sangamon St	X	X			X							3.35	\$364,400	\$102,567	No	No
WEST PULLMAN	11941 S Parnell Ave											X	4.29	\$337,817	\$71,977	No	No
WOODS	6206 S Racine Ave		X										2.71	\$259,167	\$59,931	Yes	Yes
YALE	7025 S Princeton Ave											X	1.66	\$247,433	\$53,348	Yes	No

CPS's interest in Owens and Fiske are interium uses, and Lafayette is identified as a permanent use.



## **APPENDIX: SCHOOL CLOSINGS AND REPURPOSING**

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### **B. Finance Resource Guide**





## ▼ SCHOOL REPURPOSING FINANCE RESOURCE GUIDE

Every real estate transaction is unique because each site or building is unique. However, there are general principles that apply to a diverse range of projects. Each of the Chicago public school buildings offered for repurposing will have distinct characteristics: many were built in the 1950s; some will be historic and potentially qualified to use federal historic rehabilitation tax credits; and others may be less adaptable for new end uses. Each type of reuse also requires different approaches and the need for various types of organizations and resources. In this guide, we provide a broad framework and principles that will apply to several different types of repurposing, including: adaptive reuse for affordable housing, market-rate housing, and community centers; or demolition and redevelopment for single-story retail or multi-story mixed-use development. While not intended to be exhaustive, it is our hope that this guide will help provide direction to those interested in repurposing former Chicago Public Schools (CPS).

The following guide has been produced by SB Friedman Development Advisors on the request of the School Repurposing Finance Committee.

## ▼ TYPICAL DUE DILIGENCE PROCESS

Prior to making a firm offer on a building, the buyer/developer will need to determine that the property is suitable for its intended use and research the various conditions and encumbrances that must be addressed as part of acquisition and development. This “due diligence” precedes making an offer because the process may reveal conditions that impact development costs, reuse potential and other matters not immediately evident. Each buyer will be responsible for determining the suitability of the property and its conditions that may impact an offer and repurposing plan. The CPS repurposing and disposition process will provide for a specified due diligence period after announcement of availability and prior to the due date for proposals. Typical issues reviewed during this period include:

### **Ownership Due Diligence**

Typically performed by an Attorney and/or Title Company.

Includes research into:

- Title Condition
- Encumbrances and Easements

### **Site Suitability**

Typically performed by a Land Planner and/or Civil Engineer.

Includes research into:

- Appropriateness of Site Size/Dimensions for the Proposed Reuse
- Accessibility, Traffic Impact/Capacity of Roadways
- Availability of Public Transit
- Pedestrian Connectivity
- Adjacent Land Use Compatibility
- Stormwater Management
- Topography
- Utilities (Availability, Capacity, Location)

### **Architectural Suitability**

Typically performed by an Architect and General Contractor.

Includes research into:

- Historical and Landmark Status
- Layout Issues, Structural Suitability for Proposed Reuse
- Preliminary Design, Cost Estimates

### **Environmental Due Diligence**

Typically performed by an Environmental Consulting Firm.

Includes research into:

- Critical Environmental Features, such as Wetlands or Floodplains
- Soil Contamination
- Existing Building Materials Requiring Special Handling (e.g., Asbestos)

### **Geotechnical Due Diligence**

Typically performed by a Geotechnical Engineer.

Includes research into:

- Soil Conditions
- Soil Bearing Capacity

### **Market Feasibility**

Typically performed by a Market Analyst.

Includes research into:

- Site and Market Conditions
- Market Rents and Occupancies
- Competition (Existing and Announced/Planned)

### **Financial Feasibility**

Typically performed by a Financial Analyst, Lender, Tax Credit Syndicator, Tax Increment Financing Consultant, and/or Property Manager.

Includes research into:

- Projected Operating Revenue and Expenses
- Estimated Development Costs
- Availability of Equity (General and Limited Partners)
- Structure of the Development Partnership
- Mortgage Availability, Terms and Required Guarantees
- Suitability and Compliance with Potential Tax Credit Equity Sources
- Availability of Tax Increment Financing, Junior Mortgages, Grants and Other Financing Sources

# Possible Use: Adaptive Re-use for Affordable Housing



Old Walnut Apartments, Grand Island, Nebraska

## DEVELOPMENT STRATEGY & APPROACH

Former school classrooms have successfully been converted to apartments in many instances across the country. The open area of classrooms and broad school hallways are frequently adaptable to housing. More modern classrooms as well as older ones can potentially be converted.

Affordable housing using the Federal Low Income Housing Tax Credit (LIHTC or Section 42) is a potential use for many buildings. Such housing is limited to households earning less than 60 percent of Area Median Income (AMI) as defined by the United States Department of Housing and Urban Development. Properties may serve families, seniors, or specific targeted populations, such as veterans, the homeless, or the mentally ill. Projects targeting lower income groups receive preference. Development and management of affordable housing requires special expertise with:

- Complex capital stacks with numerous financing sources,
- Managing the property in conformance with the regulatory agreements associated with LIHTC, and
- Maintaining proper compliance and reporting for a period of 30 years.

There are both not-for-profit and for-profit

developers/operators active in the City of Chicago and experienced working with the Department of Planning and Development (DPD) and the Illinois Housing Development Authority (IHDA). Both agencies manage 4 percent and 9 percent LIHTC programs, which are to be used by housing developers to raise equity for low income projects, and federal HOME funds, which subsidize affordable housing development through grants and loans. Additionally, DCD and IHDA manage the Illinois Affordable Housing Tax Credit (IAHTC) program, often referred to as the Donation Tax Credit, and individual trust funds with various programs within. Not-for-profit organizations often partner with experienced developers/operators to bring such housing to their neighborhood or to special populations.

In the City, the key starting point is the Department of Planning and Development. It should be noted, however, that the Department has commitments for its 9 percent competitive tax credits through 2017, so the lead time for this strategy will be quite long. Four percent credits, which are generated in conjunction with tax exempt housing revenue bonds, are available on a noncompetitive basis if “bond cap” is available, but generate a “shallower” subsidy for the project, which may make it more difficult to fully finance the project.

## TYPICAL DEVELOPMENT TIME LINE

<b>3 months:</b> <b>Due Diligence</b>	Ownership, Environmental, and Geo-technical Due Diligence; Site, Architectural, Market, & Financial Feasibility
<b>12-18 months:</b> <b>Preconstruction</b>	Traditional Financing, Tax Credit Equity, Tax Increment Financing, & Other Sources
<b>12-18 months:</b> <b>Construction</b>	Interior and Exterior Renovation Construction, Infrastructure, & Landscaping
<b>12-18 months:</b> <b>Lease-Up</b>	
<b>Total Approximate Time Line:</b> <b>3 years, 3 months to 4 years, 9 months</b>	

## ▼ TYPICAL DEVELOPMENT FINANCING

### CONSTRUCTION & PERMANENT FINANCING

1% **General Partner Equity**

4% **Grants**

10% **Other Sources**

10% **Tax Increment Financing**

15% **Permanent Loans / First Mortgages**

Private Banks and Financial Institutions

15% **Mezzanine or Below-Market Loans**

City, Chicago Housing Authority, Federal Home Loan Bank, HOME, HUD, IHDA

45% **Tax Credit Equity**

Federal Low Income Housing Tax Credits,  
Illinois Affordable Housing (Donation) Tax Credits

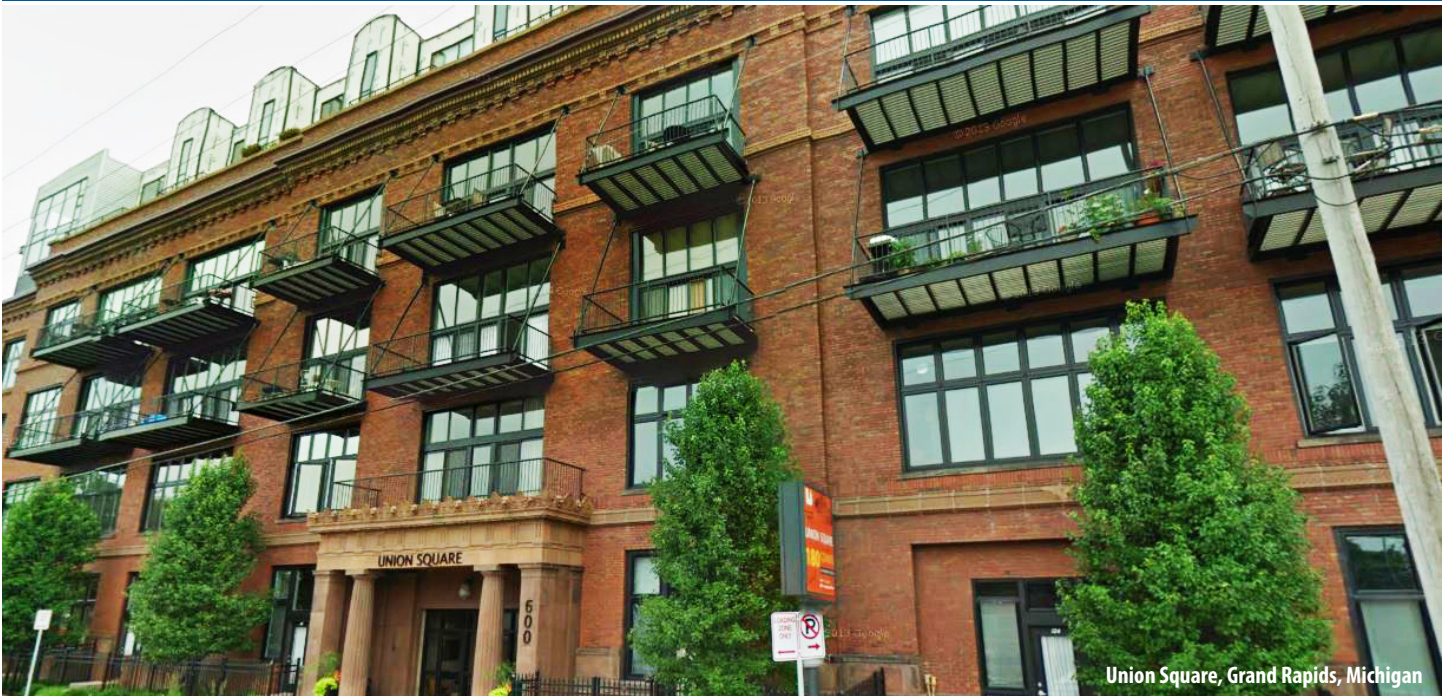
### COMMON FUNDING SOURCES

- General Partner Equity (Nominal)
- First Mortgage from Commercial Lender and/or FHA Guaranteed
- Tax Increment Financing
- Tax-Exempt Bond Financing
- Federal Low Income Housing Tax Credits (4 or 9 percent)
- Illinois Affordable Housing (Donation) Tax Credits
- Chicago Housing Authority Capital Funds
- HOME (National Affordable Housing Act) Funds
- Chicago Low Income Housing Trust Fund
- Illinois Housing Development Authority Trust Fund
- Chicago Community Loan Fund
- Federal Home Loan Bank – Affordable Housing Program
- IFF
- LISC
- Community Investment Corporation
- Mission Based-Financing or Grants
- Chicago Community Trust
- Federal 20% Historic Rehabilitation Tax Credits (if certified)
- Community Investment Corporation
- Historic Rehabilitation Grants

## ▼ TYPICAL DEVELOPMENT TEAM MEMBERS

- **Affordable Housing Developer:** Responsible for development on the site. May serve as general partner or fee developer and be either for-profit or not-for-profit. Provides ongoing asset management/oversight, in some cases with assistance from a third party property manager.
- **Affordable Housing Sponsor or Not-for-Profit Partner:** Often initiates the development process and/or operates the completed project. Typically a not-for-profit entity if separate from the developer.
- **Lawyer(s) and Accountant(s):** Provide services related to normal real estate transactions (e.g. closing on site acquisition), ownership structuring, and leasing. Specialized lawyers and accountants may also be needed to address complex regulations and compliance requirements associated with tax credits and other financing sources, particularly if the transaction structure includes Low-Income Housing Tax Credits.
- **Architect:** Develops conceptual work, schematic and working drawings, and may administer construction. If Historic Rehabilitation Tax Credits are included in the financing structure, an historic preservation consultant will likely be needed to assist with the requisite filings with the National Park Service.
- **Construction Manager/Owner's Representative:** Assists the developer/sponsor with various aspects of supervision of the general contractor, in some cases including contractor selection (if not performed directly by the developer). It is common in this type of project for the construction manager to be highly integrated in the development team and involved from the beginning.
- **General Contractor:** Responsible for performing actual construction of the project, directly and via the use of subcontractors supervised by the general contractor.
- **Property Manager:** Manages day-to-day operations of the completed project, including leasing, maintenance activities, and financial and compliance reporting. Some developers/sponsors self-manage, but many use third-party managers.
- **Equity Source(s):** provide cash equity investments. In a 100 percent affordable project using Low Income Housing Tax Credits the principal equity will be provided by the tax credit syndicator limited partner or partners. A nominal amount of cash equity will be required of the general partner.
- **Lender(s):** Affordable projects typically still have first mortgage debt and at various points “bridge” debt if pay-ins or other sources are deferred. Typical funders include commercial bank community development lending units and mortgage banker/brokers specializing in Federal Housing Administration (FHA) financing for affordable housing. Debt may be for specific phases such as construction with a permanent “take-out” to follow or may be combined for both construction and permanent. In the case of use of tax-exempt bonds coupled with 4 percent tax credits, bond funds are often used for both construction and permanent financing.
- **Tax-Exempt Bond Team (if applicable):** Manages the bonding process if tax-exempt bonds are used. Such bonds are used in order to lower interest rates on the project's debt and also to allow the project to access the 4 percent Low Income Housing Tax Credit. Teams typically include an underwriter, trustee, and legal support.
- **Low Income Housing Tax Credit Investor(s) (if applicable):** Provide equity in exchange for Federal Low Income Housing and/or Illinois Affordable Housing Tax Credits. Typically a relatively small group of bank and corporate investors, overlapping in part with the pool of investors active in the Historic Rehabilitation Tax Credit market.
- **Historic Rehabilitation Tax Credit Investor(s) (if applicable):** Provide equity in exchange for historic rehabilitation tax credits. Typically a relatively small group of bank and corporate investors, overlapping in part with the pool of investors active in the Low Income Housing Tax Credit market.
- **Tax Increment Financing (TIF) Consultant (if applicable):** Assists developer through the application and structuring process where a TIF layer of financing is sought. TIF can be used for rehabilitation and acquisition costs, as well as for affordable housing. It is provided on a need (financing gap) basis and is typically funded over a multi-year period, thus requiring the developer to obtain additional short-term financing during construction.

# Possible Use: Adaptive Re-use for Market-Rate Housing



Union Square, Grand Rapids, Michigan

## DEVELOPMENT STRATEGY & APPROACH

As noted with regard to affordable housing, the physical characteristics of school buildings lend themselves to conversion to apartments. Depending on location and market conditions, market-rate apartments may be either for rent or for sale (condominiums).

Development and financing of market-rate housing depends heavily on the experience, track record and financing relationships of the developer. Many developers work, over time, to maintain relationships with one or more banks to provide ongoing debt for acquisition and construction. Similarly, market-rate developers also typically have access to equity through their own resources or partners. Partners may be financial institutions, in the case of larger projects, or a group of investors who take a limited risk through a limited partnership (LP) or limited liability company (LLC). While there is a great deal of variation depending on the developer, common financing needs may include construction, permanent and mezzanine financing, which are described further on the reverse page.

Market-rate projects may include a percentage of affordable housing units, thereby generating 4 percent Low Income Housing Tax Credits (LIHTC). In this case, tax-exempt bonds may be obtained from an issuer such as the City or the Illinois Housing Development Authority. The bonds can cover the entire project, subject to equity and debt coverage requirements. However, 20 percent of the units must be rented to households earning less than 50 percent of area median income (AMI) or 40 percent to households earning less than 60 percent of AMI. Rents are also restricted.

In the case of for-sale housing, pre-sale requirements would need to be met prior to obtaining financing.

## TYPICAL DEVELOPMENT TIME LINE

<b>3 months: Due Diligence</b>	Ownership, Environmental, and Geo-technical Due Diligence; Site, Architectural, Market, & Financial Feasibility
<b>3-6 months: Preconstruction</b>	Final Design Work, Secure Financing: Traditional Financing, Tax Credit Equity, Tax Increment Financing, & Other Sources
<b>6-9 months: Construction</b>	Interior and Exterior Renovation Construction, Infrastructure, & Landscaping
<b>9-12 months: Lease-Up</b>	
<b>Total Approximate Time Line: 1 year, 9 months to 2 years, 6 months</b>	

## ▼ TYPICAL DEVELOPMENT FINANCING

### CONSTRUCTION FINANCING

20-40% Private Equity, Mezzanine Loans; TIF, Tax Credits, Grants  
May Require Bridge Loan

60-80% Construction Loan

### PERMANENT FINANCING

20-40% Private Equity  
Mezzanine Loans, TIF,  
Tax Credits, Grants

60-80% First Mortgage

### COMMON FUNDING SOURCES

- Private Equity (General or Limited Partners)
- Construction Loan
- Permanent Loan/First Mortgage
- Mezzanine Loans
- Tax Increment Financing (up to 20% of cost)
- Federal 20% Historic Rehabilitation Tax Credit (if certified)
- Historic Preservation Grants
- If Mixed-income:  
Tax Exempt Bonds and/or Tax Credit Equity

## ▼ TYPICAL DEVELOPMENT TEAM MEMBERS

- **Developer:** Responsible for development of the site. May serve as general partner or fee developer and be either for-profit or not-for-profit. May also provide ongoing asset management/oversight, in some cases with assistance from a third-party property manager.
- **Lawyer(s) and Accountant(s):** Provide services related to normal real estate transactions (e.g., closing on site acquisition), ownership structuring and leasing. Specialized lawyers and accountants may be needed to address complex regulations and compliance requirements associated with tax credits and other financing sources.
- **Architect:** Develops conceptual work, schematic and working drawings, and may administer construction. If Historic Rehabilitation Tax Credits (HTCs) are included in the financing structure, a historic preservation consultant will likely be needed to assist with the requisite filings with the National Park Service.
- **Construction Manager/Owner's Representative:** Assists the developer with various aspects of supervision of the general contractor, in some cases including contractor selection (if not performed directly by the developer). It is common in this type of project for the construction manager to be highly integrated in the development team and involved from the beginning.
- **General Contractor:** Responsible for performing actual construction of the project, directly and via the use of subcontractors supervised by the general contractor.
- **Property Manager:** Manages day-to-day operations of the completed project, primarily leasing and maintenance activities and financial and compliance reporting. If a mixed-income component is included that provides affordable housing, there will also be ongoing financial reporting and compliance responsibilities. Some developers/sponsors self-manage, but many use third-party managers.
- **Equity Source(s):** Provide the required equity investment component of the overall project financing. The amount of required equity will vary substantially depending on the type of financing structure that is being used and whether the project is only market-rate housing or includes an affordable component. In some cases, subsidies such as government grants/loans or tax credit equity can reduce the amount of traditional equity required. If the project is using federal mortgage insurance programs such as HUD 221(d) financing, the equity requirements may be as little as 10 percent of project cost. In the absence of special financing sources, some lenders will require as much as 20 to 40 percent of total development costs to be derived from cash equity sources, whether it be the developer's own money or money invested by partners. Equity investors often include individuals linked to the developer or private investment funds, with partnerships typically structured as either a limited partnership (LP) or limited liability company (LLC).
- **Construction Lender(s):** Finance construction of the project through the point where construction is complete and the project is able to generate sufficient revenue to obtain permanent financing. Construction loans are typically interest-only, floating-rate loans with a short maturity designed to be "taken out" by the permanent financing when the project has achieved a sufficient level of occupancy to begin amortizing debt. Typically, construction lenders are commercial banks that require that their loans be secured by a first mortgage on the project, a personal or corporate guarantee of completion, and at least a partial guarantee of repayment in the event the construction lender forecloses on the project site and is unable to be fully repaid from the foreclosure proceeds.
- **Permanent Lender(s):** Originate loans to finance the completed project or refinance a construction loan. Permanent loans are often obtained through commercial mortgage brokers who act as correspondents for insurance companies and other institutional investors.
- **Mezzanine Lender(s):** Provide financing that is subordinate to the construction and/or permanent loan. Loans may be short-term or long-term, but are often at an interest rate higher than traditional construction or permanent loans. Mezzanine loans are often substituted for a portion of the equity in the deal.
- **Tax-Exempt Bond Team (if applicable):** Manages the bonding process if tax-exempt bonds are used. Such bonds are used in order to lower interest rates on the project's debt and also to allow the project to access the "4 percent" LIHTC on the affordable portion of a mixed-income project. Team typically includes an underwriter, trustee and legal support.
- **Low Income Housing Tax Credit Investor(s) (if applicable):** Provide equity in exchange for Federal Low Income Housing and/or Illinois Affordable Housing Tax Credits. Typically a relatively small group of bank and corporate investors, overlapping in part with the pool of investors active in the Historic Rehabilitation Tax Credit market.
- **Historic Rehabilitation Tax Credit Investor(s) (if applicable):** Provide equity in exchange for historic rehabilitation tax credits. Typically a relatively small group of bank and corporate investors, overlapping in part with the pool of investors active in the LIHTC market.
- **Tax Increment Financing (TIF) Consultant (if applicable):** Assists developer through the application and structuring process where a TIF layer of financing is sought. TIF can be used for rehabilitation and acquisition costs, as well as for affordable housing. It is provided on a need (financing gap) basis and is typically funded over a multi-year period, thus requiring the developer to obtain additional short-term financing during construction.

# Possible Use: New Construction, Commercial Development



Ashland and Roosevelt Shopping Center, Chicago, Illinois

## ▼ DEVELOPMENT STRATEGY & APPROACH

Developing and financing a retail center can be simpler than other property types. However, fewer properties are optimal for retail use than many other types of redevelopment, due to the particular needs for site visibility, accessibility, size, location requirements, and other factors demanded by retail tenants. It is possible that a school building could be demolished for retail, or that there is sufficient vacant land – playground, parking lot, etc. – to allow new retail construction on a portion of the former school site.

Lenders involved in retail projects place a significant emphasis on the amount of preleasing (leases executed prior to construction start) and the financial strength of tenants. Frequently, one or more anchor “credit” tenants, such as a grocer or a pharmacy willing to pay sufficient rent, are necessary ingredients

for a retail project to attract financing. Financing is relatively straightforward: the developer and its partners provide equity investment, which would typically be a minimum of 20 percent. Debt financing would be found from private sources for the construction period and permanently. However, rents in many neighborhoods are insufficient to support new construction, resulting in financing gaps. In that case, either Tax Increment Financing (TIF), New Markets Tax Credits (NMTC), or both may be used. In the case of TIF, the City will typically consider providing funds over a multi-year period that only begins after project construction is complete and the facility has achieved a certain occupancy rate. In order to translate this ongoing subsidy into financing for construction, the developer must obtain additional short-term financing during construction.

## ▼ TYPICAL DEVELOPMENT TIME LINE

<b>3 months: Due Diligence</b>	Ownership, Environmental, and Geo-technical Due Diligence; Site, Architectural, Market, & Financial Feasibility
<b>3-6 months: Preconstruction</b>	Final Design Work Secure Financing: Traditional Financing, Tax Credit Equity, Tax Increment Financing, & Other Sources Secure Anchor Tenant
<b>6-9 months: Construction</b>	Construction, Infrastructure, & Landscaping
<b>6 months: Lease-Up</b>	
<b>Total Approximate Time Line: 1 year, 6 months to 2 years</b>	

## ▼ TYPICAL DEVELOPMENT FINANCING

### CONSTRUCTION FINANCING

20-40% Private Equity, Mezzanine Loans; TIF, Tax Credits, Grants (May Require Bridge Loan)

60-80% Construction Loan

### PERMANENT FINANCING

20-40% Private Equity Mezzanine Loans, TIF, Tax Credits

60-80% First Mortgage

### COMMON FUNDING SOURCES

- Private Equity (General or Limited Partners)
- Construction Financing
- Permanent Mortgage
- Mezzanine/Bridge Financing
- Tax Increment Financing (up to 20% of cost)
- New Markets Tax Credits (up to 20% of cost)

## ▼ TYPICAL DEVELOPMENT TEAM MEMBERS

- **Developer:** Responsible for development of the site. May serve as general partner or fee developer and be either for-profit or not-for-profit. May also provide ongoing asset management/oversight, in some cases with assistance from a third-party property manager.
- **Anchor Tenant:** Serves as the primary draw to a retail center. Tenancy is critical to financing commercial development. Securing an anchor tenant, such as a credit-worthy grocer or drug store, will make development much easier to finance.
- **Lawyer(s) and Accountant(s):** Provide services related to normal real estate transactions (e.g., closing on site acquisition), ownership structuring and leasing. Specialized lawyers and accountants may be needed to address complex regulations and compliance requirements associated with tax credits and other financing sources.
- **Architect:** Develops conceptual work, schematic and working drawings, and may administer construction. With this type of development, the architect would likely specialize in cost-effective retail buildings and have an understanding of tenant requirements.
- **Construction Manager/Owner's Representative:** Assists the developer with various aspects of supervision of the general contractor, in some cases including contractor selection (if not performed directly by the developer). It is common in this type of project for the construction manager to be highly integrated in the development team and involved from the beginning.
- **General Contractor:** Responsible for performing actual construction of the project, directly and via the use of subcontractors supervised by the general contractor. Contractors specializing in retail construction would be expected.
- **Property Manager/Leasing Company:** Manages day-to-day operations of the completed project, including maintenance activities and financial and compliance reporting (if New Market Tax Credits are used). Some developers self-manage, but many use third-party managers. It is typical to have a leasing broker who specializes in urban retail and has extensive relationships with tenant prospects, including regional and national chains.
- **Equity Source(s):** Provide the required equity investment component of the overall project financing. The amount of required equity will vary substantially depending on the type of financing structure that is being used. In some cases, subsidies such as government grants/loans or tax credit equity can reduce the amount of traditional equity required. In the absence of special financing sources, some lenders will require as much as 20 to 40 percent of total development costs to be derived from cash equity sources, whether it be the developer's own money or money invested by partners. Equity investors often include individuals linked to the developer or private investment funds, with partnerships typically structured as either a limited partnership (LP) or limited liability company (LLC).
- **Construction Lender(s):** Finance construction of the project through the point where construction is complete and the project is able to generate sufficient revenue to obtain permanent financing. Construction loans are typically interest-only, floating-rate loans with a short maturity designed to be "taken out" by the permanent financing when the project has achieved a sufficient level of occupancy to begin amortizing debt. Typically, construction lenders are commercial banks that require that their loans be secured by a first mortgage on the project, a personal or corporate guarantee of completion, and at least a partial guarantee of repayment in the event the construction lender forecloses on the project site and is unable to be fully repaid from the foreclosure proceeds.
- **Permanent Lender(s):** Originate loans to finance the completed project or refinance a construction loan. Permanent loans are often obtained through commercial mortgage brokers who act as correspondents for insurance companies and other institutional investors.
- **Mezzanine Lender(s):** Provide financing that is subordinate to the construction and/or permanent loan. Loans may be short-term or long-term, but are often at an interest rate higher than traditional construction or permanent loans. Mezzanine loans are often substituted for a portion of the equity in the deal.
- **New Market Tax Credit Community Development Entity (CDE) (if applicable):** Serves as the source of New Markets Tax Credit (NMTC) allocation, if included in the financing structure. In an NMTC transaction, the CDE serves as the primary (often sole) lender to the project, and other sources of financing need to flow through the CDE as "NMTC leverage." This requirement substantially changes the structure of the other financing sources and makes the overall project more complex. NMTCs are a scarce resource, and CDEs place extensive emphasis on the community impacts that applicant projects will generate. Grocery stores in underserved areas are generally the type of retail project most likely to attract interest from CDEs.
- **New Market Tax Credit Investor (if applicable):** Provides cash equity in exchange for the rights to claim tax credits generated by the transaction. Usually a large national money-center bank with a substantial retail banking presence in the area.
- **Tax Increment Financing (TIF) Consultant (if applicable):** Assists developer through the application and structuring process where a TIF layer of financing is sought. TIF is provided on a need (financing gap) basis and is typically funded over a multi-year period, thus requiring the developer to obtain additional short-term financing during construction and/or other bridge financing. As this type of repurposing is new construction, TIF assistance will be not only based on financing gap, but also limited to acquisition, site preparation and interest subsidy.

# Possible Use: New Construction, Mixed-Use Development



The Shops & Lofts at 47th, Chicago, Illinois

## ▼ DEVELOPMENT STRATEGY & APPROACH

A mixed-use development could take advantage of a unique site with appropriate traffic, surroundings, transit, and pedestrian flow for retail use, coupled with other uses. The retail portions may be new construction on a portion of a school site while the balance of the program might use a school building. In either case, a mixed-use project is very challenging to organize and finance. In many ways, each component is a separate real estate transaction, but in a vertical mixed use property as illustrated in the accompanying picture, all the uses have to come together at the same time. In a mixed-use project where multiple uses are developed but not in a single building (horizontal mixed-use) it may be possible to phase the development; each use has different architectural requirements and different financing tracks. The leasing skills for housing do not typically transfer to retail. For retail, an anchor tenant with credit standing is likely critical to financing.

The combination of certain financing sources (e.g., New Markets Tax Credits (NMTC) and Low Income Housing Tax

Credits (LIHTC)) must be undertaken in a very careful, structured manner to comply with the complex requirements applicable to each. NMTC funds cannot be used to finance any portions of a project that are included in a LIHTC transaction; therefore, if NMTC and LIHTC are to be combined, the mixed-use project typically needs to be split into two separate legal units with separate ownership and financing structures. Closing on financing for these two separate units would be coordinated and synchronized, since one portion of the project cannot typically occur without certainty that the other will also be developed. These “twinned” NMTC/LIHTC deals are among the most complex and challenging development finance structures observed in the market. Additionally, mixed-use projects face the need to synchronize the timing of financing commitments for each component. If some of the financing components are scarce and/or competitively allocated (e.g., NMTCs, nine percent LIHTC), the timing and uncertainty of these competitive processes also needs to be taken into account.

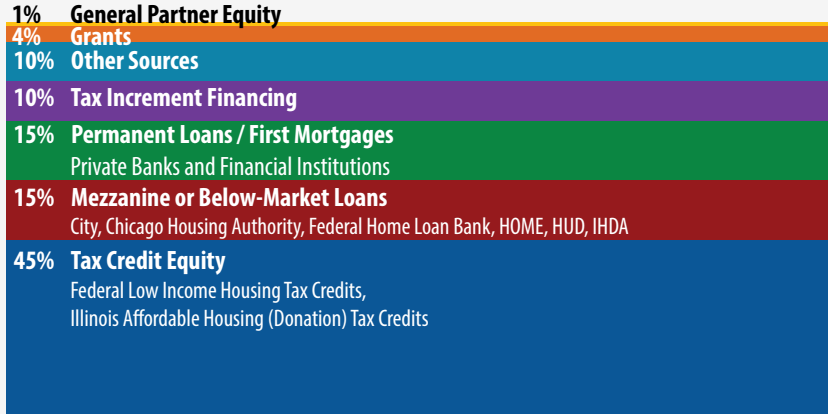
## ▼ TYPICAL DEVELOPMENT TIME LINE

<b>3 months: Due Diligence</b>	Ownership, Environmental, and Geo-technical Due Diligence; Site, Architectural, Market, & Financial Feasibility
<b>12-18 months: Preconstruction</b>	Final Design Work Secure Financing: Traditional Financing, Tax Credit Equity, Tax Increment Financing, & Other Sources Secure Anchor Tenant
<b>12-18 months: Construction</b>	Construction, Infrastructure, & Landscaping
<b>12-18 months: Lease-Up</b>	
<b>Total Approximate Time Line: 3 years, 3 months to 4 years, 9 months</b>	

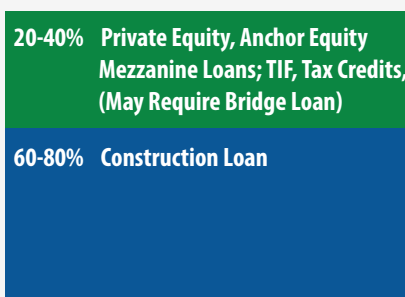


## ▼ TYPICAL DEVELOPMENT FINANCING

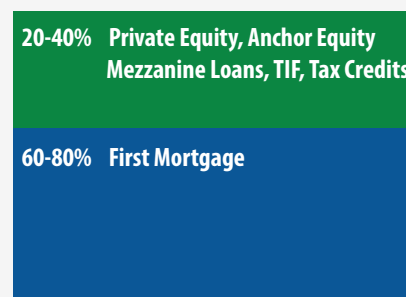
### AFFORDABLE HOUSING



### RETAIL CONSTRUCTION FINANCING



### RETAIL PERMANENT FINANCING



### COMMON FUNDING SOURCES

- Private Equity (General or Limited Partners)
- Construction Financing
- First Mortgage from Commercial Lender and/or FHA Guaranteed
- Mezzanine/Bridge Financing
- Tax Increment Financing (up to 20 percent)
- New Markets Tax Credits (up to 20 percent)
- Tax-Exempt Bond Financing
- Federal Low Income Housing Tax Credits (4 or 9 percent)
- Illinois Affordable Housing (Donation) Tax Credits
- Chicago Housing Authority Capital Funds
- HOME (National Affordable Housing Act) Funds
- Chicago Low Income Housing Trust Fund
- Illinois Housing Development Authority Trust Fund
- Chicago Community Loan Fund
- Federal Home Loan Bank - Affordable Housing
- IFF
- LISC
- Mission Based-Financing or Grants
- Chicago Community Trust

## ▼ TYPICAL DEVELOPMENT TEAM MEMBERS

- **Developer:** Responsible for development of the site. May serve as general partner or fee developer and be either for-profit or not-for-profit. Provides ongoing asset management/oversight, in some cases with assistance from a third party property manager. The developer of a mixed-use project is responsible for coordinating the diverse requirements of each use in addition to the usual responsibilities of arranging financing, overseeing design and construction, leasing, and management.
- **Affordable Housing Sponsor or Not-for-Profit Partner:** Often initiates the development process and/or operates the completed affordable housing component of the project. Typically a not-for-profit entity if separate from the developer.
- **Anchor Tenant:** Serves as the primary draw to a retail center. Tenancy is critical to financing commercial development. Securing an anchor tenant, such as a credit-worthy grocer or drug store, will make development much easier to finance.
- **Lawyer(s) and Accountant(s):** Provide services related to normal real estate transactions (e.g. closing on site acquisition), ownership structuring, and leasing. Specialized lawyers and accountants may be needed to address complex regulations and compliance requirements associated with tax credits and other financing sources, particularly if the transaction structure includes Low-Income Housing Tax Credits (LIHTC).
- **Architect:** Develops conceptual work, schematic and working drawings, and may administer construction. Would likely specialize in vertical mixed-use projects, as expertise would be needed to address the unique challenge of integrating the uses physically in a vertical structure while each use has different optimal dimensions.
- **Construction Manager/Owner's Representative:** Assists the developer with various aspects of supervision of the general contractor, in some cases including contractor selection (if not performed directly by the developer). It is common in this type of project for the construction manager to be highly integrated in the development team and involved from the beginning..
- **General Contractor:** Responsible for performing actual construction of the project, directly and via the use of subcontractors supervised by the general contractor. The contractor will need to be experienced with potentially more complex construction. For example, there may be load transfer and foundation matters to address open area considerations or the scale of buildings on urban soils.
- **Property Manager/Leasing Company:** Manages day-to-day operations of the completed project, including maintenance activities and financial and compliance reporting (if tax credits are used). Some developers self-manage, but many use third-party managers. There may be separate property managers for commercial and residential components, particularly if the housing is affordable and requires the unique financial reporting and compliance capabilities of that property type. It is typical to have a leasing broker who specializes in urban retail and has extensive relationships with tenant prospects, including regional and national chains.
- **Equity Source(s):** Provide the required equity investment component of the overall project financing. The amount of required equity will vary substantially depending on the type of financing structure that is being. In some cases, subsidies such as government grants/loans or tax credit equity can reduce the amount of traditional equity required. In the absence of special financing sources, some lenders will require as much as 20 to 40 percent of total development costs to be derived from cash equity sources, whether it be the developer's own money or money invested by partners. Equity investors often include individuals linked to the developer or private investment funds, with partnerships typically structured as either a limited partnership (LP) or limited liability company (LLC).

## ▼ TYPICAL DEVELOPMENT TEAM MEMBERS - CONTINUED

- **Construction Lender(s):** Finance construction of the project through the point where construction is complete and the project is able to generate sufficient revenue to obtain permanent financing. Construction loans are typically interest-only, floating-rate loans with a short maturity designed to be “taken out” by the permanent financing when the project has achieved a sufficient level of occupancy to begin amortizing debt. Typically, construction lenders are commercial banks that require that their loans be secured by a first mortgage on the project, a personal or corporate guarantee of completion, and at least a partial guarantee of repayment in the event the construction lender forecloses on the project site and is unable to be fully repaid from the foreclosure proceeds.
- **Permanent Lender(s):** Originate loans to finance the completed project or refinance a construction loan. Permanent loans are often obtained through commercial mortgage brokers act as correspondents for insurance companies and other institutional investors. Federal Housing Administration (FHA) guarantees may be used; however, these tools have limited applicability for the non-residential portions of mixed-use projects.
- **Mezzanine Lender(s):** Provide financing that is subordinate to the construction and/or permanent loan. Loans may be short-term or long-term, but are often at an interest rate higher than traditional construction or permanent loans. Mezzanine loans are often substituted for a portion of the equity in the deal.
- **Tax Exempt Bond Team (if applicable):** Manages the bonding process if tax-exempt bonds are used. Such bonds are used in order to lower interest rates on the project’s debt and also to allow the project to access the 4 percent Low Income Housing Tax Credit on the affordable portion of a mixed-income project. Teams typically include an underwriter, trustee, and legal support.
- **New Market Tax Credit Community Development Entity (CDE) (if applicable):** Serves as the source of New Markets Tax Credit (NMTC) allocation, if included in the financing structure. In an NMTC transaction, the CDE serves as the primary (often sole) lender to the project, and other sources of financing need to flow through the CDE as “NMTC leverage.” This requirement substantially changes the structure of the other financing sources and makes the overall project more complex. NMTCs are a scarce resource, and CDEs place extensive emphasis on the community impacts that applicant projects will generate. Grocery stores in underserved areas are generally the type of retail project most likely to attract interest from CDEs.
- **New Market Tax Credit Investor (if applicable):** Provides cash equity in exchange for the rights to claim tax credits generated by the transaction. Usually a large national money-center bank with a substantial retail banking presence in the area.
- **Low Income Housing Tax Credit Investor(s) (if applicable):** Provide equity in exchange for Federal Low Income Housing and/or Illinois Affordable Housing Tax Credits. Typically a relatively small group of bank and corporate investors, overlapping in part with the pool of investors active in the Historic Rehabilitation Tax Credit market.
- **Tax Increment Financing (TIF) Consultant: (if applicable):** Assists developer through the application and negotiation process where a TIF layer of financing is sought. TIF is provided on a need (financing gap) basis and is typically funded over a multi-year period, thus requiring the developer to obtain additional short-term financing during construction. TIF may be used for affordable housing, site acquisition, demolition, site preparation, rehabilitation, and interest subsidy. For most projects, TIF will be limited to the amount of tax increment generated by the project, but tax increment generated throughout the wider TIF district may be available for affordable housing.

# Possible Use: Adaptive Re-use for Community Center



The Bancroft School, Kansas City, Missouri  
Photo Credit: C. Jackson, Make It Right

## DEVELOPMENT STRATEGY & APPROACH

When considering the nature and scale of school buildings, it seems logical to repurpose them as community facilities. Many contain gymnasiums, auditoriums, and cafeterias – all of which can be used by community organizations. However, actually developing and operating such a center is quite complex.

The term “community center” is a somewhat generic category of mission-driven project that is generally sponsored by a not-for-profit and includes one or more not-for-profit tenants providing vital services to the local community. Community centers generally fall into one of the two categories described below, or a hybrid of the two:

**1. Sponsor-Occupied.** The center is developed by an organization (sponsor) that will also be the primary or sole occupant and a direct provider of services in the facility. Examples include the Kroc Corps Community Center at 1250 W. 119th Street and the Gary Comer Youth Center at 7200 S. Ingleside Avenue. In these cases, the financing structure is highly driven by the resources and credit-worthiness of the sponsoring/occupant organization.

**2. Multi-Tenant.** The center is developed by a neighborhood or other not-for-profit organization (sponsor) with the intent that it be occupied by multiple third-party not-for-profit service providers. Examples include the Homan Square Community Center at 3517 W. Arthington Street. In a typical multi-user facility, a good portion of development and operating costs would be expected to be supported by rent paid by each subsidiary occupant/user of the facility.

Typical tenants in community centers include health clinics (such as Federally Qualified Health Centers), job training organizations, recreation/youth enrichment providers, arts organizations, food pantries, educational organizations, and others.

The development plan and financing structure for every community center is unique, due to the many variations in project sponsorship and tenant mix that can occur. A common theme is that not-for-profit tenants in community centers typically have limited ability to support debt.

*Continued on next page.*

## TYPICAL DEVELOPMENT TIME LINE

<b>3 months: Due Diligence</b>	Ownership, Environmental, and Geo-technical Due Diligence; Site, Architectural, Market, & Financial Feasibility
<b>12-18 months: Preconstruction</b>	Organize Partners, Final Design Work, Secure Financing: Philanthropy, Traditional Financing, Tax Credit Equity, TIF & Other Sources Secure Anchor Tenant
<b>12-18 months: Construction</b>	Interior and Exterior Renovation Construction, Infrastructure, & Landscaping
<b>Total Approximate Time Line: 3 years, 3 months to 4 years, 9 months</b>	

## ▼ DEVELOPMENT STRATEGY & APPROACH - CONTINUED

Therefore, subsidies such as philanthropy are almost always required as a key component of the financing structure for these types of projects. The credit-worthiness, track record, and donor base of the sponsoring organization and tenants are key factors affecting the project's feasibility and potential for success. It

is extremely rare for "startup" nonprofits to develop their own facility; sponsors and anchor tenants in community centers are more typically established organizations that are expanding their program offerings to a new location.

## ▼ TYPICAL DEVELOPMENT FINANCING

### PERMANENT FINANCING

0-30% Traditional or Bond Financing

15-20% New Markets Tax Credit Equity

50-85% Philanthropy, Grants, User Capital

### COMMON FUNDING SOURCES

- Philanthropy
- Mission-Based Financing and Grants
- Government capital grants (e.g., State of Illinois)
- Tax-Exempt 501 (c)(3) Bond Financing
- Conventional Financing/Corporate Partner Financing
- New Markets Tax Credits (up to 20 percent)
- Tax Increment Financing (up to 20 percent)
- Federal Historic Rehabilitation Tax Credits: 20 percent (if a certified historic structure), 10 percent (if built prior to 1936 and structure is non-historic)
- Historic Rehabilitation Grants

## ▼ TYPICAL DEVELOPMENT TEAM MEMBERS

- **Sponsor:** Manages day-to-day operations of the completed project, primarily leasing and maintenance activities. Manages programming within the center. May be the developer of the project, if that capacity exists within the organization.
- **Development Manager (optional):** Responsible for development of the site as a fee developer, if development and construction is not the specialty of the sponsor.
- **Service Provider(s):** Occupy space and provide programming within the center. Rent pays for capital and ongoing occupancy costs. Multiple tenant organizations in one center is common. Much like a retail project, multi-tenant community centers typically require significant "pre-lease" commitments before lenders can commit funds.
- **For-Profit Investor/Owner (If Historic Rehabilitation Tax Credits are Used):** May facilitate the use of Historic Rehabilitation Tax Credits. To generate these credits, ownership of the building rehab must be by a for-profit entity through a point extending at least five years beyond construction completion. Often, a for-profit master tenant is also included in the financing structure. These requirements will likely create property tax liability for the project, even if it would otherwise qualify for exemption, and may also create other federal tax-related complications for not-for-profit project sponsors. Careful structuring in collaboration with the tax credit investor and qualified legal and accounting professionals is therefore essential.
- **Lawyer(s) and Accountant(s):** Provide services related to normal real estate transactions (e.g. closing on site acquisition), ownership structuring, and leasing. Specialized lawyers and accountants may be needed to address complex regulations and compliance requirements associated with tax credits and other financing sources, as well as the structuring and reporting of not-for-profit entities and transactions.
- **Architect:** Develops conceptual work, schematic and working drawings, and may administer construction. If Historic Rehabilitation Tax Credits (HTCs) are included in the financing structure, an historic preservation consultant will likely be needed to assist with the requisite filings with the National Park Service. There may be separate architects for the overall building and for individual tenants due to the specialized nature of each user/tenant.
- **Construction Manager/Owner's Representative:** Assists the developer with various aspects of supervision of the general contractor, in some cases including contractor selection (if not performed directly by the developer). It is common in this type of project for the construction manager to be highly integrated in the development team and involved from the beginning. A strong construction manager with diverse experience may be important given the diversity of users and their needs
- **General Contractor:** Responsible for performing actual construction of the project, directly and via the use of subcontractors supervised by the general contractor.
- **Foundations, Philanthropists, Grant Issuers:** Act as a key source of financing which serves as the equivalent of equity in the development. This money can also be structured to serve as part of the "leverage" for New Markets Tax Credit financing.
- **Construction Lender(s):** Finance construction of the project through the point where construction is complete and the project is able to generate sufficient revenue to obtain permanent financing. Construction loans are typically interest-only, floating-rate loans with a short maturity designed to be "taken out" by the permanent financing when the project has achieved a sufficient level of occupancy to begin amortizing debt. Typically, construction lenders are commercial banks that require that their loans be secured by a first mortgage on the project, a personal or corporate guarantee of completion and at least a partial guarantee of repayment in the event the construction lender forecloses on the project site and is unable to be fully repaid from the foreclosure proceeds.
- **Permanent Lender(s):** Originate loans to finance the completed project or refinance a construction loan. May be a conventional source, a special source, such as a corporate partner, or tax-exempt 501(c)3 bonds. Permanent loans are often obtained through commercial mortgage brokers who act as correspondents for insurance companies and other institutional investors, but may also be obtained through corporate partners who offer below-market rate financing.

## ▼ TYPICAL DEVELOPMENT TEAM MEMBERS - CONTINUED

- **Tax-Exempt Bond Team (if applicable):** Completes the transaction if tax-exempt bonds are used. 501(c)(3) bonds are a frequent financing source for construction and/or permanent operational phases of nonprofit-sponsored projects such as community centers. Team typically includes an underwriter, trustee, and legal support. The Illinois Finance Authority issues the bulk of the 501(c)(3) bonds in the State of Illinois on behalf of eligible projects.
- **New Market Tax Credit Community Development Entity (CDE) (if applicable):** Serves as the source of New Markets Tax Credit (NMTC) allocation, if included in the financing structure. In an NMTC transaction, the CDE serves as the primary (often sole) lender to the project, and other sources of financing need to flow through the CDE as "NMTC leverage." This requirement substantially changes the structure of the other financing sources and makes the overall project more complex. NMTCs are a scarce resource, and CDEs place extensive emphasis on the community impacts that applicant projects will generate.
- **New Market Tax Credit Investor (if applicable):** Provides cash equity in exchange for the rights to claim tax credits generated by the transaction. Usually a large national money-center bank with a substantial retail banking presence in the area.
- **Historic Rehabilitation Tax Credit Investor(s) (if applicable):** Provide equity in exchange for historic rehabilitation tax credits. Typically a relatively small group of bank and corporate investors, overlapping in part with the pool of investors active in the Low Income Housing Tax Credit market.
- **Tax Increment Financing (TIF) Consultant (if applicable):** Assists developer through the TIF application and negotiation process. TIF would likely be available from existing balances if there are funds in an existing TIF, and would be based on the capacity of the development team, strength of other financial commitments, community benefits, fund availability, and eligible costs (which include building rehabilitation as well as acquisition).

## **APPENDIX: SCHOOL CLOSINGS AND REPURPOSING**

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### **C. A Review of Other Cities**



## APPENDIX: SCHOOL CLOSINGS AND REPURPOSING

Chicago is not the only city struggling to determine what to do with a large number of shuttered school buildings. In February 2013, the Pew Charitable Trusts released a report that looked at the efforts to repurpose school buildings in 12 American cities, including Chicago. Pew found that there are no easy answers for what to do with these properties, saying, “The challenge of finding new uses for old buildings is daunting, and the downside of letting them sit idle can be significant.” Pew also found that:

- Among the districts it studied, sale prices for most shuttered buildings ranged between \$200,000 and \$1 million, often well below initial projections
- Hindrances to sales include decaying conditions of old buildings, layouts inconducive to other uses, and location in areas suffering from depopulation and decline
- In the past, many properties have been repurposed as charter schools, something off the table in Chicago during this effort
- Other uses include market-rate and subsidized housing, offices, homeless shelters, daycares, community centers, recording studios, shopping centers, and green space
- Empty buildings, costly to maintain, can deteriorate rapidly

In order to better learn from the experiences of other cities that have dealt with similar disposition challenges, we take a brief look at three illustrative efforts.

### Case Studies

#### *Kansas City: Actively Solicit Community Input*

Officials in Kansas City recognized that knowledge was a prerequisite for community participation when dealing with the disposition of school buildings. In an effort to ensure that community members were prepared for constructive involvement in the process, and were able to understand the final decisions regarding

various properties, Kansas City officials made sure they communicated clearly that it wouldn’t be possible for all closed buildings to be reutilized as community-focused spaces. This helped draw community members into constructive dialogue about reuse, and reinforced the officials’ message that community members needed to work together to find uses that both benefited them, and were viable.

Officials used various ways to draw community members into the dialogue, including through neighborhood associations, at community centers and churches, and via big local businesses. Flyers were also posted, and additional input was solicited electronically, via the website MindMixer.

While some purchasers complained about what they viewed as a drawn-out process, Kansas City’s emphasis on community input was key to rebuilding frayed trust between the district and local residents.

#### *Philadelphia: Classification of Property Marketability*

Philadelphia’s Adaptive Sale and Reuse Policy detailed a plan for evaluative teams of up to ten people, including community members, to review potential buyers and recommend the best possible uses of shuttered school buildings.

In August 2013, the revised Philadelphia Schools Repurposing Initiative dissolved the plan for the original evaluative teams and determined the need to classify the properties into three tiers based upon marketability. The classifications were intended to help the school system expedite sales of the most highly marketable properties in order to generate needed funds.

The school system has some highly coveted properties that are expected to bring in significant revenue, and others that offer significant disposition challenges. In October 2013, a Washington, D.C. real estate investment firm offered the system \$100 million for its entire portfolio of shuttered buildings. More recently, the system announced it has received offers on 20 of its 28 shuttered schools.



## APPENDIX: SCHOOL CLOSINGS AND REPURPOSING

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### *Pittsburgh: Creation of a Steering Committee*

In Pittsburgh, a steering committee of stakeholders and technical experts was brought together to do an analysis of the issues surrounding the disposition of closed public school buildings. The group's goal was to understand reuse potential for vacant schools and develop a standardized process for current and future closed school inventories. The committee's work was broken into three phases.

In Phase One, the committee focused on defining priorities and criteria for building reuse. In Phase Two, the committee focused on data collection and analysis, and worked to understand the opportunities and challenges associated with building reuse. The committee sought the input of architects and real estate developers to get a realistic understanding of what was possible. In Phase Three, the committee drafted a final report that included its findings and recommendations, including:

- Pittsburgh Public Schools should seriously consider the possibility of selling the entire inventory to an intermediary so that it can focus its attention on educating students
  - Communities affected by closed schools should have ongoing and regular access to good information about the process of school disposition, as well as formal input into the process of redevelopment
  - The District should develop a policy about community input that is applied consistently across neighborhoods
  - Pittsburgh Public Schools should resist the temptation to sell buildings quickly. Higher values and greater public confidence can be garnered by a proper due diligence process
  - A pool of public and private resources should be developed and dedicated to financing planning for and re-use of vacant school buildings
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## **APPENDIX: SCHOOL CLOSINGS AND REPURPOSING**

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### **D. Members of the Advisory Committee for School Repurposing and Community Development\***

Wilbur Milhouse (Chair), *Milhouse Engineering & Construction, Inc.*

Jim Capraro, *Greater Southwest Development Corporation*

Alderman Rey Colon, *35th Ward*

Alderman Jason Ervin, *28th Ward*

Ricardo Estrada, *Metropolitan Family Services*

Linda Goodman, *Goodman Williams Group*

Bernita Johnson-Gabriel, *Quad Communities Development Corporation*

Avis LaVelle, A. *LaVelle Consulting Services LLC*

Andrew Mooney, *Department of Planning and Development*

Julia Stasch, *John D. and Catherine T. MacArthur Foundation*

Alderman Latasha Thomas, *17th Ward*

Tom Tyrrell, *Chicago Public Schools*

Raul Raymundo, *Resurrection Project*

Susana Vasquez, *Local Initiatives Support Corporation*

### **Committee Staff**

Meghan Harte, *Deputy Chief of Staff, Office of the Mayor*

David Reynolds, *Department of Fleet and Facility Management*

Katie Anthony

Avani Patel

Samantha Stivers

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\* Institutional Affiliations are provided for identification purposes only.

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