

## **DIVERSEY/CHICAGO RIVER TIF REDEVELOPMENT PROJECT AREA (WARD 32)**

Request authority for the Department of Housing to negotiate a redevelopment agreement with Lathrop Preservation IC, LP for redevelopment of the property located at 2740 N. Hoyne; 2731-59 N. Leavitt/2039-49 W. Diversey; 2750-68 N. Hoyne/2029-35 W. Diversey; 2633-67 N. Hoyne; 2601-31 N. Hoyne; 2600-18 N. Hoyne; 2628-62 N. Hoyne; 2664-2704 N. Hoyne; 2742-48 N. Hoyne; 2706-40 N. Hoyne; 2602-26 N. Hoyne, and 2567 N. Hoyne in the Diversey/Chicago River Tax Increment Financing Redevelopment Project Area, and to recommend to the City Council of the City of Chicago the designation of Lathrop Preservation IC, LP as Developer.

**Anna Booth**

**COMMUNITY DEVELOPMENT COMMISSION  
OF THE  
CITY OF CHICAGO**

**RESOLUTION \_\_ -CDC- \_\_**

**AUTHORIZATION TO NEGOTIATE A  
REDEVELOPMENT AGREEMENT WITH LATHROP PRESERVATION PHASE IC,  
LP**

**AND  
RECOMMENDATION TO  
THE CITY COUNCIL OF THE CITY OF CHICAGO  
FOR THE DESIGNATION OF LATHROP PRESERVATION PHASE IC, LP  
AS DEVELOPER**

**WHEREAS**, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (the City Council referred to herein collectively with the Mayor as the "Corporate Authorities") as codified in Section 2-124 of the City's Municipal Code; and

**WHEREAS**, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.), (as amended from time to time, the "Act"); and

**WHEREAS**, the City Council, upon the Commission's recommendation pursuant to Resolution #-CDC-# and pursuant to the Act, enacted three ordinances on April 29, 2016 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Diversey/Chicago River Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area are described on Exhibit A hereto; and

**WHEREAS**, Lathrop Preservation Phase IC, LP together with its affiliates, (the "Developer"), has presented to the City's Department of Housing (the "Department") a proposal for redevelopment of the Area or a portion thereof, that is in compliance with the Plan, consisting of the new construction of one building (59 units), rehabilitation of seven buildings (250 units), the demolition of three existing buildings, and structural repair of the powerhouse (the "Project"); and

**WHEREAS**, DOH requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that the Department be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project; now, therefore,

**BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE  
CITY OF CHICAGO:**

- Section 1. The above recitals are incorporated herein and made a part hereof.
- Section 2. The Commission hereby recommends to City Council that the Developer be designated as the developer for the Project and that the Department be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project.
- Section 3. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.
- Section 4. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.
- Section 5. This resolution shall be effective as of the date of its adoption.
- Section 6. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: \_\_\_\_\_, 2024

Attachment: Exhibit A, Street Boundary Description

## **EXHIBIT A**

### Street Boundary Description of the Diversey/Chicago River Tax Increment Financing Redevelopment Project Area

The Area is generally bounded by Diversey Parkway on the north, Damen Avenue on the east, North Branch of the Chicago River on the south, and North Branch of the Chicago River on the west.

**CITY OF CHICAGO  
DEPARTMENT OF HOUSING**

**STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REQUESTING DEVELOPER DESIGNATION  
NOVEMBER 12, 2024**

**I. PROJECT IDENTIFICATION AND OVERVIEW**

Project Name: Lathrop Preservation IC

Applicant Name: Lathrop Preservation IC, LP

Project Addresses:

<b>Rehabilitation:</b>	<b>Demolition:</b>	<b>New Construction:</b>
2731-59 N. Leavitt/2039-49 W. Diversey	2742-48 N. Hoyne	2740 N. Hoyne
2750-68 N. Hoyne/2029-35 W. Diversey	2706-40 N. Hoyne	
2633-67 N. Hoyne	2620-26 N. Hoyne	
2601-31 N. Hoyne		
2600-18 N. Hoyne		
2628-62 N. Hoyne		
2664-2704 N. Hoyne		
2567 N. Hoyne (Powerhouse)		

Ward and Alderman: 32<sup>nd</sup> Ward – Scott Waguespack

Community Area: Lincoln Park

Redevelopment Project Area: Diversey/Chicago River

Requested Action: TIF Developer Designation

Proposed Project: Located at the apex of Diversey Parkway and Damen Avenue, Lathrop Homes Preservation is a CHA Plan Forward development. Phases IA and IIB were completed in 2019 and 2023 respectively and returned 488 mixed-

income rental units predominantly to the north side of Diversey. Phase IC will focus on the south side of Diversey and be comprised of the new construction of one building (59 units), rehabilitation of seven buildings (250 units), the demolition of three existing buildings, and structural repair of the powerhouse. Of the 309 units, 213 or 69% will be available to CHA and affordable households at the 30% to 80% Area Median Income (AMI) levels and 121 of the 213 will be CHA replacement units. The remaining 96 units will rent to market rate households. There will be 24 studio, 169 one-, 106 two-, and 10 three-bedroom units. Other amenities will include landscaped courtyards, community space and approximately 100 off-street surface parking spaces. The powerhouse’s smokestack will be repointed and rebuilt, and the interior will be built-out as a ‘grey box’ that can be built-out by a future tenant once identified.

Goal of Project:

Continue to transform public housing developments into diverse, mixed-income communities by offering a wide range of housing options that intersect with commercial amenities, ensuring the redevelopment successfully blends with adjacent properties and presents an aesthetically strong entrance and connection to the community, preserve open spaces and encourage recreational opportunities for all residents, provide ramps, elevators and other amenities that improve access for people with disabilities in and around the project area and provide opportunities for women-owned and minority-owned businesses and local residents to share in the redevelopment of the project area.

TIF Assistance:

**\$25,000,000**

**II. PROPERTY DESCRIPTION**

Addresses:

<b>Rehabilitation:</b>	<b>Demolition:</b>	<b>New Construction:</b>
2731-59 N. Leavitt/2039-49 W. Diversey	2742-48 N. Hoyne	2740 N. Hoyne
2750-68 N. Hoyne/2029-35 W. Diversey	2706-40 N. Hoyne	
2633-67 N. Hoyne	2620-26 N. Hoyne	
2601-31 N. Hoyne		
2600-18 N. Hoyne		

2628-62 N. Hoyne		
2664-2704 N. Hoyne		
2567 N. Hoyne (Powerhouse)		

Location: The project area is generally bound by Diversey Parkway on the north, Damen Avenue on the east, and the North Branch of the Chicago River on the south and west.

Tax Parcel Numbers: 2731-59 N. Leavitt/2039-49 W. Diversey: 14-30-302-026-0000  
2750-68 N. Hoyne/2029-35 W. Diversey: 14-30-302-026-0000  
2633-67 N. Hoyne: 14-30-302-028-0000  
2601-31 N. Hoyne: 14-30-302-028-0000  
2600-18 N. Hoyne: 14-30-302-028-0000  
2628-62 N. Hoyne: 14-30-302-028-0000  
2664-2704 N. Hoyne: 14-30-302-028-0000  
2740 N. Hoyne: 14-30-302-028-0000

Land Area: Approximately 13.47 acres

Current Use: Vacant and boarded CHA buildings

Current Zoning: PD 1315

Environmental Condition: CHA owned-land, environmental clearance is currently underway and will be required for closing,

**III. BACKGROUND**

In 1994, the Chicago Housing Authority received a HOPE VI grant from the federal government to begin the planning redevelopment of their public housing developments across the Chicagoland area.

The Lathrop Homes development was one of the first public housing projects commissioned by President Franklin D. Roosevelt’s Public Works Administration and was completed in 1938. At that time, the development produced 925 affordable rental units housed in 29, two-story brick row houses and three- and four-story apartment buildings separated by landscaped courtyards and linked by small archways in a campus-like arrangement.

In 2006, the Chicago Housing Authority (CHA) announced its intention to demolish Lathrop Homes but was met with opposition by residents and preservationists and Landmark Illinois devised a plan to renovate the complex as affordable green housing. The CHA issued a Request for Proposal (RFP) in late 2009 and in early 2010, Related Midwest and Bickerdike Redevelopment Corporation were chosen as the master developers to rehabilitate, preserve and

transform the Lathrop Homes development into 1,000+ units of mixed-income rental housing. On February 12, 2012, the Lathrop Homes development was added to the National Register of Historic places and to date, 488 rehabilitated or newly constructed mixed-income rental units in sixteen buildings have been returned to site.

The Lathrop Homes site is four miles northwest of downtown Chicago and intersects the Lincoln Park, Lakeview and North Center community areas. It is well connected to the rest of the city via the Diversey (east-west) and Damen (south-west) CTA bus routes, as well as the CTA elevated Brown and Purple lines which run approximately one mile east of the site. The Kennedy Expressway (I-90/94) is  $\frac{3}{4}$  of a mile west of the site, and has access ramps at Diversey, Western, and Damen Avenues. There are designated bike lanes on Damen Avenue and a Divvy bike station just east of the site at Damen and Clybourn Avenues.

Due to its size and scattered sites, Lathrop Homes intersects three different neighborhoods. East and north of the site is the Hamlin Park neighborhood, a dense urban area of well-maintained mostly single-family homes with a number of two- to four-unit residences, and an occasional five to twelve-unit building. The north portions of Lathrop Homes are housed in the west Lakeview neighborhood which boasts upscale single-family homes, condominiums and higher-end mid-rise apartments and lofts. The south portion of Lathrop Homes sits in the Lincoln Park neighborhood. The Lincoln Park neighborhood contains some of the wealthiest homes with the average single-family homes' median prices at \$775k. It is home to the DePaul University Campus, one of the most vibrant, active college campuses in Chicago.

South of Diversey to the east of the site is a shopping center anchored by a Costco warehouse. Slightly south of Costco is a strip mall that houses an Aldi's, Jewel-Osco, Marshalls and other small specialty stores. The western border of the site is the Chicago River, and just south past the Chicago River, are commercial land uses, that includes a Target Store, fast-food eateries and the Mid-Town Tennis Club.

Lathrop Homes is one mile or less from elementary schools Prescott Elementary (southeast), Harriet Tubman Elementary (northeast), Jahn Elementary (northeast) and Alcott College Prep (southeast). Lane Technical high school is slightly over a mile north of the site. The Lathrop Homes development is also home to the historic "Great Lawn". Originally a Jens Jensen design, the Great Lawn fronts the Chicago River, and all 11 acres of this green space was restored in phase I of redevelopment. The Great Lawn connects tenants and the community alike to the Chicago River, and restored walking paths.

The closest hospital, Advocate Illinois Masonic Medical Center, is two miles east of the site, on Wellington Avenue.

#### **IV. PROPOSED DEVELOPMENT TEAM**

**Development Entity:** Lathrop Homes Preservation Phase IC, LP, an Illinois limited partnership



(the “Owner”) of which Lathrop Preservation Phase IC GP, LLC, an Illinois limited liability company, is the general partner, and Bickerdike Redevelopment Corporation, an Illinois not-for-profit corporation, is the initial limited partner. Lathrop Preservation Phase IC GP, LLC is comprised of Related Lathrop LLC as managing member, and Bickerdike Lathrop, LLC as member. Related Lathrop LLC’s sole member is LR Development Company LLC, a Delaware limited liability company, d/b/a as Related Midwest. Bickerdike Lathrop, LLC’s sole member is Bickerdike Redevelopment Corporation.

Related Midwest has over 50 years of experience in real estate transactions with a primary focus in the planning and development of multi-unit residential and mixed-use projects. The company is diversified with divisions specializing in development, construction, and property management, and is a leading developer and acquirer of luxury housing, government-assisted housing, and mixed-use properties.

Bickerdike Redevelopment Corporation was established in 1967 by a group of individuals and representatives of local community organizations on Chicago’s near northwest side who joined forces to fight housing neglect, abandonment and arson. Since its inception, Bickerdike has built over 1,200 units of housing for low and moderate individuals and families. Bickerdike’s mission is to provide affordable housing, fight against gentrification, and displacement and promote economic development by creating and preserving jobs.

**Consultants:**

**Architects:**

- BKL (New Construction) – Founded in 2010 and has offices in Chicago, Atlanta and Washington DC. BKL has designed for six buildings with units totaling over 1,800 in the Chicago area alone.
- Harley Ellis Devereaux (HED) (rehab residential) – Founded in 1908 and based in Royal Oak Michigan, HED has offices in Chicago, Los Angeles, San Francisco, Sacramento California, San Diego, Denver, Dallas and Boston. The firm specializes in multiple practices including healthcare, workplaces, mixed-use and residential to name a few.
- Arda Design (formerly Bauer Latoza Studio) (powerhouse) – Founded 34 years ago, Bauer Latoza is a Minority Business Enterprise firm that specializes in architecture, restoration and planning, focusing on existing buildings. To date, Arda has restored the Chicago water tower and pumping station, Pullman National Historical Park and State Historic Site, Chicago Cultural Center, the Blues Heaven Foundation, the Humboldt Park Boathouse and the Till-Mobley House and Roberts Temple to name a few.

**General Contractor:**

- A general contractor has yet to be named. The Department of Housing requires the developer submits a minimum of three bids, prior to selecting a general contractor. This process is currently underway. Bothe developers – Related Midwest and Bickerdike

Redevelopment Corporation are known to form joint ventures where one, or several of the general contactors selected are M/WBE owned firms.

**Property Manager:**

- Related Management Company (RMC) – Formed in 1974, RMC currently manages 40,000 affordable residential units. Of the 40,000, 36,000 are affordable only units, 8,000 of which are located in Illinois. In addition to the affordable units, RMC’s portfolio also includes 30,000 of market rate units under their management.

**Attorney:**

- DLA Piper – A global law firm with lawyers located in more than 40 countries throughout the Americas, Europe, Middle East, and Asian Pacific. In the United States, DLA Piper have lawyers in more than 25 offices with their core practices focusing on corporate and finance; employment; government affairs; intellectual property and technology; litigation and arbitration; real estate and tax laws.

**V. PROPOSED PROJECT**

**Project Overview:** Phase IC will focus on the south side of Diversey and be comprised of the new construction of one building (59 units), rehabilitation of seven buildings (250 units), the demolition of three existing buildings, and structural repair of the powerhouse. Of the 309 units, 213 or 69% will be available to CHA and affordable households at the 30% to 80% Area Median Income (AMI) levels and 121 of the 213 will be CHA replacement units. The remaining 96 units will rent to market rate households. There will be 24 studio, 169 one-, 106 two-, and 10 three-bedroom units. Other amenities will include landscaped courtyards, community space and approximately 100 off-street surface parking spaces. The powerhouse’s smokestack will be repointed and rebuilt, and the interior will be built-out as a ‘grey box’ that can be built-out by a future tenant once identified.

Unit finishes will be the same regardless of income designation and will include wide-plank luxury vinyl flooring throughout; stainless steel appliances; stone countertops; in-unit washer and dryer and custom-designed, simulated divided light windows that resemble the historic buildings while also delivering generous natural light through the residence.

There will be meticulous replacement of the exterior brick and mortar along with replacement of coping and preservation of the unique finials, stripping away paint to expose the limestone entry portals and glazed block stairwells. The existing windows will be replaced with historically accurate casement windows.

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

**Residential Unit Profile:** The following table provides a detailed description of the proposed project. The subject property will provide a total of 309 rental units of which 213 units or 69%

will be affordable for households earning no more than 80% of the area median income. These units will satisfy the Chicago affordable housing ordinance, which requires 10% affordable units in projects developed on land sold by the city or 20% affordable units in projects receiving TIF assistance.

**Rental Unit Profile:**

<b>Unit Type:</b>	<b>30% AMI:</b>	<b>60% AMI:</b>	<b>80% AMI:</b>	<b>Market Rate:</b>	<b>Size S.F.:</b>	<b>Initial Rents:</b>	<b>Total Units:</b>
Studios			1		454	\$1,486	1
Studios			9		454	\$1,504	9
Studios				14	454	\$1,550	14
One Bed/One Bath	27				652	\$1,751	27
One Bed/One Bath		3			652	\$1,151	3
One Bed/One Bath		22			652	\$1,165	22
One Bed/One Bath		24			652	\$1,751	24
One Bed/One Bath			3		652	\$1,751	3
One Bed/One Bath			8		652	\$1,571	8
One Bed/One Bath			22		652	\$1,585	22
One Bed/One Bath				61	652	\$1,900	61
Two Bed/One Bath	28				838	\$2,009	28
Two Bed/One Bath		2			838	\$1,376	2
Two Bed/One Bath		9			838	\$1,385	9
Two Bed/One Bath		27			838	\$2,009	27
Two Bed/One			4		838	\$1,571	4

Bath							
Two Bed/One Bath			5		838	\$2,009	5
Two Bed/One Bath			9		838	\$1,880	9
Two Bed/One Bath				21	838	\$2,350	21
Three Bed/Two Bath	2				1,198	\$2,549	2
Three Bed/Two Bath		4			1,198	\$2,549	4
Three Bed/Two Bath		2			1,198	\$1,590	2
Three Bed/Two Bath			1		1,198	\$2,549	1
Three Bed/Two Bath			1		1,198	\$2,549	1
<b>TOTAL:</b>	<b>57</b>	<b>93</b>	<b>63</b>	<b>96</b>			<b>309</b>

Tenant paid utilities: heat and cooking gas.

The affordable rent paid by the tenant is based on the tenant's income, not on market comparables. The maximum rent for each defined "affordable" income level is published annually by the US Department of Housing and Urban Development and listed according to building construction type (i.e. apartment, townhouse, house), number of bedrooms and household size. Rent per square foot is not considered except that HUD housing quality standards and Chicago zoning and building codes set minimum room and unit sizes. Different federal funding development and operating support sources may have different maximum income and rent restrictions.

The Chicago Housing Authority's (CHA) tenants will pay no more than 30% of their income towards their rent. The CHA has received approval from the U.S. Department of Housing and Urban Development's (HUD) to utilize the Rental Assistance Demonstration (RAD) program for the benefit of Lathrop Preservation Phase IC LP. Under the RAD program, properties are funded through a long-term Housing Assistance Payment (HAP) contract. The initial HAP contract period is 20 years.

When developers determine the rent to charge for a project that is using HUD program subsidies through one of the City of Chicago's Multifamily Financing programs, the developer is required to establish market-area rents by commissioning a market study of the targeted market area. The developer is allowed to charge the lesser of HUD-estimated Fair Market Rent or the rent cap by income group (i.e., the 60% rent), but must also take into consideration the localized rent for the development's targeted market area, which is often much lower than the HUD FMR, and may be the same as, or even lower than, the "affordable" rent levels.

**Environmental Features:** Lathrop Homes IC will achieve 100 points in Chicago sustainability by incorporating the following:

- Energy star appliances
- Working landscapes and tree planting
- Indoor water use reduction by 25%
- 80% waste diversion
- High efficiency gas condensing boilers for heat and air conditioning
- Energy efficient windows
- Permeable pavers at parking areas
- LED lighting and high efficiency HVAC systems such as Variable Refrigerant Flow (VRF) and split system electric heat pumps.

## **VI. FINANCIAL STRUCTURE**

Lathrop Preservation IC will be financed with various sources, and the City of Chicago will issue Tax-Exempt Revenue bonds up to \$100,000,000. The bonds will automatically generate 4% Low Income Housing Tax Credits which will be sold to generate approximately \$37,685,460 of equity for the benefit of the transaction. The equity payments will be funded throughout construction to completion and finally occupancy. It is anticipated the loan will be provided by Fannie Mae under its MBS Tax-Exempt Bond Collateral (M.TEB) Program. The tax-exempt financing will provide construction to permanent phase financing on a draw-down basis. The proposed loan term for this facility is 15.5 years and a 40-year amortization period. The interest rate will float until rate lock occurs. Currently, the rate is estimated to be 5.25%.

TIF funding of \$25,000,000 will represent 12.3% of the financing and will be used to pay for or reimburse the developer for TIF eligible project costs. Up-to \$21.5M of TIF will be ported from the Addison South TIF and come from area-wide increment. The use and porting of TIF was reviewed and approved by the City of Chicago's TIF Investment Committee in June and October 2024. It is anticipated that TIF will be funded in three installments of \$8,333,333, with two being funded during construction (33% and 66% construction completion), and one to be funded at Certificate of Occupancy. The TIF payments will be bridged with a loan obtained through a financial lender as no TIF funds will be made available at closing.

The permanent first mortgage of approximately \$47,091,000, which accounts for 23% of total development costs, will be a non-recourse amortizing term loan with a market interest rate and 40-year amortization period. Additionally, the CHA will provide loan funds of \$37,000,000, accounting for 18% of project costs.

State and Federal Historic tax credits will provide \$1.447M and \$21.274M of equity respectively for the benefit of the transaction.

Illinois Affordable Housing Tax Credits (IAHTC), better known as Donation Tax Credits (DTCs), will fund 4% of the development costs. The CHA land is viewed as a donation, and 50% of the land value (less remediation costs) or \$9,000,000, is the amount of DTCs that are to be sold to generate \$8,280,000 of equity for the project. A ‘to be determined’ entity acceptable to the DOH Commissioner, will purchase the credits and provide the equity. The seller note of \$18M is equivalent to the land/bldg. values which is used to generate DTCs for the benefit of the project.

Other sources will consist of a ComEd grant of \$437,048, deferred developer fee up to \$6.3M and a \$100.00 general partner equity contribution.

The following table identifies the sources and uses of funds.

#### Sources and Uses of Funds

SOURCES OF FUNDS	AMOUNT	% TOTAL
First Mortgage	\$47,091,000	23%
Seller Note	\$18,000,000	9%
CHA Loan Funds	\$37,000,000	18%
City of Chicago – TIF	\$25,000,000	12%
State Historic Tax Credit equity	\$1,447,491	.01%
Federal Historic Tax Credit equity	\$21,274,832	11%
Donation Tax Credit equity	\$8,280,000	4%
ComEd grant	\$437,048	.002%
4% Low Income Housing Tax Credit equity	\$37,685,460	19%
Deferred developer fee	\$6,379,247	3%
G.P. equity	\$100.00	--
<b>Total Sources</b>	<b>\$202,595,178</b>	<b>100%</b>

USES OF FUNDS	AMOUNT	\$SF of BUILDING
Land Value	\$18,000,000	\$49.32
Hard Costs	\$139,726,336	\$382.81
Infrastructure & Environmental	\$2,610,361	\$7.15
Soft Costs		

Architect Fee (3% hard costs)	\$4,514,332	\$12.37
Loan Origination Fee (3% of loan)	\$1,400,910	\$3.84
Legal Fees (1% of total costs)	\$1,374,911	\$3.77
Marketing (1% of total costs)	\$1,057,500	\$2.90
Loan Interest (5% of total costs)	\$9,984,517	\$27.35
Bond Fees	\$879,936	\$2.41
Tax Credit Issuer Fees	\$2,695,144	\$7.38
Reserves	\$3,650,145	\$10.00
Other soft costs (8% of total costs)	\$16,701,086	\$45.76
Total Soft Costs	\$42,258,481	\$115.78
<b>Total Uses</b>	<b>\$202,595,178</b>	<b>\$555.06</b>

\*Gross Building Area 365,000 SF

## **VII. PUBLIC BENEFITS**

The proposed project will provide the following public benefits.

**Affordable Housing:** The project will provide 309 mixed-income units, 213 or 69% of which will be affordable to households at the 30% to 80% AMI levels.

**Environmental Features:** The project will achieve 100 points in Chicago sustainability by incorporating the following features:

- Energy star appliances
- Working landscapes and tree planting
- Indoor water use reduction by 25%
- 80% waste diversion
- High efficiency gas condensing boilers for heat and air conditioning
- Energy efficient windows
- Permeable pavers at parking areas
- LED lighting and high efficiency HVAC systems such as Variable Refrigerant Flow (VRF) and split system electric heat pumps.

**Permanent Jobs:** The project is estimated to generate nine permanent jobs in Asset Management (two Recertification Specialist); Maintenance (three Maintenance Technicians); three Janitor/Porter positions, and an Administrative Assistant/File Clerk. The department's workforce development specialists will work with the developer on job training and placement.

**Construction Jobs:** The temporary construction jobs are still TBD, the general contractor is to be named shortly, and that information will be provided at that time.

**Affirmative Action:** The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 26% by minority-owned business enterprises (MBEs) and 6% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

**City Residency:** The developer will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents. The developer will also comply with the requirement that all construction jobs are paid the prevailing wage.

## **VIII. COMMUNITY SUPPORT**

Alder Scott Waguespack endorses the project and has provided a letter of support (see exhibits for copy).

## **IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN**

The proposed project is in the Diversey/Chicago River Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan:

- Support the preservation and rehabilitation of historically and architecturally significant properties.
- Promote high quality and harmonious architectural, landscape and streetscape design that contributes to and complements the surrounding neighborhoods and historic preservation goals.
- Encourage new residential and commercial development that complements and contributes to a culturally and economically diverse community.
- Utilize public and private resources and funding to provide a range of housing options at all income levels, including low, very low, and extremely low-income housing.
- Upgrade public utilities, infrastructure and streets, including the riverwalk, lighting, streetscape and beautification that reinforces area identity, enhances safety and encourages pedestrian activity.
- Preserve existing open space and encourage recreational opportunities for all residents.
- Provide ramps, elevators and other amenities that improve access for people with disabilities in and around the Project Area.



- Encourage visually attractive buildings, rights-of-way, and site development that reinforce an urban design framework and connect the Project Area to the larger community.

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of Lathrop Homes Preservation IC, LP mixed-income rental development. The proposed project also conforms to the plan's land use map, which calls for residential/institutional/commercial employment or parks and open space development at the subject site.

## **X. CONDITIONS OF ASSISTANCE**

If the proposed resolution is approved by the CDC, DOH will negotiate a redevelopment agreement with the developer. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DOH policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action.

Closing of the financing of the property will not occur before the City Council has approved the redevelopment agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of all other financing. The documents will include a development timetable.

## **XI. RECOMMENDATION**

The Department of Housing has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, its need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and DOH recommends that the CDC recommend to the City Council the designation of Lathrop Homes Preservation IC, LP as Developer for the development of Phase IC which will be comprised of the new construction of one building (59 units) at 2740 N. Hoyne, rehabilitation of seven buildings (250 units) at 2731-59 N. Leavitt/2039-49 W. Diversey; 2750-68 N. Hoyne/2029-35 W. Diversey; 2633-67 N. Hoyne; 2601-31 N. Hoyne; 2600-18 N. Hoyne; 2628-62 N. Hoyne, and 2664-2704 N. Hoyne, the demolition of three existing buildings at 2742-48 N. Hoyne; 2706-40 N. Hoyne, and 2602-26 N. Hoyne, and structural repair of the powerhouse at 2567 N. Hoyne.

**EXHIBITS**

TIF Project Assessment Form  
Redevelopment Area Map  
Neighborhood Map or Aerial  
Site Plan  
Typical Floor Plan  
Front Elevation or Rendering  
Sample M/WBE Letter  
Copies of M/WBE Certified Letter Receipts  
Lender's Letter of Interest  
Alderman's Letter of Support