

**City of Chicago
Department of Housing and Economic Development**

**INFORMATIONAL STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REGARDING THE CONTRACTUAL AGREEMENT WITH CHICAGO
NEIGHBORHOOD INITIATIVES
January 14, 2014**

“Presented for informational purposes only, CDC approval not required by the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended”

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	Halsted Parkways
Contractors Name:	Chicago Neighborhood Initiatives, Inc. (CNI)
Project Address:	6220 – 6258 South Halsted Street and 800 – 856 West 63rd
Ward and Alderman:	16 th Ward, JoAnn Thompson
Community Area:	Englewood (68)
Redevelopment Project Area:	Englewood Mall TIF
Requested Action:	None
Proposed Project:	The City of Chicago proposes to enter into a contractual agreement with Chicago Neighborhood Initiatives for the purpose of remediation, site preparation and infrastructure work and maintenance agreement of the city owned property at the NWC of 63 rd Street and Halsted Avenue.
TIF Assistance:	\$10.7M

II. PROPERTY DESCRIPTION

Address: 6220 – 6258 South Halsted Street and 800 – 856 West 63rd

Location: NWC of 63rd Street and Halsted Avenue.

Tax Parcel Numbers: Please see attachment

Land Area: Approximately 13 acres.

Current Use: Vacant

Current Zoning: C1-2.

Proposed Zoning: C1-3

Environmental Condition: As a part of the redevelopment agreement, CNI will be required to obtain an open NFR letter for the entire site.

III. BACKGROUND

During the early –and mid-1900s, the Property was the center of a thriving shopping district second to downtown Chicago. However, the opening of nearby shopping malls and the rise of the automobile in the postwar era, combined with other factors, led to the steady decline of the area as a shopping destination. Today, the property is vacant, with the exception of a shuttered landmarked firehouse. This area has experienced steady population decreases, deteriorating residential units and increased criminal activity. The property consists of over 100 individual platted lots, two streets and five alleys, requiring extraordinary development costs, including demolition and removal of existing but obsolete infrastructure and resolution of environmental conditions.

IV. PROPOSED DEVELOPMENT TEAM

Chicago Neighborhood Initiatives, Inc. (“CNI”) is a neighborhood-based community nonprofit development organization. They began over a decade ago as Pullman Bank Initiatives. At that time, the organization formed a partnership with NHS Redevelopment Corporation to buy eight historic row houses in Chicago’s Pullman District with the goal of restoring the row houses to their original state in order to help rejuvenate the community. Pullman Bank Initiatives evolved into Pullman Park, a mixed –use economic development serving the Calumet region. In January 2010, CNI was created with the support and financial backing of US bank, N. A. as part of its acquisition of the former Park National Bank.

CNI is committed to combating community deterioration in low income Chicago communities, and has successfully completed investing \$50 million of New Market Tax Credit into a community center, a neighborhood hospital, a new charter school, and a community health center, creating several hundred new jobs. In addition, CNI completed the similar Pullman Park Development.

Phases IA & B of the Pullman Park project included infrastructure improvements, both private and public, required for the delivery of a 15.5 acre pad for a 150,000 square foot Walmart store and 67,000 square feet of retail space anchored by a 25,000 square foot Ross Dress for Less and a 20,000 square foot Planet Fitness health club. The total project costs for Phases IA & B was \$37 million each, for a total of \$74 million.

The Pullman Park Development also included the 21.1 acre Method parcel, which CNI similarly developed. CNI completed the site grading, utility installation and installation of a foundation and pad, upon which Method will construct a 150,000 square foot LEED facility. Total project costs for the site work were \$9,910,736. City Council approved this project in August of 2013.

CNI is governed by an independent board of directors consisting of community representatives, banking officials, accountants, attorneys and development professionals.

Consultants: CRD accord- Development Consultant
Neal & Leroy, LLC-Attorney
DLA Piper, Attorney

V. PROPOSED PROJECT

Project Overview: The City of Chicago will enter into a site preparation and maintenance agreement with CNI. CNI will prepare the entire 13.9 acre site into 4 developable sites (subarea A, B, C, and D as depicted on Exhibit G) for future development. There is no end use for subarea A, B and D at this time. However, subarea C (Englewood Square) will be developed into a 48,000 sf retail development consisting of 4 separate buildings, anchored by Whole Foods. It is anticipated that subarea C will be conveyed/purchased to/by DL3, whose principal is Leon Walker. The negotiated sale of subarea C will be brought back to this Commission for consideration. The Planned Development Zoning for Sub Area C (Englewood Square) was approved by City Council in December, 2013.

CNI will conduct the site preparation and Infrastructure work as summarized in Exhibit H. The Developer will deliver developable parcels with a draft NFR letter. The City of Chicago will pay a total of \$10.7 M for all of CNI endeavors at this site.

VI. FINANCIAL STRUCTURE

The work required consists of site acquisition and title clearance, vacation of rights-of-way, consolidation and re-subdivision of tax parcels, rezoning, construction of infrastructure improvements and site preparation work. This is a large undertaking and would not be financially feasible but for TIF assistance. There have been many development plans for the site over the years; however the excessive site preparation costs made it prohibitive.

CNI will be hired as a contractor to perform work described above. The total budget for this work is

\$10.7 million. 100% of the costs to get the site “pad ready” for future development will be ported from the Englewood Neighborhood and Englewood Mall TIF Districts. Approximately \$1.4 million in TIF will be disbursed at closing for costs incurred to date, with the remaining funds deposited in a construction escrow account to be disbursed monthly as work is completed.

The following table identifies the sources and uses of funds.

Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
TIF	\$10,655,976	100%
Total Sources	\$10,655,976	100%

<u>Uses</u>	<u>Amount</u>	<u>\$/acre</u>
Hard Costs		
Site Infrastructure	\$3,651,657	\$262,709
Environmental	\$736,000	\$52,950
Public Right-of-Way	\$502,625	\$36,160
Englewood Square Retail Site Work	\$1,529,825	\$110,059
Construction Management Fee	\$96,204	\$6,921
Contingencies	\$1,605,027	\$115,470
Soft Costs	<u>\$2,061,299</u>	<u>\$148,295</u>
Developer Fee	\$473,339	\$34,053
Total Uses	\$10,655,976	\$766,617

*Land Area is 13.9 acres

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Environmental Features: The project will incorporate an open NFR letter to be completed by future development.

Affirmative Action: The developer will comply with the requirements of Chicago’s affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

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

VIII. COMMUNITY SUPPORT

Alderman Thompson endorses the project and has provided a letter of support (see exhibits for copy).

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the Englewood Mall Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan:

- By providing public facilities which may include:
 - Relocation of utilities (sewers, waterlines etc.)
 - Utility improvements and expansion (including curbs and sidewalks)
 - Street and intersection improvements
- By providing for demolition, site preparation, clearance and grading of redevelopment sites, removal of foundation material, and site compaction, as well as appropriate relocation

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the remediation. Site preparation and infrastructure work of this site.

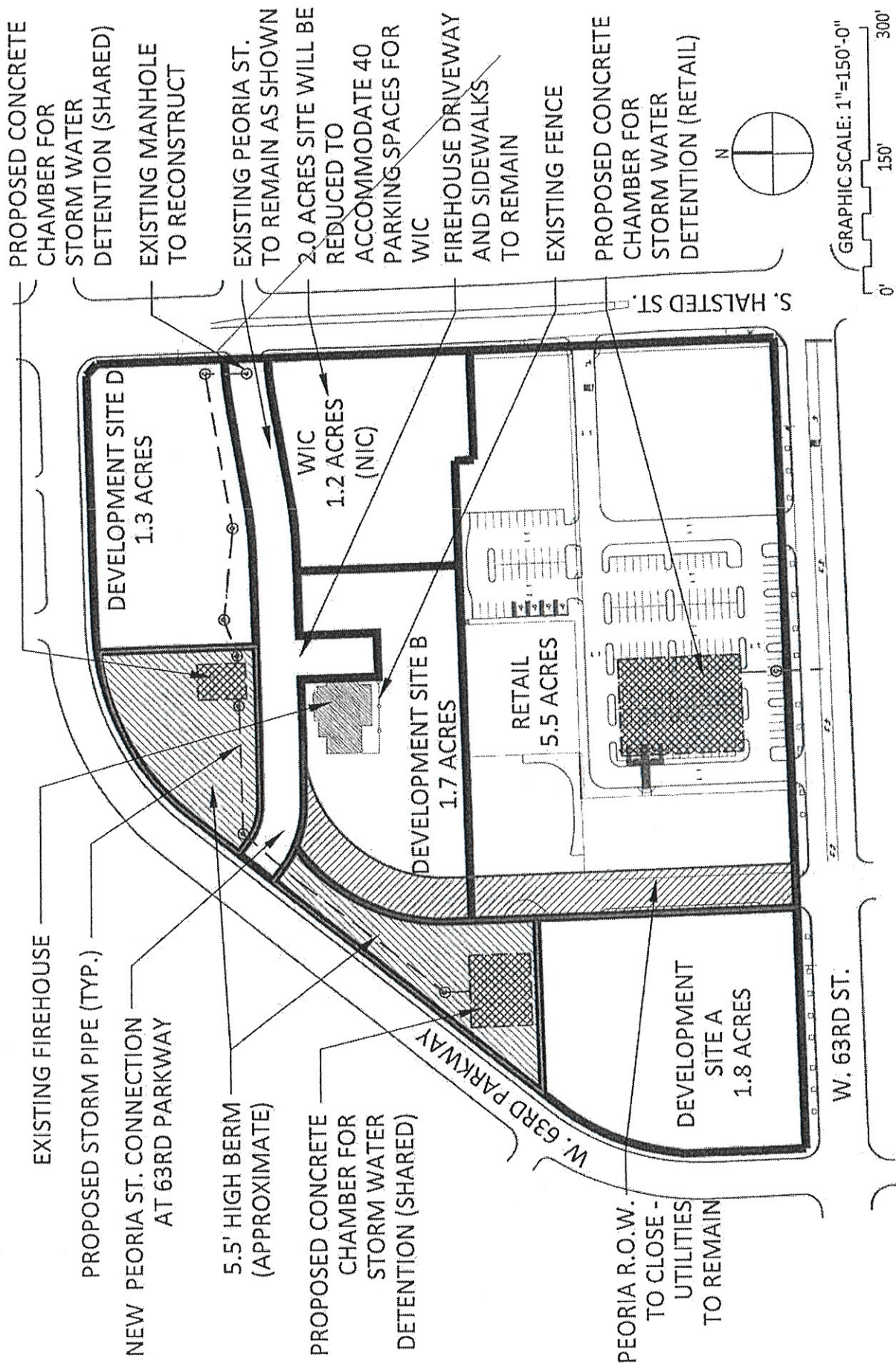
EXHIBITS

Redevelopment Area Map
Neighborhood Map or Aerial
Survey or Plat
Site Plan
Scope of Work
Alderman's Letter of Support





EXHIBIT G



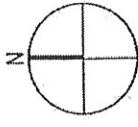
PROPOSED CONCRETE CHAMBER FOR STORM WATER DETENTION (SHARED)
 EXISTING MANHOLE TO RECONSTRUCT

EXISTING PEORIA ST. TO REMAIN AS SHOWN

2.0 ACRES SITE WILL BE REDUCED TO ACCOMMODATE 40 PARKING SPACES FOR WIC

FIREHOUSE DRIVEWAY AND SIDEWALKS TO REMAIN
 EXISTING FENCE

PROPOSED CONCRETE CHAMBER FOR STORM WATER DETENTION (RETAIL)



GRAPHIC SCALE: 1"=150'-0"
 0' 150' 300'

CNI-Halsted Parkways Community Development Plan

December 5, 2013

Infrastructure Engineering, Inc

Halsted Parkways

Summary of Project Site Preparation Work, Infrastructure Work and Retail Site Preparation Work

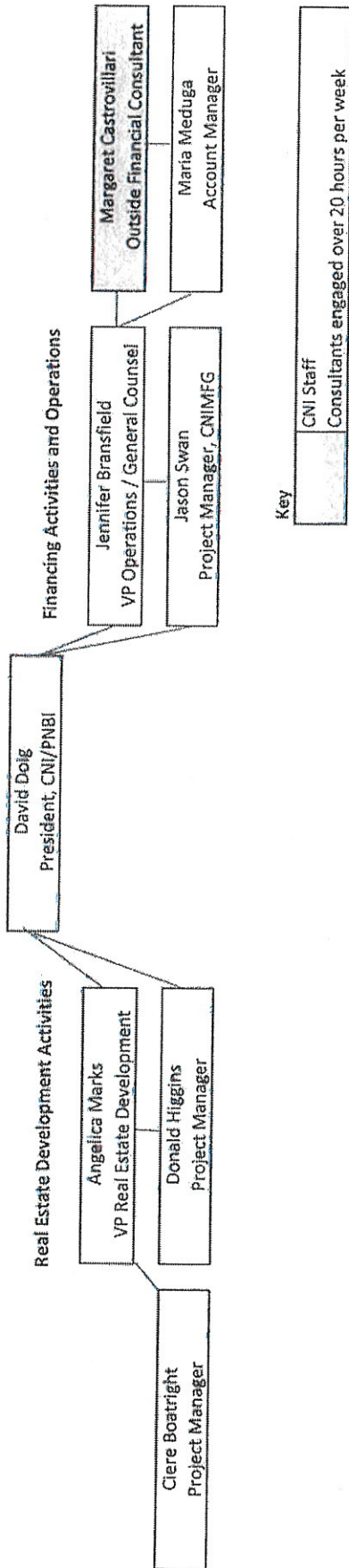
To be performed by CNI as provided in Project Budget and Site Plan Dated December 5, 2013

December 5, 2013

1. Asphalt pavement and base removal and export.
2. Concrete pavement, curb and sidewalk and base removal and export.
3. Sewer and water piping and other utility removal as required.
4. Debris removal as required.
5. All trees to be removed except along ROW's to remain.
6. Temporary site perimeter cyclone fencing and access gates with visual barrier.
7. Demolish existing electrical and lighting.
8. Site security.
9. Erosion control system.
10. Environmental Remediation throughout site including: SRP, hot spot remediation, firehouse asbestos removal, contaminated soils removal export, vapor intrusion allowance.
11. Extend East- West Peoria Street westward via new curve and cut into 63rd Parkway.
12. Provide environmental cap at Retail Development Site and at Shared Stormwater Areas.
13. Obtain final No Further Remediation letters (NFR) from IEPA for Retail Development Site, Retail Outlot B and two North shared stormwater detention areas.
14. Obtain draft NFR's for Retail Outlot A, Development Parcel A, Development Parcel B and Development Parcel D.
15. Site grading and cut.
16. Site compaction.
17. Design aggregate pier system and slab support system or equivalent for Whole Foods building and Retail Building E.
18. Provide concrete slab and foundation at Retail Building E.
19. Retail and Whole Foods base binder course, curb, gutter landscaping and fencing.
20. New storm sewers, trenches and backfill as required for Retail Development Site.
21. Reconstruct sewer manholes at site connection points.
22. Provide three underground stormwater storage vaults with one dedicated to Retail Development Site.
23. Provide two outlet control structures with one dedicated to Retail Development Site.
24. New or repaired sanitary sewers, trenches and backfill for Retail Development Site.
25. New water piping, hot boxes, valve vaults, trenches and backfill for Retail Development Site.
26. New water main pressure connections for Retail Development Site.
27. Comed relocation of overhead and underground mains, distributions and transformers per Budget. Provide service for Retail Development Site. Work with City to determine future design and cost of individual development parcels electrical service.
28. Peoples Gas pipe service and relocation for Retail Development Site. Work with City to determine future design and cost of individual development parcels gas service.
29. New telecommunication service for Retail Development Site. Work with City to determine future design and cost of individual development parcels telecommunication service.

30. Other telecommunication service relocation is unknown and not included.
31. New or repaired ROW concrete sidewalks, curb and gutter throughout site except at WIC and East-West Peoria Street to remain.
32. Replace missing or damaged 63rd street and Halsted Parkway ROW trees.
33. Replace missing 63rd Street tree grates.
34. New Halsted northbound turning lane.
35. New revised dedicated left turning lane at 63rd Street.
36. New landscaped berm at Shared Stormwater Detention Areas.
37. Hydroseed Site.
38. Export of materials from site excluded except as noted above.

Chicago Neighborhood Initiatives- Organizational Chart



Key

CNI Staff

Consultants engaged over 20 hours per week



COUNCIL CHAMBER

CITY HALL, ROOM 300
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JoANN THOMPSON

CITY COUNCIL CITY OF CHICAGO

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COMMITTEE MEMBERSHIPS

AVIATION
BUDGET AND GOVERNMENT OPERATIONS
COMMITTEES, RULES & ETHICS
FINANCE
HEALTH AND ENVIRONMENTAL PROTECTION
HOUSING AND REAL ESTATE

January 13, 2014

Commissioner Andrew J. Mooney
Department of Housing and Economic
Development – City of Chicago
121 N. LaSalle Street, Room 1000
Chicago, IL 60602

Re: 63rd & Halsted – Redevelopment Project

Dear Commissioner Mooney:

I am writing to convey my support for Chicago Neighborhood Initiatives, Inc. (“CNI”) to perform site preparation and maintenance work on City owned vacant property at the northwest corner of 63rd Street and Halsted, (the Property). The Property has been vacant and unused for many years and as such is a blight on the community at-large.

To make the Property productive, stimulate investment and employment, CNI will consolidate the lots into one large parcel by vacating the streets and alleys, removing all of the old foundations, broken sidewalks, streets and alleys, relocating the utilities as needed, installing new utilities and infrastructure for a mixed use development, including retail and commercial uses.

This is a very important project for the Englewood Community and will convert a vacant property into parcels of land that will attract investment, new businesses, services and employment for the Englewood Community and the City of Chicago.

Please contact Debbie Blair, Chief of Staff to Alderman JoAnn Thompson, at (773) 434-3399 if you wish to discuss the Project further. Thank you in advance for your assistance in this matter.

Sincerely,

JoAnn Thompson
Alderman, 16th Ward

Cc: David Doig
Chris Hill
David Reifman