

**City of Chicago
Department of Planning and Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
July 10, 2018**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	Southbridge Phase 1
Applicant Name:	Ickes Master Developer JV LLC
Developer Name:	The Community Builders and McCaffery Interests (applicants and co-developers)
Project Address:	2316 S. State Street – 4% deal 2346 S. State Street – 9% deal
Ward and Alderman:	3 rd Ward – Alderman Pat Dowell
Community Area:	#33 – Near South Side
Redevelopment Project Area:	24 th /Michigan
Requested Action:	TIF Developer Designation
Proposed Project:	New construction of 200 units (100 units per building) in two nearly identical 6-story buildings with ground floor commercial/retail space in each building. The project is the 1 st phase of the redevelopment of the former Harold Ickes Homes site and is a CHA Plan Forward site. 86 units (43%) will be affordable for households earning no more than 60 percent of the area median income.
Goal of Project:	To provide safe, decent affordable housing in a mixed-income setting and mixed-use setting.
TIF Assistance:	\$17,000,000

II. PROPERTY DESCRIPTION

Address:	2316 S. State Street and 2346 S. State Street
Location:	Southwest corner of East 23 rd Street and South State Street
Tax Parcel Numbers:	1) 17-28-218-028-0000 2) 17-28-218-029-0000 3) 17-28-218-030-0000 (partial)
Land Area:	Approximately 74,334 sq.ft.
Current Use:	Vacant land
Current Zoning:	Residential Planned Development being considered by the Chicago Plan Commission at its July 19, 2018 meeting. Current zoning is RM-5.
Environmental Condition:	The property will require remediation and issuance of a No Further Remediation (NFR) letter from the Illinois EPA. Recognized Environmental Conditions (REC's) include: volatile organic compounds; pesticides; PCB's, PNA's, cyanide, and metals. Past uses of the property that are a concern include a dry clothes cleaner. A CHA owned heating plant operated on an adjacent lot to the west from 1975 to 2004. That site contained several Underground Storage Tanks. It is considered a REC due to the existence of the UST's and its proximity to the subject site. The city's Department of Fleet and Facility management (2FM) performs environmental reviews for CHA, and its approval of the Remedial Action Plan for the site will be required. An environmental review/approval will also be required for the City of Chicago, because the city's assistance to the project includes a federally funded multifamily loan.

III. BACKGROUND

The CHA's Harold Ickes Homes commenced construction in 1952, eventually covering 6 square blocks from 22nd Street south to 25th Street, and from State Street west to Federal Street –

approximately 18 acres. After construction completion in 1955, there were eleven elevator buildings containing 1,006 units of family housing. The three western blocks of the site were cleared in the early 2000's. These three blocks were redeveloped with a public school in 2004; a public park and baseball diamond in 2010, and an athletic field in 2013. The buildings on the remaining three blocks were razed by 2010 under CHA's Plan for Transformation (now Plan Forward).

In October 2014, CHA released an RFP for the three eastern blocks of the site – starting at the northwest corner of Cermak and State Street and extending three blocks south. The RFP called for the development of rental and for-sale homes and apartments, as well as commercial/retail development. The redevelopment site is close to downtown, McCormick Place and the burgeoning South Loop, and has excellent transit options within walking distance. Developer teams were instructed to include these amenities in their visioning for the site. Five developer teams submitted proposals.

In June 2015, the CHA Board approved The Community Builders/McCaffery Interests team as developer. TCB/MI's proposal envisions high rise residential /retail development at the corner of Cermak and State, with density decreasing in the middle and southern block of the three-block site. "Southbridge" will be a pedestrian friendly, mixed-use, mixed income, transit-oriented development.

TCB/MI selected the 2300 block of State Street (the middle block) as the first phase of the redevelopment to deliver the necessary scale, sense of community, and amenities to anchor the overall redevelopment of the site.

Neighborhood Overview: The project site is located in the far southwest portion of the Near South Side Community Area, approximately 1.5 miles south of downtown Chicago and $\frac{3}{4}$ mile west of Lake Michigan. It is bounded by Cermak-22nd Street on the north, 25th Street on the south, State Street on the east, and Dearborn Street on the west. The site is uniquely situated within a cluster of both existing vibrant as well as emerging neighborhoods. The restaurants and shops of Chinatown are located three blocks to the west. The Roosevelt Road shopping and entertainment district is 1.5 miles to the north. Many of Chicago's premier cultural attractions are located within the Museum Campus, located one mile northeast of the site, and McCormick Place – the largest convention center in North America – is located three blocks to the east.

The subject site's location with respect to major thoroughfares, public transportation, and access to employment, commercial and cultural amenities make it highly visible and extremely marketable. Access to the site is excellent via public transportation or automobile. Both State Street and Cermak Road are major thoroughfares with CTA bus routes. The CTA's Red Line is located two blocks west of the site via the Cermak-Chinatown station. The CTA's Green Line also has a station located $\frac{1}{2}$ block east of the site. The Regional Transportation Authority's McCormick Place Metra Station, is located approximately $\frac{3}{4}$ mile east of the site, and provides

commuter rail service to the south suburbs. Additionally, access to the regional freeway system is two blocks west of the site, with access to both the Stevenson Expressway (I-55) and the Dan Ryan Expressway (I-90).

The nearest large grocery store is Mariano's, located at 17th and Clark, $\frac{3}{4}$ mile to the north of the site. Within walking distance is the South Loop Market, 2 blocks east; a local grocery store offering fresh produce, meat, and dairy products along with convenience goods. The nearest full-service pharmacy is Walgreens, located $\frac{1}{2}$ mile west of the site. The nearest bank is Chase Bank, located three blocks north.

Given the site's proximity to downtown Chicago, the Primary Market Area (PMA) encompasses 23 complete census tracts and 4 of Chicago's 77 Community Areas – the Loop, Near South Side, Douglas, and Armour Square. The general boundaries of the PMA are: north, Kinzie Street (400 north); south, Pershing Road (3900 south); east, Lake Michigan; west, State Street (0 base line) and Stewart Avenue (400 west). The PMA boundaries were set based on a range of factors, including: demographic, geographic, and/or socioeconomic linkages between the four community areas; recent trends in localized residential and commercial development; proximity to employment concentrations (primarily within downtown Chicago); and commuting patterns along area streets and freeways and via CTA train and bus lines.

Within the PMA, both the population and number of households have increased from 2010 to 2016. The 2010 census showed a population of 82,410 for the PMA; the 2016 population is 92,394, a 12.1% increase. The number of households in the PMA increased from 41,382 in 2010 to 46,316 in 2016, an 11.9% increase. By comparison, the population for the City of Chicago has increased slightly from 2010 to 2016 – from 2,695,620 in 2010 to 2,714,017 in 2016. The number of households in the city has decreased from 2010 to 2016; from 1,045,500 in 2010 to 1,042,579 in 2016. Strong population and household growth within the PMA reflect the rapid development of northern portions of the PMA as thousands of new condominium and rental apartment units were built, transforming what were once largely commercial and industrial areas into vibrant mixed use neighborhoods.

The median age in the PMA is 34.5 years versus 35.5 years for the entire City of Chicago. The population is projected to show aging for both the PMA and the city as a whole. By 2022, the median age for the PMA is projected to rise to 35.9 years, and nearly 3,800 more residents age 65 and older are expected to live within the PMA than today.

There is a high income disparity within the PMA, with the highest earning households concentrated in the Loop community area, and the lowest earning households concentrated in the Douglas community area. More than 35% of PMA households earn \$100,000 or more; conversely 32.2% of PMA households (15,000 households) earn less than \$35,000. And, nearly 12,300 households earn less than \$25,000.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity: Ickes Master Developer JV LLC, an Illinois Limited Liability Company, will be the developer for Phase 1 of Southbridge. The Community Builders has a 99% share and MI Ickes has a 1% share. MI Ickes is 100% controlled by McCaffery Interests. There will be a separate Owner/Borrower for the 4% deal and the 9% deal. The Investor Member will be determined in the near future and will have a 99% share. Additional details are in Section VI. Financial Structure.

The developer's ownership chart is included in the Exhibits.

Experience: The Community Builders, Inc. is a not-for-profit real estate developer established in 1964 in Boston, MA. Its mission is to build and sustain strong communities where people of all incomes can achieve their full potential. TCB has 500 employees; has offices in Boston, Chicago, Cincinnati, New York, and Washington, DC, and has developed or preserved over 29,000 apartments in 15 states. TCB's Chicago projects includes Shops and Lofts at 47th and Cottage Grove, a mixed-use and mixed income development anchored by a Walmart Neighborhood Market; and several phases of Oakwood Shores, a low density mixed income development that is a CHA Plan for Transformation project.

McCaffery Interests is a privately owned, full-service commercial real estate company that has been in business for more than 25 years. Its portfolio exceeds 20 million square feet and includes office, mixed use, hotel and residential properties, as well as large, master-planned communities and land developments. Projects are located in Chicago, Washington, DC metro area, Myrtle Beach, Pittsburgh and San Francisco. McCaffery has 85 employees working in four primary markets; Chicago, Arlington, VA, Denver, and Pittsburgh.

Other City-funded Projects by this Developer:
Eleven projects totaling 1,071 units.

Consultants: Other development team members include:

Architect: Gensler Architecture, Master Planner

Founded in 1965, Gensler is an integrated architecture, design, planning and consulting firm—5000+ professionals networked across 44 offices—providing global reach with local touch.

Architect: Nia Architects

Nia Architects, Inc. is a Chicago based architecture firm with demonstrated expertise in architecture, interior design, and construction management. The firm draws its name from an African word meaning purpose. The firm's project experience ranges from Education (Pre-K

through 12 and Higher Ed), Parks and Recreations, Municipal, Commercial and Residential.

General Contractor: McShane Construction

Established in 1984, McShane has a portfolio that extends from Chicago to Texas to California and beyond. They are well known to DPD as General Contractor on a number of deals: Casa Maravilla (senior housing), Villages of Westhaven (family housing), Hairpin Lofts, Logan Square Community Arts Center (affordable housing in a historic building), and Clybourn Division (family housing) are a representative sample of McShane's projects that received assistance from the City of Chicago.

General Contractor: Powers and Sons

Founded in 1967 by Mamon Powers Sr., Powers & Sons Construction Company, Inc., is a highly respected commercial, industrial and institutional construction company. The capacity to perform its own selective demolition, excavation, concrete, rough and trim carpentry, acoustical ceilings, metal studs, and drywall has made it possible to meet critical deadlines. Powers & Sons employs a professional support staff of architects, registered engineers and other specialists to help the company meet the needs of its clients. Their Chicago projects include LaCasa Norte and the Northtown Apartments and Library.

Property Manager: McCaffery Interests

Community Life Provider: The Community Builders

TCB will monitor LIHTC and public housing compliance as well as lead the effort to provide resident services to all tenants, regardless of income level.

V. PROPOSED PROJECT

Project Overview: The project's name is "Southbridge." It will be a Planned Development, covering the three-square blocks bounded by Cermak/22nd Street on the north, 25th Street on the south, State Street on the east, and Dearborn Street on the west.

Phase 1 will be built along State Street from 23rd to 24th Street; it comprises two nearly identical 6-story elevator buildings containing 200 units on floors 2-6, approximately 16,000 sq. ft of ground floor retail space, and 3,160 sq. ft. of community space, reserved for resident activities. Surface parking will be provided behind the buildings at the west elevation: 76 spaces for residential and 38 spaces for retail. The parking spaces for residential and retail will be separated. Because Ickes is a TOD (Transit Oriented Development) the number of parking spaces is fewer than the number of units; given the excellent access to public transportation options, many residents will likely choose not to own a car. Exterior cladding materials include a mix of aluminum panels, fiber cement siding, and rain screen (i.e., natural wood) siding.

The two buildings will provide 68 units for public housing tenants; 18 units affordable to

households earning up to 60% area median income; and 114 units at market rate rents. Unit amenities include central air conditioning and heat, wiring for cable TV and internet service, in-unit washer/dryers, and all kitchen appliances, including dishwashers and microwave ovens. Kitchen counters will be a solid surface material like quartz or granite. Unit flooring will be vinyl plank, with ceramic tile in baths. All apartment windows will have roller shades, as seen in many new market rate properties and ceiling fans will be installed in living rooms and bedrooms. Most units will include a balcony. The project will have an on-site management office, elevators, community room, computer lab, and bicycle storage room.

The building and unit features and amenities are considered appropriate for the targeted tenant population for all affordability levels offered in the development.

The ground floor retail shops will be marketed to local businesses as well as national tenants. There will be two rent structures for the retail tenants: hyper-local businesses will pay a lower rent per square foot; regional, national and well established local businesses will pay market rent. Approximately 20% of the retail space will be reserved for hyper-local tenants.

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

Residential Unit Profile: The unit mix at Southbridge Phase 1 reflects the smaller household size within the PMA. Within the PMA, just over half of all households are 1-person households. For the city as a whole, 36.5% of households are 1-person. Two-person households make up 32% of households within the PMA, while just 17% of households consist of three or more people. From the CHA's waiting list, the largest demand is for 1-bedroom and 2-bedroom units.

The following table provides detailed descriptions of the affordable and market-rate components of the proposed project. The subject property will provide a total of 200 housing units of which 86 units or 43% will be affordable: 60 units will be available to CHA tenants earning between 30% - 60% of AMI; 8 units will be available to CHA tenants earning between 60% - 80% of AMI; 18 units will be affordable to households earning up to 60% of area median income; 114 units will be rented at market rate rentals. These units will satisfy the Chicago Affordable Requirements Ordinance, which requires 20% of total units to be affordable in projects receiving TIF assistance.

Rental Unit Profile

Unit Type	Number of Units	Affordability	Size-sf	Monthly Rent/sf	Monthly Rent (a)
0 bed/1 bath	24	Market Rent	526	\$2.52	\$1,325
1 bed/1 bath	37	CHA 30-60% AMI RAD rent (b)	926	\$1.15	\$1,065
1 bed/1 bath	8	60% AMI	926	\$0.80	\$743
1 bed/1 bath	4	CHA 60-80% AMI RAD Rent (b)	926	\$1.15	\$1,065
1 bed/1 bath	53	Market Rent	926	\$1.65	\$1,525
2 bed/1 bath	23	CHA 30-60% AMI RAD Rent (b)	1017	\$1.24	\$1,262
2 bed/1 bath	10	60% AMI	1017	\$0.87	\$889
2 bed/1 bath	4	CHA 60-80% AMI RAD Rent (b)	1017	\$1.24	\$1,262
2 bed/1 bath	37	Market Rent	1017	\$1.97	\$2,000
<i>(a) Tenant paid utilities: gas heat, gas cooking, gas water heating, and other electric</i>					
<i>(b) CHA tenants will pay 30% of their income for rent and utilities.</i>					

The affordable rent paid by the tenant is based on the tenant's income and 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, and single-family detached 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.

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.

The CHA units at Southbridge will receive rental subsidy from HUD's Rental Assistance Demonstration (RAD) Program. A CHA tenant will pay 30% of their income for rent and subsidy from the RAD program will pay the remainder of the rent for that unit. The rental rates for the RAD program are set by HUD.

Environmental Features: The project will be in compliance with Chicago's Sustainable Development Policy. It will incorporate the following environmentally friendly features: 50% green roof; minimum R-21 exterior wall insulation; efficient storm water movement will be incorporated into the design and layout of the outdoor space – in order to prevent heavy rains from overwhelming the City's sewer system. All units will have an Energy Star furnace and hot water tank; Energy Star programmable thermostats; LED lighting fixtures in the units and common spaces; Energy Star appliances in all units; low flow plumbing fixtures in kitchens and baths; and low VOC content in building materials.

VI. FINANCIAL STRUCTURE

Phase 1 comprises 2 nearly identical buildings. Each building will be owned by separate single purpose entities – an LLC. The reasoning behind this decision is to align Low Income Housing Tax Credits from different sources to each building. The 2316 S. State Street building will be structured as a bond deal and the bonds will generate 4% LIHTC's. The 2346 S. State Street building was awarded 9% LIHTC's by IHDA (Illinois Housing Development Authority). The two deals are labeled "the 4% deal/transaction" and "the 9% deal/transaction."

One of the distinctions between the two kinds of Low Income Housing Tax Credits are:

- 1) Four percent LIHTC's are designed to subsidize approximately 30% of the low income units in a project, and are generated by tax-exempt bonds. There is no competitive application process.
- 2) Nine percent LIHTC's are designed to subsidize approximately 70% of the low income units in a project, and are allocated by the City of Chicago or IHDA through a competitive application process.

4% deal – 2316 S. State Street: The Ownership entity will be Southbridge 4 Master Owner LLC. This entity is immediately below the applicant shown on page 1, Ickes Master Developer JV LLC. The total development cost for the 4% deal is approximately \$49.9million. The site is owned by the Chicago Housing Authority (CHA); there will be a 99 year ground lease to the developer. The project will also receive funding from private sources, public sources, and equity generated by the sale of low income housing tax credits.

Barings will provide a 17-year, \$6,100,000 permanent 1st mortgage, with a 40-year amortization. The City of Chicago will provide a \$4,795,915 multi-family loan. The Chicago Housing Authority (CHA) will provide \$11,376,570 (23% of total project costs). The developer will contribute a loan (or equity) of \$1,345,000. IHDA will provide a \$612,652 subordinate loan.

TIF funds of \$17,000,000 (19% of project costs for both deals) will come into the deal in four equal installments of \$4,250,000 at 25%, 50%, 75% and 100% construction completion. The final installment will happen after issuance of the City's Certificate of Completion. The TIF assistance will be ported from the River South TIF to coincide with the construction completion benchmarks. TIF assistance will go to two uses; public infrastructure and building the affordable units. The public infrastructure includes rebuilding Dearborn Street from 23rd Street to 24th Street including a new roadway with underground water and sewer, plus new curb, gutter, and sidewalk, with new street lighting and landscaping. A new alley will be installed at 23rd Place with improvements similar to Dearborn Street. State Street, 23rd Street, and 24th Street will be re-paved, with new curbs, gutters, and sidewalk, and new street lighting.

Equity will be provided by the sale of 4% LIHTC's, generated by bonds issued by IHDA. Approximately \$6.5 million of equity will be generated representing 13% of the project budget. The equity will be paid in tranches at various milestones, with the first payment coming at closing, and the remainder funded at stages throughout construction to completion, and finally at occupancy of the building.

There will be a construction bridge loan that will provide interim funds to the project; and will be repaid by installments of TIF funds and LIHTC equity. There will also be a deferred developer fee.

9% deal – 2346 S. State Street: The Ownership entity will be Southbridge 9 Master Owner LLC. This entity is immediately below the applicant shown on page 1, Ickes Master Developer JV LLC. The total development cost for the 9% deal is approximately \$39.9million. The site is owned by the Chicago Housing Authority (CHA); the land is viewed as a donation, which will generate \$3,560,000 in Illinois Affordable Housing Tax Credits, a/k/a Donation Tax Credits or DTC's for the benefit of the project. The project will also receive funds from private sources, public sources, and equity generated by the sale of low income housing tax credits.

Barings will provide a 17-year, \$5,830,000 permanent 1st mortgage, with a 40-year amortization. The Chicago Housing Authority (CHA) will provide \$11,022,480 (28% of total project costs). The developer will contribute a loan (or equity) of \$1,240,000. IHDA will provide a \$5,363,566 subordinate loan.

Equity will be provided by the sale of 9% LIHTC's, provided IHDA. Approximately \$11.4million of equity will be generated representing 29% of the project budget. The equity will be paid in tranches at various milestones, with the first payment coming at closing, and the remainder funded at stages throughout construction to completion, and finally at occupancy of the building.

Additional funding sources include a deferred developer fee and seller financing related to the transfer of land from CHA to the not-for-profit developer (TCB), and from TCB to the single-

purpose developer/owner entity.

There will be a construction bridge loan that will provide interim funds to the project; and will be repaid by installments of TIF funds and LIHTC equity. There will also be a deferred developer fee.

The following table identifies the sources and uses of funds.

SOURCES	2316 S. State	2346 S. State	Total - 200 units	% of TDC
	4% deal - 100 units	9% deal - 100 units		
1st Mortgage Lender	\$ 6,100,000	\$ 5,830,000	\$ 11,930,000	13%
CHA Loan	\$ 11,376,570	\$ 11,022,480	\$ 22,399,050	25%
City - TIF	\$ 17,000,000	\$ -	\$ 17,000,000	19%
City multi-family loan	\$ 4,795,915	\$ -	\$ 4,795,915	5%
Accured Soft Interest	\$ 652,570	\$ 723,134	\$ 1,375,704	2%
IHDA Loan	\$ 612,652	\$ 5,363,566	\$ 5,976,218	7%
Donation from US Bancorp	\$ -	\$ 10,000	\$ 10,000	0%
IL Donation Tax Credit Equity	\$ -	\$ 3,560,000	\$ 3,560,000	4%
Developer Equity	\$ 1,345,000	\$ 1,240,000	\$ 2,585,000	3%
LIHTC Equity	\$ 6,541,063	\$ 11,425,424	\$ 17,966,487	20%
General Partner Equity	\$ 100	\$ 100	\$ 200	0%
Deferred Developer Fee	\$ 1,517,843	\$ 789,586	\$ 2,307,429	3%
Total Sources	\$ 49,941,713	\$ 39,964,290	\$ 89,906,003	100%

USES		\$/sq.ft of Bldg.*			
		2316 S. State	2346 S. State	Total - 200 units	% of TDC
Land Acquisition	\$ 0 per sf of land	\$ 88	\$ 92	\$ 180	\$ 0
Site Clearance and Remediation		\$ -	\$ -	\$ -	\$ -
Hard Costs		\$ 37,806,148	\$ 30,678,218	\$ 68,484,366	\$ 302
Soft Costs					
Architect's Fee	5% of hard costs	\$ 893,572	\$ 929,679	\$ 1,823,251	\$ 8
Loan Origination Fee	2% of loan	\$ 231,894	\$ 61,253	\$ 293,147	\$ 1
Legal Fees	5% of total costs	\$ 2,262,595	\$ 2,548,461	\$ 4,811,056	\$ 21
Marketing Fees	1% of total costs	\$ 299,315	\$ 265,000	\$ 564,315	\$ 2
Loan Interest	3% of total costs	\$ 1,420,853	\$ 723,134	\$ 2,143,987	\$ 9
Developer Fee	10% of total costs	\$ 4,755,531	\$ 2,848,947	\$ 7,604,478	\$ 33
Other soft costs	5% of total costs	\$ 2,271,717	\$ 1,909,506	\$ 4,181,223	\$ 18
Total Soft Costs		\$ 12,135,477	\$ 9,285,980	\$ 21,421,457	\$ 94
Total Uses		\$ 49,941,713	\$ 39,964,290	\$ 89,906,003	\$ 396

*Gross building area is 235,022 square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Affordable Housing: The project will provide 200 new rental units; 78 units will be affordable to households earning up to 60% AMI (area median income) and 8 units will be affordable to households earning up to 80% AMI.

Property Taxes: The project will expand the tax base by returning a tax-exempt property to the tax rolls.

Sales Taxes: The project will expand the City's tax base with the creation of new retail businesses on site.

Public Transit: The project will be a transit-oriented development (TOD)

Environmental Features: The project will incorporate the following environmentally friendly features:

Building and exterior features:

1. Green roof for 50% of the roof surface.
2. Minimum R-21 exterior wall insulation.
3. On site storm water detention. Efficient storm water movement will be incorporated into the design and layout of the site – in order to prevent heavy rains from overwhelming the City's sewer system
4. Low VOC content in building materials.

Unit features:

1. Energy Star furnace and hot water tank in each unit.
2. Energy Star programmable thermostats
3. LED lighting fixtures in the units and common spaces
4. Energy Star appliances in all units
5. Low flow plumbing fixtures in kitchens and baths
6. Low VOC paints in units and common areas

Permanent Jobs: The project is estimated to generate 50 permanent jobs; 44 jobs for the retail component and 6 jobs related to the management and maintenance of the property. The property management jobs include a full time property manager, full time assistant property manager, full time LIHTC recertification specialist, full time assistant leasing specialist, full time building engineer and full time assistant engineer. The department's workforce development specialists will work with the developer on job training and placement.

Construction Jobs: The project will produce 250 temporary construction jobs.

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

Alderman Pat Dowell endorses the project and has provided a letter of support (see exhibits for copy). The most recent community meeting where the project was discussed was held on 6/13/2018. The overall project was well received, and the concept of hyper-local retail businesses renting space was very popular with the community. Some residents wished for more parking, but the project will be a transit oriented development (TOD); so there has to be a balance between parking and nearby transit options. The following organization has endorsed the project: BPI-Business and Professional People for the Public Interest. (See exhibits for copy).

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the 24th/Michigan Tax Increment Financing Redevelopment Project Area. The project will satisfy the following goals of the area's redevelopment plan: eliminate blighted conditions; encourage private investment; provide public infrastructure improvements where necessary; facilitate the development of vacant land; increase the amount of pedestrian traffic; strengthen the economic well-being of the redevelopment project area. The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of the Southbridge Phase 1 mixed-income mixed-use development. The original land use on the TIF land use map was "Residential/Public Facility." A change in the land use map will be considered by the Chicago Plan Commission at its July 19, 2018 meeting. The new land use map will show the use for the subject site as "Commercial/Residential/Industrial/Institutional" which will conform to the re-development of the subject site.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, DPD 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 DPD policy that no business will be conducted with a development entity where any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills,

unpaid business licenses, and others), is in arrears on 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 project will not occur before the City Council has approved the redevelopment agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The documents will include a development timetable.

XI. RECOMMENDATION

The Department of Planning and Development 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 DPD recommends that the CDC recommend to the City Council the designation of Ickes Master Developer JV LLC as Developer for the development of the first phase of Southbridge to be located at 2316 and 2346 S. State Street.

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
Ownership Organization Chart
Lender's Letter of Interest
Community Letters of Support
Alderman's Letter of Support

TIF PROJECT SCORECARD

Ickes - Phase 1 "Southbridge"

2316 and 2346 South State Street

As part of CHA's Plan Forward (formerly the Plan for Transformation), Phase 1 of the redevelopment of the former Harold Ickes site will be a residential/retail mixed use and mixed-income project on land owned by the Chicago Housing Authority. Phase 1 of the project will contain 200 units in two 6-story buildings fronting along south State Street, plus 18,000 square feet of retail and community space on the ground floor. The unit mix ranges from studio units to 2-bedroom units; 68 units will be available to former CHA residents; 18 units will be available to households earning up to 60% AMI; 114 units will be market rate rentals.

Type of Project: Housing

Developer: Ickes Master Developer JV LLC (TCB and McCaffery)

Total Project Cost: \$89,906,003

Timeline for Completion: December 2020 (24 month construction period)

TIF Funding Request: \$17,000,000

Project Status: CDC - July 10, 2018

TIF District: 24th/Michigan; port from River South

RETURN ON INVESTMENT BENCHMARKS

- Advances Goal of Economic Development Plan YES or NO
 YES NO
- Jobs Created/Retained
Approximately 50 permanent jobs will be created; 44 are related to the retail space.
- Advances Goal of TIF District YES or NO
 YES NO
Facilitate development of vacant land; encourage private investment; public infrastructure improvements where necessary.
- Affordable Housing Units Created/Preserved
200 units created / 76 affordable units created
- Addresses Community Need YES or NO
 YES NO
Creation of affordable housing
- Return on Investment to City
N/A

FINANCIAL BENCHMARKS

- Other Funds Leveraged by \$1 of TIF
\$4.29
- Financing Structure
First mortgage: \$11,930,000; Dev debt: \$1,345,000
CHA Capital Funds: \$22,399,050
DPD + IHDA Loans: \$10,772,133
LIHTC + DTC Equity: \$21,526,487
- Types of Other Funding Leveraged YES or NO
 YES NO
Private 1st mortgage; CHA funds; City multifamily loan; IHDA loan;
Donation tax credit equity; LIHTC equity; Developer debt/equity

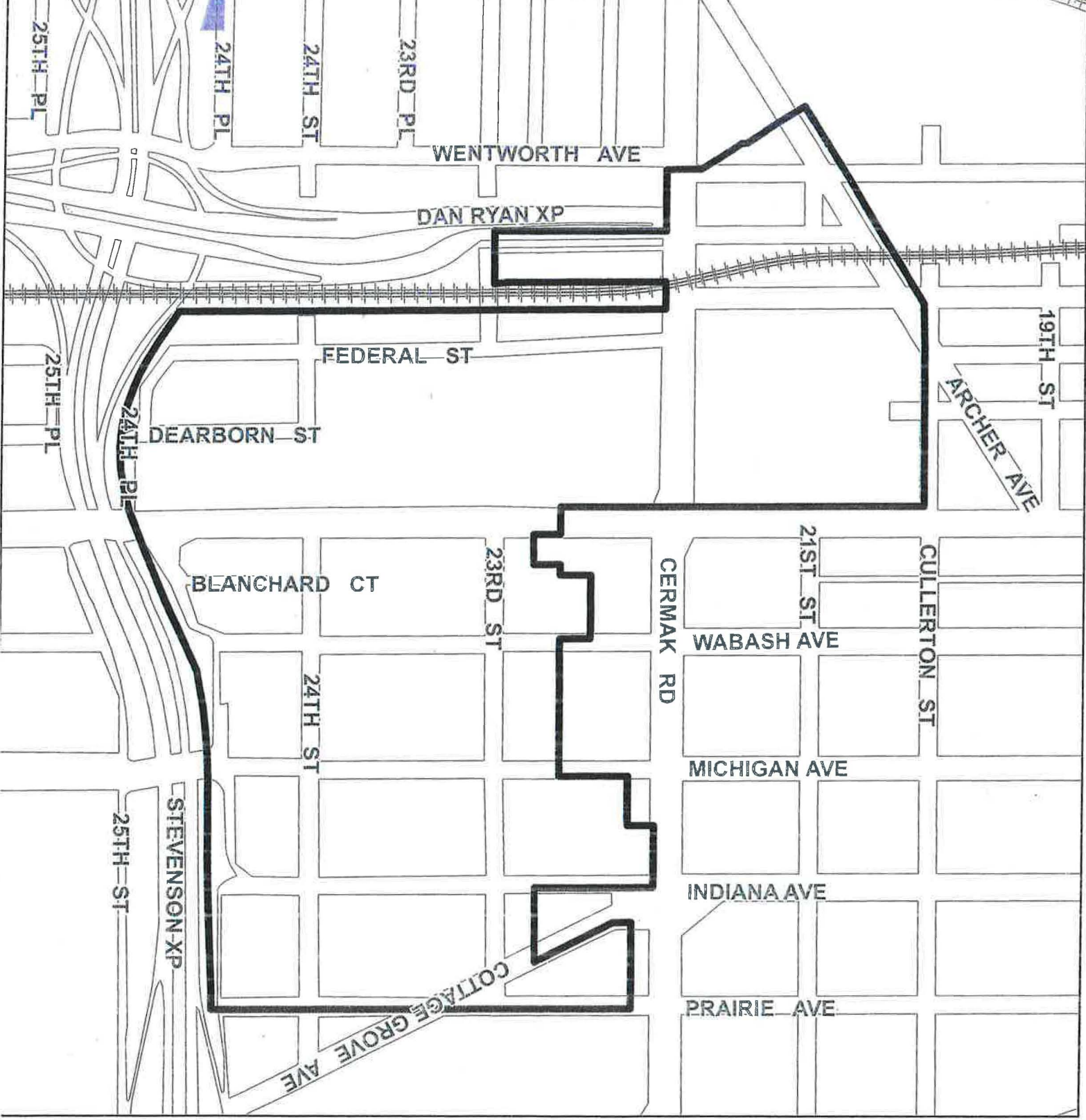
RDA TERMS

- Payment Schedule:
TIF payments at 25%,50%,75%,100% completion
- Monitoring Term of Agreement:
Until expiration of the TIF Agreement: 7/21/2022
- Taxpayer Protection Provisions YES or NO
 YES NO
Under Negotiation

OTHER CONSIDERATIONS

- Affordable housing / special merit consideration





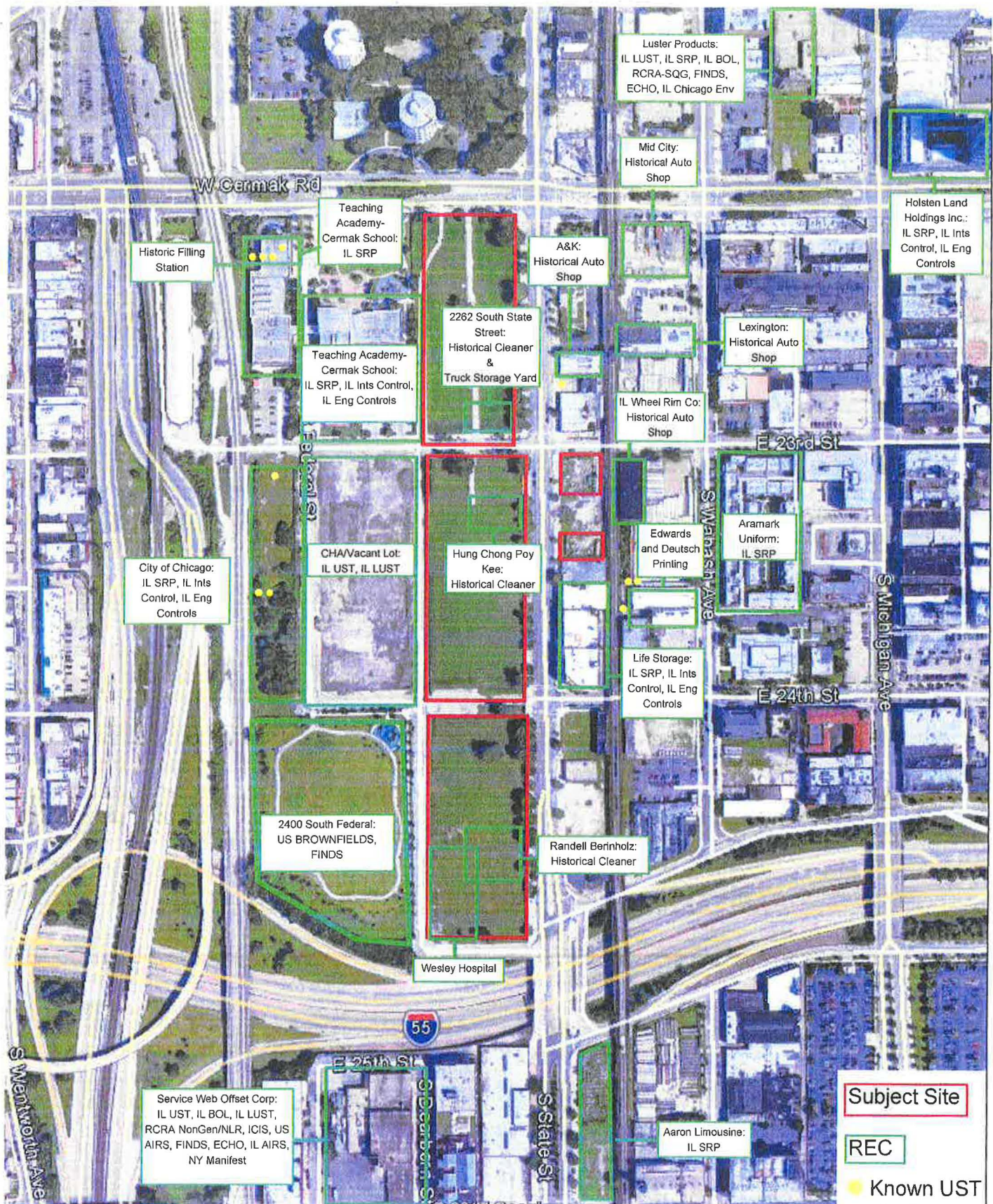
**Existing Tax Increment
Financing Districts**

24th/Michigan



SOUTHBRIDGE – PHASE 1 (outlined in black)





EDI Environmental Design International inc.
 Civil, Survey, Environmental and Construction Inspection Services
 33 W. MONROE STREET, SUITE 1825, CHICAGO, IL 60603
 Ph. (312) 345-1400 Fax (312) 345-0529
 www.envdesigni.com
 Excellence, Dedication, Innovation

Figure 3
 REC Map
 2208 South State Street
 Chicago, Illinois 606016
 July 15, 2017



Phase 1 Site Plan



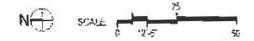


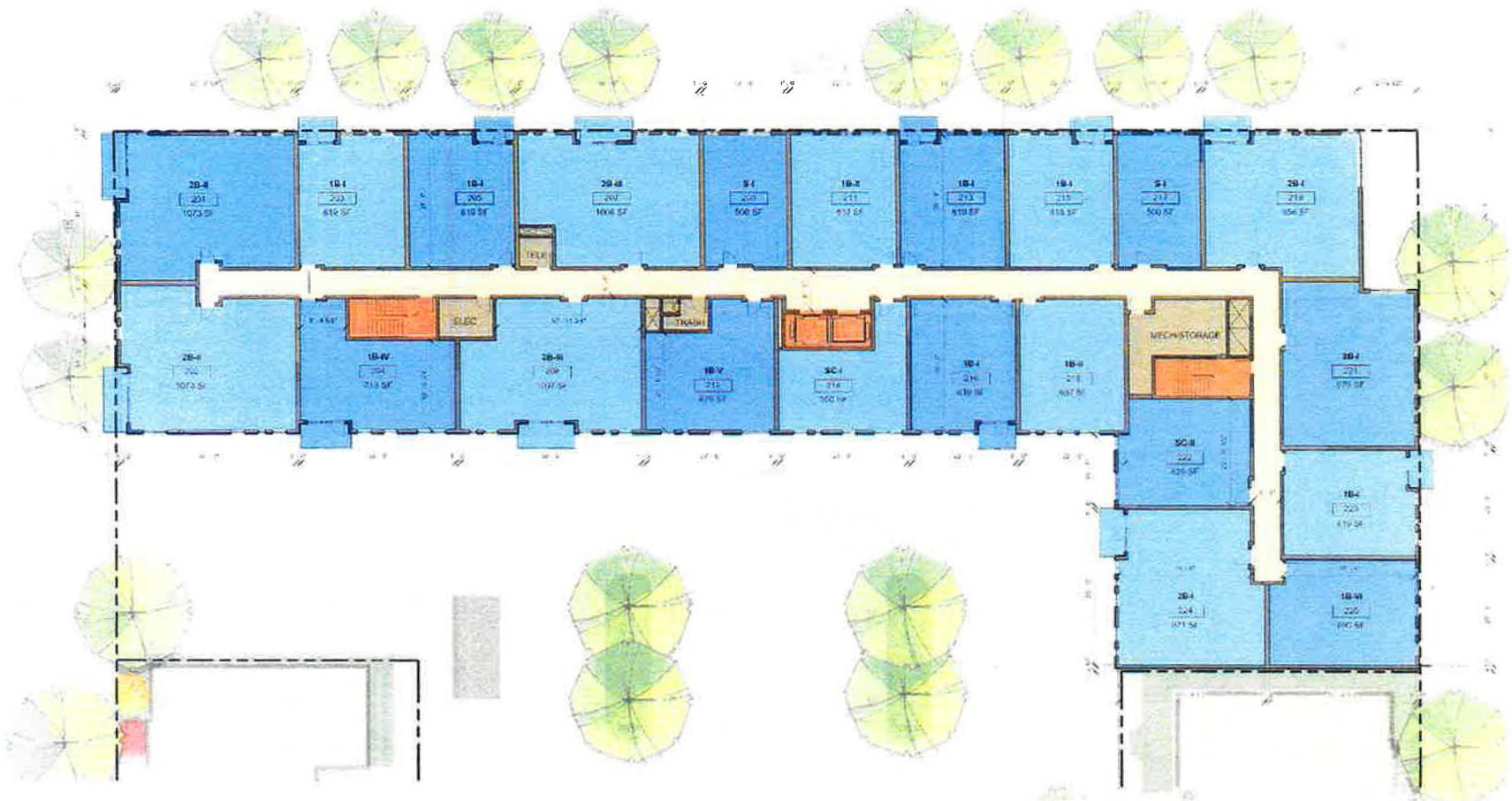
SOUTHBRIDGE DEVELOPMENT

Project Manager: Developer JV LLC | Developer: Nia Architects, Inc | Architect: Antunovich Associates | Design Architect: Genster | Planners

Phase 1 Master Plan

Chicago, Illinois | June 12, 2018





N
SCALE 1" = 10'

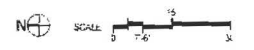
SOUTHBRIDGE DEVELOPMENT

Lockes Master Developer JV LLC Developer • Nia Architects, Inc Architect • Antunovich Associates Design Architect • Gensler Planners •

B3 Floor Plans 2-3

5

Chicago, Illinois | June 12, 2018



SOUTHBRIDGE DEVELOPMENT

Ickes Master Developer JV LLC Developer · Nia Architects, Inc Architect · Antunovich Associates Design Architect · Gensler Planners

B3 Floor Plans 4-5

Chicago, Illinois | June 12 2018



SOUTHBRIDGE DEVELOPMENT

Lockes Master Developer JV LLC Developer · Nia Architects, Inc Architect · Antonovich Associates Design Architect · Gensler Planners

B3 Floor Plan 6

7

Chicago, Illinois June 12 2018



Southbridge – Phase 1 Rendering



Building B3 – 4% Transaction(Right) & 23rd Place in Summer

Southbridge – Phase 1 Rendering



Southbridge – Phase 1 Rendering



Building B3 – 4% Transaction & 23rd Place

Southbridge – Phase 1 Rendering



Building B3 – 4% Transaction Retail

June 1, 2018

Mr. Omar Shareef
Executive Director
African American Contractors Association
PO Box 19670
Chicago, IL 60619-0670

BY CERTIFIED MAIL

RE: Southbridge Phase1 – 4% Transaction

Dear Mr. Shareef:

Southbridge 1-4 Housing LLC (the "Owner") is pleased to announce the redevelopment of the property located at 23rd and State Streets, formerly known as the Harold Ickes Homes (the "Project"). The property consists of 100 units and approximately 6,500 sq. ft. of commercial that will be redeveloped into mixed income housing and neighborhood-serving retail.

The Owner has chosen McShane Construction in partnership with Powers and Sons ("General Contractor") to be the general contractor for the project. The project will require participation of trades such as carpentry, electrical, mechanical, plumbing, paving, roofing, and others. Included with this letter is the preliminary construction budget, which may be available for minority business enterprise ("MBE") participation of 26% and women business enterprise ("WBE") of 6%. The attachment also includes the estimated project schedule and contact information for the general contractor.

At your request, the General Contractor will meet with a representative of your organization to present the project budget and schedule. Also at your request, the general contractor will also provide your organization with one (1) copy of the proposed bid documents which will include preliminary plans and draft specifications.

The Owner is requesting that you make your member companies aware of the Project so that they may submit bids for appropriate subcontracting opportunities. Should you have any questions, please do not hesitate to contact the Contractor representative Mark Cicero, P.E., LEED AP at mcicero@mcshane.com.

Enclosures:

Preliminary Construction Budget
Preliminary Construction Schedule



135 South LaSalle Street, Suite 3350 • Chicago, IL 60603-4130
312.577.5555 • www.tcbinc.org • Boston Chicago Washington, D.C.

June 1, 2018

Mr. Omar Shareef
Executive Director
African American Contractors Association
PO Box 19670
Chicago, IL 60619-0670

BY CERTIFIED MAIL

RE: Southbridge Phase1 – 9% Transaction

Dear Mr. Shareef:

Southbridge 1-9 Housing LLC (the "Owner") is pleased to announce the redevelopment of the property located at 23rd and State Streets, formerly known as the Harold Ickes Homes (the "Project"). The property consists of 100 units and approximately 9,500 sq. ft. of commercial that will be redeveloped into mixed income housing and neighborhood-serving retail.

The Owner has chosen McShane Construction in partnership with Powers and Sons ("General Contractor") to be the general contractor for the project. The project will require participation of trades such as carpentry, electrical, mechanical, plumbing, paving, roofing, and others. Included with this letter is the preliminary construction budget, which may be available for minority business enterprise ("MBE") participation of 26% and women business enterprise ("WBE") of 6%. The attachment also includes the estimated project schedule and contact information for the general contractor.

At your request, the General Contractor will meet with a representative of your organization to present the project budget and schedule. Also at your request, the general contractor will also provide your organization with one (1) copy of the proposed bid documents which will include preliminary plans and draft specifications.

The Owner is requesting that you make your member companies aware of the Project so that they may submit bids for appropriate subcontracting opportunities. Should you have any questions, please do not hesitate to contact the Contractor representative Mark Cicero, P.E., LEED AP at mcicero@mcshane.com.

Enclosures:

Preliminary Construction Budget
Preliminary Construction Schedule



The **Community Builders, Inc.**
135 South LaSalle Street, Suite 3350 Chicago, Illinois 60603

CERTIFIED MAIL™



7014 0510 0001 4655 5482



ADDITIONAL FEE - USA



Mr. Perry Nakachi
President
Association of Asian Construction Enterprises
5677 W Howard St
Niles IL 60714-4011



The **Community Builders, Inc.**
135 South LaSalle Street, Suite 3350 Chicago, Illinois 60603

CERTIFIED MAIL™



7014 0510 0001 4655 5475



ADDITIONAL FEE - USA

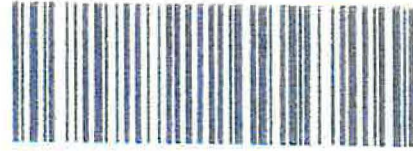


Mr. Edward McKinnie
President
Black Contractors United
11906 S Michigan Ave
Chicago IL 60628-6231



The **Community Builders, Inc.**
135 South LaSalle Street, Suite 3350 Chicago, Illinois 60603

CERTIFIED MAIL



7014 0510 0001 4655 5468



Mr. Omar Duque
President & CEO
Illinois Hispanic Chamber of Commerce
222 W Merchandise Mart Plaza
Ste 1212 c/o Ste 1871
Chicago IL 60654-1103

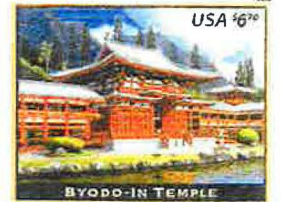


The **Community Builders, Inc.**
135 South LaSalle Street, Suite 3350 Chicago, Illinois 60603

CERTIFIED MAIL



7014 0510 0001 4655 5499



Ms Beth Doria
Executive Director
Federation of Women Contractors
4120 W Irving Park Rd
Chicago IL 60641



The **Community Builders, Inc.**
135 South LaSalle Street, Suite 3350 Chicago, Illinois 60603

CERTIFIED MAIL™



7014 0510 0001 4655 5505



Ms Hedy Ratner
Executive Director
Women's Business Development Center
8 S Michigan Av Ste 400
Chicago IL 60603-3471



The **Community Builders, Inc.**
135 South LaSalle Street, Suite 3350 Chicago, Illinois 60603

CERTIFIED MAIL™



7014 0510 0001 4655 5512



Mr. Jorge Perez
Executive Director
Hispanic American Construction Industry
650 W Lake St Ste 415
Chicago IL 60661-1000



The Community Builders, Inc.
135 South LaSalle Street, Suite 3350 Chicago, Illinois 60603

CERTIFIED MAIL



7014 0510 0001 4655 5451



Mr. Omar Shareef
Executive Director
African American Contractors Association
PO Box 19670
Chicago IL 60619-0670

SENDER: COMPLETE THIS SECTION

1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you, or on the front if space permits.

Article Addressed to: 4

Jorge Perez
 Hispanic American Construction Industry
 850 W Lake St Ste 415
 Chicago, IL 60661-1000

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? 4
 If YES, enter delivery address below: Yes No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to: 4

Hedy Ratner
 Women's Business Development Center
 8 S Michigan Av Ste 400
 Chicago, IL 60603-3471

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? 4
 If YES, enter delivery address below: Yes No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to: 4

Perry Nakachi
 Assn of Asian Construction Enterprises
 5677 W Howard St
 Niles, IL 60714-4011

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? 4
 If YES, enter delivery address below: Yes No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) 7014 0510 0001 4655 5512
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-44-1540

2. Article Number (Transfer from service label) 7014 0510 0001 4655 5505
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-44-1540

2. Article Number (Transfer from service label) 7014 0510 0001 4655 5482
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-44-1540

SENDER: COMPLETE THIS SECTION

1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to

Omar Duque
 Illinois Hispanic Chamber of Commerce
 222 W Merchandise Mart Plaza
 Ste 1212 c/o Ste 1871
 Chicago, IL 60654-1103

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

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 If YES, enter delivery address below: Yes No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

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 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to: 4

Omar Shareef
 African American Contractors Association
 PO Box 19670
 Chicago, IL 60619-0670

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 Agent
 Addressee

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 If YES, enter delivery address below: Yes No

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 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to: 4

Beth Doria
 Federation of Women Contractors
 4120 W Irving Park Rd
 Chicago, IL 60641

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

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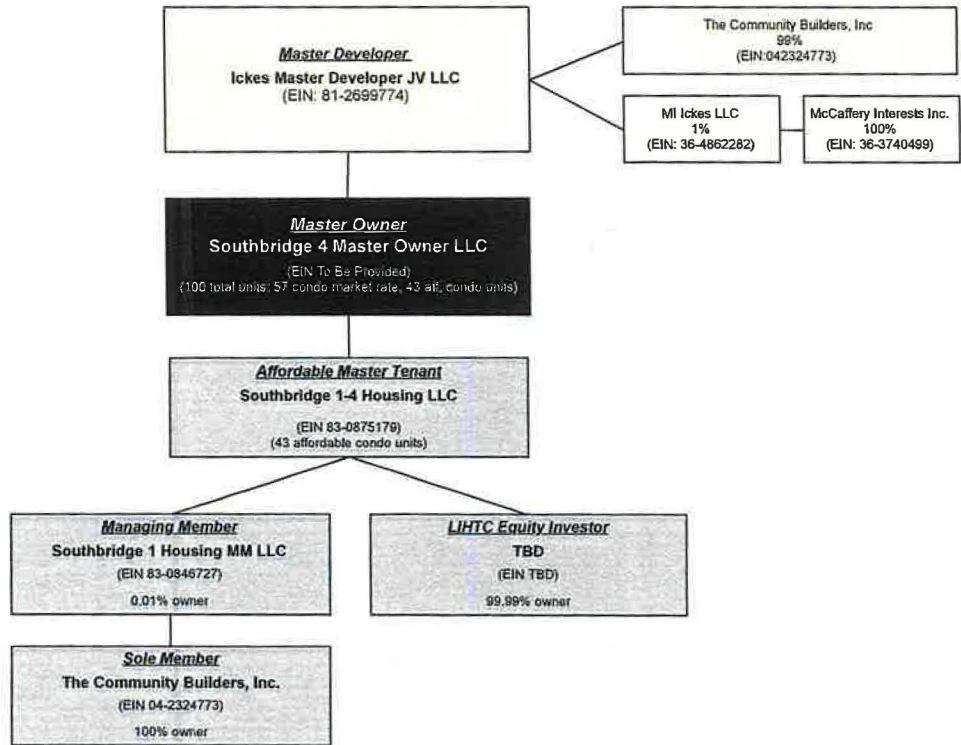
4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) 7014 0510 0001 4655 5468
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-44-1540

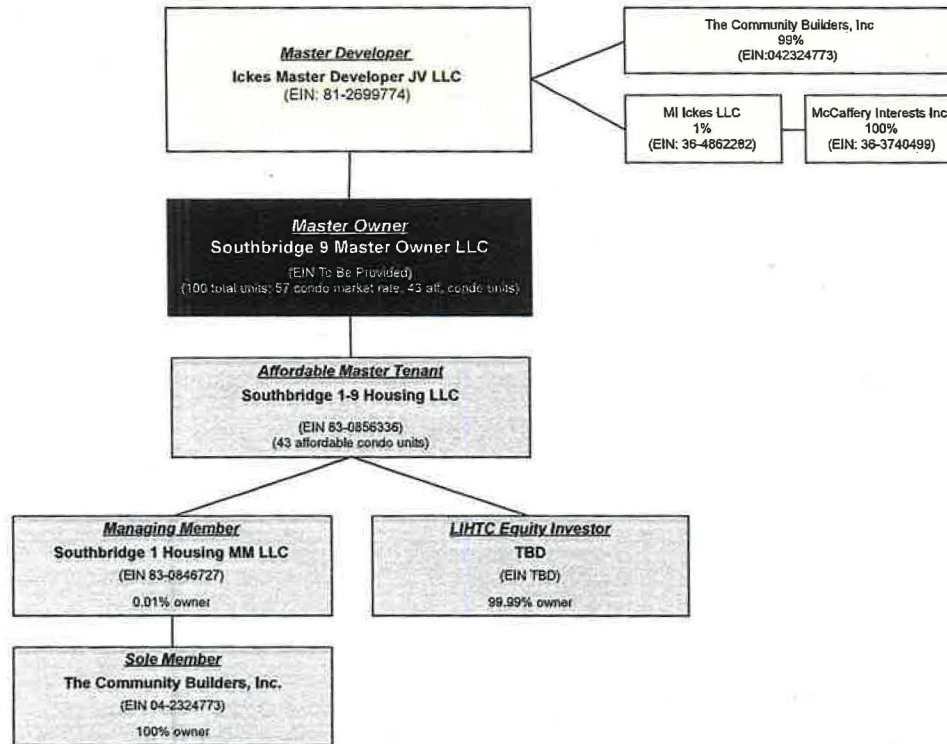
2. Article Number (Transfer from service label) 7014 0510 0001 4655 5451
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-44-1540

2. Article Number (Transfer from service label) 7014 0510 0001 4655 5499
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-44-1540

Southbridge 4PCT Transaction Org. Chart



Southbridge 9PCT Transaction Org. Chart



BARINGS

March 1, 2018

William Woodley
Southbridge 1-4 Housing LLC
c/o The Community Builders
135 South LaSalle St., Suite 3350
Chicago, IL 60603

Re: Southbridge 1-4 Housing LLC (4% LIHTC), Chicago, IL

Dear Mr. Woodley:

Barings has reviewed the pro-forma and development budget for the referenced property. Following this review, BMC anticipates the ability to provide to the Borrower (Southbridge 1-4 Housing LLC) a direct Placement 42-month forward commitment permanent first mortgage for the referenced project. The project will consist of 100 units of affordable/market rate housing utilizing Low Income Housing Tax Credits. The amount of the loan is currently estimated at \$6,100,000. Based on current market conditions, spreads, and current US Treasury rates, the indicative interest rate for 42-month forward commitment on this project would be 5.75% for a loan with a term of 17 years with a 40-year amortization. The proposed financing fee is 1% of the loan (\$61,000) and the debt service payments are estimated at \$390,074/year or \$32,504/month. Please note that these are indicative interest rates and are subject to change at any time.

Any loan originated by Barings is subject to the terms and conditions of Barings' underwriting, review, due diligence and approval of transaction by Barings. Please note, however, that final credit approval and commitment will come as we get closer to closing on all of the financing sources and is subject to review of all final due diligence and all final equity and debt documents. This letter assumes the award of both tax-exempt private activity bonds and 4% Low-Income Housing Tax Credits.

I can be reached at (212) 973-5149 or sean.cullen@barings.com if you have any questions.

Sincerely,



Sean Cullen
Senior Managing Director



March 1, 2018

Mr. Will Woodley
The Community Builders, Inc.
135 South LaSalle Street #3350
Chicago, IL 60603

**Re: Southbridge Phase 1 – 4% transaction
Chicago, IL**

Dear Mr. Woodley:

Thank you for considering JPMorgan Chase Bank, N.A. (“JPMorgan Chase” or “Lender”) as a potential construction and permanent lender for the development of affordable rental housing at Southbridge Phase 1 in Chicago, IL. We have completed a preliminary review of the materials you have submitted, and the following is a brief outline of the terms that we propose to underwrite for credit approval. Of course, this letter is for discussion purposes only and does not represent a commitment by JPMorgan Chase to provide financing for the project nor an offer to commit, but rather is intended to serve as a basis for further discussion and negotiation should you wish to pursue the proposed transaction. Our interest and preliminary terms are subject to change as our due diligence and discussions with you continue. Such a commitment can only be made after due diligence materials are received, reviewed and approved and credit approval has been obtained.

Facilities: JPMorgan Chase will purchase tax exempt bonds in the amount of \$23,000,000 to be issued the Illinois Housing Development Authority (“Issuer”), the proceeds of which will fund a construction loan to the Borrower.

Borrower: Southbridge 1-4 Housing, LLC.

Developer: The Community Builders, Inc.

Project: Southbridge Phase 1-4 will consist of a 100-unit property located at 2316 S. State Street, Chicago, IL

Amount: Approximately \$23,000,000; subject to final budget, sources and uses of funds, and LIHTC equity pay-in schedule.

Initial Term: Up to 42 months.

Interest Rate: Interest on the Construction Loan is payable monthly. The applicable interest rate for the Construction Loan shall be one-month LIBOR plus 175 basis points, adjusted monthly on a 360-day basis. (3.44% as of March 1, 2018.

Commitment Fee: 0.90% of the loan amount.

Extension Option: One, conditional, six-month maturity extension.

Extension Fee: 0.25% of the remaining loan commitment amount.

Collateral: First mortgage; other typical pledges and assignments.

Guarantee: Full payment and completion guarantees and environmental indemnity by The Community Builders, Inc.

Developer Fee: Assigned to Lender. Notwithstanding provisions of the LP or LLC Agreement, any payments of developer fee prior to permanent debt conversion are subject to Lender's prior approval and control.

Tax Credit Equity: Approximately \$6,541,063 of which at least 15% must be paid in at closing. The identity of the equity investor and pay-in schedule for this transaction must be disclosed and acceptable to the Lender.

Subordinate Liens: Subordinate financing will be permitted subject to approval of terms by JPMorgan Chase.

Repayment: Construction Loan will be repaid with principal reductions from equity funded at or subsequent to construction completion and the Permanent Loan.

Loan to Value: Up to 80% including the value of the real estate and tax credits.

Contract Bonding: 100% Payment and Performance Bonds from "A" rated surety

We appreciate the opportunity to provide construction and permanent financing for the proposed project with you. This letter of interest is for you're the Illinois Housing Development Authority's information and use only, and is not to be shown to or relied upon by other parties. Please note that JPMorgan Chase and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transaction described herein or otherwise. JPMorgan Chase and its affiliates may share information about you in connection with the potential transaction or other possible transactions with you.

This letter, which expires May 31, 2018, serves as an outline of the principal terms of the proposed facility, and is subject to receipt and satisfactory review of all due diligence materials by Lender and to change as described above. Please note, JPMorgan Chase Bank N.A. cannot extend any legally binding lending commitment until formal credit approval has been obtained and a commitment letter has been issued.

Sincerely,

JPMORGAN CHASE BANK, N.A.



Dell K. McCoy
Authorized Officer



February 28, 2018

Mr. William Woodley
The Community Builders, Inc.
135 South LaSalle Street, Suite 3350
Chicago, IL 60603

RE: Financing for Southbridge Phase 1 (4% Transaction)
23rd to 24th Streets, State Street to Dearborn Street, and 3 East 23rd
Street, Chicago, IL

Dear Mr. Woodley:

We are pleased to propose the loan terms outlined below, and we would welcome the opportunity to underwrite "Southbridge Phase 1 (4%)" (the Project), which will create 100 units of rental housing, including 57 market rate units and 43 units affordable to households at or below 80% of area median income, as well as approximately 9,310 square feet of commercial space. Any provision of credit would be dependent on completion of our standard due diligence and credit underwriting and approval process.

Charles Clark

Elyse D. Cherry

DeWitt Jones

Michelle Volpe

Affiliates

Lender: Boston Community Loan Fund, Inc. (BCLF), the lending affiliate of Boston Community Capital.

Participant: This proposal is conditional on BCLF's ability to participate out 50% of the Loan Amount to a local lender acceptable to BCLF in its sole discretion. Alternatively, BCLF would be interested in participating into a loan originated by a local lender acceptable to BCLF. Note: this necessarily means that the terms and conditions under which BCLF would be able to provide credit are conditional on approval by a local lending partner.

Borrower: Southbridge 1-4 Housing LLC. Alternatively, the loan may be made to The Community Builders, Inc. or its assignee, which will loan the proceeds to Southbridge 1-4 Housing LLC.

Guarantor: The Community Builders, Inc. if not acting as Borrower.

- Loan Amount:** \$1,345,000
- Loan Type:** (A) Interest-only construction line of credit
(B) Subordinate amortizing term loan
- Term:** (A) Up to three (3) years, to mature at permanent conversion of the senior debt at stabilization.
(B) Fourteen (14) years, to mature coincident with the senior permanent debt.
- Interest Rate:** (A) 6.5% fixed.
(B) 7.0% fixed for five years (the Initial Interest Rate); to be reset on the fifth and tenth anniversaries of the Loan based on a benchmark and spread calculated prior to initial closing; maximum increase of 2.0% at each rate reset.
- Loan Fee:** 1.0% of the Loan Amount (\$13,450).
- Payment Schedule:** (A) Construction Line of Credit: Monthly payments of interest-only, in arrears, for up to 36 months, during construction, lease-up and stabilization; to be paid from funded development budget line items and/or Project Reserves.
(B) Permanent Term Loan: Quarterly payments of principal and interest calculated to amortize the Loan Amount over up to a 25-year schedule. Payment amount to be recalculated at each rate reset based on the remaining amortization period.
- Prepayment:** Allowed at any time without penalty.
- Debt Service Coverage:** Minimum pro forma debt service coverage ratio of 1.15x, excluding parking revenue, supported by third-party market analyses acceptable to BCLF.
- Loan-to-Value:** Maximum loan-to-value ratio of 80%, based on BCLF Loan Amounts plus first mortgage loan amounts divided by third-party property appraisals acceptable to BCLF.
- Closing Costs:** Borrower shall pay BCLF's third-party legal fees and out-of-pocket closing costs; such costs may include legal fees and expenses, third-party due diligence reports such as environmental assessments, appraisals, other reports and closing costs such as BCLF's title insurance premium and filing fees, if applicable.
- Disbursement:** If funding during construction, BCLF would expect to coordinate disbursements with other Project funders, and to disburse monthly by wire transfer within five business days after receipt of a satisfactory construction requisition package that includes a recommendation for payment prepared by a third-party construction inspector hired by the Project funders at Borrower's expense.

February 28, 2018

- Collateral:**
- (i) Second mortgage on the subject property, subject only to the interests of the senior lender;
 - (ii) Pledge, assignment and security interest in project cash flow payable to Borrower/Guarantor; and
 - (iii) Other commercially reasonable collateral determined necessary during underwriting.
- Project Reserves:** To be coordinated with other transaction participants, BCLF expects to require funded project reserve accounts of the types listed below in amounts determined during underwriting, acceptable to BCLF, and supported by third-party market analyses.
- (i) Residential lease-up reserve
 - (ii) Commercial/retail lease-up reserve
 - (iii) Tenant improvement and re-tenanting reserve
 - (iv) Debt service coverage reserve
- Commercial Master Lease:** The commercial / retail space shall be placed under master lease to an entity and on terms acceptable to BCLF.
- Key Due Diligence Items:**
- (i) Appraisals. As-complete appraisals prepared by appraiser acceptable to BCLF.
 - (ii) Market Studies. Final market studies for the residential and commercial components of the Project, prepared by a third-party acceptable to BCLF.
 - (iii) Marketing and Property Management Plans, for the affordable and market-rate residential units, and separately for the commercial space, prepared by an agent and in a form acceptable to BCLF.
 - (iv) Refinance Analysis, prepared by Borrower and acceptable to BCLF, showing the base case for refinancing at maturity, and able to be sensitized to evaluate downside scenarios in which scheduled obligations are unpaid and accrue to maturity.

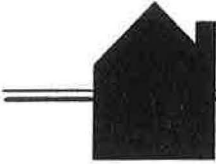
These proposed terms are intended for discussion purposes and are subject to change based on new information obtained during BCLF's due diligence, credit underwriting and approval process.

The mission of Boston Community Capital is *to build healthy communities where low income people live and work*. For over 30 years, BCC has financed the development of affordable housing by high-capacity developers such as The Community Builders, and we look forward to learning more about this project. Feel free to contact Mike Nilles at 617.427.3676 if you have any questions.

Sincerely,



Michelle Volpe
President



NHT Equity, LLC

2245 NORTH BANK DRIVE COLUMBUS, OHIO 43220 (614) 451-9929 Fax (614) 451-3370

March 1, 2018

Will Woodley
Director of Development, Chicago Office
The Community Builders, Inc.
135 S. LaSalle Street, Suite 3350
Chicago, IL 60603

Re: Southbridge Phase I 4pct. (the "Property")

Dear Mr. Woodley:

This letter expresses the interest of NHT Equity, LLC and/or its affiliates ("Investor") in making an equity investment in a partnership for purposes of developing and owning the low-income housing project (the "Property") referenced above, located at 2316 S. State Street, Chicago, IL 60616, Chicago, Cook County, Illinois. By providing this letter, NHT Equity, LLC agrees to continue its underwriting and due diligence for investment in this project. This letter is intended to describe the terms and conditions of the proposed equity investment. Please note that we will re-evaluate our pricing if the financial terms and conditions of the transaction change prior to closing, which is anticipated to occur in December 2018, and our pricing will reflect our yield requirements at that point in time.

Based on the acquisition of 99.99% limited partnership interest and the amount of estimated Low Income Housing Tax Credits (LIHTC) below, the Investor would propose the following Capital Contribution amount and pricing as set forth in Section A herein:

A. Capital Contribution.

\$6,541,063 Total Tax Credit Equity
\$0.97 net price per Federal LIHTC

The Capital Contribution is based in part on an anticipated annual Federal LIHTC allocation of \$674,404 and will be adjusted in accordance with changes in the actual credits delivered. A reduction in the projected credits will result in a corresponding reduction of the Capital Contribution amount. The price per LIHTC outlined above is based on a corporate tax rate of 21%. NHT Equity, LLC is willing to honor the pricing and terms if the tax credits are increased up to the 130 basis boost, if allowed by IHDA.

The Capital Contribution amount will be paid as follows:

- (1) \$1,308,213 to be paid upon admission of the Investor to the Property Partnership (the "Closing");
- (2) \$1,962,319 upon the latest to occur of (a) 100% Construction Completion or (b) December 1, 2020;
- (3) \$654,106 upon the latest to occur of (a) Cost Certification or (b) April 1, 2021;
- (4) \$1,635,266 upon the latest to occur of (a) Qualified Occupancy or (b) January 1, 2022;
- (5) \$981,159 upon the latest to occur of (a) Receipt of Tax Returns and 8609(s) or (b) May 1, 2022;

B. Credit Adjuster.

The Limited Partner's capital contributions are subject to adjustments as follows:

LIHTC Basis Adjuster. In the event the actual amount of LIHTC differs from the projected LIHTC amount listed in the Projections, the amount of the Limited Partner's capital contribution will be adjusted as set forth below.

LIHTC Downward Basis Adjuster. If at any time the actual amount of LIHTC will be less than the projected LIHTC amount, and/or the Partnership or the Accountants determine that the Partnership may recapture any of the Credit allocated to the Limited Partner that the Partnership claimed in any previous taxable year, then the capital contribution of the Limited Partner shall be reduced. The reduction in price for the Credits shall be equal to the sum of (i) the LIHTC Credit price multiplied by each \$1.00 that the projected LIHTC amount exceeds the actual amount of LIHTC, and (ii) the portion of the Credit allocated to the Limited Partner that the Partnership claimed but that the Partnership or the Accountants determine must be recaptured during such taxable year, if any, plus any interest or penalties imposed by the IRS payable by the Limited Partner (or its participants) as a result of any recapture of LIHTC affecting the foregoing calculation.

LIHTC Upward Basis Adjuster. If at the time of the final Installment it is determined that the actual amount of LIHTC will be greater than the projected LIHTC amount then the Limited Partner will increase its capital contribution. The price for the additional LIHTCs shall be equal to: (i) the LIHTC credit price, which will be set forth in the Partnership Agreement, multiplied by (ii) each \$1.00 of additional LIHTCs that the Limited Partner has elected to purchase. The Limited Partner has no obligation to purchase any such additional LIHTCs in excess of 5% of the originally projected LIHTC amount, but can choose, at its discretion to purchase any additional amounts.

LIHTC Timing Adjuster. In the event the timing of LIHTCs delivered to the Limited Partner differs from the Projections, the amount of the Limited Partner's capital contribution will be adjusted as set forth below.

LIHTC Downward Timing Adjuster. If at any time it is determined that the actual amount of LIHTC delivered in 2021 is less than the projected LIHTCs, then the capital contribution of the Limited Partner shall be reduced by \$0.50 for each \$1.00 that the LIHTC actual amounts is less than the applicable projected LIHTC for any such years. Notwithstanding the foregoing, however, in the event that the actual amount of LIHTC shall vary from the projected LIHTC in effect on the admission date of the Limited Partner, the projected LIHTC for purposes of the preceding sentence shall be adjusted by the same percentage by which the actual amount of LIHTC varies from the projected LIHTC amount.

LIHTC Upward Timing Adjuster. If at any time it is determined that the actual amount of LIHTC delivered in 2021 is more than the projected LIHTCs, then the capital contribution of the Limited Partner shall be increased by \$0.50 for each \$1.00 that the actual amount of LIHTC is more than the applicable projected LIHTC for any such years. The increase in LIHTC delivered to the Limited Partner for purposes of the calculation of the upward timing adjuster will not exceed an amount equal to five (5%) of the originally projected LIHTC amount.

C. Partnership Allocations.

The form of the Property Partnership Agreement will be furnished by the Investor, subsequent to execution of this memorandum, and will include the following terms:

- (1) Allocation of LIHTC, Losses and Profits. LIHTC and operating profits and losses will generally be allocated 99.99% to Investor and 0.01% to the General Partner. Profits on a sale or refinancing of the Property will be allocated 99.99% to Investor and 0.01% to the General Partner.
- (2) Cash Flow Payments and Distributions. Operating cash flow (cash remaining after debt service payments on the first mortgage and any other must pay debt, reserve deposits, and all operating expenses are paid, including investor services fees for asset management services) will be paid 100% to any deferred developer fee and/or operating loans, made pursuant to Section C(1) below. Once the deferred developer fee and operating loans are paid in full, then operating cash flow will be payable to any subordinate debt and agreed upon fees, until paid in full. Any remaining operating cash flow will be distributed 99.99% to Investor and 0.01% to General Partner. Distribution of proceeds from a sale or refinancing will be distributed 99.99% to Investor and 0.01% to the General Partner.

D. Guarantees and Reserves.

- (1) Guarantees. The General Partner and/or entities with net worth satisfactory to the Investor (collectively the "Guarantors") will be required to execute and deliver certain guarantees associated with the construction, operations, and benefits delivery of the property. These guarantees include, but are not limited to, a Construction Completion Guaranty, an Operating Deficit Guaranty and Tax Credit delivery and recapture Guarantees. The Guarantors and the General Partner will also be obligated to make any cash contributions related to credit adjusters. Further terms and conditions may also be required for approval by the Investment Committee and included in the partnership agreement.
- (2) Reserves. The Property will be required to fund an Operating Reserve equal to at least 6 months operating expenses, reserve deposits, and required debt service (to be fixed upon closing). The Partnership Operating Reserve will be available to fund operating deficits after the Project has achieved the Stabilization Date. The General Partner will be permitted to use the Partnership Operating Reserve prior to making Operating Deficit Contributions to the extent the Partnership Operating Reserve has been funded as of the date of the deficit. The Partnership Operating Reserve will be held in an account requiring the joint signatures of the General Partner and the Limited Partner. The Partnership Operating Reserve will be established from the Limited Partner's capital contribution. Fifty percent (50%) of the Partnership Operating Reserve shall be released to flow through the Partnership cash flow waterfall at the end of year 14 of the Compliance Period, with the remaining balance released in a similar manner at the end of year 15 of the Compliance Period.

The Property will also be required to fund a Replacement Reserve annually in an amount that is the greater of (i) \$400 per unit per year, increased by 3% annually, or (ii) the amount required by the permanent lender. Upon due diligence review, additional reserves may be required by the Investor and included in the partnership agreement.

E. Closing.

- (1) Credit Allocation. The General Partner has obtained an annual allocation of Federal LIHTC from the appropriate agency in the approximate amount of \$674,404 per year, based on the assumptions that: (i) the Property will consist of 100 residential units (ii) tenants in 39 of the units will comply with the tests promulgated under Section 42(g) of the Internal Revenue Code (i.e. qualify for the Tax Credits).
- (2) Closing Date. Closing will occur on a date (the "Closing Date") agreed upon by both parties, currently projected to occur in December, 2018.

- (3) Conditions to Closing. Investor's obligations to enter into the Property Partnership Agreement, becoming a limited partner in doing so, and the Documents will be contingent upon: (a) Investor's receipt and written approval of; (i) a satisfactory appraisal of the estimated value of the Property, (ii) a satisfactory market study of the area in which the Project is located, (iii) a satisfactory phase one environmental study prepared by a qualified environmental consulting firm, (iv) a completed certificate and tax opinion of the General Partner regarding the Tax Credits, and (v) other materials reasonably required by Investor as part of its customary financial and legal due diligence review set forth in NHT Equity LLC's standard due diligence checklist; (b) receipt of the credit allocation; and (c) approval from NHT Equity, LLC's Investment Committee.

F. Conditions of Interest.

It is all parties' intent that NHT Equity, LLC will provide the investor equity for this project. The terms of this letter are subject to change based on upon investor yield requirements at the time of the credit award. This Letter of Interest will expire on July 31, 2018.

We look forward to working with you on this transaction.

Sincerely,

NHT Equity, LLC

Merydith Greene

By: _____

Merydith Greene
VP, Senior Acquisition Officer

Boston Capital

March 1, 2018

Mr. Thomas Buonopane
New Hope Community Capital, Inc.
185 Dartmouth Street
Boston, Massachusetts 02116

RE: Southbridge Phase I (4%) – Chicago, Cook County, Illinois

Dear Thomas:

Boston Capital ("BC") is pleased to submit an offer to purchase the federal low income housing tax credits which will be allocated to the above referenced property should the project be successful in receiving tax credits. The offer is subject to the terms and conditions outlined herein and changes in market conditions. Based on a total annual LIHTC allocation of \$674,404, BC will use its best efforts to contribute capital to the limited partnership in the amount of \$0.97 per dollar of federal tax credit. The total capital contribution of \$6,541,063 will be payable as follows:

\$1,308,213 (20%) upon the latest to occur of (i) tax credit reservation, (ii) closing of the construction financing, (iii) receipt of a commitment acceptable to BC for the permanent financing or (iv) admission of BC;

\$1,962,319 (30%) upon the later to occur of (i) Completion Date;

\$654,106 (10%) upon the later to occur of (i) Cost Certification;

\$1,635,265 (25%) upon the later to occur of (i) Initial Qualified LIHTC Occupancy;

\$981,160 (15%) upon the later of occur of (i) closing of the permanent loan, (ii) Initial 100% Occupancy, (iii) Rental Achievement (defined as 3 months of 1.15x DSCR following the permanent loan closing) or (iv) State Designation.

This offer is subject to the receipt and satisfactory review by BC, in its sole discretion, of the following documents. Upon review, BC will either issue a comprehensive syndication agreement for countersignature or withdraw this offer.

1. Project Description
2. Construction/Development Cost Breakdown & Operating Pro-Forma
3. Construction Schedule
4. Qualified Lease-Up Schedule
5. Tax Credit Reservation
6. Construction Loan Financing Proposal (Note, Loan Agreement, & Mortgage, if closed)
7. Permanent Loan Financing Proposal (Note, Loan Agreement, & Mortgage, if closed)
8. General Partner, Guarantor, and Affiliate current Financial Statements
9. Market Study

Adjusters

The capital contributions shown above shall be subject to adjustment based on the following circumstances. Reductions in capital contributions will be affected by reductions in future installments and then, if necessary, by a Capital Contribution by the Managing Members and distribution to BC at the time of determination of any excess:

Initial Basis Shortfall Adjuster - In the event that the annual tax credit which will apply for each year in the credit period, as determined at cost certification, the issuance of 8609s or at anytime thereafter by the accountants or the IRS, is less than the Projected Credit, the capital contributions will be decreased by \$0.97 per dollar of the total credit shortfall aggregated for all ten years in the credit period.

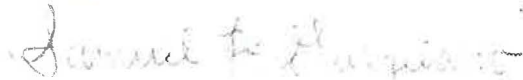
Upward Basis Increase Adjuster - In the event that the annual tax credit which will apply for each year in the credit period, as determined at cost certification or the issuance of 8609s by the accountants, is greater than the Projected Credit, BC shall use its best efforts to raise equity to make additional capital contributions, payable at the time of the final installment, in an amount equal to the then current prevailing market price for the increased credit, as determined in its sole and absolute discretion, up to a maximum increase of 10% of the total capital contribution.

Initial Timing Adjuster - In the event that, resulting from delayed lease-up, there is an annual credit shortfall in the first year which is deferred and causes a corresponding increase in the credits to be delivered in the 11th year, the capital contributions will be decreased by \$0.77 per dollar of the total amount of the deferred Federal LIHTC credit.

Performance Adjuster - In the event that there is a credit shortfall or recapture of credits for any year after the Completion Date, to which the initial timing adjuster does not apply, the capital contributions will be decreased by the sum of (1) \$0.97 per dollar of the credit shortfall or recapture for such year, plus (2) the amount of any applicable recapture interest and penalties.

Please feel free to call me at (617) 624-8869 if you have any questions. We very much look forward to the opportunity to assist you with this tax credit development and to hearing from you.

Sincerely,



Samuel F. Guagliano
Vice President, Assistant Director, Acquisitions

BARINGS

March 1, 2018

William Woodley
Southbridge 1-9 Housing LLC
c/o The Community Builders
135 South LaSalle St., Suite 3350
Chicago, IL 60603

Re: Southbridge 1-9 Housing LLC (9% LIHTC), Chicago, IL

Dear Mr. Woodley:

Barings has reviewed the pro-forma and development budget for the referenced property. Following this review, BMC anticipates the ability to provide to the Borrower (Southbridge 1-9 Housing LLC) a direct Placement 42-month forward commitment permanent first mortgage for the referenced project. The project will consist of 100 units of affordable/market rate housing utilizing Low Income Housing Tax Credits. The amount of the loan is currently estimated at \$5,830,000. Based on current market conditions, spreads, and current US Treasury rates, the indicative interest rate for 42-month forward commitment on this project would be 5.75% for a loan with a term of 17 years with a 40-year amortization. The proposed financing fee is 1% of the loan (\$58,300) and the monthly debt service payments are estimated at \$372,808/year or \$31,067/month. Please note that these are indicative interest rates and are subject to change at any time.

Any loan originated by Barings is subject to the terms and conditions of Barings' underwriting, review, due diligence and approval of transaction by Barings. Please note, however, that final credit approval and commitment will come as we get closer to closing on all of the financing sources and is subject to review of all final due diligence and all final equity and debt documents. This letter assumes the award of 9% Low-Income Housing Tax Credits.

I can be reached at (212) 973-5149 or sean.cullen@barings.com if you have any questions.

Sincerely,



Sean Cullen
Senior Managing Director



March 1, 2018

Mr. Will Woodley
The Community Builders, Inc.
135 South LaSalle Street #3350
Chicago, IL 60603

**Re: Southbridge Phase 1
Chicago, IL**

Dear Will:

Thank you for considering JPMorgan Chase Bank, N.A. ("JPMorgan Chase" or "Lender") as a potential construction lender for the development of affordable rental housing at Southbridge Phase 1 in Chicago, IL. We have completed a preliminary review of the materials you have submitted, and the following is a brief outline of the terms that we propose to underwrite for credit approval. Of course, this letter is for discussion purposes only and does not represent a commitment by JPMorgan Chase to provide financing for the project nor an offer to commit, but rather is intended to serve as a basis for further discussion and negotiation should you wish to pursue the proposed transaction. Our interest and preliminary terms are subject to change as our due diligence and discussions with you continue. Such a commitment can only be made after due diligence materials are received, reviewed and approved and credit approval has been obtained.

Borrower: Southbridge 1-9 Housing, LLC.

Developer: The Community Builders, Inc.

Project: Southbridge Phase 1 will consist of a 100-unit property located at 2346 South State Street in Chicago, IL.

Amount: Up to \$13,540,000; subject to final budget, sources and uses of funds, and LIHTC equity pay-in schedule.

Initial Term: Up to 42 months.

Interest Rate: Libor + 235 bps (4.02% as of February 28, 2018).

Commitment Fee: 0.90% of the loan amount.

Extension Option: One, conditional, six-month maturity extension.

Extension Fee: 0.25% of the remaining loan commitment amount.

Collateral: First mortgage; other typical pledges and assignments.

- Guarantee:** Full payment and completion guarantees and environmental indemnity by The Community Builders, Inc.
- Developer Fee:** Assigned to Lender. Notwithstanding provisions of the LP or LLC Agreement, any payments of developer fee prior to permanent debt conversion are subject to Lender's prior approval and control.
- Tax Credit Equity:** Approximately \$11,425,424, of which at least 15% must be paid in at closing. The identity of the equity investor and pay-in schedule for this transaction must be disclosed and acceptable to the Lender in its sole discretion.
- Subordinate Liens:** Subordinate financing will be permitted subject to approval of terms by JPMorgan Chase and permanent lender, if any.
- Repayment:** Construction Loan will be repaid with principal reductions from equity funded at or subsequent to construction completion and the permanent loan, if any.
- Loan to Value:** Up to 80% including the value of the real estate and tax credits.
- Contract Bonding:** 100% Payment and Performance Bonds from "A" rated surety

We appreciate the opportunity to discuss the possibility of providing construction financing for the proposed project with you. This letter of interest is for your and the Illinois State Housing Development Authority's information and use only, and is not to be shown to or relied upon by other parties. Please note that JPMorgan Chase and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transaction described herein or otherwise. JPMorgan Chase and its affiliates may share information about you in connection with the potential transaction or other possible transactions with you.

This letter, which expires May 31, 2018, serves as an outline of the principal terms of the proposed facility, and is subject to receipt and satisfactory review of all due diligence materials by Lender and to change as described above. Please note, JPMorgan Chase Bank N.A. cannot extend any legally binding lending commitment until formal credit approval has been obtained and a commitment letter has been issued.

Sincerely,

JPMORGAN CHASE BANK, N.A.

Dell K. McCoy
Authorized Officer



February 28, 2018

Mr. William Woodley
The Community Builders, Inc.
135 South LaSalle Street, Suite 3350
Chicago, IL 60603

RE: Financing for Southbridge Phase 1 (9% Transaction)
23rd to 24th Streets, State Street to Dearborn Street, Chicago, IL

Dear Mr. Woodley:

We are pleased to propose the loan terms outlined below, and we would welcome the opportunity to underwrite "Southbridge Phase 1 (9%)" (the Project), which will create 100 units of rental housing, including 57 market rate units and 43 units affordable to households at or below 80% of area median income, as well as approximately 6,150 square feet of commercial space. Any provision of credit would be dependent on completion of our standard due diligence and credit underwriting and approval process.

Charles Clark

Elyse D Cherry

DeWitt Jones

Michelle Volpe

Affiliates

Boston Community Loan Fund, Inc.
Boston Community Capital, Inc.
Boston Community Development Fund, Inc.
Boston Community Housing Fund, Inc.
Boston Community Investment Fund, Inc.
Boston Community Land Trust, Inc.
Boston Community Land Trust, Inc.
Boston Community Land Trust, Inc.

- Lender:** Boston Community Loan Fund, Inc. (BCLF), the lending affiliate of Boston Community Capital.
- Participant:** This proposal is conditional on BCLF's ability to participate out 50% of the Loan Amount to a local lender acceptable to BCLF in its sole discretion. Alternatively, BCLF would be interested in participating into a loan originated by a local lender acceptable to BCLF. Note: this necessarily means that the terms and conditions under which BCLF would be able to provide credit are conditional on approval by a local lending partner.
- Borrower:** Southbridge 1-9 Housing LLC. Alternatively, the loan may be made to The Community Builders, Inc. or its assignee, which will loan the proceeds to Southbridge 1-9 Housing LLC.
- Guarantor:** The Community Builders, Inc. if not acting as Borrower.

- Loan Amount:** \$1,240,000
- Loan Type:** (A) Interest-only construction line of credit
(B) Subordinate amortizing term loan
- Term:** (A) Up to three (3) years, to mature at permanent conversion of the senior debt at stabilization.
(B) Fourteen (14) years, to mature coincident with the senior permanent debt.
- Interest Rate:** (A) 6.5% fixed.
(B) 7.0% fixed for five years (the Initial Interest Rate); to be reset on the fifth and tenth anniversaries of the Loan based on a benchmark and spread calculated prior to initial closing; maximum increase of 2.0% at each rate reset.
- Loan Fee:** 1.0% of the Loan Amount (\$12,400).
- Payment Schedule:** (A) Construction Line of Credit: Monthly payments of interest-only, in arrears, for up to 36 months, during construction, lease-up and stabilization to be paid from funded development budget line items and/or Project Reserves.
(B) Permanent Term Loan: Quarterly payments of principal and interest calculated to amortize the Loan Amount over up to a 25-year schedule. Payment amount to be recalculated at each rate reset based on the remaining amortization period.
- Prepayment:** Allowed at any time without penalty.
- Debt Service Coverage:** Minimum pro forma debt service coverage ratio of 1.15x, excluding parking revenue, supported by third-party market analyses acceptable to BCLF.
- Loan-to-Value:** Maximum loan-to-value ratio of 80%, based on BCLF Loan Amounts plus first mortgage loan amounts divided by third-party property appraisals acceptable to BCLF.
- Closing Costs:** Borrower shall pay BCLF's third-party legal fees and out-of-pocket closing costs; such costs may include legal fees and expenses, third-party due diligence reports such as environmental assessments, appraisals, other reports and closing costs such as BCLF's title insurance premium and filing fees, if applicable.
- Disbursement:** If funding during construction, BCLF would expect to coordinate disbursements with other Project funders, and to disburse monthly by wire transfer within five business days after receipt of a satisfactory construction requisition package that includes a recommendation for payment prepared by a third-party construction inspector hired by the Project funders at Borrower's expense.

- Collateral:**
- (i) Second mortgage on the subject property, subject only to the interests of the senior lender;
 - (ii) Pledge, assignment and security interest in project cash flow payable to Borrower/Guarantor; and
 - (iii) Other commercially reasonable collateral determined necessary during underwriting.
- Project Reserves:** To be coordinated with other transaction participants, BCLF expects to require funded project reserve accounts of the types listed below in amounts determined during underwriting, acceptable to BCLF, and supported by third-party market analyses.
- (i) Residential lease-up reserve
 - (ii) Commercial/retail lease-up reserve
 - (iii) Tenant improvement and re-tenanting reserve
 - (iv) Debt service coverage reserve
- Commercial Master Lease:** The commercial / retail space shall be placed under master lease to an entity and on terms acceptable to BCLF.
- Key Due Diligence Items:**
- (i) Appraisals. As-complete appraisals prepared by appraiser acceptable to
 - (ii) Market Studies. Final market studies for the residential and commercial components of the Project, prepared by a third-party acceptable to BCLF.
 - (iii) Marketing and Property Management Plans, for the affordable and market-rate residential units, and separately for the commercial space, prepared by an agent and in a form acceptable to BCLF.
 - (iv) Refinance Analysis, prepared by Borrower and acceptable to BCLF, showing the base case for refinancing at maturity, and able to be sensitized to evaluate downside scenarios in which scheduled obligations are unpaid and accrue to maturity.

These proposed terms are intended for discussion purposes and are subject to change based on new information obtained during BCLF's due diligence, credit underwriting and approval process.

The mission of Boston Community Capital is *to build healthy communities where low income people live and work*. For over 30 years, BCC has financed the development of affordable housing by high-capacity developers such as The Community Builders, and we look forward to learning more about this project. Feel free to contact Mike Nilles at 617.427.3676 if you have any questions.

Sincerely,



Michelle Volpe
President

Community Development Corporation
1307 Washington Avenue, Suite 300
St. Louis, MO 63103

February 27, 2018

Mr. William Woodley
Authorized Agent
The Community Builders, Inc.
135 South LaSalle Street, Suite 3350
Chicago, IL 60603

Re: Letter of Intent to Purchase Illinois Affordable Housing Credits
Project: Southbridge Phase 1

Dear Mr. Woodley:

Please accept this Letter of Intent (the "**Letter**") as evidence of the terms and conditions under which U.S. Bank National Association (the "**Bank**") presently intends to purchase up to four million dollars (\$4,000,000) of Illinois affordable housing credits (the "**IL AHTC**") in connection with a donation to be made by various donors ("**Donors**") for the benefit of the affordable housing development known as Southbridge Phase 1 (the "**Project**") in Chicago, Illinois. This Letter does not purport to summarize all the terms, conditions, covenants, representations, warranties or other provisions which would be contained in definitive legal documentation of the final purchase and sale of the IL AHTC contemplated herein. The actual terms and conditions upon which the Donors will sell the IL AHTC to the Bank and the Bank will purchase the IL AHTC from the Donors are subject to satisfactory review of the final documentation and such other terms and conditions as may be determined by the Bank and its counsel. Subject to the foregoing and to the satisfaction of the conditions precedent described herein, the Bank currently anticipates that the Bank will purchase the IL AHTC under the terms outlined below:

Maximum IL AHTC Amount:	\$4,000,000
Purchase Price:	\$0.89 per \$1.00 of Credit issued up to the maximum amount of \$4,000,000 for a total purchase amount of \$3,560,000. In addition, the Bank will make a \$10,000 donation to the Sponsor, The Community Builders, Inc.
Bank's Expected Tax Credit Usage:	It is anticipated the IL AHTC will be applied against the Bank's 2018 Illinois state tax liability.

William Woodley
The Community Builders, Inc.
Re: IL AHTC - Southbridge Phase I
February 27, 2018
Page 2 of 3

Closing:

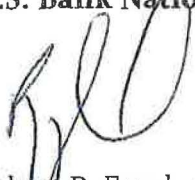
Upon execution of the definitive documentation containing the terms and conditions governing the purchase and sale of the IL AHTC of all conditions precedent, presently expected on or before December 15, 2018.

Additional Provisions:

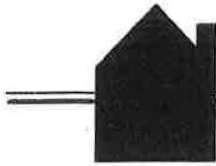
1. The IL AHTC will be issued based on anticipated charitable contributions to the Project to be made by the Donors in an amount equal to at least \$8,000,000 (the "Donors' Donation").
2. The final documentation will contain an indemnification from the Sponsor to the Bank against the risk of subsequent recapture of the IL AHTC after issuance for any reason not caused by the Bank, including a change in the applicable law.
3. **Conditions Precedent:**
 - a. The Donors making the Donors' Donation to the Project;
 - b. Execution of final documentation related to the issuance of IL AHTC to Donors and Donors will endorse credit certificate and delivery same to Bank in escrow.

Should you have any questions, please contact me as soon as possible at (314) 335-2634 or by email at robert.espeland@usbank.com. Please evidence your acceptance of and agreement to the foregoing by having this Letter executed on behalf of the Sponsor and return to my attention by March 12, 2018.

Sincerely,
U.S. Bank National Association


Robert P. Espeland
Vice President





NHT Equity, LLC

2245 NORTH BANK DRIVE COLUMBUS, OHIO 43220 (614) 451-9929 Fax (614) 451-3370

March 1, 2018

Will Woodley
Director of Development, Chicago Office
The Community Builders, Inc.
135 S. LaSalle Street, Suite 3350
Chicago, IL 60603

Re: Southbridge Phase I 9pct. (the "Property")

Dear Mr. Woodley:

This letter expresses the interest of NHT Equity, LLC and/or its affiliates ("Investor") in making an equity investment in a partnership for purposes of developing and owning the low-income housing project (the "Property") referenced above, located at 2346 S. State Street, Chicago, IL 60616, Chicago, Cook County, Illinois. By providing this letter, NHT Equity, LLC agrees to continue its underwriting and due diligence for investment in this project. This letter is intended to describe the terms and conditions of the proposed equity investment. Please note that we will re-evaluate our pricing if the financial terms and conditions of the transaction change prior to closing, which is anticipated to occur in December 2018, and our pricing will reflect our yield requirements at that point in time.

Based on the acquisition of 99.99% limited partnership interest and the amount of estimated Low Income Housing Tax Credits (LIHTC) below, the Investor would propose the following Capital Contribution amount and pricing as set forth in Section A herein:

A. Capital Contribution.

\$11,425,424 Total Tax Credit Equity
\$0.91 net price per Federal LIHTC

The Capital Contribution is based in part on an anticipated annual Federal LIHTC allocation of \$1,255,667 and will be adjusted in accordance with changes in the actual credits delivered. A reduction in the projected credits will result in a corresponding reduction of the Capital Contribution amount. The price per LIHTC outlined above is based on a corporate tax rate of 21%.

The Capital Contribution amount will be paid as follows:

- (1) \$2,285,085 to be paid upon admission of the Investor to the Property Partnership (the "Closing");
- (2) \$3,427,627 upon the latest to occur of (a) 100% Construction Completion or (b) December 1, 2020;
- (3) \$1,142,542 upon the latest to occur of (a) Cost Certification or (b) April 1, 2021;
- (4) \$2,856,356 upon the latest to occur of (a) Qualified Occupancy or (b) November 1, 2021;
- (5) \$1,713,814 upon the latest to occur of (a) Receipt of Tax Returns and 8609(s) or (b) April 1, 2022;

B. Credit Adjuster.

The Limited Partner's capital contributions are subject to adjustments as follows:

LIHTC Basis Adjuster. In the event the actual amount of LIHTC differs from the projected LIHTC amount listed in the Projections, the amount of the Limited Partner's capital contribution will be adjusted as set forth below.

LIHTC Downward Basis Adjuster. If at any time the actual amount of LIHTC will be less than the projected LIHTC amount, and/or the Partnership or the Accountants determine that the Partnership may recapture any of the Credit allocated to the Limited Partner that the Partnership claimed in any previous taxable year, then the capital contribution of the Limited Partner shall be reduced. The reduction in price for the Credits shall be equal to the sum of (i) the LIHTC Credit price multiplied by each \$1.00 that the projected LIHTC amount exceeds the actual amount of LIHTC, and (ii) the portion of the Credit allocated to the Limited Partner that the Partnership claimed but that the Partnership or the Accountants determine must be recaptured during such taxable year, if any, plus any interest or penalties imposed by the IRS payable by the Limited Partner (or its participants) as a result of any recapture of LIHTC affecting the foregoing calculation.

LIHTC Upward Basis Adjuster. If at the time of the final Installment it is determined that the actual amount of LIHTC will be greater than the projected LIHTC amount then the Limited Partner will increase its capital contribution. The price for the additional LIHTCs shall be equal to: (i) the LIHTC credit price, which will be set forth in the Partnership Agreement, multiplied by (ii) each \$1.00 of additional LIHTCs that the Limited Partner has elected to purchase. The Limited Partner has no obligation to purchase any such additional LIHTCs in excess of 5% of the originally projected LIHTC amount, but can choose, at its discretion to purchase any additional amounts.

LIHTC Timing Adjuster. In the event the timing of LIHTCs delivered to the Limited Partner differs from the Projections, the amount of the Limited Partner's capital contribution will be adjusted as set forth below.

LIHTC Downward Timing Adjuster. If at any time it is determined that the actual amount of LIHTC delivered in 2021 is less than the projected LIHTCs, then the capital contribution of the Limited Partner shall be reduced by \$0.50 for each \$1.00 that the LIHTC actual amounts is less than the applicable projected LIHTC for any such years. Notwithstanding the foregoing, however, in the event that the actual amount of LIHTC shall vary from the projected LIHTC in effect on the admission date of the Limited Partner, the projected LIHTC for purposes of the preceding sentence shall be adjusted by the same percentage by which the actual amount of LIHTC varies from the projected LIHTC amount.

LIHTC Upward Timing Adjuster. If at any time it is determined that the actual amount of LIHTC delivered in 2021 is more than the projected LIHTCs, then the capital contribution of the Limited Partner shall be increased by \$0.50 for each \$1.00 that the actual amount of LIHTC is more than the applicable projected LIHTC for any such years. The increase in LIHTC delivered to the Limited Partner for purposes of the calculation of the upward timing adjuster will not exceed an amount equal to five (5%) of the originally projected LIHTC amount.

C. Partnership Allocations.

The form of the Property Partnership Agreement will be furnished by the Investor, subsequent to execution of this memorandum, and will include the following terms:

- (1) Allocation of LIHTC, Losses and Profits. LIHTC and operating profits and losses will generally be allocated 99.99% to Investor and 0.01% to the General Partner. Profits on a sale or refinancing of the Property will be allocated 99.99% to Investor and 0.01% to the General Partner.
- (2) Cash Flow Payments and Distributions. Operating cash flow (cash remaining after debt service payments on the first mortgage and any other must pay debt, reserve deposits, and all operating expenses are paid, including investor services fees for asset management services) will be paid 100% to any deferred developer fee and/or operating loans, made pursuant to Section C(1) below. Once the deferred developer fee and operating loans are paid in full, then operating cash flow will be payable to any subordinate debt and agreed upon fees, until paid in full. Any remaining operating cash flow will be distributed 99.99% to Investor and 0.01% to General Partner. Distribution of proceeds from a sale or refinancing will be distributed 99.99% to Investor and 0.01% to the General Partner.

D. Guarantees and Reserves.

- (1) Guarantees. The General Partner and/or entities with net worth satisfactory to the Investor (collectively the "Guarantors") will be required to execute and deliver certain guarantees associated with the construction, operations, and benefits delivery of the property. These guarantees include, but are not limited to, a Construction Completion Guaranty, an Operating Deficit Guaranty and Tax Credit delivery and recapture Guarantees. The Guarantors and the General Partner will also be obligated to make any cash contributions related to credit adjusters. Further terms and conditions may also be required for approval by the Investment Committee and included in the partnership agreement.
- (2) Reserves. The Property will be required to fund an Operating Reserve equal to at least 6 months operating expenses, reserve deposits, and required debt service (to be fixed upon closing). The Partnership Operating Reserve will be available to fund operating deficits after the Project has achieved the Stabilization Date. The General Partner will be permitted to use the Partnership Operating Reserve prior to making Operating Deficit Contributions to the extent the Partnership Operating Reserve has been funded as of the date of the deficit. The Partnership Operating Reserve will be held in an account requiring the joint signatures of the General Partner and the Limited Partner. The Partnership Operating Reserve will be established from the Limited Partner's capital contribution. Fifty percent (50%) of the Partnership Operating Reserve shall be released to flow through the Partnership cash flow waterfall at the end of year 14 of the Compliance Period, with the remaining balance released in a similar manner at the end of year 15 of the Compliance Period.

The Property will also be required to fund a Replacement Reserve annually in an amount that is the greater of (i) \$400 per unit per year, increased by 3% annually, or (ii) the amount required by the permanent lender. Upon due diligence review, additional reserves may be required by the Investor and included in the partnership agreement.

E. Closing.

- (1) Credit Allocation. The General Partner has obtained an annual allocation of Federal LIHTC from the appropriate agency in the approximate amount of \$1,255,667 per year, based on the assumptions that: (i) the Property will consist of 100 residential units (ii) tenants in 39 of the units will comply with the tests promulgated under Section 42(g) of the Internal Revenue Code (i.e. qualify for the Tax Credits).
- (2) Closing Date. Closing will occur on a date (the "Closing Date") agreed upon by both parties, currently projected to occur in December, 2018.

- (3) Conditions to Closing. Investor's obligations to enter into the Property Partnership Agreement, becoming a limited partner in doing so, and the Documents will be contingent upon: (a) Investor's receipt and written approval of; (i) a satisfactory appraisal of the estimated value of the Property, (ii) a satisfactory market study of the area in which the Project is located, (iii) a satisfactory phase one environmental study prepared by a qualified environmental consulting firm, (iv) a completed certificate and tax opinion of the General Partner regarding the Tax Credits, and (v) other materials reasonably required by Investor as part of its customary financial and legal due diligence review set forth in NHT Equity LLC's standard due diligence checklist; (b) receipt of the credit allocation; and (c) approval from NHT Equity, LLC's Investment Committee.

F. Conditions of Interest.

It is all parties' intent that NHT Equity, LLC will provide the investor equity for this project. The terms of this letter are subject to change based on upon investor yield requirements at the time of the credit award. This Letter of Interest will expire on July 31, 2018.

We look forward to working with you on this transaction.

Sincerely,

NHT Equity, LLC

Merydith Greene

By: _____

Merydith Greene
VP, Senior Acquisition Officer

Boston Capital

March 1, 2018

Mr. Thomas Buonopane
New Hope Community Capital, Inc.
185 Dartmouth Street
Boston, Massachusetts 02116

RE: Southbridge Phase I (9%) – Chicago, Cook County, Illinois

Dear Thomas:

Boston Capital ("BC") is pleased to submit an offer to purchase the federal low income housing tax credits which will be allocated to the above referenced property should the project be successful in receiving tax credits. The offer is subject to the terms and conditions outlined herein and changes in market conditions. Based on a total annual LIHTC allocation of \$1,255,667, BC will use its best efforts to contribute capital to the limited partnership in the amount of \$0.91 per dollar of federal tax credit. The total capital contribution of \$11,425,424 will be payable as follows:

\$2,285,085 (20%) upon the latest to occur of (i) tax credit reservation, (ii) closing of the construction financing, (iii) receipt of a commitment acceptable to BC for the permanent financing or (iv) admission of BC;

\$3,427,628 (30%) upon the later to occur of (i) Completion Date;

\$1,142,542 (10%) upon the later to occur of (i) Cost Certification;

\$2,856,356 (25%) upon the later to occur of (i) Initial Qualified LIHTC Occupancy;

\$1,713,813 (15%) upon the later of occur of (i) closing of the permanent loan, (ii) Initial 100% Occupancy, (iii) Rental Achievement (defined as 3 months of 1.15x DSCR following the permanent loan closing) or (iv) State Designation.

This offer is subject to the receipt and satisfactory review by BC, in its sole discretion, of the following documents. Upon review, BC will either issue a comprehensive syndication agreement for countersignature or withdraw this offer.

1. Project Description
2. Construction/Development Cost Breakdown & Operating Pro-Forma
3. Construction Schedule
4. Qualified Lease-Up Schedule
5. Tax Credit Reservation
6. Construction Loan Financing Proposal (Note, Loan Agreement, & Mortgage, if closed)
7. Permanent Loan Financing Proposal (Note, Loan Agreement, & Mortgage, if closed)
8. General Partner, Guarantor, and Affiliate current Financial Statements
9. Market Study

Adjusters

The capital contributions shown above shall be subject to adjustment based on the following circumstances. Reductions in capital contributions will be affected by reductions in future installments and then, if necessary, by a Capital Contribution by the Managing Members and distribution to BC at the time of determination of any excess:

Initial Basis Shortfall Adjuster - In the event that the annual tax credit which will apply for each year in the credit period, as determined at cost certification, the issuance of 8609s or at anytime thereafter by the accountants or the IRS, is less than the Projected Credit, the capital contributions will be decreased by \$0.91 per dollar of the total credit shortfall aggregated for all ten years in the credit period.

Upward Basis Increase Adjuster - In the event that the annual tax credit which will apply for each year in the credit period, as determined at cost certification or the issuance of 8609s by the accountants, is greater than the Projected Credit, BC shall use its best efforts to raise equity to make additional capital contributions, payable at the time of the final installment, in an amount equal to the then current prevailing market price for the increased credit, as determined in its sole and absolute discretion, up to a maximum increase of 10% of the total capital contribution.

Initial Timing Adjuster - In the event that, resulting from delayed lease-up, there is an annual credit shortfall in the first year which is deferred and causes a corresponding increase in the credits to be delivered in the 11th year, the capital contributions will be decreased by \$0.71 per dollar of the total amount of the deferred Federal LIHTC credit.

Performance Adjuster - In the event that there is a credit shortfall or recapture of credits for any year after the Completion Date, to which the initial timing adjuster does not apply, the capital contributions will be decreased by the sum of (1) \$0.91 per dollar of the credit shortfall or recapture for such year, plus (2) the amount of any applicable recapture interest and penalties.

Please feel free to call me at (617) 624-8869 if you have any questions. We very much look forward to the opportunity to assist you with this tax credit development and to hearing from you.

Sincerely,



Samuel F. Guagliano
Vice President, Assistant Director, Acquisitions



For a Just Society

June 19, 2018

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Stacie Young

Founder

Gordon B. Sherman
(1927-1987)

Commissioner David Reifman
City of Chicago, Department of Planning and Development
121 N. LaSalle Street, Room 1006
Chicago, IL 60602

Re: Southbridge 4% Transaction, Chicago, IL

Dear Commissioner Reifman:

I am pleased to submit this letter of support on behalf of Business and Professional People for the Public Interest ("BPI") and the Gautreaux plaintiffs for the development of Southbridge. BPI is a public interest law and policy center that addresses compelling issues of social justice and quality of life in the Chicago region, and is the home of the landmark Gautreaux public housing desegregation lawsuit. Southbridge, to be developed by a joint venture of The Community Builders and McCaffery Interests, Inc., will be a mixed income, mixed use, TOD development located on the former site of CHA's Harold Ickes Homes public housing development.

As a member of the Harold Ickes Working Group, BPI has worked alongside other stakeholders and the development team to fine tune the plans for Southbridge. These plans include quality housing for a mix of household incomes and sizes near excellent amenities, employment centers and two CTA train stations. Southbridge itself will also directly provide a mix of retail, services, and jobs. The affordable units will be a convenient choice for many of the service staff at the hotels and convention centers at McCormick Square to the east, as well as South Loop and Bronzeville renters looking for affordability, quality and easy public commutes. The apartments available to CHA families will provide long term subsidized units in a community that is becoming increasingly out of reach for low- and even moderate-income residents.

We hope that initiating the Southbridge development will be a priority for the City of Chicago. We therefore strongly support the developers' application for financial assistance for the Southbridge 4% Transaction from the City of Chicago that includes \$17,000,000 of TIF assistance, Donations Tax Credits of \$500,000, and a multifamily loan of \$4,795,915.

If you have any questions or require additional information, please feel free to contact me.

Very truly yours,


Julie Elena Brown

JEB/pk

Business and Professional People for the Public Interest

25 E. Washington Street | Suite 1515 | Chicago, Illinois 60602
Tel 312 641 5570 | Fax 312 641 5454 | www.bpichicago.org

Recipient of the MacArthur Award for Creative
and Effective Institutions



For a Just Society

June 19, 2018

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Founder

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Commissioner David Reifman
City of Chicago, Department of Planning and Development
121 N. LaSalle Street, Room 1006
Chicago, IL 60602

Re: Southbridge 9% Transaction, Chicago, IL

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We hope that initiating the Southbridge development will be a priority for the City of Chicago. We therefore strongly support the developers' application for financial assistance for the Southbridge 9% Transaction from the City of Chicago that includes Donations Tax Credits in the amount of \$500,000.

If you have any questions or require additional information, please feel free to contact me.

Very truly yours,


Julie Elena Brown

JEB/pk

Business and Professional People for the Public Interest

25 E. Washington Street | Suite 1515 | Chicago, Illinois 60602
Tel 312 641 5570 | Fax 312 641 5454 | www.bpichicago.org

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CITY COUNCIL

CITY OF CHICAGO

COUNCIL CHAMBER
CITY HALL – ROOM 200
121 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60602
TELEPHONE: (312) 744-8734

COMMITTEE MEMBERSHIPS

HUMAN RELATIONS
(CHAIRMAN)

AVIATION

BUDGET AND GOVERNMENT OPERATIONS

COMMITTEES, RULES AND ETHICS

EDUCATION AND CHILD DEVELOPMENT

FINANCE

HOUSING AND REAL ESTATE

TRANSPORTATION AND PUBLIC WAY

COUNCIL OFFICE OF FINANCIAL ANALYSIS

PAT DOWELL

ALDERMAN, 3RD WARD
3RD WARD SERVICE CENTER
5046 SOUTH STATE STREET
CHICAGO, ILLINOIS 60609
TELEPHONE: (773) 373-9273
FAX: (773) 373-6852

EMAIL: WARD03@CITYOFCHICAGO.ORG

June 14, 2018

Mr. David Reifman
Commissioner
City of Chicago, Department of Planning and Development
121 N. LaSalle Drive, Room 1006
Chicago, IL 60602

RE: Southbridge 4% Transaction, Chicago, IL

Dear Commissioner Reifman:

It is with pleasure that I provide this letter of support for the development of Southbridge, a mixed income, mixed use, TOD development, located at the former site of CHA's Harold Ickes Homes on the southwest corner of Cermak Rd. and State St. The designated developer, Ickes Master Developer JV LLC is a joint venture of The Community Builders and McCaffery Interests, Inc., has undertaken the development of this three-block site.

Southbridge will provide quality housing for a mix of household sizes and incomes near excellent amenities, employment centers and two CTA train stations. Southbridge will also directly provide a mix of retail, services, and jobs for the community. The completion of Southbridge will continue the robust mixed-use redevelopment already taking place along the Cermak corridor. Furthermore, the affordable units will be a convenient choice for many of the service staff at the hotels and convention centers at McCormick Square to the east, as well as South Loop and Bronzeville renters looking for value, quality and easy public commutes.

The Southbridge community will be an impactful asset to all of Chicago. Initiating Southbridge Phase I should be a priority for the Illinois Housing Development Authority, the Chicago Housing Authority and the City of Chicago. I support the financial assistance for the Southbridge 4% Transaction from the City of Chicago that includes TIF Assistance in the amount of \$17,000,000, Donations Tax Credits in the amount of \$500,000, along with a multifamily loan in the amount of \$4,795,915.

Thank you for your timely consideration of this request. If you have any questions or require additional information, please feel free to contact me at 773-373-9273.

Sincerely,

Pat Dowell
Alderman, 3rd Ward



PAT DOWELL

ALDERMAN, 3RD WARD
3RD WARD SERVICE CENTER
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Sincerely,

Pat Dowell
Alderman, 3rd Ward

CITY COUNCIL

CITY OF CHICAGO

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