

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

RESOLUTION NO. ~~08~~ CDC - 19

**AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH
SENIOR SUITES CHICAGO KELVYN PARK LLC
AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF SENIOR SUITES CHICAGO KELVYN PARK LLC
AS DEVELOPER**

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

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

WHEREAS, the City Council, upon the Commission's recommendation pursuant to Resolution 99-CDC-235 and pursuant to the Act, enacted three ordinances on January 12, 2000 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Belmont/Cicero Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area are described on Exhibit A hereto; and

WHEREAS, SENIOR SUITES CHICAGO KELVYN PARK LLC (the "Developer"), has presented to the City's Departments of Housing (DOH) and Planning and Development ("DPD") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the construction of an 85 unit senior low income rental housing development and City of Chicago Department of Aging Senior Satellite Center (the "Project"); and

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

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

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

ADOPTED: February 19, 2008

Attachment: Exhibit A, Street Boundary Description

EXHIBIT A

Street Boundary Description of the
Belmont/Cicero Tax Increment Financing
Redevelopment Project Area

The Area is generally bounded by **GRACE** on the north, **the alley between Cicero and Kilpatrick** on the east, **FULLERTON** on the south, **the alley between Cicero and Lamon** on the west.

**City of Chicago
Department of Housing**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
February 19, 2008**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name: Senior Suites of Kelvyn Park
Applicant Name: Senior Suites Chicago Kelvyn Park LLC
Project Address: 2701-33 N. Cicero Avenue
Ward and Alderman: 31st Ward, Alderman R. Suarez
Community Area: Belmont Cragin
Redevelopment Project Area: Belmont/Cicero
Requested Action: TIF Developer Designation
Proposed Project: The construction of a six-story senior residence and a City satellite senior center is proposed. The project will provide 85 senior housing low income rental units.
TIF Assistance: \$3,500,000; approximately 17% of total project costs.

II. PROPERTY DESCRIPTION

Address: 2701-33 N. Cicero Avenue
Location: The site is on the east side of Cicero Avenue between Schubert and Parker Avenues. (1/2 block south of Diversey Ave.)
Tax Parcel Numbers: 13-27-304-001-0000 through 13-27-304-010-0000
Land Area: 35,625 square feet

- Current Use: Vacant, formerly a used car dealership.
- Current Zoning: B2-3
- Proposed Zoning: In September 2007 the site was approved by the Chicago Plan Commission as a Residential Planned Development.
- Environmental Condition: The Phase I study revealed evidence of the following recognized environmental condition: there is potential for releases (e.g. spills, overfills, and/or leaks) to have occurred from removed and/or existing underground storage tanks, and negatively impacted soil/groundwater with indicator contaminants associated with petroleum.

A Phase II investigation recommends either installation of an engineered barrier to cover the affected areas or removal of the contaminated soil. We are waiting final word from the Department of Environment as to which remedy is preferable at this site.

III. BACKGROUND

On February 2, 2007 the developer applied to the Department of Housing (DOH) for competitive federal Low Income Housing Tax Credits (LIHTCs) and HOME funds to construct a senior residence in the Belmont Cragin community. The development would consist of 85 rental apartments specifically designed to meet the needs of its elderly residents and a City of Chicago Department on Aging (CDoA) satellite seniors center, all located in a single six-story building.

The Belmont Cragin area is home to over 78,460 Chicago residents (21,422 households.) Almost 6,400 (8.2%) community residents are over the age of 65. The median income for the area is \$48,647, while the median household net worth is \$79,294. The median monthly rent was \$563 in 2000. According to the City of Chicago's senior housing plan, the Belmont Cragin community area has a deficit of 863 low-income units targeted to households earning between 30% - 60% of the area median income and a deficit of 1,054 very low income units for seniors earning below 30% of the median income.

Senior Suites Chicago Kelvyn Park LLC closed on the purchase of the land on December 20, 2007. The purchase price was \$3,500,000.00. The subject property is a vacant, paved lot which was a used car dealership formerly owned by Parker-Schubert, LLC.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity: Senior Suites Chicago Kelvyn Park, LLC is an Illinois limited liability company (the "Borrower")

Senior Suites Chicago Corporation will be the Managing Member of the Owner (Senior Suites Chicago Kelvyn Park, LLC). At the time of closing on the construction financing, up to 99.99% of the Owner's investor member interests will be sold to an entity purchasing the Low Income Housing Tax Credits.

Senior Suites Chicago is owned by Senior Lifestyle Corporation ("SLC"), a Chicago-based developer and full service operator and owner of many senior housing developments. SLC was founded by William B. Kaplan and James B. Klutznick in 1985 and currently operates more than 6,000 residential units, with communities located across the country. SLC's activities have covered the spectrum of seniors' housing choices, including market rate and affordable rental alternatives. With over 50 properties in its portfolio, SLC has extensive experience providing various levels of service along the continuum of care: independent living, assisted living and skilled nursing care.

Since 1995, SSCC has developed 17 Senior Suites developments in the City of Chicago, and another one is currently under construction. Approximately 1,300 residential units have been built and are managed by SSCC.

Consultants: Senior Lifestyle Corporation has assembled a highly qualified team to plan and carry out the proposed development. This team includes:

- Cubellis, MGDF is the architectural firm which has also participated in the design and construction oversight of more than a dozen senior housing communities in conjunction with SLC.
- WALSH Construction, a highly qualified general contractor and construction manager, has been assisting in determining methods of construction and estimating the cost of the project. Additionally, WALSH Construction has been responsible for the construction of several of SLC's Senior Suites communities.
- Boston Capital as the tax credit syndicator. Senior Suites Chicago Corporation has partnered with Boston Capital on eight similar projects in Chicago.

V. PROPOSED PROJECT

Project Overview: Senior Suites of Kelvyn Park will be located between Parker and Schubert on Cicero Avenue. The development will consist of 85 rental apartments specifically designed to meet the needs of elderly residents and will feature a City of Chicago Department on Aging (CDoA) satellite seniors center, all located in a single six-story masonry building.

The development will include a park-like patio to the East of the building with a substantial amount of passive green space for use by the residents of Senior Suites and visitors of the Senior Center. In addition to the green space located on the East side of the development, the developer will meet any "Green Roof" requirements set forth by the Department of Housing.

Each apartment is designed specifically for the elderly and is equipped with a full kitchen,

spacious bath, carpeting, window coverings, individually controlled heat, and air conditioning. Design features include kitchen cabinets that are easily accessible and appliances that are safe and easy to operate. In addition, grab bars are provided in the bathrooms to accommodate the needs of seniors, bathroom doors swing out to facilitate emergency access and emergency-pull-cords are located in the bathroom and bedroom of each apartment. Easy to turn lever door handles are featured throughout the development. Electrical outlets have been raised to minimize the need to bend over and light switches are lowered to be more accessible. An added measure of security is provided by an Up-and-About system that allows residents to check-in with management each morning.

Intended to promote a socially stimulating atmosphere, the building will contain approximately 6,000 square feet of common area for use by the residents. The focal point is a 3,000 square foot main floor Club-Lounge which includes a library, community room, and dining facilities. Additional lounge areas with comfortable seating, game tables, and television sets can be found on every floor. Laundry facilities are conveniently located on each floor adjacent to the lounge areas.

There will be 42 open parking spaces – half in a gated lot accessed off of Schubert and the other half accessed from the alley behind the building, again accessed off of Schubert. The lawn and patio will be located on the east side of the structure. All units will be accessible and visitable.

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

Residential Unit Profile: The following table provides a detailed description of the proposed project. The subject property will provide a total of 85 rental units of which 100 percent will be affordable for households earning no more than 60 percent of the area median income. 34 rental units, or 40% of the total, will be affordable for households earning no more than 50 percent of the area median income. These units will satisfy the Chicago affordable housing ordinance, which requires a minimum of 20 percent affordable units in projects receiving City financial assistance, including TIF. The Department of Housing has reviewed and approved the affordable unit rents.

Unit Profile

Unit Type	Number	Market/ Affordable	Size-sf	Monthly Rent*
Studio	10	Affordable at 50% AMI	480	\$650
Studio	15	Affordable at 60% AMI	480	\$667
1 Bedroom	24	Affordable at 50% AMI	595	\$700
1 Bedroom	36	Affordable at 60% AMI	595	\$795

* The monthly rental rates include heating, air conditioning, electric, water/sewer, free laundry

machines (on each residential floor), monthly housekeeping, weekly transportation to area shopping, and planned activities. There are no second person fees. Meal service is available on an a-la-carte basis for +/- \$4.50 per meal. Tenants are responsible for their own telephone and cable TV expenses.

Environmental Features: The design meets the City's basic energy efficiency standards. The most significant green items are the Green Roof and the permeable pavers in the landscaped areas. The proposed developer will install a green roof measuring approximately six thousand (6,000) square feet, which is approximately fifty percent (50%) of the net roof area not encumbered by mechanical equipment. The proposed developer will also design the building to meet the L.E.E.D. indoor air quality requirements, and to install an Energy Star H.V.A.C. system, Energy Star appliances and a highly efficient lighting system.

VI. FINANCIAL STRUCTURE

The greatest portion of funds for this development will come from the sale of federal low-income housing tax credits (LIHTC), a program administered by DOH. The equity is paid in tranches. A portion of the equity is funded at closing, with the rest funded at various stages of completion and occupancy. Details of the tax credit equity funding schedule will be a part of the Operating Agreement between Senior Suites Chicago Kelvyn Park, LLC and its tax credit partners. DOH will review and approve this operating agreement and the pay-in schedule therein.

DOH will also fund, probably through HOME funds, the next largest share of the cost of this development. HOME funds are federal dollars administered by DOH to aid in the funding of low-income housing developments. There is no debt repayment with a HOME loan until after 30 years. Interest is typically set between 0% and 3%.

TIF dollars represent the third largest share of funds and are being requested to reimburse the developer for site acquisition. \$1,500,000 will be placed in the construction escrow at closing. A taxable note of \$2,000,000 will be issued at closing with no interest accruing until the issuance of a Certificate of Completion. The first note payment will be made February 1 in the year after the issuance of a Certificate of Completion. Available increment will be defined as Area-Wide increment beginning with the first collection after the closing of the RDA but subordinate to debt service payments on the City-issued bond for the Modern Schools Program. The developer will pledge the \$2,000,000 TIF note as collateral to secure a bridge loan from Harris Bank in order to monetize \$1,600,000 as a source of funding during construction and development. The \$3,500,000 in TIF assistance represents 17.4% of the total project costs.

The developer has a preliminary commitment from Harris NA to provide a \$2,232,000 first mortgage loan with market rate terms, and is seeking \$1,000,000 from the Illinois Housing Development Authority (IHDA) under its affordable housing trust fund program. IHDA's mortgage would be subordinate to both the Harris and DOH mortgage loans. It is anticipated that IHDA will require interest payments equal to 1% per annum during the term of its loan.

A deferred developer fee of \$1,000,000 is also a source of funds. This fee conforms to both the City's and IHDA's standard underwriting and is considered a source of equity for LIHTC purposes and increases the amount of tax credits the development can claim.

The following table identifies the sources and uses of funds.

Sources and Uses of Funds

Sources		
	Amount	% of total
Tax Credit Equity	\$7,192,800	36%
TIF Reimbursement	\$3,500,000	17%
DOH HOME Loan	\$5,615,115	28%
Other (IHDA, Deferred Developer Fee)	\$1,600,000	8%
Private Loan (-Harris Bank)	<u>\$2,232,000</u>	<u>11%</u>
Total Sources	\$20,142,915	100%
Uses		
	Amount	\$/sf of Building*
Land Acquisition (\$98 per sf of land)	\$3,500,000	\$46.47 psf
Hard Costs (includes Site Clearance and Preparation)	\$12,779,025	\$169.66 psf
Soft Costs		
Developer Fee (5% of total costs)	\$1,000,000	
Deferred Dev. Fee (5% of total costs)	\$1,000,000	
Architect's Fee (2% of hard costs)	\$447,000	
Lender Fees (3 % of loan amounts)	\$132,960	
TIF Loan Int. Res. (12% of loan amount)	\$240,000	
Legal Fees (< 1% of total costs)	\$130,000	
Marketing (<1 % of total costs)	\$63,000	
Loan Interest (<1% of total costs)	\$60,000	
Other soft costs (4% of total costs)	<u>\$790,930</u>	
Total Soft Costs (19.2% of total costs)	\$3,863,890	\$51.30 psf
Total Uses	\$20,142,915	\$267.43 psf

*Gross building area is 75,320 square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Affordable Housing: The project will provide 85 new affordable housing units for seniors.

Public Benefit: A City senior satellite center will be located on the site.

Property Taxes: The project will expand the tax base because the investment in the property will result in an increase in its assessed value.

Environmental Features: The building will incorporate a 50% green roof, Energy Star H.V.A.C systems, Energy Star appliances, a highly efficient lighting system, and will meet L.E.E.D. indoor air quality requirements.

Permanent Jobs: The project is estimated to generate 5 permanent jobs in on-site program staff and maintenance. The Mayor's Office for Workforce Development (MOWD) has been informed of the project and work with the developer on job training and placement.

Construction Jobs: The project will produce 30 temporary construction jobs.

Affirmative Action: The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to eight associations of minority contractors 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 Suarez endorses the project and has provided a letter of support (see exhibits for copy). Prior to the formal zoning/RPD process, Senior Lifestyle worked closely with the Alderman's office to ensure community input. The project was presented to various community representatives throughout the spring and summer of 2007 to ensure the development would not be met with opposition. Public hearings were held as part of the PUD approval process on September 20, 2007 and September 25, 2007 without any opposition.

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

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

- Attract new business development within the Area.
- Promote new commercial development, where appropriate, and integrate new development with existing businesses throughout the Area to create a planned mix of commercial uses.
- To the extent possible, facilitate rehabilitation and development of commercial, retail, and commercial service uses where appropriate. However, the Plan recognizes the need for and existence of institutional and residential uses to a limited extent given the Area's current boundaries and existing land use and zoning patterns.
- Encourage visually attractive buildings, rights of way and open spaces incorporating sound building and property design standards including signage and off-street parking.
- Promote the use of landscaping and attractive fencing to screen dumpsters, waste collection areas, loading areas, service areas and the perimeter of parking lots and other vehicular use areas.
- Facilitate business retention, rehabilitation and new development.

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of affordable senior rental housing. The proposed project also conforms to the plan's land use map, which calls for commercial development at the subject site.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, DOH and 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 City policy that no business will be conducted with a development entity whose principal partner(s) has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action. Before today's action is presented to the city council for approval, the department will conduct a thorough background check of all principals having an ownership interest of 7.5 percent or greater, and of the boards of directors and trustees of non-profit organizations. Similar background checks will be conducted on the development entity itself.

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

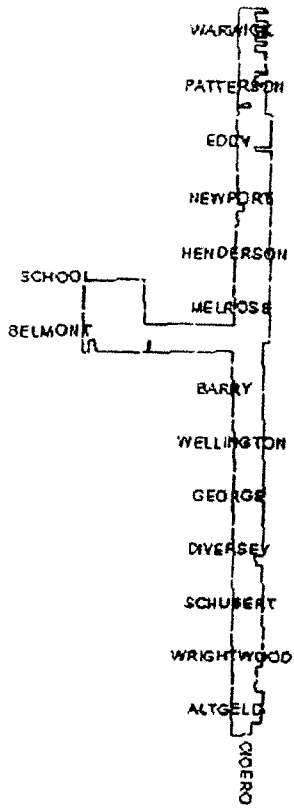
XI. RECOMMENDATION

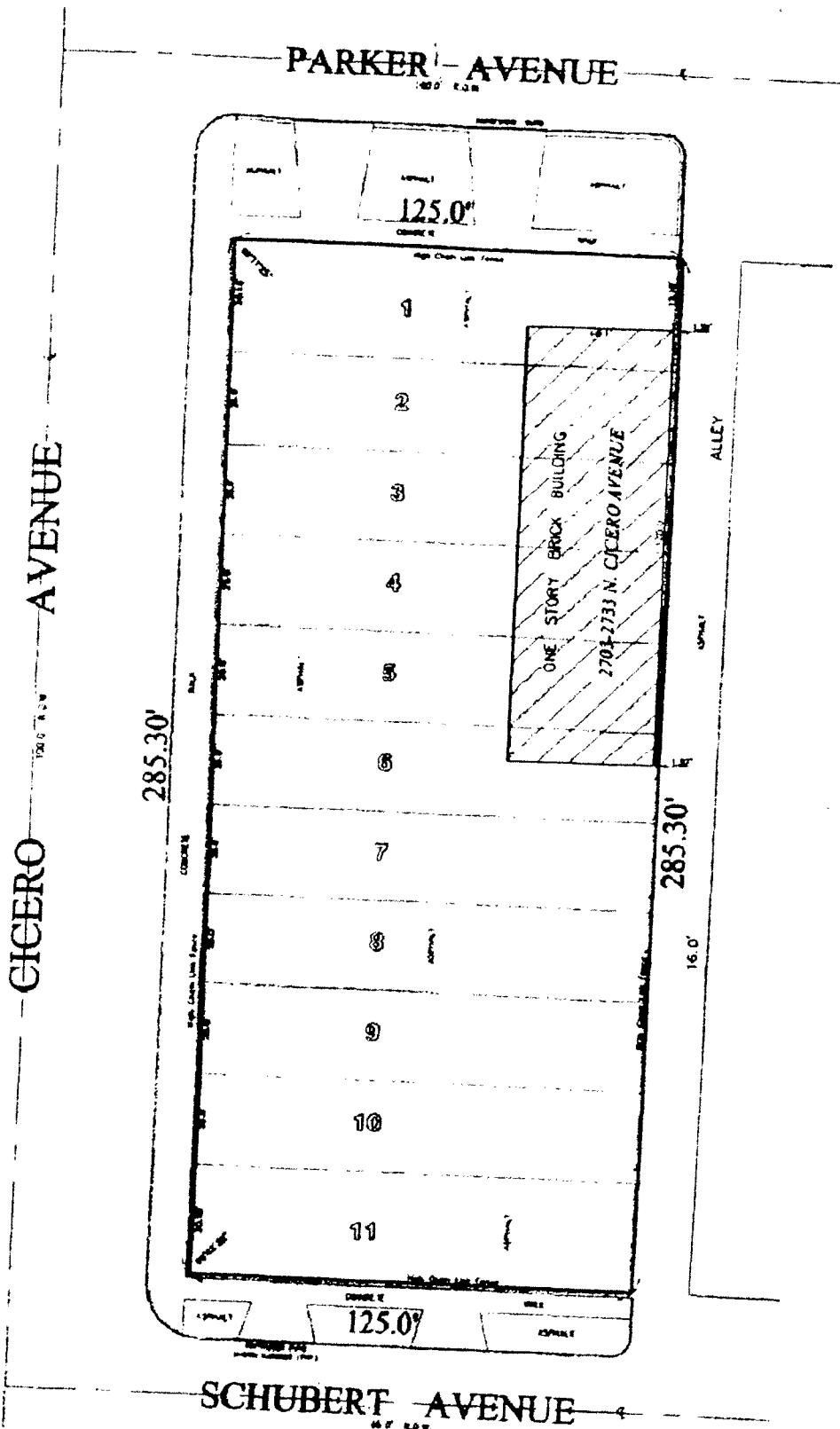
The Department of Housing has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, its need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and DOH and DPD recommends that the CDC recommend to the City Council the designation of Senior Suites Chicago Kelvyn Park LLC as Developer for the development of Senior Suites Chicago Kelvyn Park at 2701-33 N. Cicero Avenue.

EXHIBITS

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

Belmont/Cicero TIF Map





EX NO. 26130
 NO. 27-40-13
 DRED BY: LEON C. WEXLER P.C.
 SEPTEMBER 25, 2006

CERTIFY TO:
 PARKER-SCHUBERT, LLC
 AND:
 SENIOR LIFESTYLE CORPORATION

State of Illinois
 County of Cook

I, John D. Felski, certify that the above described property has been surveyed, under my
 according to the official record and that said correctly represents said survey. All States
 and Applicable Statutes.
 I hereby further certify that unless otherwise shown, the buildings on this plan are
 true and the same.



PROJECT
 CUBELLIS MGRDF PROJECT No.
**SENIOR SUITES OF
 KELVYN PARK**

2701 N. CICERO AVE.
 Chicago, Illinois

DEVELOPER
 SENIOR LIFESTYLE CORPORATION
 111 E. WACLER DR. #2200
 Chicago, Illinois 60601
 P. 0135 637 4333

ARCHITECT
cubellis mgrdf
 104 E. MADISON AVE. #6 200
 Chicago, IL 60602
 Tel: 312-464-3800
 Fax: 312-464-3848
 www.cubellis.com



REVISIONS / SUBMITTALS

NO. 1	DATE	DESCRIPTION
1		10% OF PLANNING / ARCHITECTURE / ENGINEERING / CONSTRUCTION / PERMITS / NOT BUILT

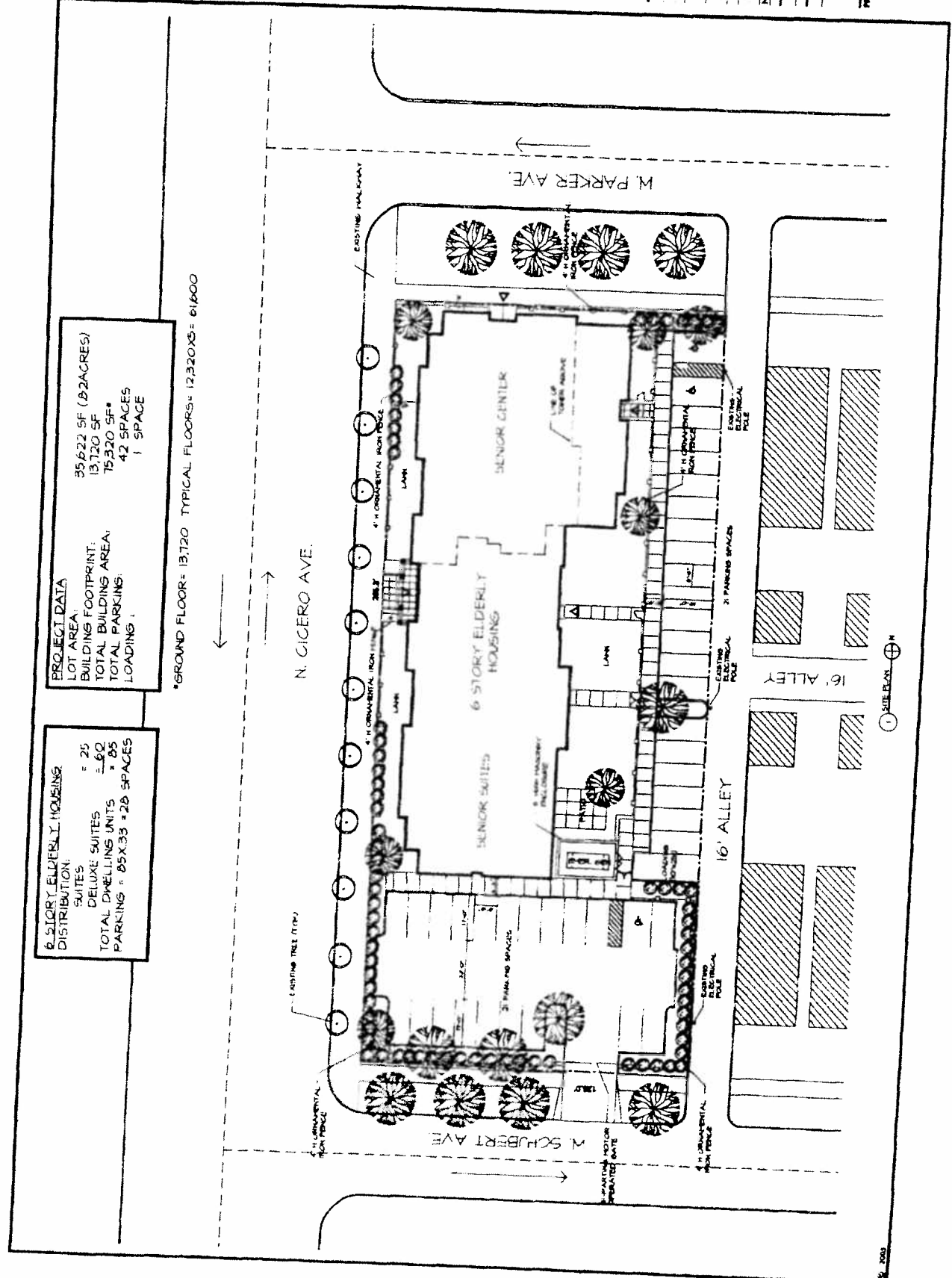
SHEET INFORMATION
 SHEET TITLE
SITE PLAN

PROFESSIONAL STAMP | SHEET NUMBER
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PROJECT DATA
 LOT AREA = 35,622 SF (0.24 ACRES)
 BUILDING FOOTPRINT = 13,720 SF
 TOTAL BUILDING AREA = 15,320 SF
 TOTAL PARKING SPACES = 42 SPACES
 LOADINGS = 1 SPACE

6 STORY ELDERLY HOUSING DISTRIBUTION
 SUITES = 25
 DELUXE SUITES = 60
 TOTAL DWELLING UNITS = 85
 PARKING = 85X.33 = 28 SPACES

*GROUND FLOOR = 13,720 TYPICAL FLOORS = 13,200X5 = 61,600

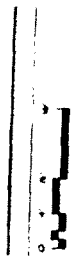


PROJECT
CUBELLIS MAGEE PROJECT #12
SENIOR SUITES OF
KELVYN PARK

2701 N. CICERO AVE.
 Chicago, Illinois

DEVELOPER
SENIOR INVESTMENT CORPORATION
 111 E. WALKER DR. - 92200
 Chicago, Illinois 60601
 P: 312.877.8330

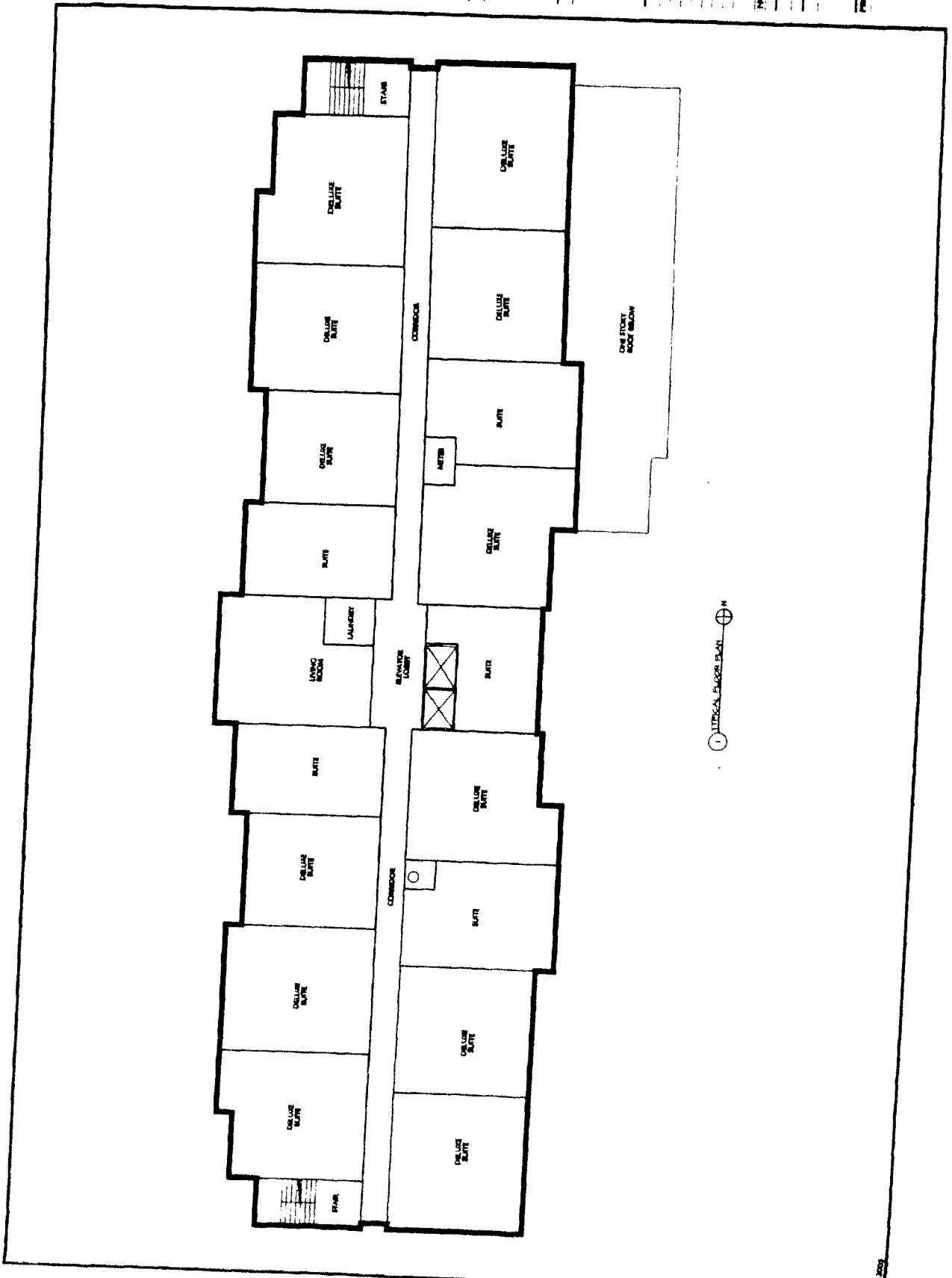
ARCHITECT
cubellis mgdf
 104 S. MICHIGAN AVE., 300
 Chicago, IL 60603
 T: 312.424.3300
 F: 312.424.3300
 www.cubellis.com

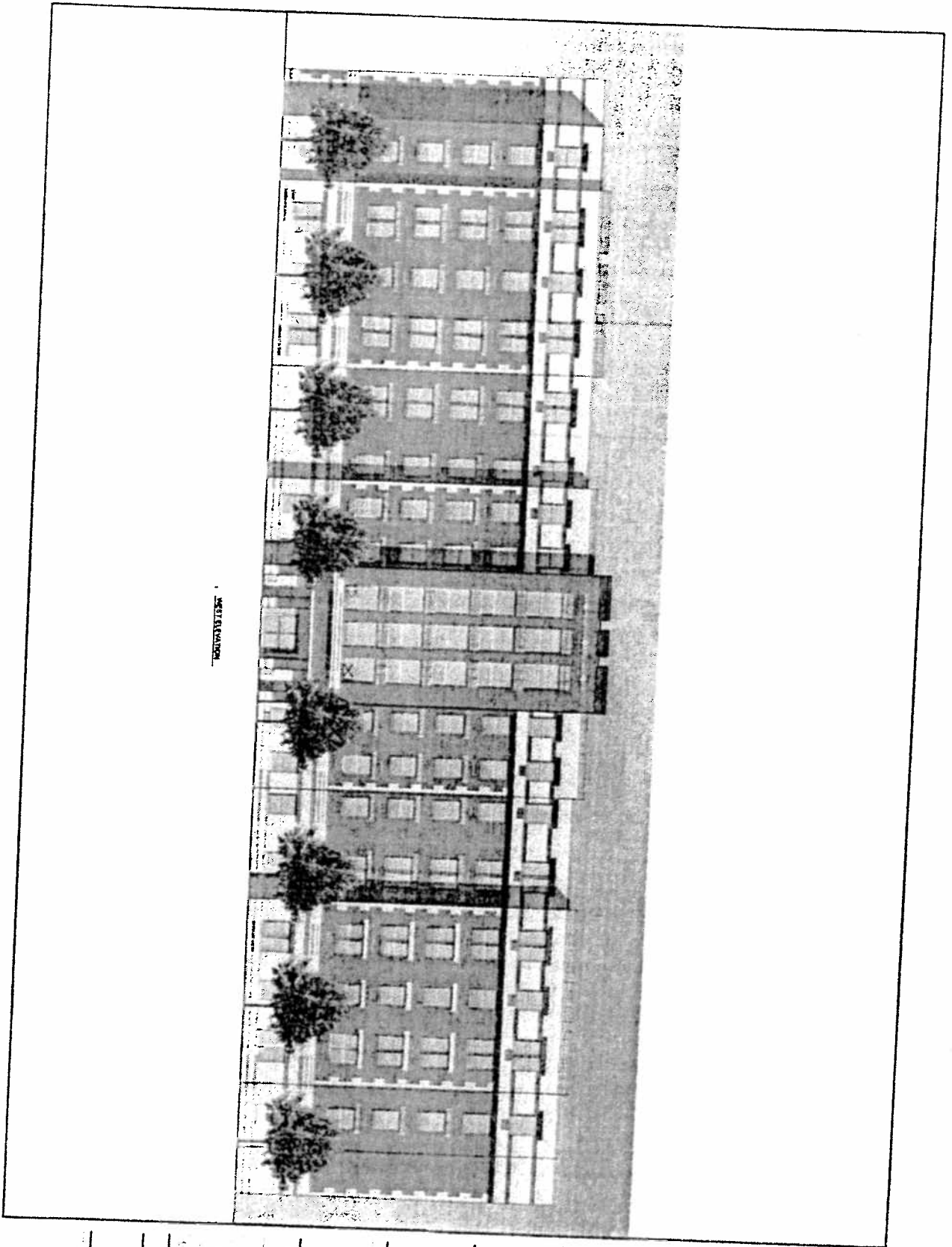


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TYPICAL FLOOR PLAN

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SECTION 13.5.2

cubellis mgdf

ELEVATION

November 13, 2007

SENIOR
LIFESTYLE
CORPORATION

VIA CERTIFIED MAIL

Mr. Cesar Santoy
Hispanic American Construction Industry Association
901 W. Jackson, Suite 205
Chicago, IL 60607

Dear Mr. Santoy:

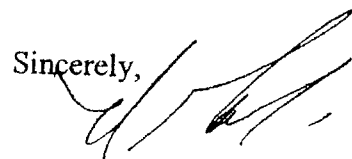
Senior Lifestyle Corporation is currently developing an 85 unit independent living rental community for seniors at 2701 North Cicero Avenue in Chicago, Illinois (currently called Senior Suites of Kelvyn Park). The more than \$11 million construction budget will be subject to certain MBE and WBE participation requirements. The project's general contractor, Walsh Construction, is actively soliciting bids from qualified subcontractors. We would appreciate any assistance you may provide by providing a list of your MBE/WBE certified members/constituents or forwarding Walsh's contact information to any subcontractors that you feel may be interested in bidding.

We anticipate commencing with the twelve-month construction period as early as March 2008. If your association would like to receive a copy of the bid documents or schedule a meeting with the general contractor and developer, please feel free to contact me or the general contractor's representative noted below:

Eric Larsen
Walsh Construction
929 W. Adams Street
Chicago, Illinois 60607
Phone: (312) 563-5456
Fax: (312) 563-5467

Your assistance with helping us reach out to historically disadvantaged companies is greatly appreciated.

Sincerely,



Robert M. Gawronski
Vice President of Development & Acquisitions

cc: Brian O'Donnell, City of Chicago Department of Housing
Eric Larsen, Walsh Construction

Where Senior Living Comes of Age

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$.41	Postmark Here
Certified Fee	2.65	
Return Receipt Fee (Endorsement Required)	2.15	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.21	

Sent To
Women Business Development Center
Street, Apt. No.
or PO Box No. 8 South Michigan Ave., #400
City, State, ZIP+4 Chicago, IL 60603

PS Form 3800, June 2002 See Reverse for Instructions

CERTIFIED MAIL RECEIPT
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Certified Fee	2.65	
Return Receipt Fee (Endorsement Required)	2.15	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.21	

Sent To
Association of Asian Cons. Enter.
Street, Apt. No.
or PO Box No. 333 N. Ogden Ave.
City, State, ZIP+4 Chicago, IL 60607

PS Form 3800, June 2002 See Reverse for Instructions

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Certified Fee	2.65	
Return Receipt Fee (Endorsement Required)	2.15	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.21	

To
Federation of Women Contractors
Street, Apt. No.
or PO Box No. 5650 S. Archer Ave.
City, State, ZIP+4 Chicago, IL 60638

PS Form 3800, June 2002 See Reverse for Instructions

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Return Receipt Fee (Endorsement Required)	2.15	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.21	

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African American Contractors Assoc.
Street, Apt. No.
or PO Box No. 3706 South Indiana Ave., 1st Fl
City, State, ZIP+4 Chicago, IL 60653

PS Form 3800, June 2002 See Reverse for Instructions

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Certified Fee	2.65	
Return Receipt Fee (Endorsement Required)	2.15	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.21	

Sent To
Black Contractors United
Street, Apt. No.
or PO Box No. 400 W. 76th Street
City, State, ZIP+4 Chicago, IL 60620

PS Form 3800, June 2002 See Reverse for Instructions

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For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$.41	Postmark Here
Certified Fee	2.65	
Return Receipt Fee (Endorsement Required)	2.15	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.21	

Sent To
Mexican American Chamber of Commerce
Street, Apt. No.
or PO Box No. 33 N. LaSalle Street, Ste 1720
City, State, ZIP+4 Chicago, IL 60602

PS Form 3800, June 2002 See Reverse for Instructions

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City, State, ZIP+4
Chicago, IL 60607

SUMMARY OF TERMS AND CONDITIONS

This Term Sheet is intended as an outline only and does not purport to summarize all the conditions, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the financing contemplated hereby. The commitment of the Harris N.A. ("Harris" or "Bank"), if and when issued, will be subject to negotiation and execution of definitive Loan Documents in form and substance satisfactory to the Harris N.A., the Borrower, and their respective counsels.

- Borrower:** Senior Suites Kelvyn Park, LLC or a to-be formed entity
- Type:** Secured credit facility (the "Loan" or the "Facility") to be used for the acquisition and construction of improvements on the property located at 2703-33 North Cicero, Chicago, IL
- Repayment:** Interest only due monthly during construction with principal due at maturity. Upon satisfactory construction completion, conversion to an amortizing loan requiring principal and interest repayments
- Amount:** A construction loan to finance costs per a final approved budget in an amount not to exceed the lesser of 80% loan to value or \$2,210,000
- Equity:** Tax Credit/Cash equity of \$9,891,906
- Maturity:** Construction loan - Up to twelve months
Permanent loan - Up to sixteen years from loan closing
- Interest Rate:** During the construction period, the Loan shall bear interest at a floating rate of Prime plus 1%; commencing on the first (1st) day of the first (1st) month following the Substantial Completion Date (each such date being hereinafter referred to as the "Interest Adjustment Date"), the rate of interest (the "Adjusted Interest Rate") shall be adjusted to equal the annual rate determined by adding three hundred (300) basis points (3.00%) to the Term Loan Index (as hereinafter defined) in effect on the applicable Interest Adjustment Date. As used herein, the term "Term Loan Index" shall mean the daily rate as established in the Federal Reserve Statistical Release H-15 for ten (10) year United States Constant Maturities for the applicable Interest Rate Adjustment Date. In the event that Federal Reserve Statistical Release H-15 is no longer available, then Lender shall determine the Adjusted Interest Rate applicable to each subsequent disbursement based on any comparable index as Lender may determine. Interest at the applicable Adjusted Interest Rate shall be calculated on the basis of a 360 day year and the actual number of days elapsed. Funding of the permanent loan must take place the earliest of 12 months from loan closing or May 1, 2008. Today we estimate that rate to be 7.75%. Lender may use an interest rate swap or cap to achieve a comparable interest rate. The rate will be fixed for fifteen (15) years.
- Loan Fee:** 2% of the loan amount to be split evenly between the construction loan and the permanent loan.

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- Interest Reserve:** \$60,000 will be held back from Facility availability to pay debt service during construction (amount subject to adjustment based upon final budget).
- Prepayment:** Borrower may prepay any portion of the construction loan without penalty. With respect to any portion of the permanent loan with a fixed interest rate, which is prepaid, Borrower shall pay a prepayment penalty equal to five percent (5%) of the amount of any full or partial principal prepayments prior to the end of Year 5, three percent (3%) of the amount of any full or partial principal prepayments prior to the end of Year 10, and a penalty declining by one percent in each subsequent year.
- Collateral:** As collateral security for repayment of the Facility, Borrower shall execute and deliver, or cause to be executed and delivered to Harris, the following documents (some of which shall be filed and recorded to establish valid first liens in favor of the Harris). All security documents shall be satisfactory to the Harris in its sole discretion:
1. A mortgage creating a valid first mortgage lien on the to be constructed building located at 2703-33 North Cicero in Chicago, IL;
 2. A Chattel Mortgage on all furniture, fixtures, equipment, etc.;
 3. An Assignment of Leases and Rents for all leases entered into or to be entered into by the Borrower covering all or any part of the Improvements, and all of the rents, issues, and profits thereof;
 4. An environmental indemnity agreement signed by the Borrower, which shall be satisfactory to Harris at its sole discretion;
 5. Issuance of payment and performance bond by an acceptable surety company naming Harris as an obligee;
 6. Such other collateral as may be required by Harris.
- Guarantors:** TBD
- Guarantees:** *Completion:* The Borrower and Guarantors shall warrant the lien-free and timely completion of the Improvements and all site work associated with the Improvements pursuant to the approved plans and specifications, the terms and conditions of any Lease(s), and the final approved construction budget so long as Harris continues to fund the balance of the Loan in accordance with the Loan Documents.
- Loan Balance:** The Facility will be required to be in balance at all times.

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Appraisal: Harris shall have received an appraisal from an appraiser, engaged by and acceptable to the Harris with a "Stabilized Value" of not less than 125% of the first mortgage, providing an overall LTV of not more than 80%.

Environmental / Engineering: Environmental reports and structural engineering reports satisfactory to Harris, in form and from firms acceptable to Harris will be required at the Bank's sole discretion.

Disbursements: Disbursements will be made in accordance with the final approved project cost budget. Disbursement of proceeds for the Improvements shall be based on work completed, subject to a 10% holdback until approval of the completed project. Disbursement shall be made through a title company satisfactory to Harris. Further, Harris shall retain, at Borrower's expense, an inspecting architect who, from time to time, will be required to inspect and certify the work for which payment is requested. Harris shall also require satisfactory Sworn Owner's and Contractor's Statements, copies of all subcontracts and appropriate lien waivers.

Covenants: Borrower and/or Guarantors covenant to the Harris that they will not permit a violation of the following covenants at any time:

1. Project NOI shall cover all debt payments, existing and proposed, at a debt service coverage ratio of not less than 1.15x. Subject facility debt service payments based upon an interest rate of 7.75% (if closed today) and a 30-year amortization for subject facility.
2. Borrower will establish and maintain all accounts for this property with the Harris.
3. The Borrower and Guarantors shall guarantee satisfactory lien-free completion of the Project within twelve (12) months and shall keep the budget in balance at all times.

**Conditions
Precedent:**

Borrower shall fulfill the following conditions to the Bank's satisfaction. Such conditions include, without limitation, the following:

1. Satisfactory review and approval by the Harris and its Inspecting Architect of the Improvement's final plans and specifications which shall be approved and signed off by the proper governmental agency. The construction schedule and construction budget shall also be reviewed and approved by the Harris.
2. Borrower to obtain from all governmental agencies having jurisdiction over the site in an ordinary course of time all authorizations, ordinances, licenses, approvals, consents and permissions (including, without limitation, zoning ordinances which permit the intended use without requiring a variance), as may be required in order to permit construction of the Project in accordance with the final approved budget.
3. Satisfactory review and approval of the general contractor, major subcontractors, the construction schedule and the guaranteed maximum price contract between the Borrower and the general contractor. The Harris will

4 SENIOR SUITES CHICAGO KELVYN PARK, LLC

require the satisfactory review and approval of the reviewed FYE 2005/2006 financial statements of the general contractor.

4. Satisfactory review and approval of the Harris title insurance policy, survey, and builder's risk insurance for the approved improvements.
5. Satisfactory review and approval of the Sponsor/Guarantor's FYE 2005/2006 financial statements.
6. Satisfactory issuance of proceeds from the HOME Funds and Low Income Housing Tax Credits in amounts acceptable to the Bank
7. Final approval from the Bank's credit committee.

Reporting:

Borrower shall provide the following to the Harris:

1. For all construction draws, an owner's sworn statement, a contractor's sworn statement, waivers of lien, copies of invoices and canceled checks for all reimbursable soft costs and date down endorsements from a title company acceptable to the Harris.
2. Annual certified rent rolls and income & expense statements.
3. Quarterly certification by the Sponsors/Guarantors showing covenant compliance.
4. Annual financial statements for the Borrower.

Other Documents:

Harris shall receive such other documents, in form and substance satisfactory to the Harris and its counsel as may reasonably request.

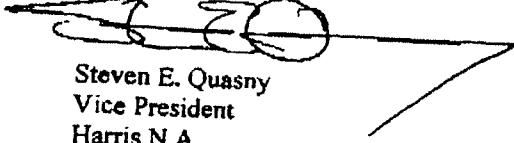
5 SENIOR SUITES CHICAGO KELVYN PARK, LLC

Expenses:

Whether or not the Facility is closed, Borrower will promptly pay or reimburse Harris for all reasonable legal, appraisal, environmental, title insurance, recording, and other closing costs, which have actually been incurred. Harris will periodically update Borrower on its expense status and inform Borrower if estimates of the same will be exceeded.

This Summary of Term and Conditions is intended as an outline only and does not purport to summarize all the conditions, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the financing contemplated hereby. The terms reflected herein shall remain effective through May 1, 2007. Any commitment of the Harris is subject to negotiation and execution of definitive Loan Documents in form and substance satisfactory to the Harris, the Borrower, and their respective counsels.

Sincerely,



Steven E. Quasny
Vice President
Harris N.A.
Community Development Lending Division

Accepted By:

_____ Date: _____

Boston Capital

January 19, 2007

Robert Gawronski
Senior Lifestyle Corporation
111 E. Wacker Drive, Suite 2200
Chicago, IL 60601

Dear Mr. Gawronski,

On behalf of Boston Capital, I would like to thank you for the opportunity to present a proposal for the equity financing of Senior Suites Chicago Kelvyn Park, LLC (the "Company").


Boston Capital is one of the largest and most knowledgeable equity sources in the affordable housing industry. We have purchased interests in over 2,000 properties in 48 states, and because we are continuously in the market with both public and corporate funds, we always have capital available for quality properties.

Based on information we have received from you regarding Senior Suites of Kelvyn Park in Chicago, IL (the "Property"), we have made the following assumptions:

- The Company will acquire, construct, own and operate the Property
- Boston Capital will purchase a 99.90% member interest in the Company. An affiliate of Boston Capital will be the Special Member.
- Boston Capital will receive 99.90% of all losses, tax credits and depreciation.
- The property will qualify for Low-Income Housing Tax Credits.
- Assuming the property generates an annual Federal low income tax credit reservation of \$1,105,084, Boston Capital's equity contribution will be \$9,935,808 (\$0.90 per dollar of tax credit).

We look forward to working with you on this exciting project. Thank you very much for your consideration.

Sincerely,


Brenda A. Champy
Senior Vice President, Director of Acquisitions

PLAN FOR COMMUNITY INPUT

As with all previous Senior Suites developments, Senior Lifestyle Corporation, Senior Suites Chicago Corporation, and their partners (Collectively, "Senior Suites of Kelvyn Park") will aggressively seek the input of representatives from the local community as well as the product's target market.

When first challenged to develop an affordable seniors housing community providing a desired level of services to its residents more than a decade ago, Senior Lifestyle enlisted the assistance of the City's Department on Aging. Focus Groups were conducted to determine the lifestyle needs and desires of moderate and lower income senior citizens. Transportation, social interaction, and the availability of on-site meals were of paramount importance to the group participants. As a result, each Senior Suites building has been designed with over 6,000 square feet of community space to accommodate a wide range of social programs, free transportation to shopping and other common destinations will be provided by a Senior Suites van, and a revolutionary food distribution system has been developed to provide an efficient on-site meal program unmatched in quality. More importantly, community leaders (Alderman, ministers, activist, etc.) regularly reach out to Senior Lifestyle requesting similar developments in their communities.

In response to the Alderman Suarez's persistent requests to help address the ongoing demands from seniors and community representatives of the 31st Ward for affordable seniors housing, the Senior Lifestyle identified and has secured the right to purchase the site for this Senior Suites development. In the immediate future, Senior Suites of Kelvyn Park will be meeting with several community representatives and neighbors to provide those most affected with detailed information on the proposed Senior Suites development and to address any potential concerns with the proposed site plan and use. These neighborhood meetings will be in addition to the more formal public hearings required as part of the zoning and financing approval process.

It has been the development team's past experience that the neighborhood based meetings not only allow for the community's input, but serve as an opportunity to dispel any potential misconceptions about the proposed development and are extremely effective pre-marketing events. Therefore, Senior Suites of Kelvyn Park will continue to interact with representatives from the community as part of its formal marketing plan throughout the development and construction process.



CITY COUNCIL - CITY OF CHICAGO
CITY HALL, ROOM 203
121 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60602
TELEPHONE (312) 744-8102
FAX: (312) 744-0770

RAY SUAREZ

ALDERMAN, 31ST WARD

4502 WEST FULLERTON AVENUE

CHICAGO, ILLINOIS 60639

TELEPHONE: (773) 276-9100

FAX: (773) 276-2596

E-MAIL: RSUAREZ@CITYOFCHICAGO.ORG

COMMITTEE MEMBERSHIPS

HOUSING AND REAL ESTATE
(CHAIRMAN)

TRANSPORTATION AND PUBLIC WORKS
(VICE-CHAIRMAN)

AVIATION

BUDGET AND GOVERNMENT OPERATIONS

BUILDINGS

COMMITTEES, RULES AND ETHICS

FINANCE

ZONING

February 7, 2008

Ellen K. Sahli
Commissioner
Department of Housing
33 N. LaSalle, Suite 200
Chicago, Illinois 60602

Re: Senior Suites of Kelvyn Park (2701-27 N. Cicero Avenue)

Dear Commissioner Sahli:

This letter is to express my continued support for the above referenced seniors housing development proposed by Senior Lifestyle Corporation and its affiliates.

To provide affordable housing and a CDoA satellite senior center for area seniors, the development requires Low Income Housing Tax Credits, HOME funds, and TIF assistance from the City. This proposed 85 unit Senior Suites community is an important development for the 31st Ward. I thank you in advance for your continued assistance in this matter.

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

Sincerely,

Ray Suarez
Alderman, 31st Ward

cc: Commissioner Arnold L. Randall, Department of Planning and Development
Commissioner Joyce Gallagher, Chicago Department on Aging