



**Metropolitan**Planning Council

**80 Years** of **Reinventing** the Region

**Uptown Corridor Development Initiative  
Final Report Appendix**

Read the report: [metroplanning.org/uptown](http://metroplanning.org/uptown)

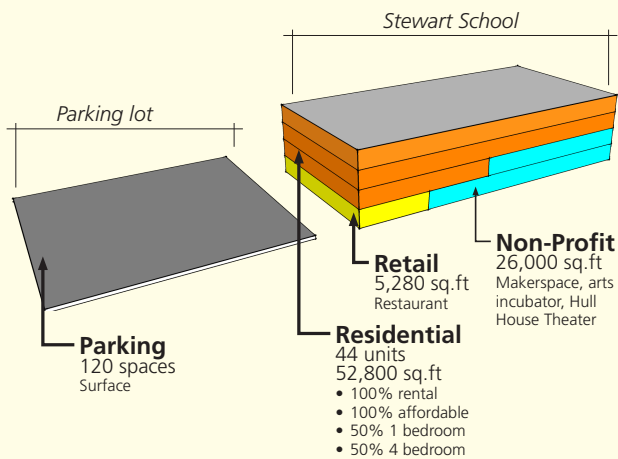
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# Proposals for Stewart School

## TABLE 1 (Proposal A)



**Total acquisition and development costs:** \$17.3 million  
**Percent of total development and operations costs covered by project revenues:** 55%  
**Funding gap:** \$4.96 million

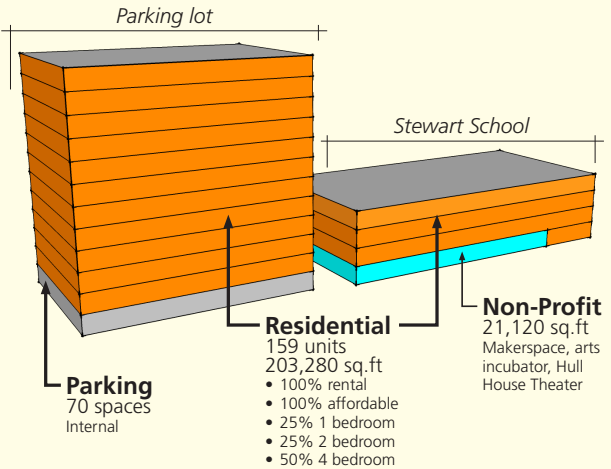
### Developer comments:

- Far more parking than is required by the zoning law (only 19 spaces are needed).

### Potential improvements:

- If purchased with the school, the lot provides the option to add another part to the project. A small market-rate residential project on this site may help subsidize the purchase price of the entire lot.

## TABLE 1 (Proposal B)



**Total acquisition and development costs:** \$43.4 million  
**Percent of total development and operations costs covered by project revenues:** 54%  
**Funding gap:** \$12.3 million

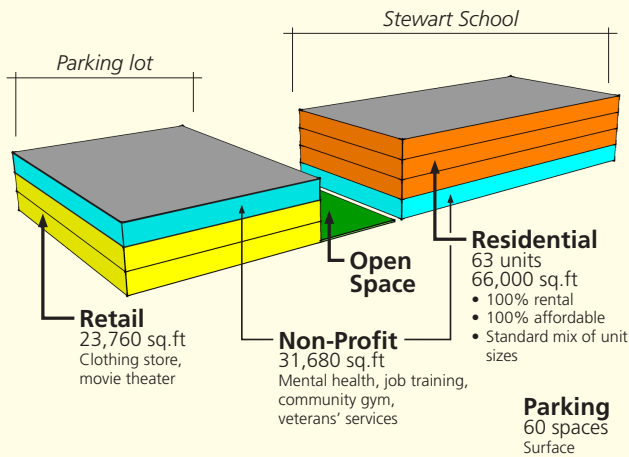
### Developer comments:

- Concentration of affordable housing is difficult to fund at the 4% tax credit level, leaving a big gap.

### Potential improvements:

- Making the project mixed income (50%) affordable reduces the gap needed to fund the project to just \$3.7 million. 80% market-rate units would eliminate gap entirely.

## TABLE 2



**Total acquisition and development costs:** \$23.6 million  
**Percent of total development and operations costs covered by project revenues:** 67%  
**Funding gap:** \$5.8 million

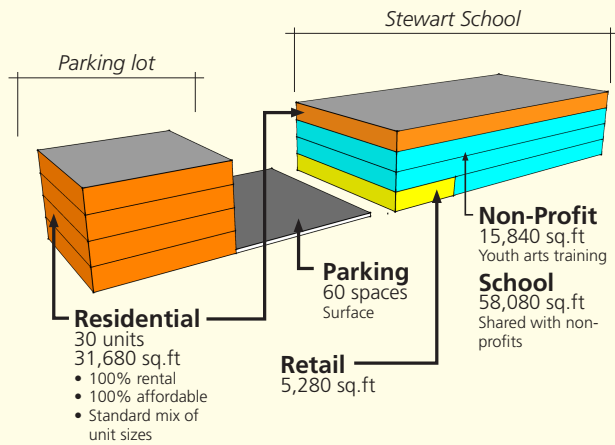
### Developer comments:

- Very significant gap in financing.
- More parking spaces provided than zoning required (22 needed).

### Potential improvements:

- Significant increase in building size, in the form of 471 additional residential units at 30% affordable and 70% market rate, would make the project possible.

## TABLE 3



**Total acquisition and development costs:** \$21.0 million  
**Percent of total development and operations costs covered by project revenues:** 53%  
**Funding gap:** \$7.15 million

### Developer comments:

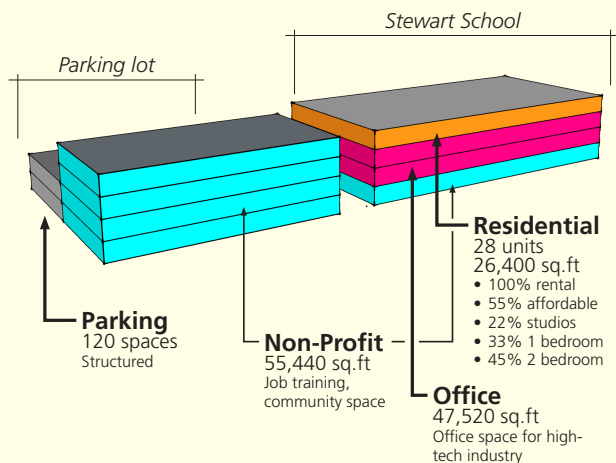
- Large gap in financing due to the presence of a significant non-profit space located in the school building.

### Potential improvements:

- Because of the desire to put a school here, there may be reason to think that subsidies could be identified for this project.
- Added residential density would also improve project's funding.

# Proposals for Stewart School

**TABLE 4**



**Total acquisition and development costs:** \$30.7 million  
**Percent of total development and operations costs covered by project revenues:** 65%  
**Funding gap:** \$9.5 million

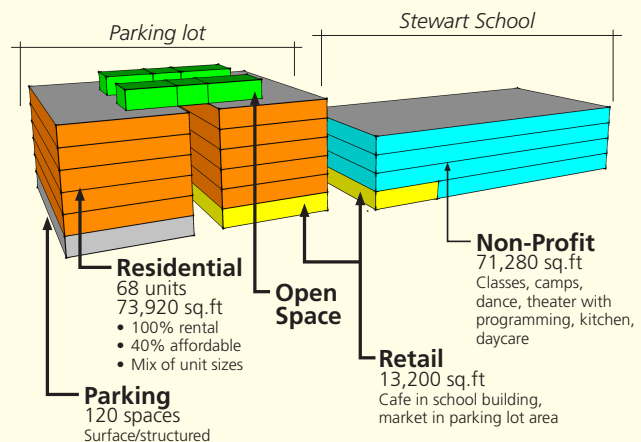
**Developer comments:**

- High costs and likely limited demand for high-tech office space.
- 10 times as many parking spaces as required.
- Project does not qualify for affordable housing aid (low unit count).

**Potential Improvements:**

- Parking reductions (or a switch to surface parking) would save costs.
- Higher residential density, less non-profit space improve finances.

**TABLE 5**



**Total acquisition and development costs:** \$30.0 million  
**Percent of total development and operations costs covered by project revenues:** 84%  
**Funding gap:** \$5.8 million

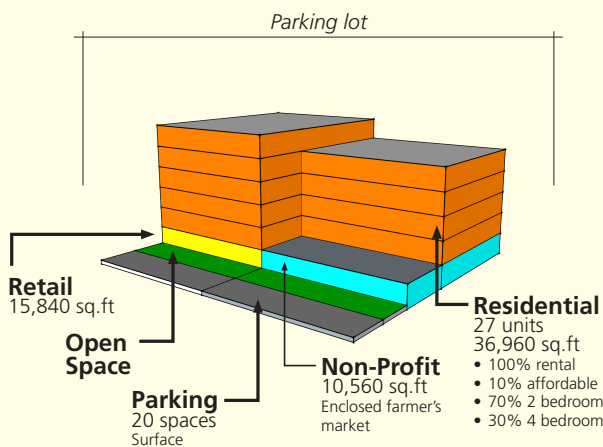
**Developer comments:**

- Large amount of community space will require subsidy.
- Four times as much parking as is needed under zoning.

**Potential improvements:**

- Increasing residential density and switching some of the community space to housing uses would improve the project's financing. But a focus on community spaces may merit a city subsidy.

**TABLE 6**



**Total acquisition and development costs:** \$11.7 million  
**Percent of total development and operations costs covered by project revenues:** 104%  
**Funding gap:** \$1.15 million

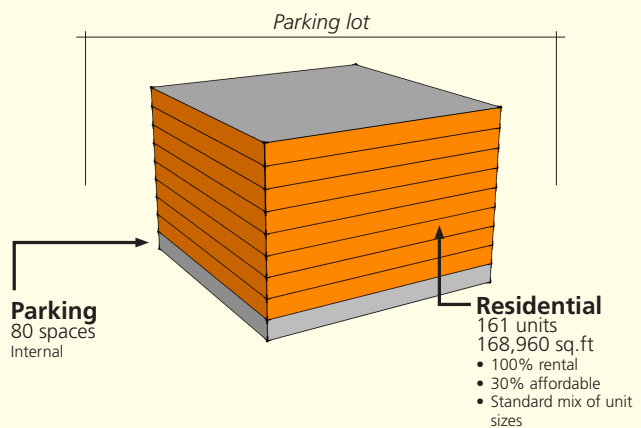
**Developer comments:**

- A relatively small gap in financing, but does not qualify for affordable housing aid because of lack of units.
- 5 more parking spaces than necessary.

**Potential improvements:**

- Adding 46 additional residential units (58,080 sq.ft) would make the project possible without additional subsidies.

**TABLE 7**



**Total acquisition and development costs:** \$32.0 million  
**Percent of total development and operations costs covered by project revenues:** 120%  
**Funding gap:** 0

**Developer comments:**

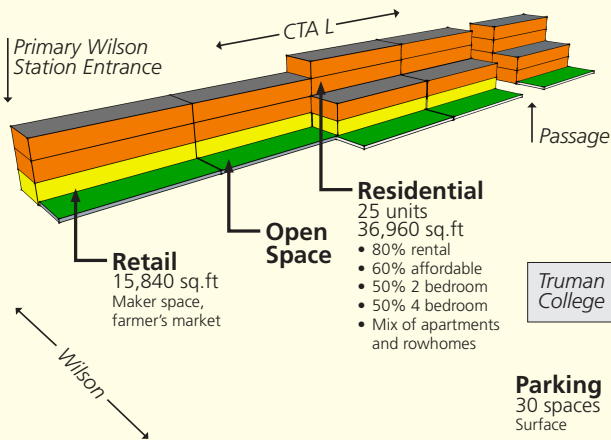
- Because of project's very high density, appropriate levels of parking, and mix of incomes, project would be financeable as is.

**Potential improvements:**

- Project's height (9 stories) would be similar to that of towers in the neighborhood, but the tower would be very bulky. Slimming the project down a bit might make it more appealing for community.

# Proposals for Wilson Station

## TABLE 8



**Total acquisition and development costs:** \$14.2 million  
**Percent of total development and operations costs covered by project revenues:** 56%  
**Funding gap:** \$5.65 million

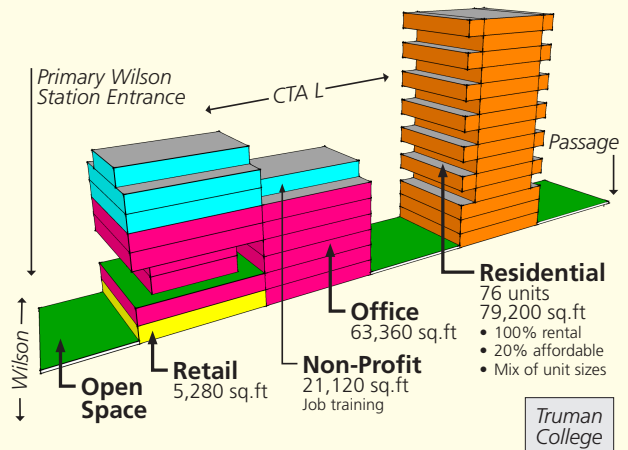
### Developer comments:

- High subsidies are required in part because the small number of residential units (and large number of 4-bedroom units) make the project disqualified for affordable housing aid.

### Potential improvements:

- Subsidy can be reduced to \$4.2 million by reducing affordability to 40% of units and adding an additional 105,600 sq.ft of residential.

## TABLE 10



**Total acquisition and development costs:** \$37.8 million  
**Percent of total development and operations costs covered by project revenues:** 87%  
**Funding gap:** \$7.8 million

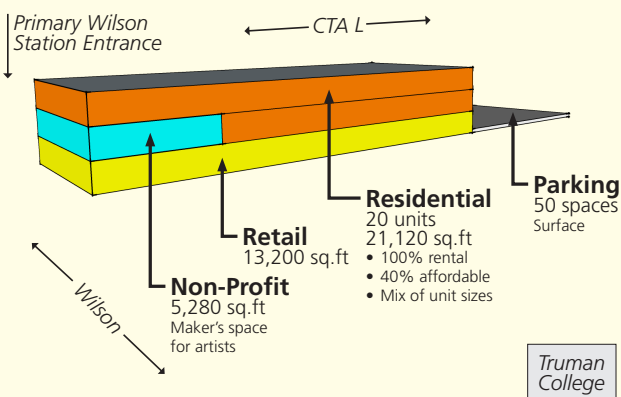
### Developer comments:

- Small number of affordable units makes project disqualified for affordable housing aid.
- Demand for office space may be limited in Uptown.
- Lack of parking could be a problem.

### Potential improvements:

- More affordable units would improve project's finances.

## TABLE 9 (Proposal A)



**Total acquisition and development costs:** \$11.9 million  
**Percent of total development and operations costs covered by project revenues:** 57%  
**Funding gap:** \$4.63 million

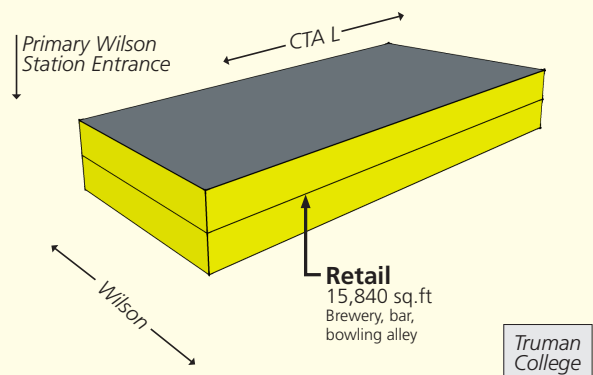
### Developer comments:

- Very high subsidies are required because of high number of affordable units.
- Much more parking than required (just 9 spaces needed).

### Potential improvements:

- A very significant expansion of the project's size (to 273 units) would reduce gap and cover costs with revenues.

## TABLE 9 (Proposal B)



**Total acquisition and development costs:** \$7.4 million  
**Percent of total development and operations costs covered by project revenues:** 36%  
**Funding gap:** \$3.81 million

### Developer comments:

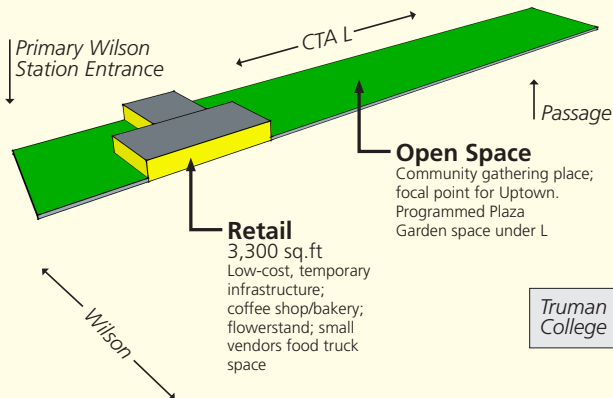
- Project would be difficult to undertake at this level of density.
- Compared to site acquisition costs, project would be difficult to finance.

### Potential improvements:

- Adding several stories of residential units above the bowling alley would make the project more feasible.

# Proposals for Wilson Station

**TABLE 11**



**Total acquisition and development costs:** \$5.3 million  
**Percent of total development and operations costs covered by project revenues:** 10%  
**Funding gap:** \$3.57 million

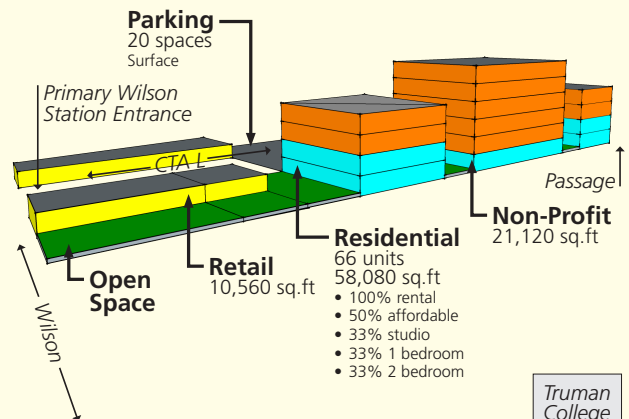
**Developer comments:**

- Project financials would be difficult to make work at market price for land. However, as a temporary program or if CTA demands less for land, the project is possible.

**Potential improvements:**

- Project could significantly improve connections between Wilson Station and Truman. Could benefit from Chicago Park District status.

**TABLE 12 (Proposal A)**



**Total acquisition and development costs:** \$20.3 million  
**Percent of total development and operations costs covered by project revenues:** 78%  
**Funding gap:** \$4.6 million

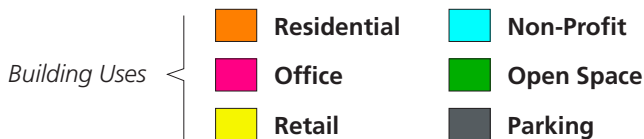
**Developer comments:**

- Increased retail space could improve the performance of this project, as could integrating all residential space into one building with internal parking.

**Potential improvements:**

- Increasing density of residential units could make the project more financeable, but a subsidy may be reasonable for non-profit uses.

## Key



## Assumptions

**Affordable housing:**

- 4% Low-Income Housing Tax Credits used for projects with more than 20 affordable units. More realistic than 9% credits for mixed-income, mixed-use projects because of competitive process for 9% credits.
- "Affordable" qualifies families with incomes at or below 60% of area median income (AMI)

**Historic preservation:**

- For projects reusing school building, 20% credits assumed. This would require building being added to city landmarks register.

**Debt coverage ratio (DCR):**

- The ratio of annual operating revenues to debt payments (feasible DCR is assumed to be 120%+).

**Additional subsidies:**

- Could come in the form of TIF, HOME, or other funds. Added to project equity.

**Zoning and parking:**

- Zoning assumed to be changeable, depending on aldermanic approval. Parking requirements based on TOD ordinance.

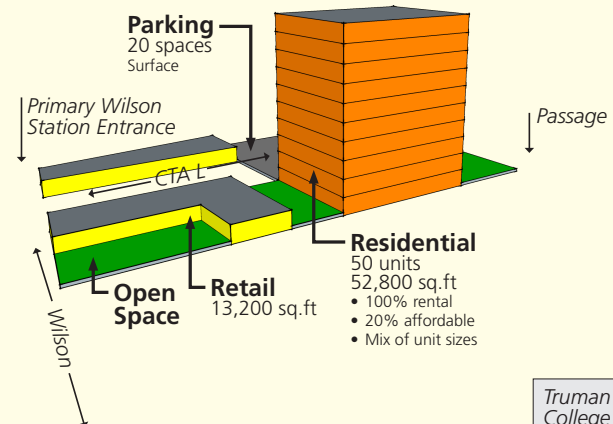
**Construction costs:**

- \$165/sq.ft for residential.
- \$171/sq.ft for office.
- \$122/sq.ft for retail/non-profit.

**Occupancy rents/month:**

- Market housing: \$2.30/sq.ft.
- Affordable housing: \$0.51/sq.ft.
- Non-Profit: \$0.42/sq.ft.
- Retail: \$1.51/sq.ft.
- Office: \$1.81/sq.ft.

**TABLE 12 (Proposal B)**



**Total acquisition and development costs:** \$16.6 million  
**Percent of total development and operations costs covered by project revenues:** 85%  
**Funding gap:** \$3.6 million

**Developer comments:**

- This project focuses retail along Wilson Avenue, where the highest retail demand is likely to be, and directly adjacent to the station.
- Lack of affordable units limits subsidy available.

**Potential improvements:**

- Expanding the number of affordable units would make the project more viable and reduce the required additional subsidy.

## Appendix B: Keypad and online polling

Demographic results (percentages may not sum to 100 percent because of rounding)

	Meeting 1	Meeting 2	Online polling
<i>Total participants</i>	83	73	373
<b>What is your role in Uptown?</b>			
<i>I live here</i>	37 %	39 %	77 %
<i>I work here</i>	14 %	19 %	8 %
<i>I live and work here</i>	27 %	25 %	10 %
<i>None of the above</i>	23 %	17 %	6 %
<b>If you live in Uptown, do you rent or own?</b>			
<i>Rent</i>	37 %	39 %	n/a
<i>Own</i>	36 %	32 %	
<i>None of the above</i>	27 %	29 %	
<b>How old are you?</b>			
<i>0-18</i>	3 %	6 %	0 %
<i>19-30</i>	26 %	28 %	19 %
<i>31-50</i>	44 %	42 %	59 %
<i>51-64</i>	21 %	19 %	16 %
<i>65+</i>	8 %	6 %	6 %
<b>How do you self-identify?</b>			
<i>White</i>	71 %	59 %	85 %
<i>African-American or Black</i>	10 %	12 %	3 %
<i>Asian</i>	4 %	9 %	3 %
<i>Latino and/or Hispanic</i>	9 %	7 %	6 %
<i>Other</i>	7 %	13 %	4 %
<b>Which of the workshops did you attend?</b>			
<i>Meeting 1</i>	100%	56 %	8 %
<i>Meeting 2</i>		100 %	6 %
<i>Meeting 3</i>			6 %
<b>How did you find out about this event?</b>			
<i>Alderman's newsletter</i>	n/a	11 %	n/a
<i>Other newsletter</i>		21 %	
<i>Word of mouth</i>		36 %	
<i>Flyer or postcard</i>		12 %	
<i>Social media</i>		15 %	
<i>News</i>		5 %	

**Opinions about development scenarios (percentages may not sum to 100 percent because of rounding)**

	<b>Meeting 3</b>	<b>Online polling</b>
<i>Total participants</i>	91	373
<b>STEWART SCHOOL - SCENARIO 1</b>		
<b>How important is continuing to have a school in the former Stewart School building?</b>		
<i>Very important</i>	42 %	23 %
<i>Somewhat important</i>	13 %	20 %
<i>Neutral</i>	21 %	31 %
<i>Not important</i>	23 %	26 %
<b>If there were a school, what type should it be?</b>		
<i>Public</i>	59 %	<i>n/a</i>
<i>Private</i>	26 %	
<i>Unsure</i>	15 %	
<b>Would you be open to changing the rental units from 100 percent affordable to 50 percent affordable / 50 percent market rate to increase its financial feasibility?</b>		
<i>Yes</i>	66 %	68 %
<i>No</i>	29 %	25 %
<i>Unsure</i>	5 %	7 %
<b>Would you be open to increasing the density of the parking lot building (from 30 units to 90) to make this project more feasible?</b>		
<i>Yes</i>	57 %	40 %
<i>No</i>	30 %	37 %
<i>Unsure</i>	13 %	23 %
<b>STEWART SCHOOL – SCENARIO 2</b>		
<b>Would you be open to decreasing the community space to increase the project’s feasibility?</b>		
<i>Yes</i>	47 %	49 %
<i>No</i>	45 %	42 %
<i>Unsure</i>	8 %	9 %
<b>Would you be open to reducing parking from the proposed 120 spots to the 31 required by zoning?</b>		
<i>Yes</i>	64 %	41 %
<i>No</i>	27 %	44 %
<i>Unsure</i>	9 %	15 %

<b>STEWART SCHOOL – SCENARIO 3</b>		
<b>Would you be open to a mixed-income (50 percent affordable rather than 100 percent) development on the parking lot?</b>		
Yes	60 %	63 %
No	35 %	28 %
Unsure	5 %	9 %
<b>Are you open to a 12-story building on the parking lot?</b>		
Yes	41 %	53 %
No	49 %	29 %
Unsure	10 %	18 %
<b>WILSON STATION – SCENARIO 1</b>		
<b>Is there a need for additional office space in Uptown?</b>		
Yes	26 %	10 %
No	51 %	50 %
Unsure	23 %	41 %
<b>Is the CTA parcel suitable for affordable housing?</b>		
Yes	54 %	36 %
No	28 %	33 %
Unsure	18 %	31 %
<b>GENERAL COMMENTS ON UPTOWN</b>		
<b>Are you open to having a building on the parking lot adjacent to Stewart School?</b>		
Yes	69 %	73 %
No	22 %	14 %
Unsure	9 %	13 %
<b>What is your preference for building height?</b>		
2-3 stories	6 %	6 %
4-5 stories (similar to Stewart)	47 %	35 %
6-9 stories	23 %	18 %
10+ stories	17 %	8 %
Any height	6 %	32 %
<b>What type of retail is needed in Uptown? (multiple selections allowed)</b>		
Coffee shop, bakery, café	15 %	18 %
Restaurant	17 %	20 %
Farmers market	21 %	20 %
Clothing, home/sporting goods	12 %	13 %
Services	15 %	12 %
All of the Above	19 %	15 %
None of the above	1 %	2 %



<b>What type of nonprofit/community space are you interested in? (multiple selections allowed)</b>		
<i>Arts training, performance, incubator</i>	13 %	15 %
<i>Maker's space</i>	11 %	8 %
<i>Tech incubator</i>	10 %	11 %
<i>Theater, dance</i>	11 %	14 %
<i>Farmers market</i>	10 %	17 %
<i>Daycare</i>	8 %	8 %
<i>School</i>	11 %	8 %
<i>Community center</i>	16 %	10 %
<i>Youth, camp and programming</i>	11 %	9 %

## **Appendix C: Financial analysis assumptions**

Two important subsidies were assumed to be granted to projects, depending on their characteristics: Low-Income Housing Tax credits at the 4 percent rate for projects with at least 20 units designated as affordable to households earning 60 percent area median income level or below; and historic preservation tax credits at the 20 percent rate for projects that involved the renovation and reuse of the Stewart School building. Though both of these sources of tax credit financing require approvals and processing from local, state and sometimes federal entities, they are less complicated and competitive subsidy to acquire as long as the proposed projects meet their baseline conditions.

Other sources of subsidy, such as tax increment financing (TIF), HOME dollars, social loans, 9 percent low-income housing tax credits, community development block grants (CDBG), housing choice vouchers (HCVs), new markets tax credits and other funding, are often used to help cover the construction and operations costs of major new projects in the City of Chicago. Yet they are also competitive and by no means simple to guarantee. In order to develop financially realistic project proposals, as a result, MPC did not include these subsidies as part of the calculation of the financial feasibility of the proposals.

### Affordable housing

Four percent Low-Income Housing Tax Credits (LIHTC) are used for projects with more than 20 affordable units. These tax credits are dedicated by the Illinois Housing Development Authority (IHDA) and effectively reduce tax burdens for investors in affordable housing. Four percent credits provide equity for projects and are freely available in the Illinois for projects that meet federal affordability requirements, which generally require households to have incomes at or below 60 percent of area median income (AMI).

Nine percent LIHTC are also available for projects that include affordable housing. However, these credits, which provide substantially more equity than the four percent program, require developers to win a competitive process at the state level. In the IHDA process, projects with mixes of uses and incomes are less likely to win approval over projects that are 100 percent affordable and 100 percent housing. Therefore, the nine percent credits are not included in the financial assumptions.

Projects may also apply for the dedicated use of housing choice vouchers (HCV) or Section 8 vouchers, which can be assigned to specific units targeted for affordability and which can help subsidize a building's finances. These vouchers, however, require a contract with a local housing authority and are not guaranteed. As a result, they are not included in the financial assumptions.

### Historic preservation

For projects that include the reuse of the Stewart School building, 20 percent federal historic preservation tax credits are included in the financial model. These credits provide equity to help finance the construction of the building.

Historic preservation credits can be allocated automatically at the 10 percent level if a building is old enough (Stewart qualifies), but 10 percent credits do not allow a housing component. 20 percent credits, which are used, allow housing, but require the relevant building to be listed on the local historic register. Stewart qualifies for this listing, but is not yet included.

### Additional subsidies

Depending on the project's uses, it may qualify for additional government aid, in the form of subsidies such as tax-increment financing (TIF) or HOME. However, these subsidies are difficult to win and are therefore not included in the financial assumptions.

### Zoning and parking

Zoning is assumed to be changeable, but this requires aldermanic approval. Parking requirements are determined based on the City of Chicago's Transit-Oriented Development (TOD) ordinance, which reduces the number of parking spaces required for development.

### Financial viability

Projects are assumed to have reached financial viability when the estimated stream of revenues through rent (see below) average 120 percent of the estimated cost of building maintenance and debt payments over the course of nine years following construction completion. This allows investors in the project to ensure that they are making a sound investment in the project.

Most projects include a gap in financing that would have to be covered by additional subsidies or private grant investment (such as from a private school or church). If a project's estimated financing program does not fill that gap, it will be difficult to identify investors willing to provide loans for the project.

### Acquisition costs

Acquisition costs of the Stewart School and Wilson Station land is assumed to be based on the potential development of the land based on current zoning. The cost calculation is based on site square feet x allowed floor area ratio x value per square foot. For the school, this value is \$40; for all other sites, the value is \$30. Acquisition costs for the land and buildings for the various sites are as follows:

- Stewart School: \$1.1 million
- Stewart Parking Lot: \$745,000
- Land west of Wilson Station: \$3.9 million

### Construction costs

Construction costs are based on city precedent. Renovations for the school are not significantly cheaper than new construction because of a significant maintenance backlog there. Costs for new construction or rehab are as follows:

- Residential: \$165/sq. ft.
- Office: \$171/sq. ft.
- Retail: \$122/sq. ft.
- Non-profit or school: \$122/sq. ft.

## Rent revenues

In order to make the project viable, uses of the buildings must contribute monthly rents. These are defined based on market rates in the surrounding area, and are assumed to be as follows per month:

- Market residential housing: \$2.30/sq. ft.
- Affordable residential housing: \$0.51/sq. ft.
- Non-profit or school: \$0.42/sq. ft.
- Retail: \$1.51/sq. ft.
- Office: \$1.81/sq. ft.