

Woodlawn Corridor Development Initiative Final Report Appendix

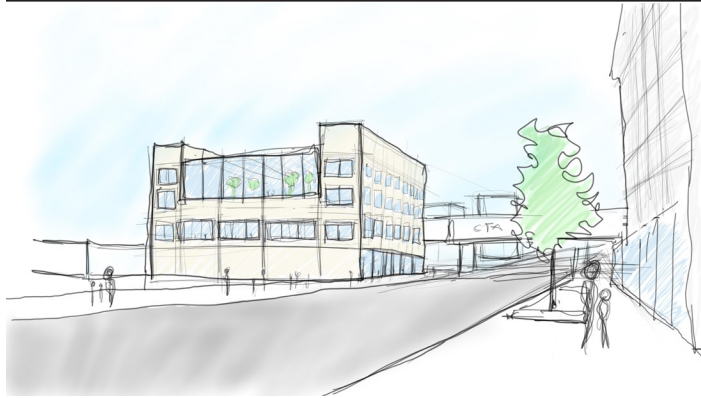
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Read the report: metroplanning.org/Woodlawn

Appendix A

All development proposals

Table 1 Rehab



Floors
4

Residential units
0

Residential
0 sq. ft.

Office space
14,286 sq. ft.

Retail space
17,857 sq. ft.

Non-profit/Community space
17,857 sq. ft. (library)

Open space
2,640 sq. ft.

Parking
20 surface

Total acquisition and development costs: \$8,394,032

Funding gap:
\$1,076,431

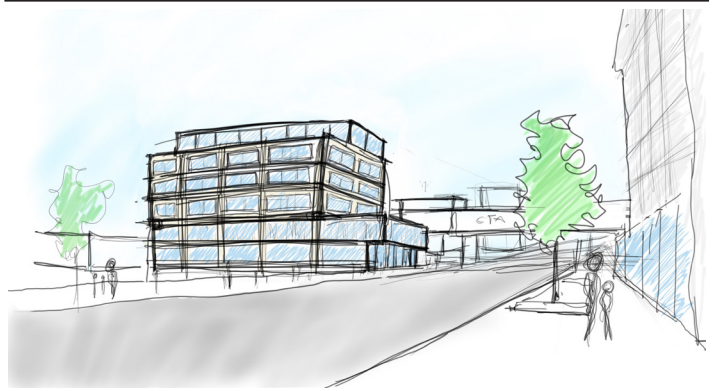
Developer comments:

- Funding gap due to low market residential rents

Potential improvements:

- Consider alternative financing

Table 1 New Development



Floors
5

Residential units
16

Residential
17,160 sq. ft.

Office space
13,200 sq. ft.

Retail space
5,280 sq. ft.

Non-profit/Community space
0 sq. ft.

Open space
0 sq. ft.

Parking
20 surface

Total acquisition and development costs: \$8,365,077

Funding gap:
\$2,909,107

Developer comments:

- Not enough affordable units to qualify for low income housing tax credits

Potential improvements:

- Reduce parking to reduce costs

Table 2 New Development



Floors
4

Residential units
0

Residential
0 sq. ft.

Office space
2,640 sq. ft.

Retail space
5,280 sq. ft. (restaurants)

Non-profit/Community space
13,200 sq. ft. (YWCA, arts space)

Open space
0 sq. ft. (annex to library)

Parking
20 surface

Total acquisition and development costs: \$3,632,150

Funding gap:
\$1,253,333

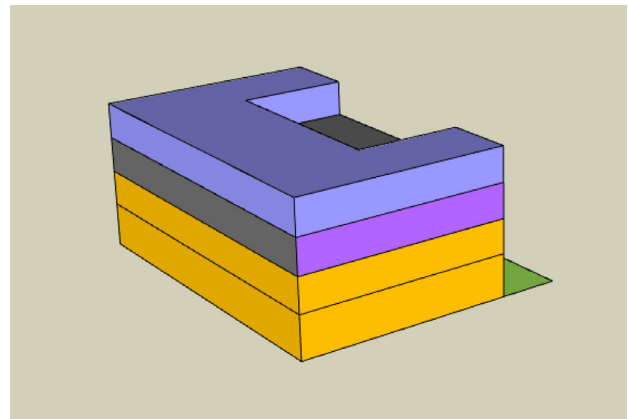
Developer comments:

- Low density development

Potential improvements:

- Build more density for higher revenues

Table 3 Rehab



Floors
4

Residential units
25 market

Residential
26,400 sq. ft.

Office space
14,520 sq. ft.

Retail space
7,920 sq. ft.

Non-profit/Community space
3,960 sq. ft.

Open space
0 sq. ft.

Parking
13 underground

Total acquisition and development costs: \$12,021,842

Funding gap:
\$8,401,795

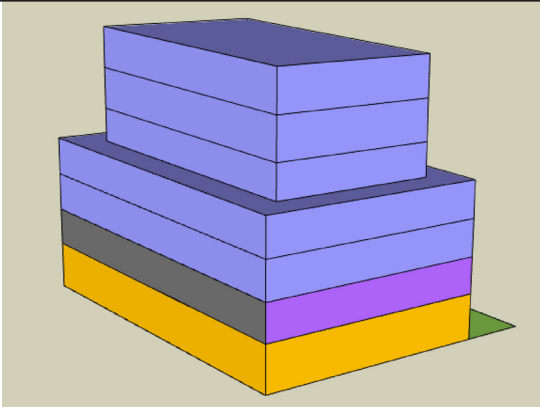
Developer comments:

- Low revenues from condos due to soft sales market

Potential improvements:

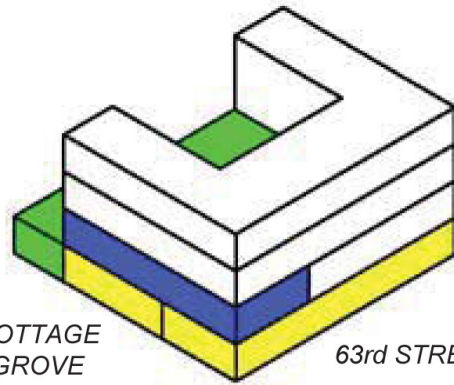
- Consider rental housing or alternative financing sources

Table 3 New Development



Floors 7	Parking 25 surface
Residential units 36	Total acquisition and development costs: \$13,016,363
Residential 39,960 sq. ft.	Funding gap: \$4,466,096
Office space 5,280 sq. ft.	Developer comments:
Retail space 7,920 sq. ft.	<ul style="list-style-type: none"> • "Zoning will not allow this height"
Non-profit/Community space 3,960 sq. ft.	Potential improvements:
Open space 5,280 sq. ft.	<ul style="list-style-type: none"> • Adding affordable housing would permit higher density

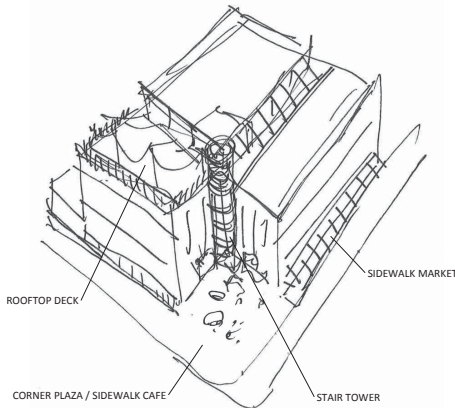
Table 4 Rehab



COTTAGE GROVE 63rd STREET

Floors 4	Parking 0
Residential units 0	Total acquisition and development costs: \$8,626,235
Residential 0 sq. ft.	Funding gap: \$911,695
Office space 27,419 sq. ft. (tech incubation)	Developer comments:
Retail space 9,677 sq. ft.	<ul style="list-style-type: none"> • Decent financial return
Non-profit/Community space 12,903 sq. ft.	Potential improvements:
Open space 0 sq. ft.	<ul style="list-style-type: none"> • Consider alternative financing sources

Table 4 New Development



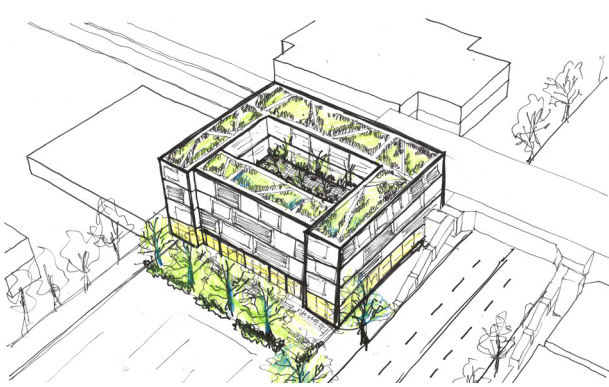
Floors	Parking 20 underground
Residential units 0	Total acquisition and development costs: \$5,769,907
Residential 0 sq. ft.	Funding gap: \$1,865,927
Office space 10,560 sq. ft.	Developer comments:
Retail space 10,560 sq. ft.	<ul style="list-style-type: none"> • Low density • Underground parking is expensive
Non-profit/Community space 5,280 sq. ft.	Potential improvements:
Open space 0 sq. ft.	<ul style="list-style-type: none"> • Increase density to improve revenue • Move underground parking to surface to reduce costs

Table 5 Rehab



Floors 4	Parking 0
Residential units 0	Total acquisition and development costs: \$8,651,177
Residential 0	Funding gap: \$864,444
Office space 25,000 sq. ft.	Developer comments:
Retail space 12,500 sq. ft.	<ul style="list-style-type: none"> • Decent financial return
Non-profit/Community space 12,500 sq. ft.	Potential improvements:
Open space 0 sq. ft.	<ul style="list-style-type: none"> • Consider alternative financing sources

Table 5 New Development



Floors
4

Residential units
0

Residential
0 sq. ft.

Office space
21,120 sq. ft.

Retail space
10,560 sq. ft.

Non-profit/Community space
10,560 sq. ft.

Open space
0 sq. ft.

Parking
20 underground

Total acquisition and development costs: \$8,382,721

Funding gap:
\$2,169,073

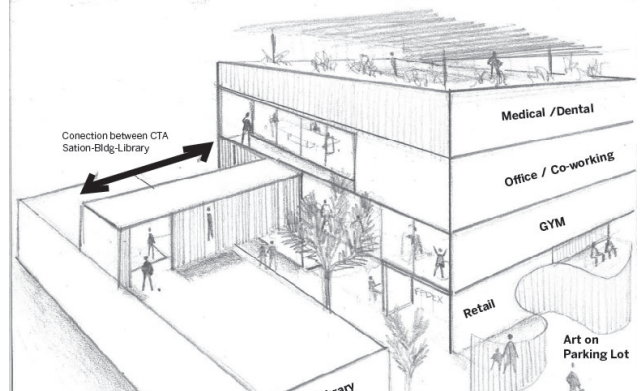
Developer comments:

- Low density

Potential improvements:

- Move underground parking to surface to reduce costs

Table 6 Rehab



Floors
4

Residential units
0

Residential
0 sq. ft.

Office space
38,095.00 sq. ft.

Retail space
11,905 sq. ft.

Non-profit/Community space
0 sq. ft.

Open space
3,960 sq. ft. (building connects to El station)

Parking
0

Total acquisition and development costs: \$9,424,382

Funding gap:
\$458,677

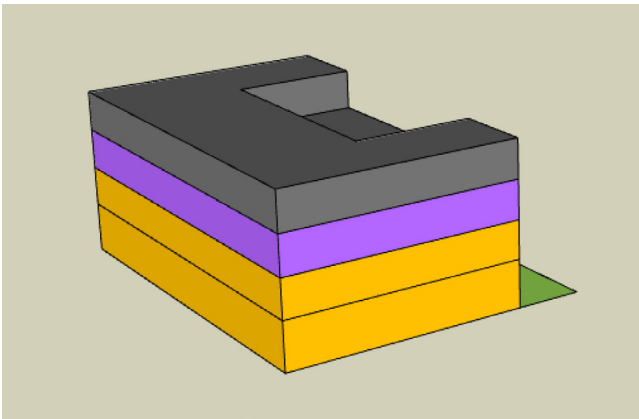
Developer comments:

- Good financial returns

Potential improvements:

- Consider alternative funding sources

Table 7 Rehab



Floors
4

Residential units
0

Residential
0 sq. ft.

Office space
0 sq. ft.

Retail space
32,280 sq. ft.

Non-profit/Community space
11,880 sq. ft.

Open space
0 sq. ft.

Parking
80 under and inside

Total acquisition and development costs: \$10,426,456

Funding gap:
\$2,822,027

Developer comments:

- Lots of parking
- Very expensive to build

Potential improvements:

- Reduce parking to lower costs

Table 7 New Construction



Floors
5

Residential units
20

Residential
21,120 sq. ft.

Office space
0 sq. ft.

Retail space
14,520 sq. ft.

Non-profit/Community space
5,280 sq. ft.

Open space
2,640 sq. ft.

Parking
10 under

Total acquisition and development costs: \$9,575,232

Funding gap:
\$4,279,971

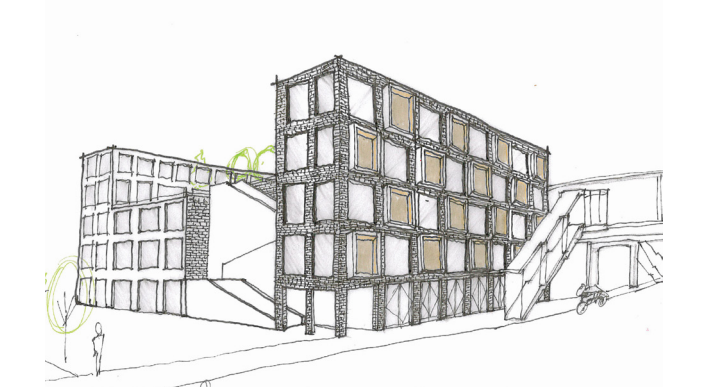
Developer comments:

- Not enough affordable units to qualify for low income housing tax credits

Potential improvements:

- Include at least 25 affordable units to qualify for LIHTC
- Move underground parking to surface to reduce costs

Table 9 Rehab



Floors
4
Residential units
0
Residential
0 sq. ft.
Office space
11,111 sq. ft.
Retail space
22,222 sq. ft.
Non-profit/Community space
16,667 sq. ft.
Open space
0 sq. ft.
Parking
40 structure

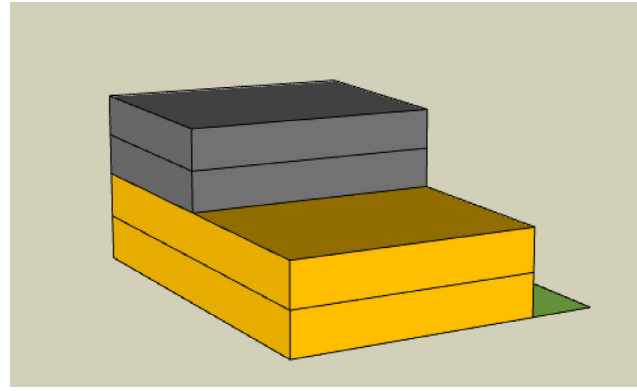
Total acquisition and development costs: \$9,630,570
Funding gap:
\$2,542,219
Developer comments:

- Unknown costs for acquisition and development of library building
- Possible with public-private development partnership

Potential improvements:

- Limit development to bank building to reduce costs

Table 9 New Development



Floors
4
Residential units
0
Residential
0 sq. ft.
Office space
7,920 sq. ft.
Retail space
23,760 sq. ft. (library moves in)
Non-profit/Community space
0 sq. ft.
Open space
0
Parking
40 structure (use library)

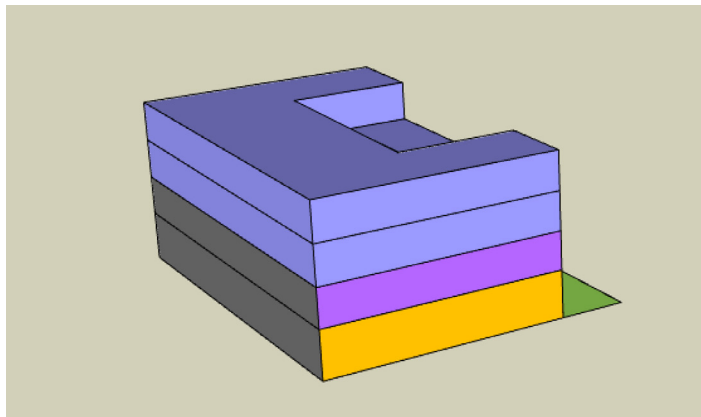
Total acquisition and development costs: \$5,482,893
Funding gap:
\$2,385,353
Developer comments:

- Unknown costs for acquisition and development of library building
- Possible with public-private development partnership

Potential improvements:

- Limit development to bank building to reduce costs

Table 10 Rehab



Floors
4
Residential units
19
Residential
21,622 sq. ft.
Office space
17,568 sq. ft.
Retail space
6,757 sq. ft.
Non-profit/Community space
4,054 sq. ft.
Open space
0 sq. ft.
Parking
0

Total acquisition and development costs: \$10,712,074
Funding gap:
\$2,527,936
Developer comments:

- 50% of units as 2-bed units reduce possible unit count

Potential improvements:

- Consider alternative financing to reduce gap

Table 10 New Construction



Floors
5
Residential units
0
Residential
0 sq. ft.
Office space
31,680 sq. ft. (Mixed-use commercial)
Retail space
7,920 sq. ft.
Non-profit/Community space
10,560 sq. ft.
Open space
0 sq. ft.

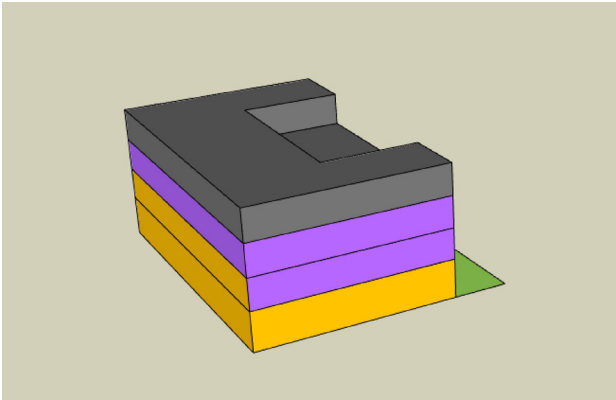
Parking
0
Total acquisition and development costs: \$9,110,152
Funding gap:
\$1,270,698
Developer comments:

- Zoning won't allow this density

Potential improvements:

- Consider including affordable housing to increase allowable density

Table 11 Rehab



Floors
4

Residential units
0

Residential
0 sq. ft.

Office space
23,760 sq. ft. (YWCA)

Retail space
10,560 sq. ft.

Non-profit/Community space
15,840 sq. ft.

Open space
2,640 sq. ft.

Parking
0

Total acquisition and development costs: \$8,474,268

Funding gap:
\$999,398

Developer comments:

- Decent financial returns

Potential improvements:

- Consider alternative financing

Table 11 New Development



Floors
4

Residential units
0

Residential
0 sq. ft.

Office space
26,400 sq. ft. (bank/credit union/ YWCA)

Retail space
15,840 sq. ft.

Non-profit/Community space
0 sq. ft.

Open space
2,640 (outdoor plaza)

Parking
10 underground

Total acquisition and development costs: \$8,664,786

Funding gap:
\$1,259,662

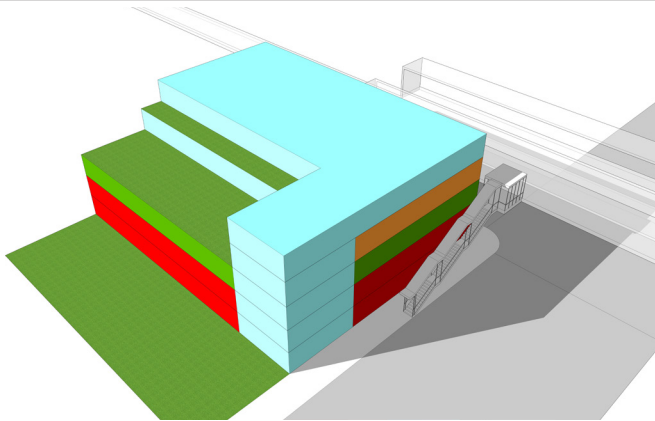
Developer comments:

- Low density

Potential improvements:

- Move underground parking to surface to reduce costs
- Increase density to increase revenues

Table 12 Rehab



Floors
4

Residential units
0

Residential
0 sq. ft.

Office space
15,840 sq. ft.

Retail space
15,840 sq. ft.

Non-profit/Community space
10,560 sq. ft.

Open space
2,640 sq. ft.

Parking
0

Total acquisition and development costs: \$7,331,162

Funding gap:
\$697,144

Developer comments:

- Decent financial returns

Potential improvements:

- Consider alternative financing

Table 12 New Construction



Floors
1

Residential units
0

Residential
0 sq. ft.

Office space
0 sq. ft.

Retail space
7,920 sq. ft.

Non-profit/Community space
3,960 sq. ft. (entertainment venue and community space)

Open space
2,640 sq. ft.

Parking
10 underground

Total acquisition and development costs: \$2,785,954

Funding gap:
\$1,238,956

Developer comments:

- Very low density

Potential improvements:

- Move underground parking to surface to reduce costs
- Increase density to increase revenue

Appendix B

Keypad and online polling

	Meeting #1	Meeting #2	Meeting #3	Online
Total Respondents*	97	64	73	20
Race / Ethnicity				
White	26%	18%	19%	25%
African American/Black	52%	54%	65%	60%
Latino (any race)	4%	5%	6%	5%
Asian	0%	8%	2%	5%
Other	19%	15%	8%	5%
Role in Woodlawn				
Live in Woodlawn	26%	33%	36%	60%
Work in Woodlawn	29%	17%	21%	5%
Both live and work in Woodlawn	13%	6%	10%	0%
Neither	31%	44%	33%	35%
Rent or Own				
Rent	22%	23%	20%	15%
Own	51%	68%	61%	50%
None of the above	27%	9%	20%	35%
Age				
0-18	0%	5%	2%	0%
19-30	25%	14%	14%	25%
31-50	32%	43%	38%	35%
51-64	36%	26%	33%	20%
65+	7%	12%	13%	10%
Prefer not to answer	0%	0%	0%	10%

Community preferences - Meeting #1

I would like to see more ____ at the corner of 63rd & Cottage Grove.

Retail and Restaurants	52.4%
Rental properties	1.6%
For-sale homes	0.0%
Office and Work space	17.5%
Community Space	19.0%
Other	9.5%

Does Woodlawn need more places to gather with friends, family and neighbors?

Yes	84.9%
No	0.0%
Maybe	15.1%

How difficult or easy is it to get healthy foods at and around 63rd & Cottage Grove?

Very Easy	2.8%
Somewhat Easy	5.6%
Somewhat Difficult	27.8%
Very Difficult	63.9%

How do you like to exercise in your neighborhood in the summer?

I prefer to exercise indoors (pool, gym, classes)	18.9%
I prefer to exercise outdoors (walking, running, sports)	64.2%
Some other way	5.7%
I don't exercise very much	11.3%

How do you like to exercise in your neighborhood when it's cold outside?	
I prefer to exercise indoors (pool, gym, classes)	54.5%
I prefer to exercise outdoors (walking, running, sports)	18.2%
Some other way	6.1%
I don't exercise very much	21.2%
How safe do you feel during the day at the intersection of 63rd and Cottage Grove?	
Very Safe	12.5%
Somewhat Safe	40.0%
Somewhat Unsafe	37.5%
Very Unsafe	10.0%
How safe do you feel at night at the intersection of 63rd and Cottage Grove?	
Very Safe	6.3%
Somewhat Safe	21.9%
Somewhat Unsafe	31.3%
Very Unsafe	40.6%

Community preferences - Meeting #2

Meeting #2 only polled for demographic information (displayed on page 9) and participants worked in small groups to build development scenarios

Community preferences - Meeting #3

Given limited public subsidy, what is your top priority for the site?

Mixed-use: housing and commercial/retail	58.6%
Cultural/Community/non-profit space	39.7%
None the City should save money	1.7%

What is your preference for building height?

2-3 stories	3.7%
4-5 stories	63.0%
6-7 stories	22.2%
Any height is fine	11.1%

What is your parking preference for the site?

We need to have parking open to the public at this site	23.0%
Parking solely for a portion of any residential and/or retail units at this site is sufficient	34.4%
We don't need any parking on this site because we have enough in the neighborhood	42.6%

What is your top priority for 63rd & Cottage Grove?

Business space/Professional Services	21.7%
Non-Profit/Community space	16.7%
Arts and art centers	1.7%
Restaurant or entertainment venues	41.7%
Shopping or other retail	16.7%
Other	1.7%

Reactions to development scenarios - Meeting #3

Are you open to pursuing historic tax credit certification to help reduce the funding gap, knowing that it may restrict some design elements?

Yes	47.5%
No	32.2%
Unsure	20.3%

In scenario #1, if residential units are included in the development, how important is it that a portion of these units be provided at affordable rents (v. market rate)?

Very important	40.4%
Somewhat important	15.9%
Neutral	21.1%
Not important	22.8%

In scenario #2, would you be open to leaving the existing Bessie Coleman Library as-is, while including library programming in the new development, in order to reduce development costs?

Yes	71.7%
No	18.3%
Unsure	10.00%

In scenario #3, are you open to adding more density to this site by increasing retail/commercial space?

Yes	83.6%
No	12.7%
Unsure	3.6%

In scenario #4, would you be open to surface parking instead of underground parking, which would reduce the area available for open space, but also significantly lower construction costs?

Yes	66.0%
No	28.3%
Unsure	5.7%

*At every workshop, certain attendees choose not to participate in every keypad polling question.

Appendix C

Financial analysis assumptions

Baseline Subsidy Assumptions

One important subsidy was 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 25 units designated as affordable to households earning 60 percent of the area median income or below. Though this source of tax credit financing requires approvals and processing from local, state and sometimes federal entities, these tax credits are less complicated and less competitive than other subsidies 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 Historic Rehabilitation Tax Credits, 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. MPC did add notes about where these financing sources might be available.

Affordable Housing

4 percent Low-Income Housing Tax Credits (LIHTC) are used for projects with more than 25 affordable housing units. These tax credits are dedicated by the Illinois Housing Development Authority (IHDA) and effectively reduce tax burdens for investors in affordable housing. 4 percent credits provide equity for projects and are freely available in 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). This is equivalent to below \$47,400 for a 4-person household in the Chicago region in 2017.

9 percent LIHTC are also available for projects that include affordable housing. However, these credits, which provide substantially more equity than the 4 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 9 percent credits are not included in the 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.

Additional Subsidies

Depending on the project's uses, it may qualify for additional government aid in the form of subsidies such as Historic Rehabilitation Tax Credits, tax-increment financing (TIF) or HOME. However, these subsidies are difficult to win and therefore are 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 sum of the stream of 10 years of revenues from rent and eventual sale of the property is greater than the estimated cost of building maintenance and debt payments following construction. 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 the gap, it will be difficult to identify investors willing to provide loans for the project.

A secondary metric used to assess financial viability is internal rate of return (IRR). IRR is defined as the discount rate that makes the net present value (NPV) of all cash flows from an investment equal to zero. IRR is a relative measure, where values above 0 indicate positive economic returns from an investment and higher values are generally more desirable than lower values. These two metrics allow investors to ensure that they are making a sound investment in the project.

Acquisition Costs

The acquisition cost of the Cook County Land Bank Authority property 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 site, the value per square foot is assumed to be \$6.15. Acquisition costs for the land is \$100,000.

Construction Costs

Construction costs are based on city precedent. Costs for new construction are as follows:

- Market-rate residential housing: \$200/sq. ft.
- Affordable residential housing: \$200/sq. ft.
- Office: \$150/sq. ft.
- Retail: \$150/sq. ft.
- Non-profit: \$100/sq. ft.

Operations Costs

Based on the experience in Chicago and other cities, annual operating expenses for the developed site are assumed to be 35% of gross annual revenue.

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-rate residential housing: \$2.00/sq. ft.
- Affordable residential housing: \$0.59/sq. ft.
- Non-profit: \$1.00/sq. ft.
- Retail: \$2.10/sq. ft.
- Office: \$2.00/sq. ft.