

Logan Square Corridor Development Initiative Final Report Appendix

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Read the report: metroplanning.org/logansquare

Appendix A

All development proposals

Table 1

Community center
5,280 sq.ft.

Retail
10,560 sq.ft.
Farmers market

Offices
2,640 sq.ft.
For residents

Residential
54 units
56,760 sq.ft.
• 100% rental
• 0% affordable

Parking
50 spaces, surface

Total acquisition and development costs: \$19.6 million
Percent of total development and operations costs covered by project revenues: 117%
Funding gap: \$5 million

Developer comments:

- The current share of total development and operations costs covered by project revenues is acceptable, but most developers and lenders prefer 120%.

Potential improvements:

- The funding gap could be filled by adding five more units of market-rate housing.

Table 2 (Proposal A)

Non-profit space
5,280 sq.ft.

Retail
5,280 sq.ft.
No restaurants

Green space
On station plaza

Residential
17 units
18,480 sq.ft.
• 100% rental
• 0% affordable

Parking
80 spaces, surface

Total acquisition and development costs: \$12.1 million
Percent of total development and operations costs covered by project revenues: 62%
Funding gap: \$7 million

Developer comments:

- The proposal's low density does not support the cost of green space.
- More parking spaces provided than zoning requires.

Potential improvements:

- Increasing the density of this proposal by replacing a portion of green space with about 50 more residential units fills the gap.
- Parking can be decreased.

Table 2 (Proposal B)

Residential
44 units
55,440 sq.ft.
• 100% rental
• 50% affordable
• Split between 1, 2 and 4-bedroom units

Farmers market
7,920 sq.ft.

Parking
40 spaces, surface

Total acquisition and development costs: \$18.6 million
Percent of total development and operations costs covered by project revenues: 73%
Funding gap: \$9.5 million

Developer comments:

- Significant gap in financing.
- More parking spaces needed.

Potential improvements:

- Adding 49 market-rate residential units and permanent, income-generating retail will fill the funding gap.

Table 3 (Proposal A)

Green space
On station plaza

Retail
10,560 sq.ft.
Food, convenience (no chains)

Residential
45 units
52,800 sq.ft.
• 70% rental, 30% owner
• 100% affordable
• All 2-bedroom units

Parking
20 spaces, surface

Total acquisition and development costs: \$22.1 million
Percent of total development and operations costs covered by project revenues: 47%
Funding gap: \$8.7 million

Developer comments:

- The proposed amount of green space and affordable residential units requires substantial subsidy.

Potential improvements:

- Preserving half the green space and incorporating additional retail and market-rate housing can fill the funding gap.

Table 3 (Proposal B)

Farmers market
15,840 sq.ft.

Residential
113 units
105,600 sq.ft.
• 100% rental
• 100% affordable

Retail
10,560 sq.ft.

Parking
0 spaces

Total acquisition and development costs: \$33.6 million
Percent of total development and operations costs covered by project revenues: 59%
Funding gap: \$10.6 million

Developer comments:

- The proposed amount of affordable housing units and green space would require substantial subsidy.

Potential Improvements:

- Adding 25 additional market-rate residential units and adjusting the proportion of affordability will improve the project's funding.

Table 4

Non-profit space
5,280 sq.ft.
Fieldhouse, farmers market

Residential
11 units
15,840 sq.ft.
• 100% owner
• 0% affordable
• All 2- and 4-bedroom units

Retail
5,280 sq.ft.
Restaurants

Green space
On station plaza

Parking
50 spaces, underground

Total acquisition and development costs: \$13.2 million
Percent of total development and operations costs covered by project revenues: 51%
Funding gap: \$8.4 million

Developer comments:

- The proposal's low density does not support the cost of building and operating green space.

Potential improvements:

- Increasing the density by replacing open space with 30+ more units of market-rate housing will improve the funding gap to \$5 million.
- Alternatively, large retail (~60,000 sq. ft.) could fill the funding gap.

Table 5 (Proposal A)

Residential
110 units
116,160 sq.ft.
• 100% rental
• 75% affordable units

Office
2,640 sq.ft.
Co-working

Retail
7,920 sq.ft.

Community space
5,280 sq.ft.
Spiritual space

Parking
30 spaces, surface

Total acquisition and development costs: \$33.2 million
Percent of total development and operations costs covered by project revenues: 76%
Funding gap: \$8.0 million

Developer comments:

- More parking is needed to meet minimum requirements.

Potential improvements:

- Adjusting the number of affordable units from 82 to 28 fills the gap.
- If maintaining the proposed 75% affordability is a priority, pursuing the competitive statewide affordable housing finance program (9% tax credits) is an option to reduce the funding gap.

Table 5 (Proposal B)

Residential
121 units
126,720 sq.ft.
• 100% rental
• 100% affordable units

Office
5,280 sq.ft.
Co-working

Retail
15,180 sq.ft.

Community space
5,280 sq.ft.
Spiritual space

Parking
0 spaces

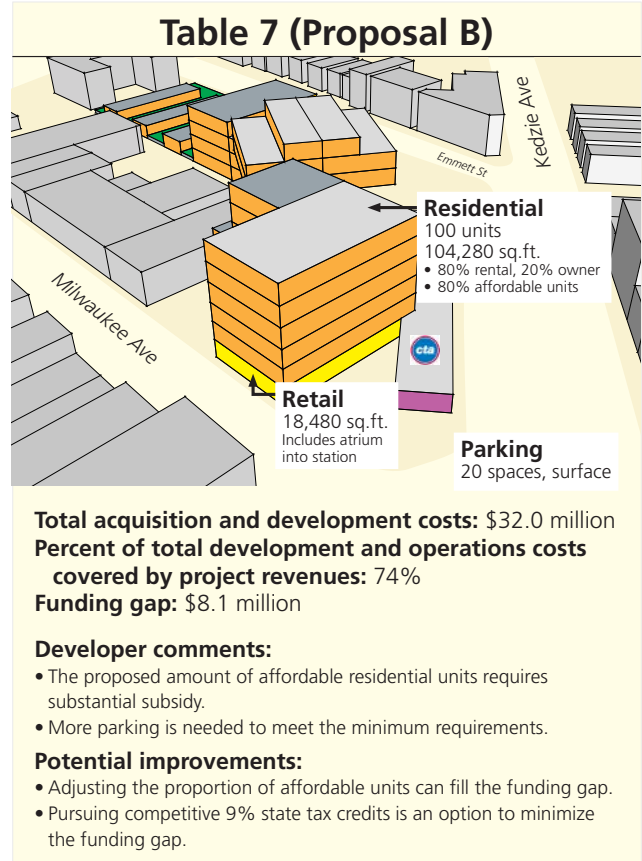
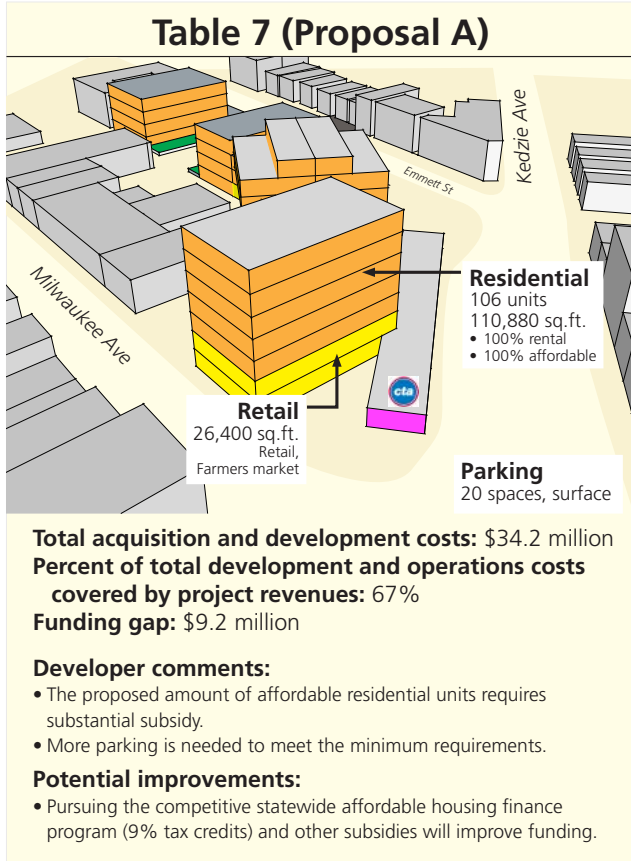
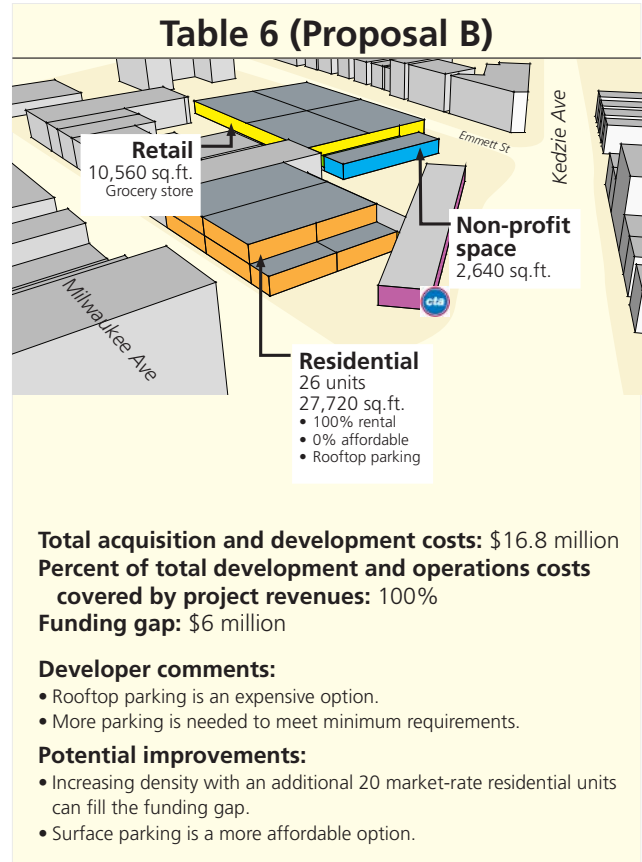
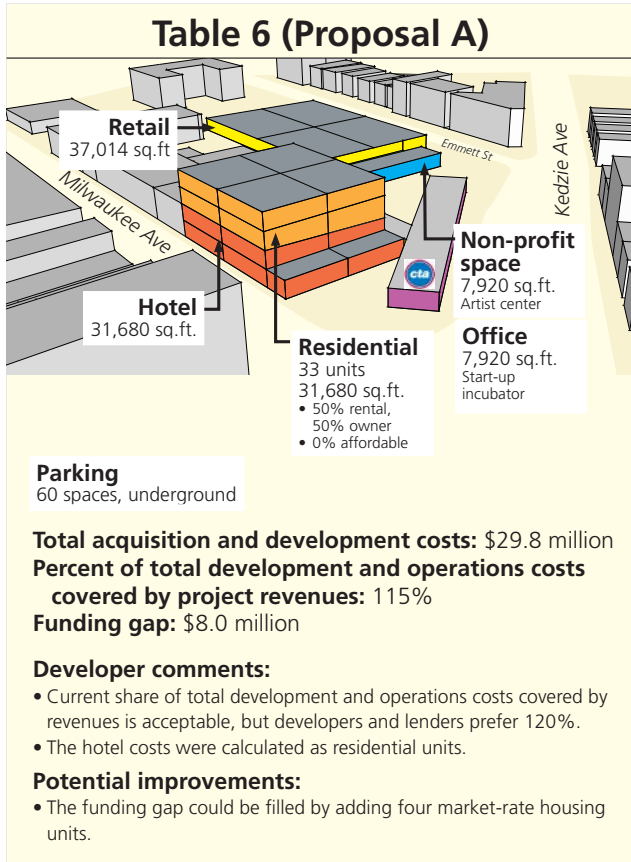
Total acquisition and development costs: \$38.0 million
Percent of total development and operations costs covered by project revenues: 65%
Funding gap: \$10.5 million

Developer comments:

- High project costs.
- The proposed amount of affordability requires substantial subsidy.

Potential improvements:

- Pursuing the competitive statewide affordable housing finance program (9% tax credits) and other subsidy will improve funding.
- Additional parking is needed to meet requirements.



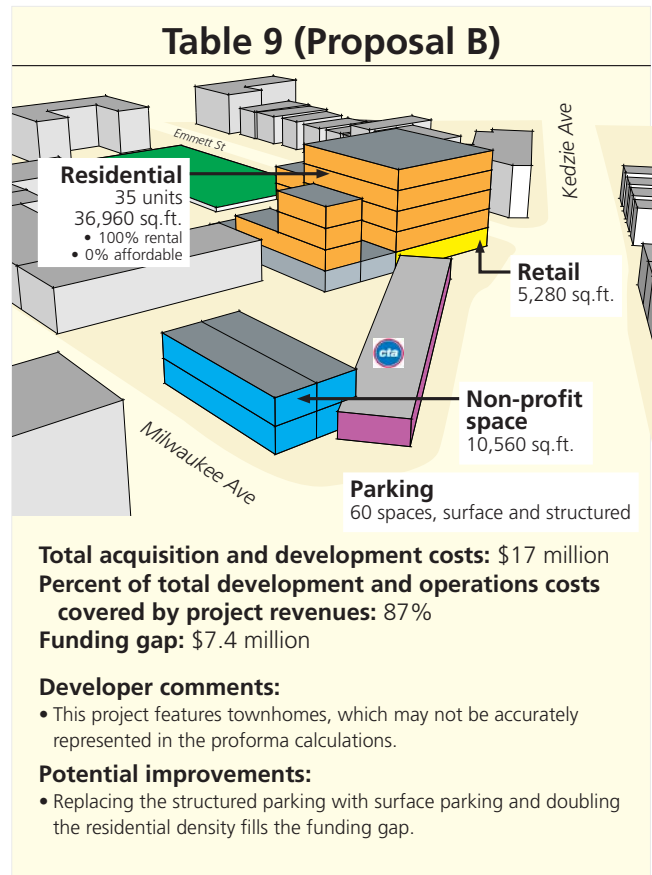
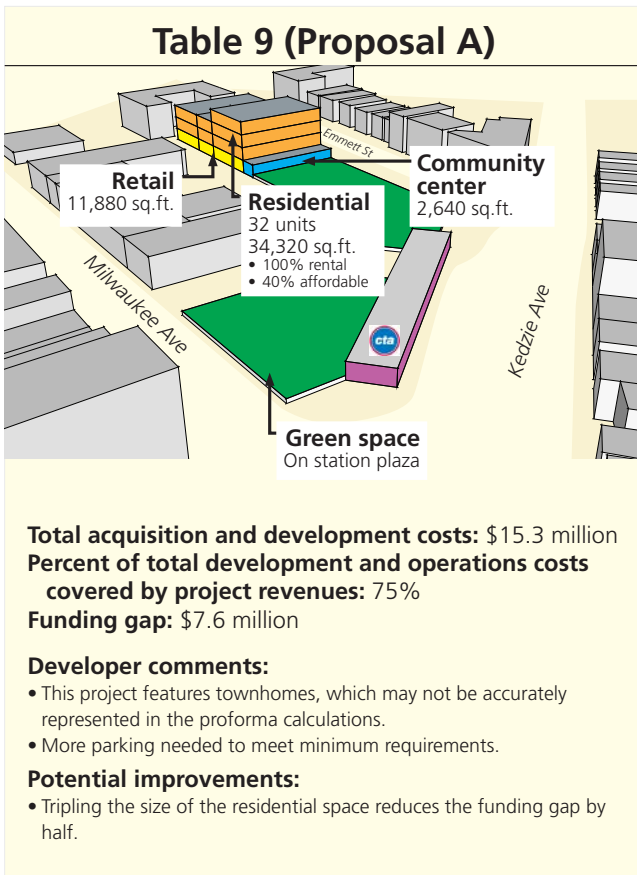
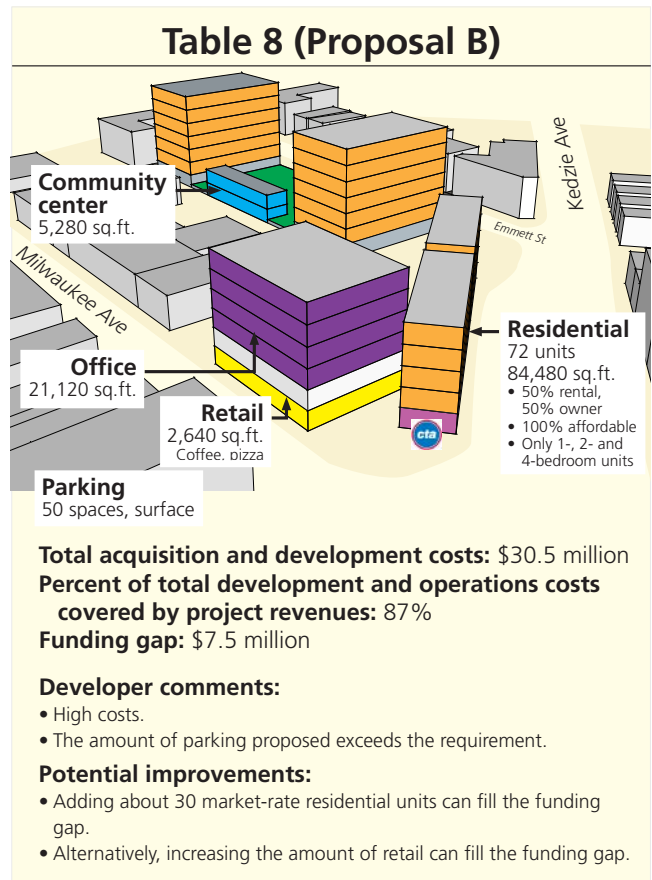
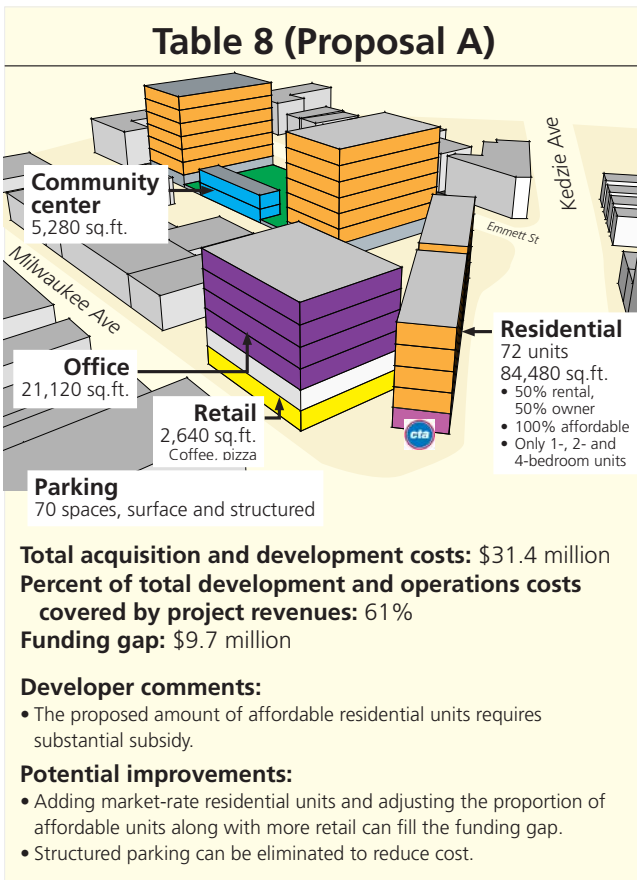


Table 10 (Proposal A)

Retail
1,320 sq.ft.

Community center and farmers market
47,520 sq.ft.

Residential
45 units
46,860 sq.ft.
• 75% rental, 25% owner
• 100% affordable units

Parking
30 spaces, surface

Total acquisition and development costs: \$24.1 million
Percent of total development and operations costs covered by project revenues: 46%
Funding gap: \$10.6 million

Developer comments:

- The proposed amount of affordable residential units requires substantial subsidy.

Potential improvements:

- Introducing mixed-income housing and additional retail will support the affordable housing and community space costs and will help to fill the funding gap.

Table 10 (Proposal B)

Hotel
31,680 sq.ft.

Residential
100 units
46,860 sq.ft.
• 100% rental
• 100% affordable units

Retail
23,760 sq.ft.

Non-profit space
29,040 sq. ft.

Total acquisition and development costs: \$43.9 million
Percent of total development and operations costs covered by project revenues: 69%
Funding gap: \$13.1 million

Developer comments:

- The hotel component of this proposal was assumed as residential in the pro-forma.

Potential improvements:

- Pursing statewide affordable housing subsidies (9% state tax credits) can reduce the funding gap to about \$2 million.
- Additional parking required (no spaces are provided in this proposal).

Table 11 (Proposal A)

Green space
Entire site

Parking
0 spaces

Developer comments:

- The pro-forma is unable to calculate feasibility without suggested subsidy.
- Developing all green space would require significant city subsidy to support the construction and operations of any open, public space.
- Land acquisition costs at market rate would be roughly \$5.4 million, and park development on this land would cost roughly \$1 million. Annual park maintenance costs would cost roughly \$20,000.

Table 11 (Proposal B)

Residential
37 units
46,860 sq.ft.
• 100% rental
• 100% affordable
• 75% 2-bedroom, 25% 4-bedroom units

Art space
2,640 sq. ft.

Green space
On station plaza

Parking
70 spaces, internal

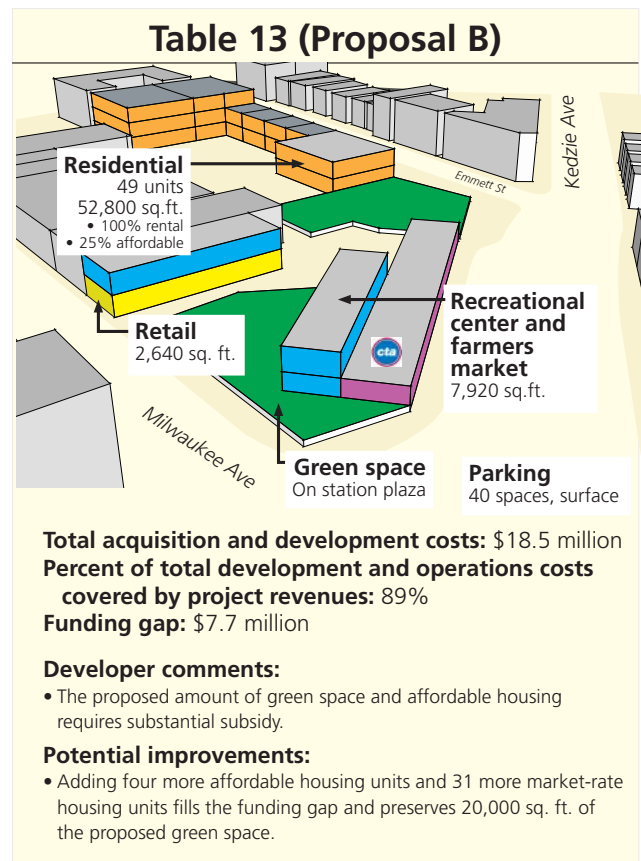
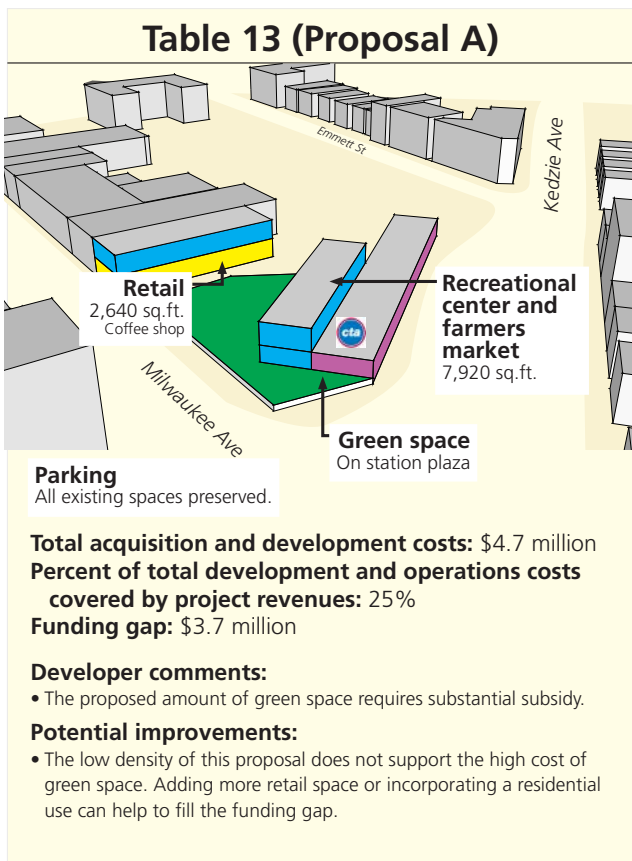
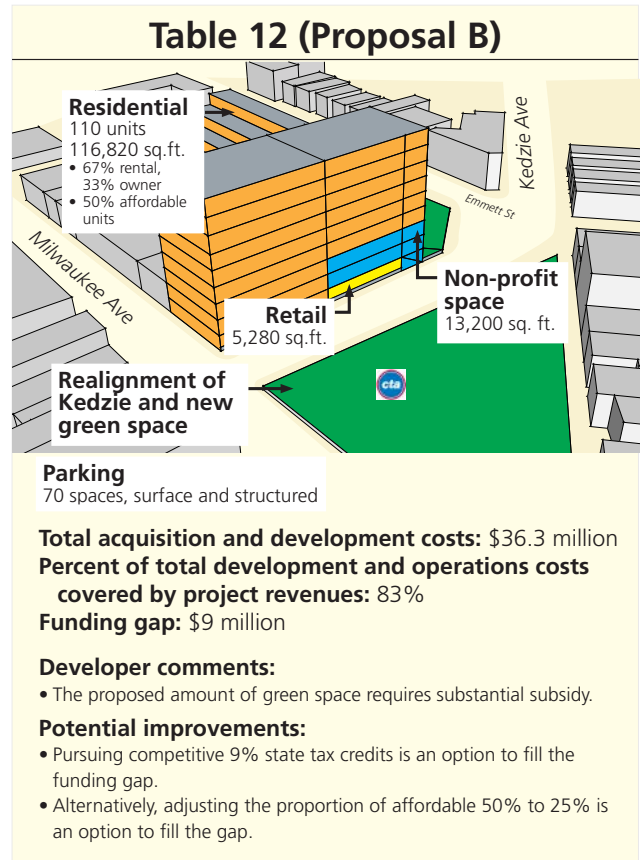
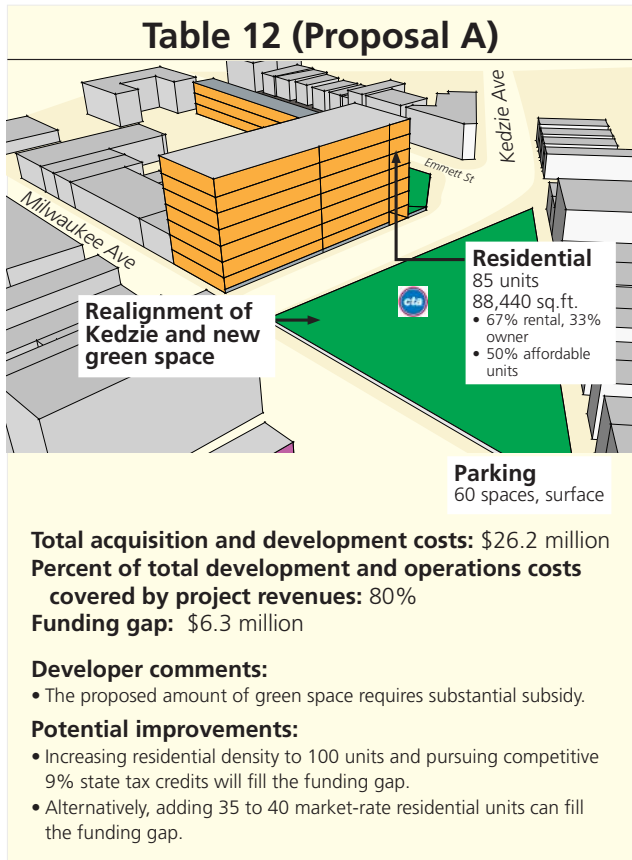
Total acquisition and development costs: \$17.8 million
Percent of total development and operations costs covered by project revenues: 40%
Funding gap: \$6.9 million

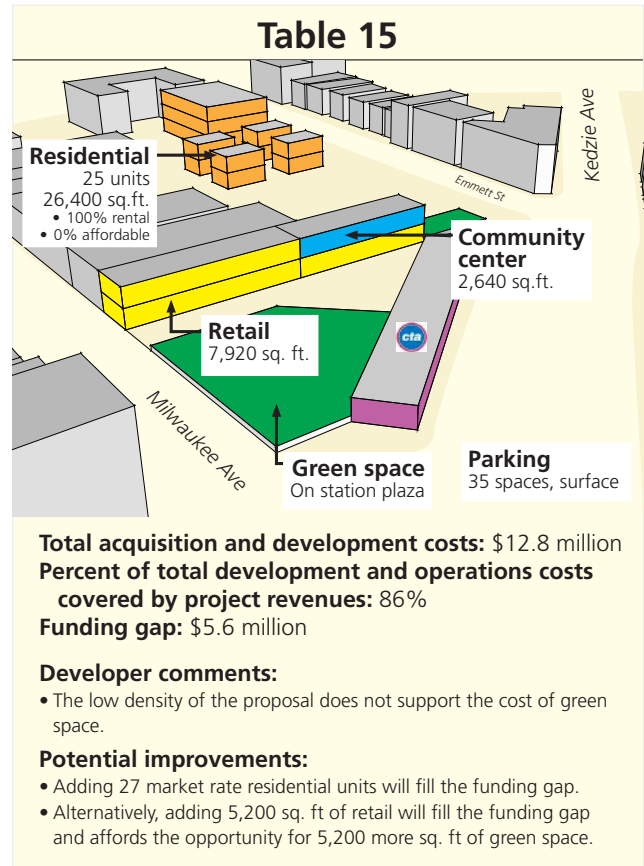
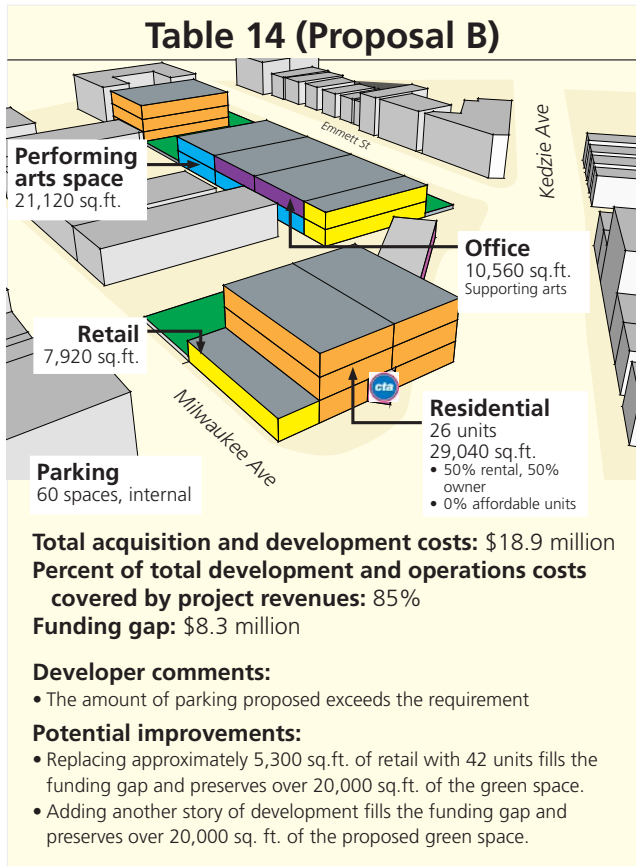
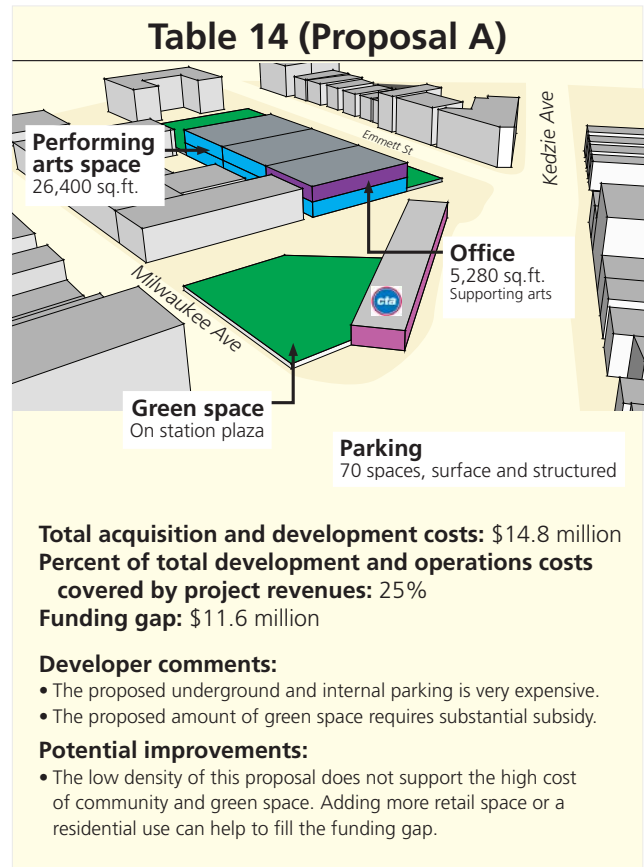
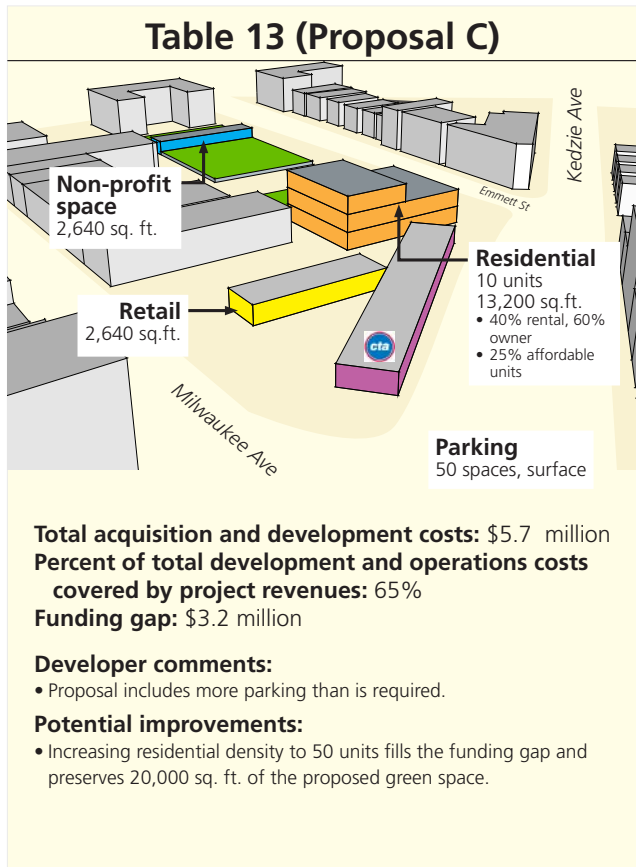
Developer comments:

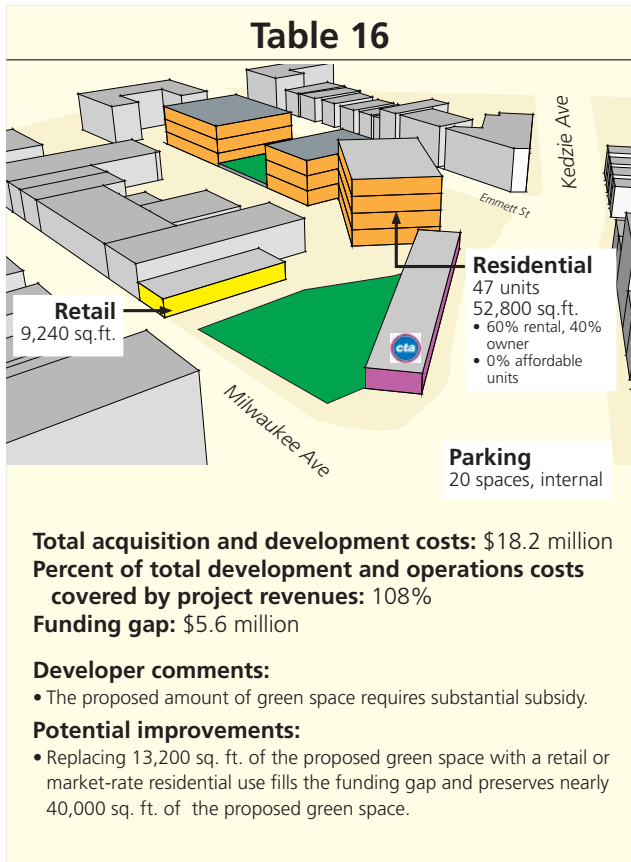
- The proposed 100% affordability and large amount of open space would require substantial subsidy.

Potential improvements:

- Adding 33 units of market-rate housing and adding two stories of development preserves the amount of proposed affordable units and over 20,000 sq. ft. of green space.







Key

Residential	Non-Profit	CTA station entrance
Retail	Open Space	
Office	Hotel	



Table 7
 Drawing by Gensler



Table 11
 Drawing by Gensler



Table 12
 Drawing by Canopy Architecture



Table 16
 Drawing by Canopy Architecture

Appendix B

In-meeting keypad and online polling

Demographics

	Workshop 1	Workshop 2	Workshop 3*	Online survey
Total respondents**	135	154	176	333
Age				
0 to 18	1.5%	0.0%	n/a	0.3%
19 to 30	30.1%	22.3%		30.0%
31 to 50	50.7%	53.4%		54.8%
51 to 64	11.8%	18.2%		10.9%
64 +	5.9%	6.1%		3.9%
Race or ethnicity***				
White	85.1%	71.8%	n/a	69.3%
African-American	2.2%	0.7%		4.0%
Latino/Hispanic	13.4%	20.1%		5.6%
Asian	4.5%	2.7%		17.7%
Other	4.5%	4.7%		3.4%
Residence location				
Live in Logan Square	52.6%	47.7%	n/a	64.3%
Work in Logan Square	6.7%	5.4%		8.1%
Live and work in Logan Square	31.9%	35.6%		16.2%
Do not live or work in Logan Square	8.9%	11.4%		11.4%
Household tenure (for those who live in Logan Square)				
Rent	43.9%	39.2%	n/a	44.3%
Own	56.1%	60.8%		55.7%
Workshop attendance				
One workshop	n/a			15.0%
Two workshops				7.8%
Three workshops				7.2%
None of the meetings				70.0%

* Because of technical difficulties, demographic information was not collected at the third workshop.

** At every workshop, certain attendees chose not to participate in the surveys.

*** May not sum to 100% as some respondents identified as having multiple ethnicities.

Community preferences

	Workshop 1	Workshop 2	Workshop 3	Online survey
What is your top priority for Logan Square?				
Open space or green space	21.3%	29.9%	<i>n/a</i>	19.7%
Arts and art centers	7.9%	6.3%		2.3%
Affordable housing	43.3%	33.3%		51.0%
Restaurant or entertainment	3.9%	2.8%		4.2%
Grocery or market options	14.2%	18.8%		14.3%
Shopping or other retail	4.7%	6.3%		4.2%
Other	4.7%	2.8%		4.2%
Do you want development on the station plaza, while maintaining access to the Blue Line?				
Yes	50.4%	<i>n/a</i>	68.3%*	
Neutral	15.0%		3.5%	
No	34.6%		28.2%	
If there were development on the plaza, what type of development do you want to see?				
Housing	30.8%	<i>n/a</i>	37.8%	
Retail or food options	25.6%		13.1%	
Office space	4.1%		1.9%	
Community space	39.5%		37.1%	
Do you want development on the Emmett Street parking lot?				
Yes - with no need for parking	34.8%	<i>n/a</i>	27.8%	
Yes - as long as some of the public parking is preserved	14.4%		15.1%	
Yes - as long as there is some parking for the development	15.2%		13.5%	
Yes - as long as public parking and parking for the development is included	20.5%		28.6%	
Neutral	4.5%		5.8%	
No	10.6%		9.3%	

* Includes those who support development with green space included there.

Community preferences

	Workshop 1	Workshop 2	Workshop 3	Online survey
If there were development on the Emmett Street parking lot, what type of development do you want to see?				
Housing	42.6%	<i>n/a</i>		61.4%
Retail or food options	21.6%			13.1%
Office space	6.3%			1.9%
Community space	29.5%			23.6%
Given limited public subsidy, what is your top priority for the site?				
Affordable housing	<i>n/a</i>		59.3%	55.0%
Arts space			1.3%	2.5%
Community/non-profit space			0.0%	7.4%
Indoor farmers market			10.7%	8.7%
Improved green space			24.7%	19.8%
None - the city should save the money for its budget			4.0%	6.6%
What is your preference for building heights on the sites?				
2 to 3 stories	<i>n/a</i>			32.4%
4 to 5 stories				38.6%
6 to 9 stories				12.7%
10+ stories				4.6%
Any height is fine				11.6%
What is your top priority for non-profit or community space?				
Arts	<i>n/a</i>			8.4%
Community center				29.8%
Daycare				6.7%
Farmers market				25.3%
Maker's space				4.5%
School				5.1%
Tech incubator				6.2%
Theater; dance				5.6%
Youth				8.4%

Reactions to development proposals designed by community

	Workshop 3	Online survey
Scenario 1: Would you be open to reducing the affordable housing units from 100% to 75% to improve the development's financing feasibility?		
Yes	47.7%	39.9%
No	46.6%	44.8%
Unsure	5.7%	15.3%
Scenario 2: Would you be open to reducing the green space on the site from around 42,000 sq. ft. to 20,000 sq. ft.?		
Yes	50.9%	45.7%
No	42.9%	39.7%
Unsure	6.3%	14.6%
Scenario 2: Are you open to adding 33 market-rate housing units to support the 37 units of affordable housing and green space on the site?		
Yes	35.2%	42.7%
No	57.4%	43.8%
Unsure	7.4%	13.5%
Scenario 3: Are you open to a 9-story building on this site?		
Yes	26.9%	35.2%
No	66.9%	52.7%
Unsure	6.3%	12.1%
Scenario 3: Would you be open to reducing the affordable units from 55 units to 28 units?		
Yes	27.4%	26.5%
No	67.4%	64.0%
Unsure	5.1%	9.5%
Scenario 4: Are you open to reducing the green space from 52,800 sq. ft. to 39,500 sq. ft. and replacing it with retail or residential?		
Yes	43.2%	42.0%
No	43.8%	46.9%
Unsure	13.0%	11.1%

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 20 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 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

4 percent Low-Income Housing Tax Credits (LIHTC) are used for projects with more than 20 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 \$44,000 for a 4-person household in the Chicago region in 2014.

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 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 stream of revenues through rent (see below) average 120 percent of the estimated cost of building maintenance and debt payments of 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 the gap, it will be difficult to identify investors willing to provide loans for the project.

Acquisition costs

Acquisition costs of the Logan Square Blue Line station plaza and the Emmett St. parking lot are 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 these sites, the value per square foot is assumed to be \$40.

Acquisition costs for the land are as follows:

- Station plaza: \$2.32 million
- Emmett St. parking lot: \$1.82 million

Construction costs

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

- Market-rate residential housing: \$175/sq. ft.
- Affordable residential housing: \$200/sq. ft.
- Office: \$171/sq. ft.
- Retail: \$122/sq. ft.
- Non-profit: \$122/sq. ft.
- Parks: \$15/sq. ft.

Operations costs

Based on the experience in Chicago and other cities, green space is assumed to cost \$0.30/sq. ft. to maintain on an annual basis.

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