

*Initiative for the
Chicago Southland Transit Region*

Implementation Study

City of Blue Island



August 2012

Acknowledgements

Thank you for your participation in the planning process for the **Chicago Southland Transit Region Initiative Phase 2: Implementation Study** (Implementation Study). The success of this planning effort is made possible through the concerted and sustained efforts, input, and insights of representatives of South Suburban Mayors and Managers Association (SSMMA), Chicago Southland Economic Development Corporation (CSEDC), Cook County Bureau of Community Development, municipal stakeholders, Regional Transportation Authority (RTA), Pace Suburban Bus, and Metra Commuter Rail.

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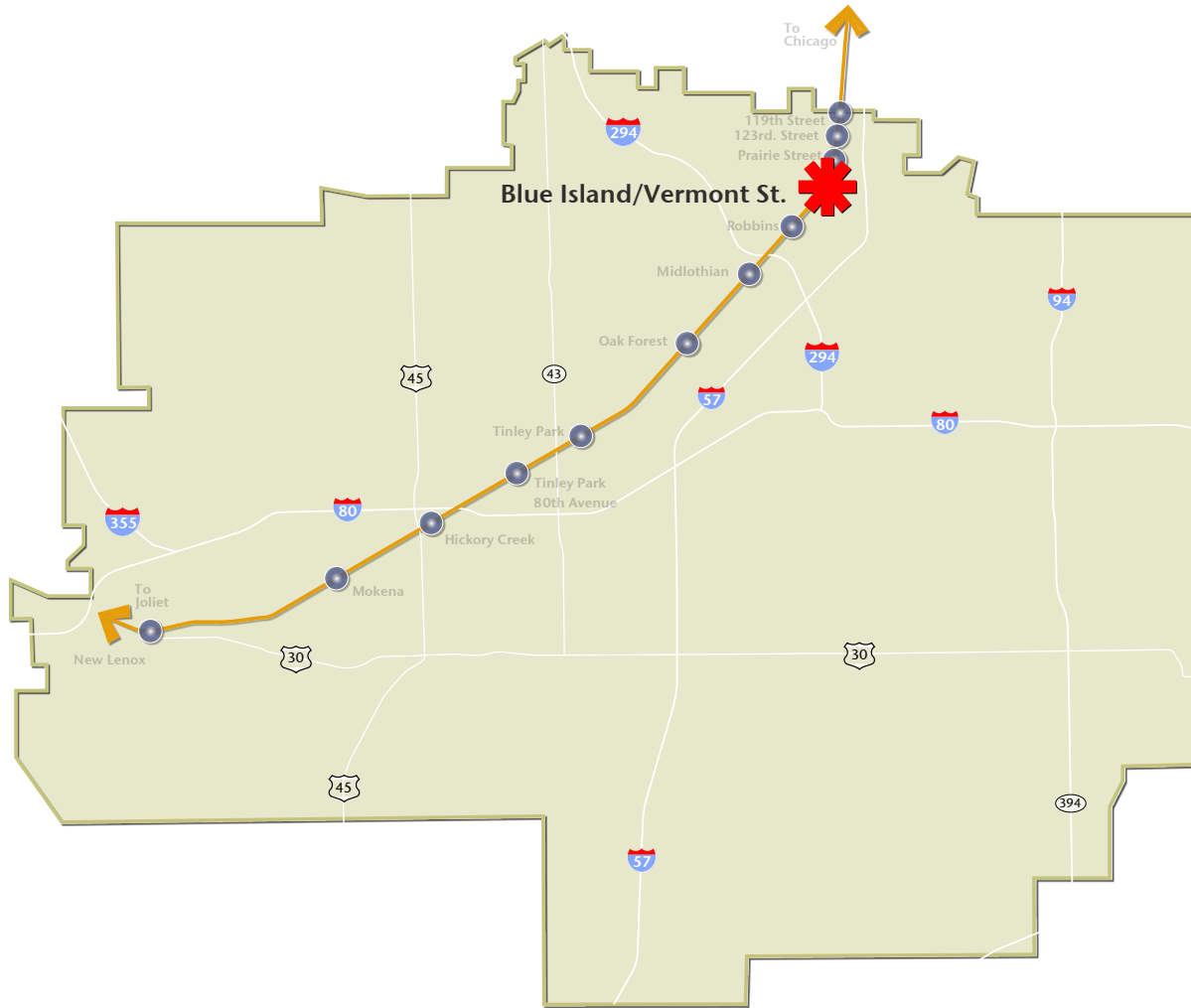
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Legend

 Rock Island District Line

 Station Location

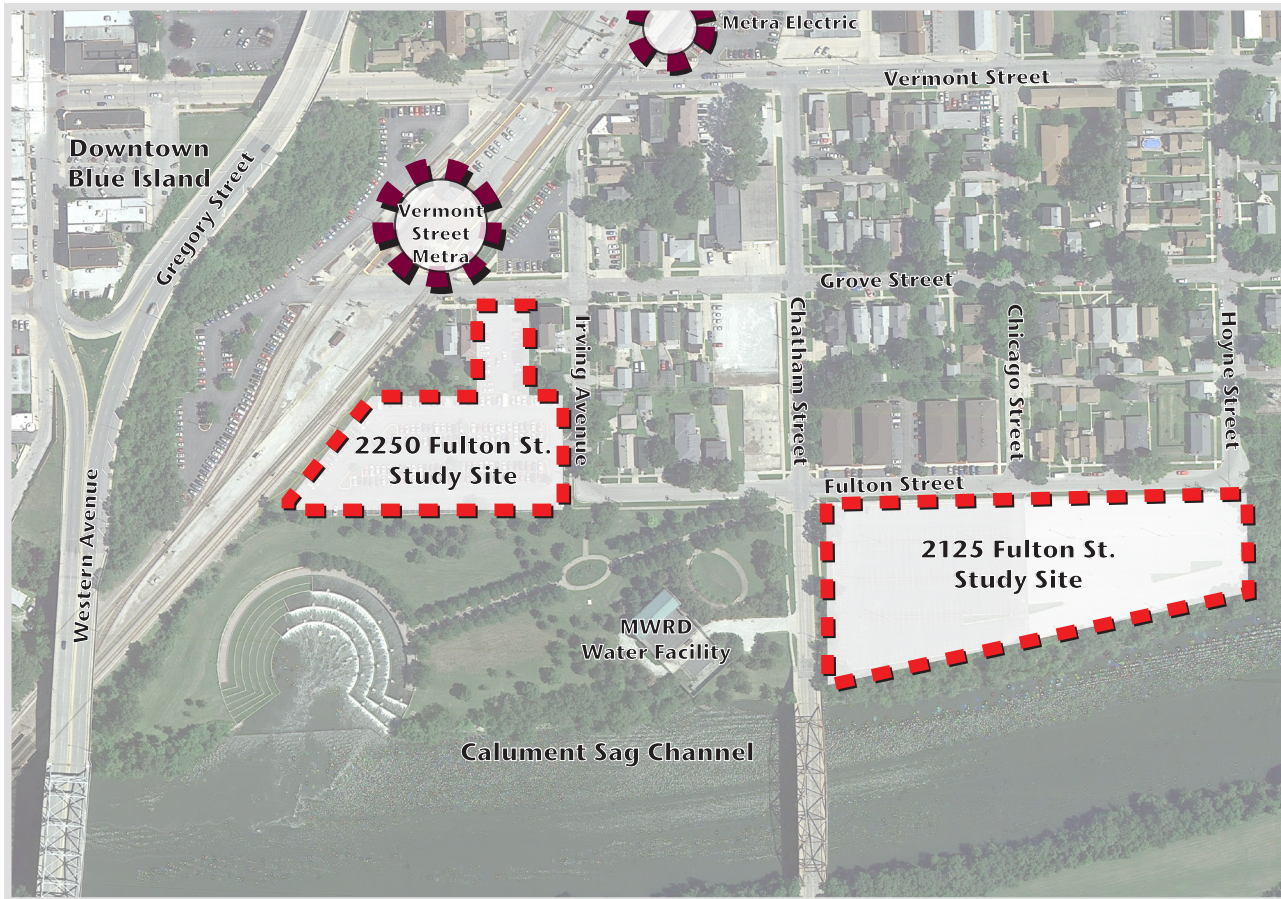
Phase 2: Implementation Study | Context Map

Introduction



Purpose and Scope of Implementation Study

SSMMA/CSEDC and the City of Blue Island have demonstrated significant initiative in proactively planning for and efficiently working to establish the implementation framework for transit-oriented development within the area. The Initiative for the Chicago Southland Transit Region - Implementation Study builds upon the success of the Phase I initiative to include the preparation of predevelopment work and associated market supportable conceptual development plans for two sites located in proximity to the Blue Island/Vermont Street Metra commuter rail transit station within the City of Blue Island. The predevelopment work and plans will build off of local initiatives and momentum in the community to evaluate the potential to solicit and attract development interest from the private sector. The ultimate goal of the **Implementation Study** is to assist the community in realizing significant progress towards the creation of viable catalyst projects within the Blue Island/Vermont Street station area. The analysis, plans and implementation steps created as part of this process will be used as a model for implementing additional transit-oriented development throughout the south suburban region.



Blue Island Station Study Area | Location Maps

Legend



Study Site



Metra Station Location

Background Data Review

Where We Started

To more fully understand the issues and opportunities impacting each of the identified study sites, various regulatory, planning, and development initiatives previously completed and/or on-going by the City of Blue Island were reviewed for their relevance to the goals and objectives of the Implementation Study. These documents serve as a valuable foundation upon which to identify and plan for future development that is compatible with the municipality's desire for these key sites, sought after by potential end users and tenants, and financially supportable in the marketplace.

The regulatory, planning, and development initiative documents reviewed include:

City of Blue Island

- » Initiative for the Chicago Southland Transit Region
- » Uptown Transit Oriented Zoning District (DRAFT)
- » Plan for Economic Development
- » Calumet River Corridor - Economic Development Vision and Strategy
- » Calumet-Sag Trail
- » Homes for a Changing Region
- » Making Smart Choices: Transit-Oriented Selector Analysis of South Suburban Corridors
- » Zoning Regulations



CITY OF BLUE ISLAND

Initiative for the Southland Transit Region

In 2009 the South Suburban Mayors and Managers Association commissioned Land Vision, Inc. and its consultant team to prepare a transit study involving 36 existing and 9 proposed station areas within its jurisdictional service area. The study's aim is promoting economic development in the south suburbs by capitalizing on the region's commuter rail network and highlighting the health related environmental and social benefits of transit. The Initiative, as it relates to the Blue Island Station area, identifies existing conditions and community desires, resulting in the assignment of one of four station area typologies to describe the character, scale, intensity, and type of development envisioned for the area.

Blue Island's desires for the Station area include the creation of a higher density of development with multi-use buildings up to 6 stories in height on 30 potential development sites. The City views the Metro South Medical Center, which employs over 1,000 people, as an incredible asset and partner for supporting transit-oriented development/redevelopment (e.g. employer assisted housing) near the station. The Initiative characterizes the Blue Island station area as a Multi-Use Transit Center

- » supporting of a diversity of economic / community activities;
- » at least 25 trains per day, 7 days a week;
- » moderate density, mix of residential, commercial, employment and civic/cultural uses; and
- » community and local serving retail with some destination retail opportunity.

Since beginning the Initiative for the Chicago Southland Transit Region Implementation Study in 2011 the City of Blue Island has implemented a number of modifications to its zoning ordinance. Changes in regulatory documents such as this are expected over the course of long term initiatives such as the Initiative for the Chicago Southland Transit Region Implementation Study. Please refer to the Village's website for links to the most recent regulatory designations and documents related to the subject sites.

www.villageofparkforest.com/

The Initiative also identifies Developer Typology Assignments for the Blue Island station area that are intended to help communities in targeting specific types of developers using a more efficient and effective marketing and recruitment strategy. The assignments are also beneficial to the development community in helping to identify potential sites in a more user-friendly manner. As part of the Initiative, the Blue Island Station Area has been assigned the following Developer Typologies:

- ❏ **MU: Multi-Use** – This type of developer specializes in construction of sites with a combination of residential, commercial, industrial, with a combination of residential, commercial, industrial, office and/or institutional uses.
- ❏ **C: Commercial** – This type of developer selects commercial sites that are typically located closer to the center of the community and are already served by public infrastructure.
- ❏ **R-HD: Residential Infill: High Density** (*more than 5 stories*) – This type of developer has expertise in the design and construction of a variety of high density housing products.
- ❏ **I: Industrial** – This type of developer has expertise in the design and construction of a variety of industrial facilities.

Zoning Regulations

The City's existing zoning map designates the majority of the Vermont Street Station Area as C-2 Highway Commercial. The intent to this designation is to establish commercial uses within specific areas of the City. Standards for the C-2 District include the following:

- ❑ Minimum Lot Area: 6,250 square feet
- ❑ Minimum Lot Width: 50 feet
- ❑ Minimum Lot Depth: 125 feet
- ❑ Maximum Lot Coverage: 70%
- ❑ Maximum Building Height: No Limit

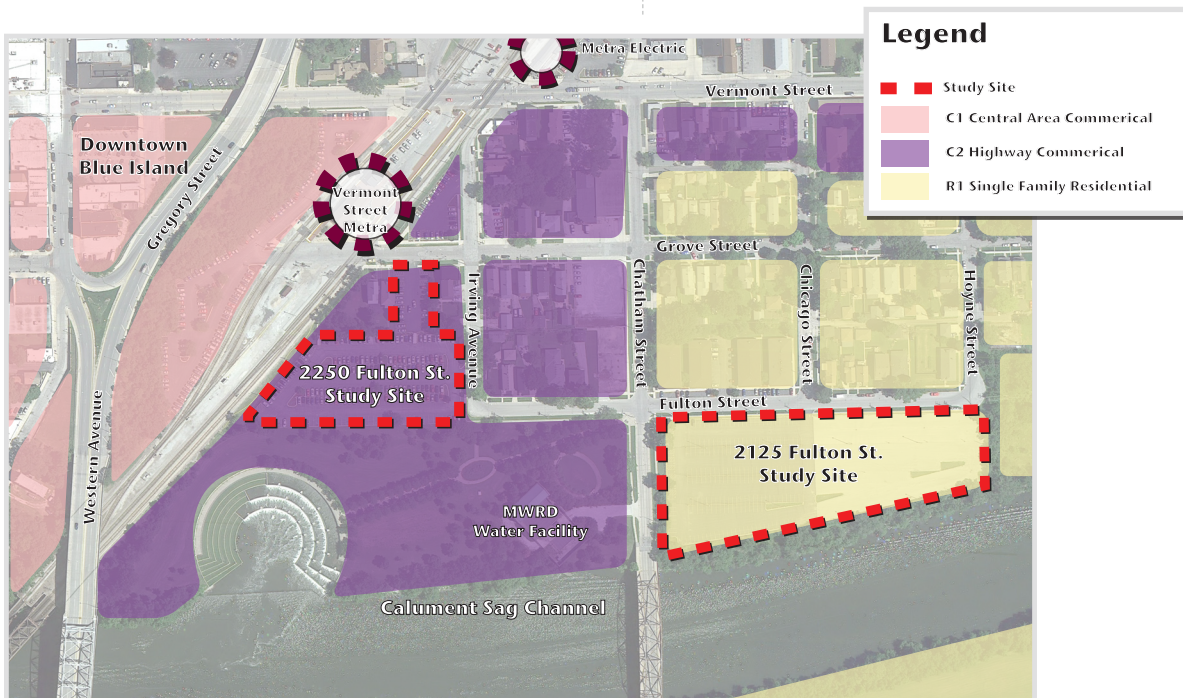
The eastern portion of the station area, including the site at 2125 Fulton Street is currently designated as R-1 Single Family Residential. The intent to this designation is to preserve and establish quiet single-family home neighborhoods as desired by the area property owners, free from other uses except those which are compatible with a convenience to the residents of such a district. Standards for the R-1 District include the following:

- ❑ Minimum Lot Area: 4,312.5 square feet
- ❑ Minimum Lot Width: 37.5 feet
- ❑ Minimum Lot Depth: 115 feet
- ❑ Maximum Lot Coverage: 40%
- ❑ Maximum Building Height: 35 feet

Standards for off-street parking include the following:

- ❑ Dwellings: 1 space per unit plus 1 additional space for each 2 dwelling units in multiple-family dwellings
- ❑ Retail: 1 space / 300 square feet of gross floor area
- ❑ Restaurants: 1 space per 4 seats
- ❑ Offices: 1 space / 500 square feet

The City is currently creating new zoning for the station area (Uptown Transit Oriented Zoning District – Draft) that will replace the C-2 District standards outlined above. A summary of the draft Uptown Transit-Oriented Zoning District regulations are provided on the following page.



City of Blue Island Station Area Zoning

Uptown Transit Oriented Zoning District – Draft

To address identified shortcomings in the City’s regulatory documents and enhance development prospects in proximity to key community assets (e.g. transit stations), Blue Island is currently undertaking the creation of a new Uptown Transit Oriented Zoning District. In accordance with the Blue Island Plan for Economic Development, this District is intended to provide for transit-supportive land uses that promote commercial, cultural, institutional, governmental, and residential development in a compact pedestrian friendly design.

The new UT-TOD zone will include the sites at both 2250 Fulton Street and 2125 Fulton Street as well as the surrounding neighborhood to the northwest and southwest. The Draft UT-TOD district includes two defined zones with different sets of permitted uses. The 2250 Fulton Street site is located in Zone A and the 2125 Fulton Street site is located in Zone B. While the standards for the Draft UT-TOD District vary by land use, those standards applicable to the 2125 Fulton Street and 2250 Fulton Street sites are listed below:

Mixed-Use:

- ❑ *Setbacks:* 0’ – 5’ max front, 0’ side, 10’-30’ rear
- ❑ *Maximum Height:* 6 stories
- ❑ *Street Level Use:* Retail /Office
- ❑ *Upper Level Use:* Office/Residential
- ❑ *Off-Street Parking:* None required
- ❑ *Maximum Lot Coverage:* 90%



Multi-Family:

- ❑ *Setbacks:* 0’ –15’ max front, 0’ side, 10’-30’ rear
- ❑ *Maximum Height:* 4 stories
- ❑ *Off-Street Parking:* 1 space per dwelling unit
- ❑ *Maximum Lot Coverage:* 90%



City of Blue Island Draft UT-TOD Zoning

Rowhouse:

- ❑ *Setbacks:* 10’ –15’ max front, 0’ side, 18’ rear
- ❑ *Maximum Height:* 3 stories
- ❑ *Off-Street Parking:* 1 space per dwelling unit
- ❑ *Maximum Lot Coverage:* 60%

The Draft UT-TOD zone also includes a Channel Set-Back regulation stating that all development along the Calumet-Sag Channel must provide for dedicated public access to the waterfront. A minimum Channel open space buffer zone set-back for all buildings or streets shall be 80’ to ensure public access, and must be open to the public between the hours of 7 am and 11 pm.



South Station Residential District: Concept 1



South Station Residential District: Concept 2

- Key Building Types:**
- Existing Buildings
 - Residential: Townhouse
 - Residential: Multifamily
 - Public
 - Mixed-use
 - Structured Parking

- 1 Station Relocation**
Reconfiguring the tracks and relocating the Rock Island line station to the north side of Vermont Street adjacent to the existing Metra Electric line station combines the two stations into a single destination area for pedestrians and reduces conflicts between pedestrians and vehicles and trains at this busy intersection.
- 2 Parking Structure**
Relocating Irving Avenue to move the intersection at Vermont to the west allows the construction of a large parking structure to house Metra riders' vehicles adjacent to the tracks and closer to the stations for the riders. This structure also frees up prime land adjacent to the canal, currently surface parking lots, for new residential development.

- 3 Townhouse Development**
New developments of townhouses, adjacent to the existing park and along the water and on land previously underdeveloped as surface parking lots, provides an influx of people to the area. These developments should be oriented to the street or the park with parking in the rear.
- 4 Condominium/Apartment Development**
New condominiums should be located along more major streets, creating an entrance way to downtown/station visitors from the south. These developments should have entrances on the street with parking in the rear; the facades should be detailed with high levels of vertically oriented windows facing the street, horizontal and vertical divisions such as cornice lines, expression lines, and columns/pilasters.

- 5 Mixed Use Buildings**
Buildings with ground floor retail and upper floors of residential and/or office space should be located along Vermont Street to create an interesting continuous street wall for pedestrians, drawing them to the downtown area.
- 6 Bicycle/Pedestrian Trail**
A new trail along the canal provides recreation to enjoy the water and access to the parks along the canal for bicyclists. Extending the trail northward along the tracks provides access to the station and downtown with a limited number of road crossings.
- 7 Existing Housing and Commercial**
Existing neighborhood housing and commercial sets the scale and character for the South Station area.

- 8 Existing Open Space**
Existing open space should be enhanced to provide access and activities for existing and new residents as well as visitors to the area to enjoy the water frontage.
- 9 Streets**
All residential streets within the area should be developed allowing on street parking with minimum 5' wide sidewalks, defined crosswalks, parkways and street trees, if possible. Vermont Street and the streets adjacent to the Stations should be developed with sidewalk from the curb to the front of storefront buildings, with street trees in grates, street furniture and crosswalks defined with a change in paving.

Plan for Economic Development

The Blue Island Plan for Economic Development, created in 2005, is intended to assist the City in its economic revitalization efforts by building on its excellent rail access, historic neighborhoods and downtown, and diversity of population. The core strategy of the Plan embraces the concept and benefits provided by transit-oriented development within a ½ mile radius of the Vermont Street stations. The Plan notes that while the dual Metra stations on Vermont Street provide an important asset to Blue Island's Main Street District, the actual benefits received do not live up to their full potential. The current allocation of significant portions of land for industrial uses and/or surface parking inhibits the development of hundreds of households from living in and contributing to this key community area. In addition, the urban form, topography, access and circulation challenges, and in some cases limited pedestrian amenities connecting the station area to downtown further impact the potential of the area.

The South Station Residential District, as defined by the Plan, including both 2250 Fulton Street and 2125 Fulton Street, proposes the following development vision:

- » more than 400 quality condominiums and town homes overlooking the Calumet Sag waterfront;
- » creation of a nature and recreation trail along the Calumet-Sag Channel;
- » establishment of a safe and pleasant pedestrian environment; and
- » development of 37,000 square feet of commercial space along a mixed-use corridor connecting the two stations to downtown.

Land for these improvements may be made available through relocating industrial businesses to parcels better equipped to serve their needs and from shifting Metra surface parking to underutilized but conveniently located parcels within the district.

Calumet River Corridor: Economic Development Vision and Strategy

The Calumet River Corridor – Economic Development Vision and Strategy establishes a framework for development and investment in the seven south suburban communities that comprise the corridor, including Blue Island. The project focuses on the Calumet River system as an important environmental amenity and economic asset. Strategically working together the communities may accelerate and expand the potential economic benefits that can be generated by this amenity beyond those that may be possible through their individual efforts.

One of the key goals of the EDVS is to support transit-oriented development initiatives in Blue Island. The EDVS suggests that transit-oriented development helps to create a positive image for residents and commuters while ensuring a “pedestrian feel.” The EDVS also is working with the Metropolitan Water Reclamation District of Greater Chicago (MWRD) on land conveyance process. Given the significant amount of land under the control of MWRD, the EDVS recognizes that MWRD’s development/redevelopment policies are critical to the future potential of this corridor. The MWRD promotes recreational use and public access to its property through its Waterway Strategy Resolution, including a 60-foot setback requirement to allow, for example, for construction of the Calumet-Sag Trail.

The Calumet Region
The Calumet-Sag Trail will connect the corridor's communities to regional trail networks like the 300-mile Grand Illinois Trail, and to National Parks like the Illinois & Michigan Canal National Heritage Corridor and the Indiana Dunes National Lakeshore.

A waterway that works
The Calumet-Sag Trail follows a working waterway – you will keep pace with pleasure boats, barges and water skiing crews while steel bridges carry trains and vehicles overhead. You're part of a corridor on the move.

It's a natural
Cook County Forest Preserves anchor the east and west ends of the trail. They include the ecologically unique Beaubien and Whittier Woods, Cap Savers Holdings, a glacial water that unlocks the geologic history of our region, and the bluffs and lakes of Palos Forest Preserves.

Value (and oxygen) added
The Greater Chicago Metropolitan Water Reclamation District saved taxpayers \$200 million in water treatment expenses by building five Sidestream Elevated Pool Aeration (SEPA) stations along the Cal-Sag. Mainline waterfalls mix 25 tons of oxygen into the waterway daily to break down pollutants and improve water quality – and create the backbone for the Calumet-Sag Trail.

Green and lean
Linking downtowns, parks, commuter trains, and bus routes, the Calumet-Sag Trail encourages healthy lifestyles and local development. Imagine park benches and observation decks, riverside exercise programs and family festivals. Trail spur take residents to shopping, restaurants or to bicycle and roller blade rentals. The Calumet-Sag Trail will be the "Main Street" of our corridor.

A storied trail
The Calumet-Sag Trail connects the many legacies of the corridor: the Underground Railroad safe house of immigrant farmer Jim Tom, Robbins, the birth place of black aviation and WWI's heroic Tuskegee Aviator, and Native American populations giving way to French exploration, Irish Canal Diggers, and industrial progress.

Calumet-Sag Trail Fast Facts

- The first Calumet-Sag Trail segment opened in October 2008 in Palos Heights.
- The 28-mile Calumet-Sag Trail will take \$20 million to complete by 2012 – the cost of one expressway interchange.
- Eighty percent of the land required for the Calumet-Sag Trail is set aside by the Metropolitan Water Reclamation District for trail use.
- The trail's design and engineering are under way, and the search for construction funding has begun – visit calsagtrail.org to see how you can help.
- The trail will equal premier waterfront trail projects throughout the U.S. in length and significance.
- If the Calumet-Sag Trail were a health club, it would be a 4+ million square foot recreational and fitness facility that anyone can join for free!

Places of interest along the trail corridor...

- Argonne National Laboratory
- Pullman District (Irish town, architecture)
- Limestone quarries (stone found in buildings across region)
- Cap Savers Holdings Nature Preserve
- St. James of the Sag Church & Cemetery
- Public places: libraries, schools, parks, pools – park district facilities
- Confluence Site
- Lake Calumet
- Lake Katherine
- Marinas & boat launches
- Stony Creek
- Wirth Historical Museum
- Sagonsakkee Slough
- Bachler's Grove Cemetery
- The IAM Canal Trail
- Waterfall Glen Forest Preserve
- Centennial Trail
- Palos Forest Preserve
- Talley Creek Trail
- Major Taylor Trail
- Bamban Greenway
- Little Red School House
- Fay's Point
- Sagonsak Environmental Learning Center
- Sag Quarters
- Joe Louis Golf Course

Calumet-Sag Trail

The establishment of a plan for the Calumet-Sag Trail was implemented as a recommendation of the Calumet River Corridor: Economic Development Vision and Strategy. Anticipated to open by 2014, the Calumet-Sag Trail is proposed as a multi-use path built almost entirely along the banks of the Calumet-Sag Channel and Calumet River. Along 30 miles of waterway from Lemont in the west to Burnham in the east, the Calumet-Sag Trail will stitch together more than 185,000 people in fourteen communities.

It will connect them to regional trails, transit systems, retail areas, parks, forest preserves, marinas, nature centers, and the legacies of Big Steel, immigrant communities and the Underground Railroad. As planned, the Calumet-Sag Trail will have pathways along both sides of the Channel through Blue Island, including a connection through the 2125 Fulton Street site.

Homes for a Changing Region

Homes for a Changing Region was developed from 2007-2009 as a way to help project housing supply and demand in the six-county Chicago metropolitan area through the year 2030. The Study takes a unique approach by looking at creating a balanced housing mix across the entire income spectrum. While ensuring the availability of low-income or subsidized housing is a critical issue for the Chicago area, the region also faces other important housing issues such as increasing homeownership for working households and ensuring the availability of higher-end housing in areas where demand is not being met by the market. In Phase 2 of the Study, Blue Island was selected as one of nine communities to demonstrate how the specific market recommendations and strategies could be put into practice.

The Blue Island Housing Policy Plan includes key recommendation to encourage transit-oriented, mixed-use development around the Vermont Street stations. According to the Plan, a mix of housing within walking distance to the Metra lines will attract commuters and make the station area and Western Avenue retail development more successful. The recommended strategies included in the Blue Island Housing Policy Plan include:

- » engagement in targeted rehabilitation projects along Vermont Street; and
- » creating a condominium conversion ordinance to ensure that existing rental property targeted for condominium conversion is maintained and increasing pedestrian friendly amenities in the area, including walking paths along the Calumet River.

In projecting the needs of ownership housing through 2030, the Study recommends that the City encourage the development of 250 new homes to serve the needs of families whose incomes exceed \$100,000 a year as well as rehabilitation of as many as 450 dwellings to meet the needs of moderate and low income residents. In addition, the Study recommends that the City encourage the development of approximately 300 dwelling units through 2030 to serve the needs of families whose incomes exceed \$75,000 as well as 700 units for families earning between \$75,000 - \$35,000 a year. A combination of new government subsidized senior housing and an expansion of the City's stock of government subsidized family housing could meet the needs of low income residents.



Making Smart Choices: Transit-Oriented Development Selector Analysis of South Suburban Corridors

The Center for Neighborhood Technology led, Making Smart Choices TOD Selector Analysis of the South Suburban Corridors study was completed in March of 2009. The study includes a preliminary analysis of the potential for TOD in 33 south suburban station areas.

Out of the 33 stations evaluated, the TOD Selector Analysis ranked Blue Island:

- » 17th in ease of land assembly
- » 3rd in market strength for Town Center development
- » 3rd in market strength for Community Area development
- » 27th in market strength for Residential development

The study concludes that Blue Island demonstrates a strong potential to develop as a Town Center TOD. The study indicates that the Blue Island Station ranks at the top of the south suburban station areas as an existing Town Center and high in its real estate market strength. Vermont Street counts as its assets the highest level of transit service in the Southland as a result of the convergence of the Metra Rock Island local and express lines as well as the Metra Electric. The study indicates that the station area could become one of the region’s leading suburban Town Centers through relocation of a portion of the industrial and other underutilized land uses and development of moderate density housing.



Existing Conditions

EXISTING CONDITIONS / VISUAL ASSESSMENT

In order to be able to effectively and efficiently plan for development that is feasible in consideration of political and market realities, it is imperative that the underlying physical and market conditions impacting a site be carefully evaluated and understood. In relation to the identified study area sites for the City of Blue Island this process involves an assessment of the existing land use, access/circulation, infrastructure, and market conditions of the specified sites and where appropriate surrounding contextual areas. The scope of this assessment is not intended to represent a traditional due diligence evaluation for either of the sites. The evaluations and assessments are based upon the following elements identified below and prepared in conjunction with this study as well as the consultant team's collective and individual knowledge regarding the study sites:

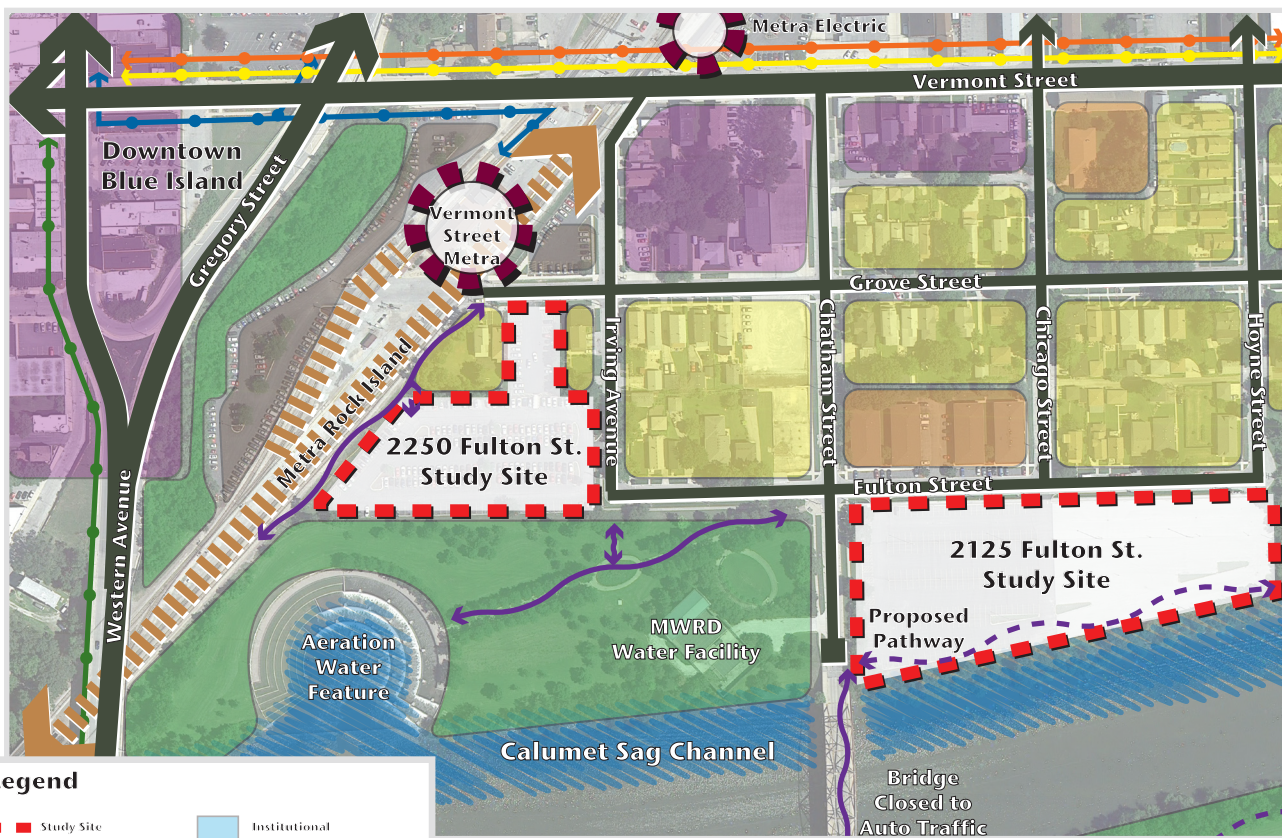
- » review of available background planning, studies, reports, regulations, and proposed development programs;
- » interviews with site and community stakeholders including property owners, municipal officials, developers, brokers, and local agencies/institutions; and
- » visual assessments of the individual sites and their respective development context in conjunction with evaluation of available infrastructure and real estate market conditions.



CITY OF BLUE ISLAND – Study Site Assessment

Land Use Context | 2250 Fulton Street

The 2250 Fulton Street study site is comprised on an irregular shaped property with partial frontage along its north edge at Grove Street (80 feet) and east edge along Irving Avenue (200 feet). The 2.2 acre site is currently utilized as a Metra commuter parking lot serving the Vermont Street Metra Station. The site is located in the southern portion of the downtown district, abutting the Rock Island District Metra line to the west, the MWRD SideStream Elevated Pool Aeration Station No. 3 to the south, and a collection of low intensity commercial, residential, and surface parking uses to the north and east, respectively.



Legend

- Study Site
- Major Streets
- Minor Streets
- Metra Tracks
- ↔ Pedestrian Paths
- ↔ Pace Route 359
- ↔ Pace Route 349
- ↔ Pace Route 385
- ↔ Pace Route 348
- Institutional
- Mixed-Use
- Lower-Density Residential
- Higher-Density Residential
- Commercial
- Parks and Open Space
- Commuter Parking

Access and Circulation

Access and circulation for vehicular modes to and from 2250 Fulton Street is provided via Grove Street from the north and Irving Avenue/Fulton Street from the east. Each of the streets is a local roadway with connections to Vermont Street as the primary collector roadway serving the surrounding neighborhood. While Vermont Street does move a significant amount of traffic through the area, its reliance as the only collector roadway for the district makes overall access somewhat limited. The Chatham Street bridge across the Calumet-Sag Channel was closed in 2010 for safety reason due to its extensive deterioration. There are no plans to reopen the Chatham Street bridge for vehicular traffic.

In addition to vehicular access/circulation, transit service is provided to the 2250 Fulton Street site via both Metra commuter rail and Pace suburban bus service. The Vermont Street Metra Station, along the Rock Island District Line is located immediately northwest of the subject site and provides direct rail access to and from the City of Chicago. Average daily ridership from the station is approximately 1,472. Pace has three routes in proximity of the site. These include Routes 348, 349, and 385 which have stops at the station. CTA Route 49A also connects to the study site, and Pace Routes 359 and 397 are within reasonable walking distance of the Vermont Station. These bus routes provide regional connections north, south and west of the area.

Access and circulation for non-motorized modes of mobility (a.k.a. pedestrians) to/from the study site is provided via existing sidewalks along Irving Avenue, Grove Street, and Vermont Street. Location of the Vermont Street Station and use of the study site as a commuter parking lot results in a significant volume of pedestrian movement through the area. Portions of the area especially near the station appear inadequate to accommodate the volume of pedestrian activity. A significant grade change exists between Vermont Street and the study site. This requires provision of an exterior staircase to access the lower portion of the commuter parking on 2250 Fulton Street. Pedestrian pathways are located within the MWRD SideStream Elevated Pool Aeration Station No. 3 site, though direct connection to the Calumet-Sag Channel only exists at the aeration feature.

Infrastructure

Municipal Utilities

The 2250 Fulton Street study site is serviced by City-owned sanitary sewer lines, Public Water Supply, and City-owned storm sewers.

Public Utilities

Communications utilities within the station area are currently provided by Comcast and AT&T. Overhead power lines extend on the south side of Grove Street and Fulton Street to service the study site. For natural gas supply, 2250 Fulton Street is served by an existing low pressure 2" line that runs along Grove Street and Irving Street.

Drainage

The most recent Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map was reviewed to determine if the subject property is in either the 100-year or 500-year flood zone. The 2250 Fulton Street study site is in a Zone X floodprone area. The FEMA map also shows a flood hazard area along the Calumet-Sag Channel. The 100-year base flood elevations have not been determined.



Land Use Context | 2125 Fulton Street

The 2125 Fulton Street study site is comprised of an approximately 3.9 acre parcel bounded by Fulton Street on the north, Calumet-Sag Channel on the south, Hoyne Street (extended) on the east, and Chatham Street on the west. The site's 725 feet of frontage along the Calumet-Sag Channel creates a tremendous opportunity to incorporate unimpeded public access to this significant community asset. The study site is currently undeveloped and was historically used as a surface parking lot for Metra commuter riders. While located within an approximately 0.2 mile walk of the Vermont Street Station the lot was chronically under utilized as a commuter parking lot. The site is surrounded to the north by moderate and low density residential neighborhoods, to the south and east by the Calumet-Sag Channel, and to the west by the MWRD SideStream Elevated Pool Aeration Station No. 3.

Access and Circulation

Vehicular access and circulation to and from the 2125 Fulton Street is provided via Fulton Street with north-south linkages to the Vermont Street collector along Hoyne Street, Chicago Street, and Chatham Street. While Vermont Street does move a significant amount of traffic through the area, its reliance as the only collector roadway for the district makes overall access somewhat limited. The Chatham Street bridge across the Calumet-Sag Channel was closed in 2010 for safety reasons due to its extensive deterioration. There are no plans to reopen the Chatham Street bridge for vehicular traffic.

In addition to vehicular access/circulation, transit service is provided in proximity to 2125 Fulton Street site via both Metra commuter rail and Pace suburban bus service. The Vermont Street Metra Station, along the Rock Island District Line is located northwest of the subject site and provides direct rail access to and from the City of Chicago. Average daily ridership from the station is approximately 1,472. Pace has three routes in proximity of the site. These include Routes 348, 359, and 397 which have stops at the Vermont Street Station. Other regional connections north, south, and west of the area are possible through use of Pace Routes 348, 385 and CTA Route 49A.

Access and circulation for non-motorized transportation (a.k.a. pedestrians) to/from the study site is provided via existing sidewalks along Fulton Street and Chatham Street. While the Chatham Street bridge is closed to vehicular traffic south of Fulton Street, pedestrian access across the bridge is still active. Pedestrian pathways are located within the MWRD SideStream Elevated Pool Aeration Station No. 3 site, though direct connection to the Calumet-Sag Channel only exists at the aeration feature.



Infrastructure

Municipal Utilities

The 2125 Fulton Street study site is serviced by City-owned sanitary sewer lines, Public Water Supply, and City-owned storm sewers.

Public Utilities

Communications within the study area are currently provided by Comcast and AT&T. Overhead power lines extend on the south side of Fulton Street to service the study site. For natural gas supply, the 2125 Fulton Street site is served by a 2" natural gas line that runs along Fulton Street.

Drainage

The most recent Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map was reviewed to determine if the subject property is in either the 100-year or 500-year flood zone. The 2125 Fulton Street study site is in a Zone X floodprone area. The FEMA map also shows a flood hazard area along the Calumet-Sag Channel. The 100-year base flood elevations have not been determined.

The National Wetland Inventory (NWI) map is a means of establishing the possible presence of wetlands on a given parcel. It is a planning tool which can serve to identify the likely existence of wetlands in a given area. A review of the NWI map indicated the presence of riverine wetlands south of the project study areas along the Calumet-Sag Channel. Any development should comply with the applicable requirements of the US Army Corps of Engineers, Will/South-Cook Soil and Water Conservation District, City of Blue Island, and other State and local regulatory agencies. The final authority for the determination of jurisdictional waters of the US, including wetlands, rests with the Army Corps of Engineers.

Real Estate Market

Observations

(For Both 2250 & 2125 Fulton Street)

While Blue Island's market areas are fairly consistent in regards to population density, diversity, and income; the areas within 1/2 mile of the station (including 2250 Fulton Street) contain higher concentrations of community youth, population densities, and Hispanic residents. Income and education attainment levels within the area are lower compared to other locations within the City. Population and employment characteristics within the larger 1-mile radius of the study site, which includes Downtown and the Metro South Medical Center are strong.

The existing market potential of the 2250 Fulton site is directly tied to its proximity to the Vermont Street Metra Station, Metro South Medical Center, and to a lesser degree the Calumet-Sag Channel. The transit, employment, and recreational/aesthetic benefits provided by these proximate assets contribute to and help to focus the development opportunities most appropriate for the site. Limited site visibility and accessibility, low traffic counts, and grade deviation issues work to further narrow the appropriate development opportunities for the site. As such, future development efforts on the site should be geared toward non-auto dependent uses. The type, configuration and percentages of development (residential and/or limited commercial) will be dependent on ultimate market demands. Within the current economic conditions (circa 2011), residential uses with a strong focus on market rate rental products may present the greatest opportunity in the near term.

Municipal Inventory and Utilization Tolerance

The City of Blue Island has extensive and lengthy experience with a variety of development tools. These tools have been tailored where needed to address the specific develop challenges and needs of various project types. Among the development incentives used by Blue Island, include:

- | | |
|--|---|
| <ul style="list-style-type: none"> ❑ Enterprise Zone Designation ❑ Brownfield Remediation Grants ❑ Tax Increment Financing ❑ Property Tax Rebate ❑ Sales Tax Rebate | <ul style="list-style-type: none"> ❑ Cook County Class 6b Designation ❑ Cook County Class 8 Designation ❑ Zoning Variances ❑ Targeted Infrastructure Improvement Projects |
|--|---|

Tax Increment Financing (TIF) remains Blue Island’s most flexible tool from an economic incentive perspective. The City has executed six TIF’s in recent years which include:

- » TIF # 1 and TIF # 4 – Each of these two districts are focused around the area near 119th and Vincennes Avenue (former Blue Island Land Fill). Funds from the TIF districts are intended to assist with cleaning up the various sites within district and to assist in attracting new market supportable commercial and industrial development to the area.
- » TIF # 2 - Generally bounded by 135th Street on the north, 139th Street on the south, Chatham Street on the east, and Sacramento Street on the west. These districts are in place to pursue and facilitate new industrial development for the community.
- » TIF #3 – Southwest Residential Area
- » TIF # 5 encompasses the area around the MetroSouth Medical Center and designed to support the necessary infrastructure, streetscape, and landscape enhancements around the institution.
- » TIF # 6 is comprised of the former Jewel/Osco site at 127th Street and Vincennes Avenue. Recruitment and financial support of new commercial development is the expressed goal/ purpose of the district.

In addition to the extensive use of TIF as a financing tool, the City of Blue Island is designated as the Cal-Sag Enterprise Zone. Established in 1983, the Cal-Sag Enterprise Zone aims to stimulate new development and expansion, thereby creating employment in the region. New construction and expansion of commercial and industrial projects located in the zone may qualify for significant real estate, sales tax and construction cost savings. Eligible commercial/industrial projects may qualify for the following benefits within the Enterprise Zone:

- » 50% abatement of City portion of real estate taxes for 5 years.
- » 50% reduction in building permit or zoning application fees.
- » Sales tax abated on building materials for zone projects – with valid certificate of eligibility/ exemption

More common development incentives such as zoning variations, sales tax rebates, infrastructure improvements, and County Class 6 and Class 8 property tax incentives have been provided on an as needed/appropriate, project specific basis throughout the community. Blue Island has been the recipient of over \$800,000 in grants to assist in environmental clean-up at various locations around the community.

Blue Island elected officials and staff have expressed their support and intent to utilize the resources and tools necessary to implement projects in the two study sites that are in conformance with their expressed development desires.

Stakeholder Interviews



In order to understand the development desires, potential, and limitations inherent at both of the project study sites, interviews were conducted with a representative collection of stakeholders in the community. Stakeholders were individually contacted and asked to provide their input on topics including the history of their property, any plans for expansion, renovation or sale, whether proximity to the Metra station was seen as an amenity, and any assistance that could help them progress towards their goals.

The following is a summary of input/comments collected during each of the respective stakeholder interviews. The individual responses have been organized and paraphrased where appropriate to reflect a focused overview of the applicable study site location and its immediate surroundings. A summary overview of the responses for both of the respective study sites is also provided.

CITY OF BLUE ISLAND

As part of our stakeholder outreach process, the Land Vision team met with a representative collection of stakeholders in and around the identified study site. These stakeholders included City of Blue Island, the Metropolitan Water Reclamation District of Greater Chicago (MWRD), and Metra. The following stakeholders were interviewed through this process:

- ✦ Jason Berry, *Special Projects Manager* - City of Blue Island
- ✦ Jodi Prout, *Community Development Director* - City of Blue Island
- ✦ David Chandler, *Principal Business Analyst* - Center for Neighborhood Technology
- ✦ David St. Pierre, *Director* - Metropolitan Water Reclamation District of Greater Chicago
- ✦ Carlton Lowe, *Legal Director* - Metropolitan Water Reclamation District of Greater Chicago
- ✦ Lynne Corrao, *Government Affairs Director* - Metra
- ✦ Catherine Kannenberg, *Department Head, System Performance & Data* - Metra

Summary Overview

The key stakeholders (e.g. Blue Island, MWRD, and Metra), related to the 2125 Fulton Street and 2250 Fulton Street each recognize the significant potential that these two sites provide within the City of Blue Island. As such, each has expressed a commitment to be a willing and active partner in helping to eliminate the issues which may impede development of these sites. Specifically, MWRD may consider alternative property policies to potentially allow a portion of the 2125 Fulton Street site to be conveyed to a private developer. Metra is willing to assist where possible in relocating commuter parking to other properties near the Vermont Street station.

Through the collaborative and participatory relationship of the three key stakeholders, the 2125 Fulton Street and 2250 Fulton Street sites may be made available for development for their highest and best use. Based on the expressed desires of the City this may be for 6 story, TOD supportive, market rate rental residential products. A limited amount of commercial/retail may be supportable as part of a mixed-use project at the 2250 Fulton Street site. Ancillary parking to support the uses may be provided off-street in conformance with the new draft zoning regulations for the area.





City of Blue Island

Stakeholder Interview Contact:

Jason Berry, *Special Projects Manager*
 Jodi Prout, *Community Development Director*
 David Chandler, *Principal Business Analyst (CNT)*

- » It is the opinion of the City of Blue Island that the 2250 Fulton Street and 2125 Fulton Street sites represent some of the best transit-oriented development opportunities in the community. From simply a development aesthetic perspective, the 2125 Fulton Street may be the most attractive piece of property in Blue Island.
- » Ownership of the two study sites, 2250 Fulton Street and 2125 Fulton Street are under the City of Blue Island and MWRD, respectively. The existing lease and use of 2250 Fulton Street for Metra parking and ownership of 2125 Fulton Street by MWRD present unique challenges to the redevelopment of each site. Specifically finding an acceptable site to relocate the existing commuter parking and subdivision of the MWRD site to allow for fee-simple ownership of the property by a private developer.
- » In regards to the 2250 Fulton Street site, Metra has expressed a willingness to relocate and possible co-locate shared parking elsewhere near the station. To participate in the relation, Metra will require the same 212 spaces to be provided and is unwilling to contribute to the cost of the relocation.
- » In regards to 2125 Fulton Street, a meeting with MWRD will be necessary to gauge their willingness to allow for subdivision of the property for new development. The City will pursue a meeting with MWRD to discuss the subdivision/conveyance issues.



- » The development opportunities for both the 2250 Fulton Street and 2125 Fulton Street sites appear to be most appropriate for residential development. 2250 Fulton Street may support some minor mixed-use on the main level due to its adjacency to the Vermont Street station.
- » Building heights and densities may be up to 6 stories and should be consistent with the updated zoning regulations that the City is developing for the area around the Metra Station.
- » Any development on the sites should capitalize on the visibility and accessibility provided by the Channel as well as proximity to the Vermont Street station and downtown district.
- » Incorporation of the proposed Cal-Sag Trail through the 2125 Fulton Street site should be accomplished via provision of an appropriate setback from the edge of the water. A sixty to eighty foot setback has been discussed and should be further evaluated in conjunction with the conceptual configurations/building massing for the site.



Metropolitan Water Reclamation District of Greater Chicago

Stakeholder Interview Contact:

David St. Pierre, *Director*

Carlton Lowe, *Legal Director*

The meeting with the representatives of MWRD was conducted by staff of the City of Blue Island and South Suburban Mayors and Managers Association. Representative of Land Vision, Inc. were not in attendance at the meeting. The following summary has been prepared based on comments provided to Land Vision by representatives from the representatives of both the City and SSMMA in attendance at the meeting.

- » MWRD has a land ownership/management policy that encourages preservation of existing real estate assets and discourages ownership conveyance even for non-essential and/or under utilized properties. The organization may be willing consider an alternative policy for those instances where significant community benefit can be demonstrated. A recent example of this alternative policy is evidenced by MWRD's conveyance of a portion of land to Northside College Prep High School.
- » In regards to the 2125 Fulton Street site, which is under MWRD ownership, the organization may be willing to consider conveyance of a portion of the property for redevelopment purposes.
- » The portion of the 2125 Fulton Street site immediately abutting the Calumet-Sag Channel would be required to be preserved under MWRD ownership. The depth of the preservation parcel (a.k.a. set-back) may be approximately 60' from the shoreline. The setback area may be used as a recreational purposes and/or water management.
- » The setback area may be able to be used for the proposed Cal-Sag Trail connection under a lease option between MWRD and the City. There may also be a possibility of a lease with a private HOA group and MWRD that may develop the remainder of the site.
- » It is suggested that the City and SSMMA move forward in the preparation of conceptual development plans for the site, seek an appraisal for the value of the property, and return with a development concept that may be informally considered by representatives of MWRD.



Metra

Stakeholder Interview Contact:

Lynne Corrao, *Government Affairs Director*

Catherine Kannenberg, *Department Head, System Performance & Data*



- » During the course of the last several years, Metra has been in on-going communication with the City of Blue Island in regards to its various planning and development initiatives, specifically as they relate to the commuter parking lots within the downtown district.
- » The City of Blue Island owns the lot located at 2250 Fulton Street which contains 194 surface level spaces. Twenty-two additional spaces are located on the Grove Street lot which is also owned by the City. Metra leases these lots for the commuter parking needs related to the Vermont Street station.
- » The surface level lot located at 2125 Fulton Street is owned by the MWRD and was historically used for commuter parking. The lease agreement for commuter parking between the City and MWRD for the site is now expired. There are no plans to renew the lease at this time due to limited utilization of the site.
- » Metra is open to consideration of the concept of redevelopment of the 2250 Fulton Street site so long as the commuter parking is replaced at no cost to Metra. The replacement parking must be at a 1 to 1 ratio and located within line-of-site and a ¼ miles walking distance of the station.
- » The City and Metra have considered various other locations to develop parking including shared use options with major employers such as MetroSouth Medical Center, northwest of 2250 Fulton Street site. Metra has done similar joint parking arrangements in Arlington Heights, Palentine and Elmhurst. Financing of these projects remains a significant difficulty.
- » If parking were to be relocated, there may be some pedestrian crossing concerns along Vermont Street. A directional signage program may be needed in conjunction with any parking relocation plan.
- » Metra would prefer that the daily parking rate associated with any relocated parking remain at the current \$1.25 / day so as to not discourage any ridership from the station.
- » At this time, \$2.9 million has been allocated for redevelopment of the Vermont Street Metra station. The dollars are allocated exclusively for station improvements and may not be used for other streetscape/signage enhancements.



Conceptual Development Vision Statements

Defining the preliminary Conceptual Development Vision for the individual study sites takes into consideration a diversity of competitive but equally important components. These include but are not limited to the:

- » expressed development desires of the community;
- » underlying zoning, land use, and infrastructure capacity and suitability;
- » site acquisition and/or ownership willingness to participate in development/redevelopment initiatives;
- » market/financial feasibility of the envisioned product type(s);
- » identification and engagement of the proven private sectors partners; and
- » political will to assist in successful project implementation.

Through the site and market evaluations, stakeholder interviews, and expressed desires of the community, the following preliminary Conceptual Development Vision Statements will be physically and financially tested for each of the study sites. Two concepts for each site have been evaluated to allow for comparison of both a moderate/high and low/moderate intensity development for the site.



CITY OF BLUE ISLAND – 2125 Fulton Street Study Site

Concept A – Moderate/High Intensity:

Development opportunities for 2125 Fulton Street in Blue Island are benefited by the existing access to the water front along the Calumet-Sag Channel, the MWRD SideStream Elevated Pool Aeration Station No. 3 to the west, and convenient walking distance to the Vermont Street Metra Station and retail, entertainment, and employment options in the Downtown district. These assets combined with the isolated location of the site within a residential neighborhood focus the development vision toward a multi-family residential use. The development should be consistent with the City's draft UT-TOD District. Four to six-story, market rate rental residential structures may be developed on the site and configured so as to maximize exposure along the Channel edge.

Vehicular access to the site may be from Fulton Street at or near the intersection with Chicago Street. Pedestrian access may be provided via the existing sidewalks along Fulton Street and Chatham Street. Pedestrian linkages within the development should be provided to the MWRD SideStream Elevated Pool Aeration Station No. 3 to the west, as well as the planned pedestrian/bike trail along the Channel.



Open space and landscaping may be provided as an aesthetic buffer along the Chatham Street and Fulton Street edges of the site. In addition, a 40'-60' setback from the Channel edge may be provided to allow for the planned Cal-Sag Trail connection. This path may be incorporated into the open space needs for the envisioned 2125 Fulton Street project.

Off-street parking may be provided via a centralized surface lot between the envisioned buildings of the projects and/or via a linear lot along Fulton Street. The selected focal point of the site configuration (e.g. Channel frontage or Fulton Street) will determine the appropriate location for the necessary surface parking.

Stormwater Best Management Practices

Promotion of water quality is of particular importance to MWRD and for sites adjacent to waterways such as the Calumet-Sag Channel. As such, sustainable stormwater management practices are a priority for this site.

According to 2012 MWRD detention credit guidelines, up to 25% of required detention can be provided using bioswales or rain gardens. The MWRD allows the runoff coefficient for rain gardens to be lower than that for turf grass, reducing the overall required detention volume.

To accommodate 25% of the required detention, 1,100 square yards of space for rain gardens may be provided in place of turf or planting beds. Rain gardens would include engineered soil, native plantings, and underdrains. This would create an excess 1,500 cubic yards of excavated soil to be hauled away.



Blue Island (2125 Fulton Street) Concept A – Moderate/High Intensity:

Site Area: 171,809 square feet (3.94 acres)

Building Height: 4 stories (46 feet)

- » 3 stories residential
- » 1 story parking

Building Square Footage: 299,936 square feet

- » Building A: 184,836 square feet
 - 46,209 square feet per floor
 - Residential total: 138,627 square feet
 - Garage total: 46,209 square feet
- » Building B: 115,100 square feet
 - 28,775 square feet per floor
 - Residential total: 86,325 square feet
 - Garage total: 28,775 square feet

Residential Units: 197 units (950 square feet/unit)

- » 122 units (Building A)
- » 75 units (Building B)

Parking: 223 spaces

- » 146 spaces (Building A structure)
- » 77 spaces (Building B structure)

60 foot Channel Setback

Sustainability Practices

- ❑ Up to 25% of required stormwater detention can be realized using bioswales or rain gardens
- ❑ 1,100 square yards of rain gardens will fulfill the volume credit offered by the Metropolitan Water Reclamation District of Great Chicago



Concept B – Low/Moderate Intensity:

To provide a transition between the single family character of the abutting neighborhoods to the north and the envisioned moderate intensity of the 2125 Fulton Street site, two to three story townhomes may be incorporated into the eastern portion of the site in conjunction with a 4-6 story market rate rental structure on the west portion of the property. The structures may be configured so as to maximize exposure along the Channel edge. In the short-term, the townhome product area may be reserved as open space or additional surface parking until the market for for-sale product improves.

Vehicular access to the site may be from Fulton Street at or near the intersection with Chicago Street. Pedestrian access may be provide via the existing sidewalks along Fulton Street and Chatham Street. Pedestrian linkages within the development should be provided to the MWRD SideStream Elevated Pool Aeration Station No. 3 to the west, as well as the planned pedestrian/bike trail along the Channel.

Open space and landscaping may be provided as an aesthetic buffer along the Chatham Street and Fulton Street edges of the site. In addition, a 60'-80' setback from the Channel edge may be provided to allow for the planned Cal-Sag Trail connection. This path may be incorporated into the open space needs for the envisioned 2125 Fulton Street project.

Off-street parking may be provided at a ratio of 1 space per unit via a centralized surface lot between the rental and townhome portions of the project and/or via a linear lot along Fulton Street. Dedicated alley loaded garage parking for the townhomes units may be provide in conjunction with the site configuration. The selected focal point of the site configuration (e.g. Channel frontage or Fulton Street) will determine the appropriate location for the necessary surface parking.

CITY OF BLUE ISLAND – 2250 Fulton Street Study Site

Concept A – Moderate/High Intensity:

Blue Island's 2250 Fulton Street site is unique in its proximity to a tremendous diversity of highly desirable amenities within the community. These specifically include the Vermont Street Metra Station to the northwest, the MWRD SideStream Elevated Pool Aeration Station No. 3 and Calumet-Sag Channel to the south, and Downtown to the west. These assets combined with the limited accessibility and visibility from a commercial perspective, move the development vision toward a multi-family residential use. The development should be consistent with the City's draft UT-TOD District. A four to six story, market rate rental residential structure may be developed on the site and configured so as to maximize the floor area ratio (FAR) of the site.

Due to its proximity to the train tracks, specialized noise and vibration mitigation elements should be incorporated into the design of the buildings located on the 2250 Fulton Site. Mitigation measures relating to this issue are not uncommon within the metropolitan area given its history and concentration of significant rail infrastructure. These measures consist of a variety of design techniques; such as reducing the number of openings in walls adjacent to tracks and positioning bedrooms away from those exterior walls, construction techniques; including using double wall systems and/or a floating floor systems to absorb noise and vibration, and material selection techniques; including installing heavy paned, double glazed windows and ensuring that all cracks and openings are sealed with high density sealant.

Vehicular access to the site may be provided from Fulton Street, Irving Avenue, and/or Grove Street. The significant grade difference (approximately 12') between Grove Street on the north and Fulton Street on the south create opportunities to potentially separate individual ingress/egress points for specific uses to be located on the site.



Pedestrian access and circulation may be provided via the existing sidewalks along Grove Street as well as sidewalk enhancements along Irving Avenue. Additional pedestrian linkages into the MWRD SideStream Elevated Pool Aeration Station No. 3 and to the planned pedestrian/bike trail along the Channel will also be provided at the southeast corner of the site near the intersection of Fulton Street and Irving Avenue.

Open space and landscaping may be provided as an aesthetic buffer along the periphery of the site, including a buffer with the Metra tracks. Given the urban character of the site and its proximity to the MWRD SideStream Elevated Pool Aeration Station No. 3, dedicated on-site open spaces are not envisioned to be included as part of the project.

A large grade separation between the north and south side of the site may allow for a 2-level shared parking structure. Upper levels could be envisioned for commuter use with a level walk to the station and lower levels would serve the residents of the building under development. Any reduction in the total number of existing commuter parking will be replaced at a 1:1 ratio with no cost to Metra. Off-site parking should be placed within a direct line of sight to the station and at no more than a ¼ mile walking distance as per Metra's guidelines for replacement parking.



Blue Island (2250 Fulton Street) Concept A – Moderate/High Intensity:

Site Area: 93,525 square feet (2.15 acres)

Building Height: 8 stories (89 feet)

- » 6 stories residential
- » 2 stories parking

Building Square Footage: 299,936 square feet

- » 21,875 square feet per floor
- » Residential total: 131,250 square feet
- » Metra Garage: 93,525 square feet
- » Apartment Garage: 59,100 square feet
- » Townhome Garages: 9,550 square feet

Residential Units: 141 units

- » 24 townhomes (1,550 square feet/unit)
- » 117 apartments (950 square feet/unit)

Office/Commercial Space: 4,500 square feet

Parking: 420 spaces

- » 217 spaces (Metra - 1st story structure)
- » 203 spaces (Private - 2nd story structure)

Concept B – Low/Moderate Intensity:

The locational characteristics of the 2250 Fulton Street site, specifically Vermont Street Metra Station, the MWRD SideStream Elevated Pool Aeration Station No. 3 and Calumet-Sag Channel, and Downtown along with limited accessibility and visibility from a commercial perspective, move the development vision toward a multi-family residential use. The development should be consistent with the City's draft UT-TOD District. A four story, market rate rental residential structure may be developed on the site and configured so as to maximize the floor area ratio (FAR) of the site. The current commuter parking for 212 cars would be relocated to another site within the station area.



Due to its proximity to the train tracks, specialized noise and vibration mitigation elements should be incorporated into the design of the buildings located on the 2250 Fulton Site. Mitigation measures relating to this issue are not uncommon within the metropolitan area given its history and concentration of significant rail infrastructure. These measures consist of a variety of design techniques; such as reducing the number of openings in walls adjacent to tracks and positioning bedrooms away from those exterior walls, construction techniques; including using double wall systems and/or a floating floor systems to absorb noise and vibration, and material selection techniques; including installing heavy paned, double glazed windows and ensuring that all cracks and openings are sealed with high density sealant.

Vehicular access to the site may be provided from Fulton Street, Irving Avenue, and/or Grove Street. A drop-off area and guest parking may be provide at the Grove Street grade level while a second ingress/ egress point may be provide at the southern end of the site. Pedestrian access and circulation may be

provided via the existing sidewalks along Grove Street as well as sidewalk enhancements along Irving Avenue. Additional pedestrian linkages into the MWRD SideStream Elevated Pool Aeration Station No. 3 and to the planned pedestrian/bike trail along the Channel may also be provided at the southeast corner of the site near the intersection of Fulton Street and Irving Avenue.

Open space and landscaping may be provided as an aesthetic buffer along the periphery of the site, including as buffer with the Metra tracks. A small pocket park may be incorporated into the south end of area abutting the MWRD SideStream Elevated Pool Aeration Station No. 3. Given the urban character of the site significant dedicated on-site open space is not envisioned to be included as part of the project.

Off-Street parking options for the project may include guest parking within a surface parking lot accessible from Grove Street as well as a second surface level parking lot for residential units near Fulton Street. Parking ratios of the residential units would be approximately one space per unit. The total number of resident and guest space and the location and configuration of the proposed lots will be determined in conjunction with the conceptual design of the site.

Any reduction in the total number of existing commuter parking will be replaced at a 1:1 ratio with no cost to Metra. Off-site parking should be placed within a direct line of sight to the station and at no more than a ¼ mile walking distance as per Metra's guidelines for replacement parking.



Blue Island (2250 Fulton Street) Concept B – Low/Moderate Intensity:

Site Area: 93,525 square feet (2.15 acres)

Building Height: 6 stories (69 feet)

- » 5 stories residential
- » 1 story parking

Building Square Footage: 210,894 square feet

- » 35,149 square feet per floor
- » Residential total: 175,745 square feet
- » Garage total: 35,149 square feet

Residential Units: 155 units (950 square feet/unit)

Parking: 187 spaces

- » 99 spaces 1st floor parking
- » 77 spaces existing surface parking
- » 11 spaces added to existing surface parking

Preliminary Pro-Forma Evaluations

To begin to understand the potential feasibility of market desired development projects for each of the Blue Island/Vermont Street station development sites, a series of preliminary pro-forma evaluations were prepared for each area. These preliminary evaluations were designed to correspond with the Conceptual Development Visions designated by the stakeholder municipalities. In regards to the 2125 Fulton Street development site, the City of Blue Island indicated that it desired to evaluate only a moderate/high intensity development scenario, however, in the 2250 Fulton Street site both a low/moderate and moderate/high intensity scenario were developed.

The preliminary pro-forma evaluations demonstrate the relationship between density, tenant revenue, rental rates, and developer capitalization rates as they relate to project type and mix and thereby inform and strengthen the decision making process. The preliminary pro-forma evaluations provide the City of Blue Island with a broad “bird’s eye” view as to whether the project is practical and feasible. Where the practical and financial validity of the proposed concept is verified, the stakeholder municipality can then determine the appropriateness of soliciting interest from the development marketplace. It should be noted that the preliminary development pro-forma evaluations are not intended to represent or replace the need for a developer’s formal pro-forma. Such detailed pro-forma’s can only be prepared by a developer once the project is made available to the marketplace.

The preliminary pro-forma evaluation tables (*as read from left to right*) provided below each of the conceptual development visions are intended to do the following:

- » Apply market feasible rent per square foot estimates to produce the approximate annual revenue (a.k.a. gross income) that may be generated for each conceptual project (deductions for new building operating expenses can be made by a developer as part of a more detailed pro-forma).
- » Calculate a project value for each development by utilizing the annual project revenue estimates and applying a market supportable capitalization rate (a.k.a rate of return) of 8%.
- » Identify and examine the development costs (i.e. hard, soft, parking, and land preparation costs) to build the conceptual project in consideration of the identified project value and cash flows generated with an 8% rate of return.
- » Calculate a land value by subtracting the construction costs, soft costs, parking costs, and site preparation costs (including detention) from the estimated project value. The total of development costs subtracted from project value will equal the amount which the developer can pay for the land (e.g. \$+ or \$0 or \$-). In the case of a negative land value (\$-) the developer would pay nothing for the land and the conceptual project is still in the hole assuming the requisite 8% rate of return for the developer. The land value is the last entry because the value of the land is what the project allows the value to be not what a property owner wants or what an appraisal might suggest.
- » Identify market comparable “estimated land value” as found for comparative rates/prices for similar sized land in the region. Based upon the comparables found in the marketplace, the cost of land does not appear to be significant factor/calculation in these scenarios.

For each of the scenarios presented, it should be noted that municipal partnering will be required. Such partnering may involve at a minimum land purchase and/or infrastructure improvements. Other incentive participation may also be necessary. Tax Increment Financing (TIF) is anticipated to be used as a primary partnering resource in cooperation with other potential sources as part of a broad “municipal tool kit.”

The scenarios as presented begin to demonstrate to the City of Blue Island how practical the conceptual project may be and how manipulation of the input assumptions may significantly alter the potential feasibility of the project (e.g. rent assumptions, capitalization rate, construction costs, site prep costs, others). If the TIF increment over the life of the TIF is adequate to cover the deficit in the projected conceptual project pro-forma with a reasonable municipal investment (i.e. reasonable municipal investment as a percent to total project costs) then the stakeholder municipality may view the conceptual project as practical.

As stated previously, these preliminary pro-forma evaluations are intended to assist the stakeholder municipality in understanding the magnitude of potential financial partnering that may be necessary with developers to undertake these conceptual projects and whether or not the project elements (rents / quality) correspond to their development vision and expectations. It provides an answer to the question, “Should we proceed with developer solicitations in the marketplace?”

The input data and parameters used in the generation of the preliminary pro-forma evaluations were collected and tested from multiple sources so as to establish a set of conservative/practical assumptions based on the marketplace. Specifically:

- » A wide range of rents for new construction from as low as \$1.30 p/sf (from a very large developer) to \$1.45/\$1.50 p/sf (our general read of the marketplace) to \$1.60 p/sf to as high as \$1.70 p/sf were identified based on review of on-going, planned, and proposed development projects within the metropolitan area. For purposes of this study a rent of \$1.50 p/sf (assumes a 950 sf apartment is \$1,425.00/month) was selected.
- » We identified various building construction cost estimates for moderate/high quality buildings that ranged from \$160.00 p/sf (lowest from a very large developer) to \$250.00 p/sf. Building construction cost estimates as provided on the RS Means website ranged from \$138.00 p/sf (low); \$154.00 p/sf (median); and \$192.00 p/sf (high). The National Construction Estimator database projections that include hard and soft costs is \$186.78 (adjusted for Chicago). Based upon these findings the construction cost of \$186.78 p/sf was selected as it is: 1) from the national data base; 2) within the RS Means website data; and 3) close enough to the \$160.00 to be considered comparative.
- » Construction costs for structured parking were identified to range from as low as \$20,000 to as high as \$38,000-\$40,000 per space. Historically, BDI has used a per space cost for structured parking of \$27,000. As the structured parking in the majority of the development concepts must also support not just parking floors but also multiple residential floors, a structured parking cost estimate of \$25,000 per space was utilized.
- » Land preparation costs including but not limited to site grading, stormwater management, public and private utilities, and landscaping/streetscaping were estimated based on the conceptual development plans and review of available municipal resources. The land preparation cost estimates were incorporated into the preliminary pro-forma evaluations to represent the total anticipated land preparation costs for the representative conceptual development project.
- » A capitalization rate of 8% was selected based on the anticipated risk associated with the development of new construction projects (i.e. requires extensive tenanting). A rate of 8% is traditionally higher than the rate of return which would be utilized when purchasing a completed and fully tenanted building.

Estimated Financial Assistance/Incentives Participation

Using the conservative/practical assumptions identified above, the preliminary pro-forma evaluations of the conceptual development scenarios represent some interesting comparisons. As a broad rule of thumb, it is suggested that municipal participation in any single project be less than 20% of project cost or project value. The municipal participation calculation is the deficit or negative land value shown in the respective tables divided by project cost or by project value (we suggest use of the project cost calculation). The further below the 20% municipal participation threshold a project can be shown to demonstrate, the better the potential project from the municipalities perspective. Again, these calculations assume an actual land value of zero. The development cost/value benchmarks for each project as shown below:

Project	Cost	Value
2125 Fulton	16.8%	20.2%
2250 Fulton A*	15.2% / 26.8%	20.8% / 36.7%
2250 Fulton B*	12.0% / 16.4%	13.6% / 18.6%

NOTE*: The development concepts for 2250 Fulton are provided with the cost of the relocated Metra parking removed. It will not work with the developer paying for structured Metra parking.

The scenarios presented on the following pages represent a positive start for City of Blue Island. While manipulating the various input numbers to produce even more positive results is always possible but that does not seem like a prudent exercise. For example;

- » Dropping the building costs from \$186.79/ square foot to the lowest cost number we have heard (\$160.00) would significantly improve the scenarios through a reduction in the projected deficit. However, that would be speculative and deviate from our objectives of utilizing a conservative approach to the calculation projections.
- » Raising the rent from \$1.50 to \$1.60 per square foot would also improve the scenario. However, the issue is the true marketability of the project: \$1.30 p/sf = \$1,235/month; \$1.50 p/sf = \$1,425/month; \$1.60 p/sf = \$1,520/month. Reducing the size of the proposed units to 850 square feet would also affect rent (\$1.50 p/sf is \$1,275/month). The potential options are endless. Ultimately it is the marketability of the project which the developer (and the financing institution/bank) will use to determine the rent.
- » The 8% capitalization rate is appropriate given the typical risk exposure for new development projects in the region. Lowering it does not seem practical. Raising it suggests the developer thinks the project is high risk and may be unlikely to pursue the project. The developer and financing institution will have significant input into the final capitalization rate.
- » As per the direction of the community, the projects represented in the development visions are envisioned as moderate/high quality for their respective locations. Dropping the product quality may reduce costs and allow for corresponding reductions in the monthly rent. Eliminating structured parking with different design (e.g. all surface parking) may also reduce the development costs. However, the municipalities has requested a high quality project. Under any scenario where rents are reduced it is probable that the rent will still be higher than current rents (older buildings).



Use	Residential Units	Residential Unit Square Footage	Total Residential Floor Square Footage	Parking Spaces	Average Rent PSF	Net Income	Estimated Value
Building A	122	115,900	138,627	146	\$1.50	\$2,086,200	\$26,077,500
Building B	75	71,250	86,325	77	\$1.50	\$1,282,500	\$16,031,250
TOTAL CONCEPT	197	187,150	224,952	223		\$3,368,700	\$42,108,750

Blue Island (2125 Fulton Street)

Moderate/High Intensity



Site Data:

Site Area: 171,809 square feet (3.94 acres)

Building Height: 4 stories (46 feet)

- ❑ 3 stories residential
- ❑ 1 story parking

Building Square Footage: 299,936 square feet

- ❑ **Building A:** 184,836 square feet
46,209 square feet per floor
Residential total: 138,627 square feet
Garage total: 46,209 square feet
- ❑ **Building B:** 115,100 square feet
28,775 square feet per floor
Residential total: 86,325 square feet
Garage total: 28,775 square feet

Residential Units: 197 units (950 square feet/unit)

- ❑ 122 units (Building A)
- ❑ 75 units (Building B)

Parking: 223 spaces

- ❑ 146 spaces (Building A structure)
- ❑ 77 spaces (Building B structure)

Channel Setbacks:

- ❑ 100 foot setback from channel waterline
- ❑ 60 foot setback from channel property line

Sustainability Practices:

- ❑ Up to 25% of required stormwater detention can be realized using bioswales or rain gardens
- ❑ 1,100 square yards of rain gardens will fulfill the volume credit offered by MWRD

Pro-Forma Data Table

Construction Costs (Hard Costs)	Soft Costs	Parking Costs	Land Preparation Costs	Estimated Total Cost	Estimated Land Value	Estimated Market Comparable Land Value
\$22,516,490	\$3,377,474	\$3,650,000	\$3,000,000	\$32,543,064		
\$14,021,338	\$2,103,201	\$1,925,000		\$18,049,539		
\$36,537,829	\$5,480,674	\$5,575,000	\$3,000,000	\$50,593,503	-\$8,484,753	\$686,506
Estimated Financial Incentive Participation (cost/value)					16.8% / 20.2%	
Estimated Annual Taxes					\$842,180	
Estimated 23-Year Increment Taxes					\$19,370,100	
Estimated Net Present Value					\$10,361,700	



Use	Residential Units	Residential Unit Square Footage	Total Residential Floor Square Footage	Parking Spaces	Average Rent PSF	Net Income	Estimated Value
Apartments	117	111,150	131,250		\$1.50	\$2,000,700	\$25,008,750
Townhomes	24	37,200			\$1.50	\$669,600	\$8,370,000
Commercial/Office		4,500			\$15.00	\$67,500	\$843,750
Parking (Metra)				217			
Parking (Resident)				203			
TOTAL CONCEPT	141	152,850	131,250	420		\$2,737,800	\$34,222,500



Blue Island (2250 Fulton Street) Concept A Moderate/High Intensity

Site Data:

Site Area: 93,525 square feet (2.15 acres)

Building Height: 8 stories (89 feet)

- ❑ 6 stories residential
- ❑ 2 stories parking

Building Square Footage: 299,936 square feet

- ❑ 21,875 square feet per floor
- ❑ Residential total: 131,250 square feet
- ❑ Metra Garage: 93,525 square feet
- ❑ Apartment Garage: 59,100 square feet
- ❑ Townhome Garages: 9,550 square feet

Residential Units: 141 units

- ❑ 24 townhomes (1,550 square feet/unit)
- ❑ 117 apartments (950 square feet/unit)

Office/Commercial Space: 4,500 square feet

Parking: 420 spaces

- ❑ 217 spaces (Metra - 1st story structure)
- ❑ 203 spaces (Private - 2nd story structure)

Pro-Forma Data Table

Construction Costs (Hard Costs)	Soft Costs	Parking Costs	Land Preparation Costs	Estimated Total Cost	Estimated Land Value	Estimated Market Comparable Land Value
\$21,318,281	\$3,197,742		\$3,800,000	\$28,316,023		
\$6,042,210	\$906,332			\$6,948,542		
\$871,889	\$130,783			\$1,002,672		
		\$5,425,000		\$5,425,000		
		\$5,075,000		\$5,075,000		
\$28,232,380	\$4,234,857	\$10,500,000	\$3,800,000	\$46,767,237	-\$12,544,737	\$374,616
Estimated Financial Incentive Participation (cost/value)					15.2% / 20.8%	
Estimated Annual Taxes					\$684,460	
Estimated 23-Year Increment Taxes					\$15,742,600	
Estimated Net Present Value					\$8,421,400	



Use	Residential Units	Residential Unit Square Footage	Total Residential Floor Square Footage	Parking Spaces	Average Rent PSF	Net Income	Estimated Value
Building	155	147,250	175,745	99	\$1.50	\$2,650,500	\$33,131,250
Parking (Additional Surface)				88			
TOTAL CONCEPT	155	147,250	175,745	187		\$2,650,500	\$33,131,250

Blue Island (2250 Fulton Street) Concept B Low/Moderate Intensity



Site Data:

Site Area: 93,525 square feet (2.15 acres)

Residential Units: 155 units (950 square feet/unit)

Building Height: 6 stories (69 feet)

- ✘ 5 stories residential
- ✘ 1 story parking

Parking: 187 spaces

- ✘ 99 spaces 1st floor parking
- ✘ 77 spaces existing surface parking
- ✘ 11 spaces added to existing surface parking

Building Square Footage: 210,894 square feet

- ✘ 35,149 square feet per floor
- ✘ Residential total: 175,745 square feet
- ✘ Garage total: 35,149 square feet

Pro-Forma Data Table

Construction Costs (Hard Costs)	Soft Costs	Parking Costs	Land Preparation Costs	Estimated Total Cost	Estimated Land Value	Estimated Market Comparable Land Value
\$28,545,382	\$4,281,807	\$2,475,000	\$1,800,000	\$37,102,189		
		\$528,000		\$528,000		
\$28,545,382	\$4,281,807	\$3,003,000	\$1,800,000	\$37,630,189	-\$4,498,939	\$374,100
Estimated Financial Incentive Participation (cost/value)					12.0% / 13.6%	
Estimated Annual Taxes					\$684,460	
Estimated 23-Year Increment Taxes					\$15,742,600	
Estimated Net Present Value					\$8,421,400	

Development Assumptions

Parking Space SF	350	
SF/Acre	43,560	
Coverage	0.85	(Typical, but assume LV's coverages)

Costs

Soft Costs	0.15	Percent
Land Preparation/SF		Per Land Prep Spreadsheet vs. Typical \$3.50
Land Cost/SF	\$4.00	Listings range from \$1.25PSF to \$5.00PSF
Cap Rate	8.00%	

	Per Sources		
Commercial Rent/SF	\$13.00	\$13.00	
Apartment Rent/SF (BI)	\$0.90	\$10.80	\$0.90 Per apartments.com for Blue Island/Alsip (best product)
Apartment Rent/SF (Top Product)	\$1.50	\$18.00	
Retail/Commercial Rent (Better Product)	\$15.00		

Garage Parking Cost/Space	\$25,000.00
Covered Parking Cost/Space	\$14,000.00
Surface Parking Cost/Space	\$6,000.00

Apartment Average SF	950
TH Average SF	1,550

Land PSF--Selected Listings	
\$3.25	
\$4.54	
\$1.25	Concrete Plant, South Holland
\$4.00	

Market Construction Costs (PSF at Highest PSF)	At .89
APARTMENT, 2-3 STORY Costs per square foot of floor area	\$139.82
APARTMENT, 4-7 STORY Costs per square foot of floor area	\$162.43
OFFICE, 2-3 STORY Costs per square foot of floor area	\$193.75
STORE, RETAIL Costs per square foot of floor area	\$144.27
RESTAURANT Costs per square foot of floor area	\$237.72

APARTMENT, 2-3 STORY (Costs per square foot of floor area)

Building Parameters: 2 Story, 10 Ft Story Height, 15,000 Square Feet

Exterior

» Wood siding on stud frame	\$148.90
» Brick veneer on stud frame	\$152.60
» Stucco on stud frame	\$148.30
» Brick, concrete block back-up	\$157.10
» Decorative concrete block	\$154.20

APARTMENT, 4-7 STORY (Costs per square foot of floor area)

Building Parameters: 6 Story, 11 Ft Story Height, 65,000 Square Feet

Exterior

» Decorative concrete block, steel frame	\$180.00
» Brick, concrete block back-up, steel frame	\$182.50
» Brick, concrete block back-up, reinforced concrete frame	\$162.10
» Precast panels, steel frame	\$186.80
» Precast panels, reinforced concrete frame	\$156.80

OFFICE, 2-3 STORY (Costs per square foot of floor area)

Building Parameters: 3 Story, 12 Ft Story Height, 23,000 Square Feet

Exterior

» Wood siding on stud frame	\$175.30
» Brick veneer on stud frame	\$179.10
» Stucco on stud frame	\$174.70
» Decorative concrete block	\$181.90
» Brick, concrete block back-up, steel frame	\$217.70

Construction Cost Assumptions

STORE, RETAIL (Costs per square foot of floor area)

Building Parameters: 1 Story, 14 Ft Story Height, 35,000 Square Feet

Exterior

» Brick, concrete block back-up, steel frame	\$162.10
» Precast panels, steel frame	\$165.20
» Decorative concrete block, steel frame	\$160.20
» Tilt-up panels, steel frame	\$156.50
» Stucco on stud frame	\$137.00

RESTAURANT (Costs per square foot of floor area)

Building Parameters: 1 Story, 12 Ft Story Height, 5,000 Square Feet

Exterior

» Wood siding on stud frame	\$252.90
» Brick veneer on stud frame	\$258.00
» Brick, concrete block back-up, steel frame	\$267.10
» Decorative concrete block, steel frame	\$263.20
» Stone veneer, block back-up, steel frame	\$296.40

ILLINOIS

Chicago	0.89
Peoria	0.89
Rock Island	0.88
Rockford	0.88

Land Preparation Cost Assumptions

Blue Island

» 2125 Fulton	\$3,000,000
» 2250 Fulton, Concept Plan A	\$3,800,000
» 2250 Fulton, Concept Plan B	\$1,800,000

Tax Revenue Increment Assumptions

- » Taxes are 2% per year of project value (re-verified to the greatest extent possible).
- » A flat value assumption was used to create tax increment calculations. This means that no appreciation of the building value over the 23-year life span of a TIF has not been assumed. This provides a conservative estimate, since the building will likely appreciate in value over time.
- » No annual payments have been included from the TIF increment to the school district based on dollar per head counts of students living in the building. The expectation is that the student head count would be very low.
- » Net present values of the increment for each site scenario over the 23-year life span of the TIF have been calculated at 6.0%. This relates the cash flow to the present day value which could either be bonded or use a combination of bonding with an annual “pay-as-you-go” agreement with the developer.

KEY ACTION ITEMS

City of Blue Island

To assist the City of Blue Island in moving its respective TOD development sites to the next level, a series of community specific action items has been identified. Implementation of these items in conjunction with the larger Predevelopment Tool Kit recommendations can assist the community in establishing the foundations for successful development of their key TOD redevelopment sites.

City of Blue Island (2125 & 2250 Fulton Street)

- ❑ Update the Comprehensive Plan as necessary to reflect the development goals, objectives and vision as outlined within the study report.
- ❑ Complete the process of expanding the TIF district to encompass both the 2125 Fulton Street and 2250 Fulton Street sites.
- ❑ Complete negotiations with the Metropolitan Water Reclamation District (MWRD) which will allow for a sale of the property (and perhaps a means to determine the final price) to a future developer in conjunction with a Village administered site RFQ / RFP process.
- ❑ Determine the relocation site for the existing Metra parking on the 2250 Fulton Street site (i.e. the adjacent lumber yard) and determine the terms, conditions, and funding necessary to acquire the site and build the parking. A portion of the 2250 Fulton Street site is located within the railroad right-of-way. The City and Metra should work in conjunction with the railroad to resolve these issues in advance of soliciting developer interest in the site.
- ❑ Determine if any brownfield conditions exist on the site through execution of a Phase I environmental review.
- ❑ Be prepared to require a full market analysis from the proposed developer to determine absorption rates for new apartment units as the development will be at higher price points than any existing Blue Island product.



Blue Island (2125 Fulton Street) Concept A – Moderate/High Intensity



Blue Island (2250 Fulton Street) Concept A – Moderate/High Intensity



Blue Island (2250 Fulton Street) Concept B – Low/Moderate Intensity

Predevelopment Toolkit

To assist stakeholder communities within the SSMMA jurisdictional area, the Predevelopment Toolkit section of the Initiative for the Chicago Southland Transit Region Implementation Study provides detailed descriptions and practical examples concerning municipal preparation for economic development. The descriptions and examples address site identification and planning, and subsequent site redevelopment/development from project initiation through completion including the potential utilization of various municipal developments. The following Predevelopment Tool Kit has been prepared and addresses the following themes:

- ❑ strengthening internal municipal capacity mechanisms;
- ❑ effectively planning for desired TOD development;
- ❑ evaluating the potential impacts of the development;
- ❑ soliciting interest from the development community, and
- ❑ determining, where appropriate, public policy variances and/or municipal financing commitment levels as part of any development project.

The Initiative for the Chicago Southland Transit Region Implementation Study Predevelopment Tool Kit includes four sections which summarize the relationship between the priorities and requirements of the private sector when considering development and the public objectives of the municipality in pursuing a vision for the TOD/development area.. These sections are as follows:

1. The Municipal Checklist:

Representative Municipal Inquiries

The purpose of The Municipal Checklist is to provide a user friendly overview of the report which highlights the questions which municipal staff and elected officials might ask relative to each stage of the development process. The checklist highlights these questions, answers, and then directs the user to the more complete narrative in the report to provide the answers to these questions.

2. An Economic Development Framework For Municipalities:

The “Three-Legged Stool” Approach

An Economic Development Framework for Municipalities – The “Three-Legged Stool” Approach discusses the relationship between potential market supportable development; the ability of the public and private sector to agree on a vision based upon market realities; and, the location of land and buildings which can support the development potential.

3. The Municipal Review Process:

Guidelines for Evaluating PUD Approval, Zoning Variances, and/or Financial Assistance

This underwriting guide provides municipalities with a framework to determine how and when to best use different types of development financing incentives. Included within the guide are sample letters, documents, and other information that are typically provided by a municipality to potential developers and other stakeholders involved in the development and redevelopment process.

4. Portfolio of Municipal Economic Development Incentives and Tools:

The Portfolio of Municipal Economic Development Incentives and Tools includes a list of strategies and development mechanisms and tools that are successfully utilized by municipalities throughout the country, including numerous sources for additional information and a suggested program for organizing these key economic development and redevelopment efforts.

THE MUNICIPAL CHECK-LIST

Representative Municipal Inquiries

Municipal Inquiry: What broad type of support might developers be seeking from my municipality? Why does the private sector need municipal support at times? What are the key factors that create the need for this support?

Response: See page 48 which has a concise list of the eleven broad types of support a developer might seek and the seven reasons why particular elements related to a site might require municipal support in order to have a successful development.

Municipal Inquiry: What are the things we can do in advance of actual dialogue about a site with a developer to establish the proper atmosphere for development in our community? Do I need to have a general feel for where the site opportunities may be in my community through a prioritized community inventory.

Response: See page 49 for the list of nine items which a municipality can pursue to create the proper atmosphere for development. Yes, an inventory of sites is necessary as discussed on page three.

Municipal Inquiry: I understand that establishing development priorities is described as a “three legged stool” process involving:

- » The Private Sector Review of Project Potential;
- » The Relationship of Potential Projects to Municipal Goals and Objectives;
- » The Ability of the Site to Sustain the Project.

Municipal Inquiry: What are the issues within each category that should be considered? Is a scoring system ever in order to prioritize sites within my community using the “three legged stool” concept?

Response: See pages 50-51 for the nine items related to private sector review; the eleven items related to municipal goals and objectives; and the eight key issues related to the site which are important if the development is to be successful. Yes, a scoring system could be helpful and it is discussed next.

Municipal Inquiry: Until I reviewed these lists, I was not aware that there could be this number of important areas to understand. It sounds like there is a lot of work to do with elected officials and citizens before we actually have a potential development that is going through municipal review. As we bring the three legs of the stool together into our highest priority for sites is there any kind of scoring system which could be helpful?

Response: You are absolutely correct about the pre-development preparation work. This is often the most overlooked area by municipalities. Lack of preparation often leads to developer frustration whereby priorities and rules are being “made up on the fly” by the municipality leading to a lack of municipal direction and excessively long timeframes for the developer.

See page 52 for a potential scoring system and the reasoning behind the system.

Municipal Inquiry: What is a “by right” development request? How is the purpose of this Predevelopment Toolkit different than “by right” development? What is the reason for non-“by right” development requests from developers and property owners?

Response: “By right” development is development where the proposed project fits exactly with zoning and existing municipal policy (i.e. “development approval by the right of zoning and existing established public policy”). Non-“by right” development cannot be done within existing zoning and public policy. Typically, a developer or property owner is attempting to achieve or maximize property value through development not allowed by existing zoning. See page 53 for the seven broad reasons why a non-“by right” request might be made to a municipality and the nine potential reasons peculiar to a site which will require special (non-“by right”) municipal review.

Municipal Inquiry: So, non-“by right” is going to require much more information from the developer/property owner; much more involvement of all levels of government (and also citizens); and a very proactive approach. This almost sounds like what a bank might do when evaluating a loan. Are there any similarities?

Response: Correct....correct....correct! Please see page 54 for a summary of the similarities between bank lending and decisions about municipal partnering with the private sector in development.

Municipal Inquiry: What are the six stages of municipal development review and what are the elements within each stage?

Response: See pages 56-60 for a summary of the six stages of development review and the elements within each stage:

- ❑ *Pre-proposal meeting (nine elements from the developer; seven elements from the municipality)*
- ❑ *Application (eleven elements)*
- ❑ *Due diligence (nine elements)*
- ❑ *Elected official review*
- ❑ *Documentation*
- ❑ *Closing*

Municipal Inquiry: I know that at some point in the process we will be reviewing a complex developer financial pro-forma but how do I calculate a “bird’s eye view” of the overall financial feasibility of this project? If the project needs the financial help of my municipality how do I determine how much is enough (or too much)?

Response: Page 59 makes reference to a detailed explanation in the earlier text of the report (pp 31-33) which summarizes how the “bird’s eye view” is calculated. Page 60 makes reference to page 33 in the text which describes the potential decision matrix relative to the “right amount of municipal support in a project” while also offering further explanation in this regard.

Municipal Inquiry: Separate from being approached by an individual developer or property owner I understand there are occasions where our community will seek out multiple developer interest relative to a site via a RFQ and/or an RFP process. It is assumed that the municipality either controls the site or is in partnership with a cooperative owner before an RFQ and/or RFP is considered. What are the pro’s and con’s of each process and could you describe the various elements in a well written RFQ and RFP?

Response: See page 61 for a discussion of the pro’s and con’s of RFQ’s vs. RFP’s and page 62 for a summary of the key elements in a well written RFQ/RFP document. There is also reference to some actual examples from a community which successfully executed an RFQ and then an RFP developer solicitation.

Municipal Inquiry: What is the portfolio of economic development tools available to municipalities and how or where do I find more data on some categories?

Response: See pages 75-77 to review a summary of the tools including internet references to learn more about potential state, regional and national resources.

Local Tools:

- ❑ *TIF (including a summary of sixteen TIF eligible expenses)*
- ❑ *SSA’s (Special Service Assessment Districts)*
- ❑ *Business Districts (Special Districts to Capture Additional Sales Tax Revenue)*
- ❑ *Other local tool options*
 - » *Commercial economic development tools through DCEO*
 - » *Low/Moderate income tax credits*
 - » *Historic building preservation options*

AN ECONOMIC DEVELOPMENT FRAMEWORK FOR MUNICIPALITIES

The “Three-Legged Stool” Approach:

Overview of Development Scenarios

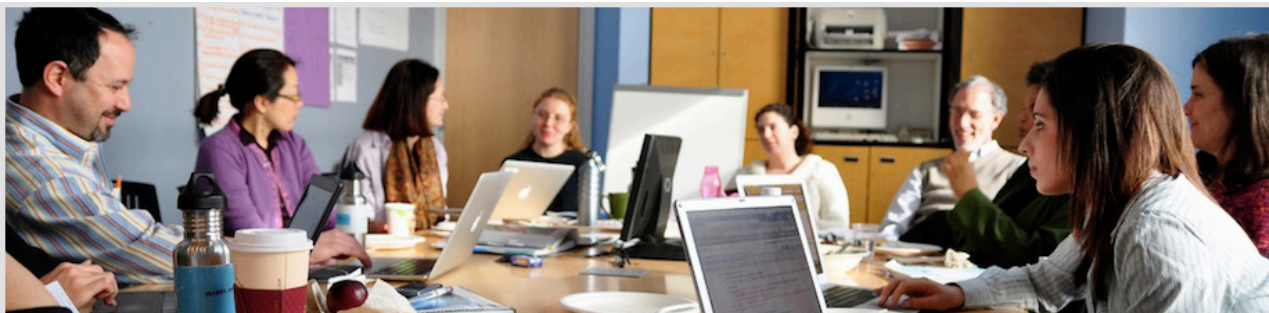
When determining the future vision of a TOD site, development/redevelopment district, or community as a whole, municipalities have many different potential development scenarios to consider. In regards to transit-oriented development (TOD), these options range from building new and/or adaptive reuse of shared retail and office spaces, industrial uses, single family or multi-family residential uses and multi-use combinations of these options to name a few.

In order to achieve these scenarios, developers may desire and in specific instances require financial incentives for the project to be feasible. These incentives may take various forms including but not limited to:

- ❑ TIF funds
- ❑ Property tax rebates
- ❑ Municipal financed infrastructure improvements that would otherwise be paid for by the private sector
- ❑ Grants such as façade improvement rebates,
- ❑ Waiving of impact fees
- ❑ Waiving of liquor license fees
- ❑ Support for tax credit projects
- ❑ Other waived local required costs
- ❑ Request assistance and help in coordination of property assembly and ownership
- ❑ Access to South Suburban Land Bank and Development Authority
- ❑ Loan funds

The reasons as to why a property owner (or a business tenant), developer, or both may seek municipal financing incentives/support may include:

- ❑ Land values appropriate for the development are below what is being requested by the land owner.
- ❑ A restrictive financing market that doesn't cover required borrowing costs (i.e. a 30-40% equity requirement for a loan may be too great a burden).
- ❑ Upfront costs to initiate development (which cannot be financed) are large enough to create a cash burden on the developer/project which cannot be overcome.
- ❑ For residential projects, the added cost of parking requirements which are supplemental to market-based price-points for units may create the need for subsidies to move a project forward.
- ❑ Significant environmental remediation costs associated with development/re-development of a specific site.
- ❑ Costs associated with required historic development and/or green development may not be able to be absorbed into the basic business model.
- ❑ The operating plan based on business sales projections (which drives all other items) may need a financing cushion until the business or development/redevelopment has established a balanced cash-flow or profit margin.



Given the complexity of development / redevelopment scenarios and a developer's unique financing needs, an underwriting guide has been developed which provides standards for municipalities to evaluate the potential of public-private partnership funds. These standards are based upon an assessment of need and the ability of the project to return the investment to the municipality. At times, some of the return may be viewed as "soft" meaning the full return may not be apparent; however, a new business or project may still have the potential to significantly stimulate TOD and/or district revitalization, making it a desirable long-term investment opportunity for municipal administrators.



The Role of Municipal Government

Successful economic development often times occurs when a municipality assumes a leadership role and actively builds proper partnerships. As such, having a flexible framework for working through the many different paths of a development/redevelopment can be a significant asset and help save valuable public funds. Such is often required in the complex urban redevelopment scenarios such as TODs, where municipalities must evaluate their role in attracting, stimulating and perhaps cooperating with the private sector. In these scenarios, the role of government can include, but is not be limited to:

- ❑ Assistance in marketing and advertising to attract private sector development/redevelopment interest.
- ❑ Attendance at various industry based meetings to help build private sector interest.
- ❑ Advise and counsel property owners and potential developers and tenants.
- ❑ Provide access to resources such as the South Suburban Atlas and scoping sheets/initial site review information.
- ❑ Improve the environment for the public sector through infrastructure development and maintenance.
- ❑ Ongoing enforcement of codes and regulations to maintain the proper environment for successful private sector commerce.
- ❑ Flexible zoning, density and height review, and design guidelines to match development/redevelopment requirements with the municipal vision.
- ❑ Establishment of an effective developer and tenant review process which renders decisions in a timely and effective manner.
- ❑ Potential partnering with the private sector through the use of the aforementioned tools plus other tools such as tax increment financing (TIFs), tax rebates, sponsorship of grant requests, Special Service Assessment (SSA) districts, and other tools, as appropriate.

In advance of the potential role of government as summarized above, municipalities should consider prioritizing opportunities for development/redevelopment through the use of tools such as SSMMA Housing Investment Tool (HIT). These “prioritized opportunities” are essentially an evaluation of the site-by-site opportunities which exist in the TOD district for either full redevelopment (new construction) or rehabilitation of existing parcel and/or buildings. Analysis of sites and buildings can and often will encompass multiple traditional economic development scenarios (such as retail, commercial, residential, and multi-use) as well as other scenarios which support non-traditional development scenarios (municipal buildings, not-for-profit entities, tourism space, recreational space, open space, etc).

The analysis of these opportunities by site has been organized into a three-phased process which can be described as the “Three Legged Stool” approach, in which each “leg” or tenet of economic development is vital to the successful realization of the proposed project.

1. Private Sector Analysis

Based on the perspective of the development community the market potential analysis should factor in:

- ❑ Potential anchor tenant(s) and current business cluster strength.
- ❑ Site access and traffic counts.
- ❑ Purchasing power within 5- and 10-minute drive times.
- ❑ Regional economics, market competition, and potential for market growth.
- ❑ Developer awareness and perception of local issues.
- ❑ Local costs of doing business, including development costs.
- ❑ Municipal development review and administrative processes.
- ❑ Local consensus on development vision within the TOD district and surrounding environs.
- ❑ Resources provided by South Suburban Atlas including scoping sheet/site review information.

2. Relationship of Potential Project to Municipal Goals and Objectives

Based on the capability of the property owner(s) and the municipality, the following items should be considered as potential goals and objectives of the project:

- ❑ Determine if ownership of the parcel should be retained or sold.
- ❑ Consider what type of use is desired / warranted (by both the owner and municipality).
- ❑ Determine the level of urgency for completing the desired project.
- ❑ Establish realistic expectations considering the existing real estate market (this in particularly relevant during economically challenging times).
- ❑ Recognize and state the need to cooperate with municipal government and interests.
- ❑ Understand the contemporary development process.
- ❑ Provide for adequate support mechanisms (legal, financial, etc).
- ❑ Produce a centralized form of decision making (head of partnership, etc.).
- ❑ Foster municipal consensus on the project vision the project and use of necessary and appropriate financial tools.
- ❑ Establish an efficient municipal development review process.
- ❑ Ensure municipal relationships with other state agencies as necessary and appropriate for approval of the desired project.

3. Ability of the Proposed Site to Sustain the Project

The ability of the site location, land, and buildings to meet market, property owner, and municipal mutual requirements involves evaluating:

- ❑ Site access and traffic counts.
- ❑ Visibility, size, and configuration of the site.
- ❑ Brownfield, wetland, and relative remodeling costs (i.e. asbestos issues.)
- ❑ Infrastructure support.
- ❑ Land costs.
- ❑ Building adequacy or ability to remodel or raze structures, as needed.
- ❑ Impact of neighboring properties and abutting districts.
- ❑ Current zoning, height, density and design regulations and guidelines.

Frequently, municipalities must determine the priority level of a potential project and the related question may be how to create a scoring system which “ranks” projects. Aided by tools like the SSMMA Housing Investment Tool (HIT), this is not unreasonable. However, what must be kept in mind is that the process and projects being discussed here are not simple “by right” projects (“by right” projects can be built “by right” of existing zoning:

- ❑ the existing zoning allows for the project; the land owner wants to proceed;
- ❑ the land owner is either the developer or has partnered with a developer/builder; and
- ❑ no unusual issues which require municipal review exist (i.e. environmental; unique traffic issues; etc.).

For projects outside of “by right,” which is the focus of this toolkit, a priority system may be appropriate. Accordingly, relative to a proposed project, each leg of the “three legged stool” (private sector review of project potential; relationship of potential project to municipal goals and objectives; and the ability of the proposed site to sustain the project) could be ranked from 1-3 (1 = excellent; 2 = above average; 3 = average)

However, an important consideration in using this scoring system is the following two realities: 1) The United States is in the worst development environment of the last 50 years and it is expected to continue for at least the next three years; and 2) municipal time and resources are severely stretched in this difficult environment and therefore there is little (if any) flexibility in working with “average” opportunities (and certainly no flexibility in working with below average projects).



As a result, the following scoring system is recommended:

Private Sector Review of Project Potential

Required Score: 1 = Excellent

In this development environment, it is unreasonable to pursue any project that the private sector has not identified as an excellent opportunity based upon the eight factors listed under Private Sector Analysis on page 98. Only excellent opportunities in this marketplace are going to get financed and have the full opportunity to be successful.

Relationship of Potential Project to Municipal Goals and Objectives

Required Score: 2 = Above Average

The project should have an above average ability to meet all eleven of the eleven listed goals and objectives listed under Relationship of Potential Project to Municipal Goals and Objectives on page 98. Some may not be ranked as a “2” on the first day the project is discussed but the municipality must feel that they can move all of the items to a “2” within a reasonable amount of time (i.e. six-nine months).



Ability of the Proposed Site to Sustain the Project

Required Score: 2 = Above Average

Whatever site issues keep the site from being above average immediately must be able to be rectified at a reasonable cost (within six-nine months).

Again, it is hard to imagine why a project with a ranking less than excellent in category one would be pursued. For the other two categories, Above Average scores which can be achieved in no more than six-nine months are strongly recommended. Pursuing projects with less than above average scores represent a risk to the municipality which they must evaluate before continuing.

Strong “three-legged stools” raise a property to the highest priority. Once this analysis is complete, the municipality may continue district-level development in the following order:

- ❑ apply their community vision to the set of strong “three-legged stool projects” to develop final priorities;
- ❑ establish a strategic plan for various site development/redevelopment; and
- ❑ begin to apply the available tools within the role of government as identified by the strategic plan.

Subsequently, government applies the same level of accountability, timelines, budgets, communication techniques, and evaluative process to its strategy as would be expected in any business operation. Included in the plan will be alternate scenarios to consider as the success of any development/redevelopment process or economic scenario may diminish over time.

THE MUNICIPAL REVIEW PROCESS

Guidelines for Evaluating Projects Requiring PUD Approval, Zoning Variances, and/or Financial Assistance

Introduction

Municipalities regularly review requests from developers, individual property owners, business owners, and even not-for-profit entities to approve proposals that require changes to the developmental or operational processes of an existing entity. These requests go beyond a simple “by right” permitting process, where there is no unique approval requirement beyond meeting the rights specified by zoning.

Municipalities routinely handle these requests by examining:

- ❑ Overall rationale of the specific request.
- ❑ The relationship of the request to the vision for the area as part of a “PUD Type” process.
- ❑ Degree of variance from the requirements of the existing code and/or regulations.
- ❑ Impact on surrounding property and districts.
- ❑ The relationship of the requested development to prior decisions which may be similar in nature.
- ❑ Potential requirements of municipal financial support.
- ❑ Overall impact of the project on the progress of the established municipal goals.

However, in some cases the overall magnitude of the requested changes warrants much more information than required by the standard review process. Accelerated reviews are typically associated with larger residential development or business development projects (commercial or retail) which often fit one or more of the following criteria:

- ❑ Considered part of a “special planning area” (such as the “PUD” type) requiring full municipal review, approval, and perhaps annexation in order to proceed.
- ❑ Prohibited by existing zoning.
- ❑ Dependent on financial assistance from the municipality.

- ❑ Sized differently than projects which have been built in the municipality.
- ❑ Significant visibility and positively or negatively impact surrounding properties.
- ❑ Reliant on greater community consensus than is normally required.
- ❑ Produce a significant financial impact on the municipality.
- ❑ Produce significant traffic impacts.
- ❑ Require an increase in municipal support services once built relative to the overall impact of the project.

Any time such development projects exceed “by right” approval (meaning within the existing zoning and requiring no municipal financial assistance), they are eligible for a more detailed review by the municipality. Certainly, the request for financial assistance (tax rebate, TIF funds, local municipal funds for economic development, waiving of permit fees, etc.) triggers a more intensive review. However, depending on the size of the request, a significant zoning change or the requirements of a “special planning area” could trigger a similar review.

Regardless of whether or not financial assistance is part of a development request, there are two key elements that constitute a maximum municipal review which are: the need for much more project information and the need for a much more expansive municipal review. “Maximum” municipal review means much more information is required about all aspects of the proposed project including detailed information about the project’s financing, proposed tenants and the ability of the development team to successfully meet goals and timelines. This is not normally requested relative to a “by right” project. Secondly, “maximum” municipal review means that since the project is outside typical zoning or public policy much more time will be allocated for elected official and citizen review than would be necessary on a “by right” project.

As municipalities customize their review process to appropriately address the individual situation, they may choose to dilute certain conditions as unnecessary. However, when considering simplifying such requirements for developers, municipalities should keep the following considerations in mind:

❏ **Information:**

Municipalities should gain as much information about every aspect of the proposed development/redevelopment as possible if the municipality is prepared to spend significant staff and elected official time on the review and if the development/redevelopment will have a measurable and long term impact on the community.

❏ **Review Process:**

To the extent that the proposed project is visible and perhaps a deviation from municipal “business as usual,” it is important to provide the public with a appropriately rigorous review process in advance of project approval or rejection.

The following pages provide a prototypical phased approach to undertaking project review of development/redevelopment proposals which meet the special circumstances described above. Throughout this approach, municipalities should remain cognizant of the following tenets:

❏ **Reasonable Expectations:**

Municipalities should foster an atmosphere of reasonability regarding the extent to which developers are fulfilling municipal requirements. This of course necessitates that municipalities establish the parameters of what is considered reasonable and should be impartial to whether or not the developer wants to provide the required data, so long as information requests are in fact being met. If the project is within a special planning area (e.g. TOD zoning or overlay district), requires significant zoning review, and/or financial assistance is being requested, a reasonable request should be honored.

❏ **Fiscal Focus:**

When a special planning area exists or municipalities themselves are one of a development project’s financial partners, the evaluation process will greatly benefit when conducted in the manner typically used by banks as opposed to the planning / policy conformance and market analysis processes commonly conducted by municipalities (such as standard reviews of unsubsidized housing and simple commercial development proposals). As an example, before proceeding with a loan, a bank will consider the following:

- » What percentage does this proposed loan represent to our overall capital and how does the allocation of this capital affect other future lending opportunities?
- » How does the project compare with the “vision statement” the bank has prepared to guide its’ operations?
- » How does the quality of the project relate to the bank’s loan scoring system?
- » Is the rate of return to the bank adequate?
- » Does the developer have a track record?
- » Does the developer have enough of their own money involved in the project?
- » Are the timelines sufficient to assure that project closure will be achieved in a manageable amount of time?
- » While every project has risk, is the risk reasonable and is the risk protection adequate?
- » Separate from the inner workings of the loan committee, would the bank be comfortable in having its’ Board, shareholders and customers know more about the loan?

A municipality should ask the same questions.

❏ **Accountable Actions:**

The following process applies objective evaluation criteria that are designed especially for special planning areas or instances when municipal financial investment is requested. This process goes beyond the normal zoning and code conformance evaluation since the community has invested significant time in creating a vision for the area and a responsibility exists to ensure a proposed development/redevelopment (and developer) meets the goals and objectives of that vision. Furthermore, in the case of a request for government financing, there is an equally strong accountability requirement since the municipality acts in the capacity of an equity partner or a banker depending on whether the assistance is a grant or a loan.

❏ **Responsive vs. Proactive Engagement:**

The following process is designed for the highest threshold of evaluation in a non-RFQ/RFP environment (i.e. the municipality did not seek out developers in a competitive process controlled by the RFQ/RFP guidelines). While the initial reaction of the municipality is responsive (receiving the initial thoughts and ideas of the developer/property owner) once it is determined that this is not a “by right” project the entire municipal approach is proactive.



STAGE ONE: Pre-Proposal Meeting

Whenever a developer contacts a municipality regarding the possibility of a development/redevelopment project, the municipality should invite the developer to a pre-proposal meeting. This informal meeting with the leading staff member(s) within the municipality is an opportunity to establish a relationship and share information on the physical, financial, and political feasibility of a project. Such meetings are confidential and should not be discussed beyond the immediate participants.

The developer should be prepared to answer at a minimum, these questions at the meeting:

1. What is the experience of the team in developing similar projects?
2. Who are the team members? It is expected that list would include:
 - » Architects, Planners, and/or Engineers
 - » Lawyers
 - » Partners
3. What ownership rights does the team have?
4. What is the development concept?
5. Are there any unusual physical or access issues that the developer wants to discuss?
6. What level of tenant commitment does the project currently have (if any)?
7. What are the basic economics of the project (anticipated rents, special financing)? Are those assumptions economically feasible?
8. How much government assistance may be needed, and in what format?

If no request is being made the additional steps of this process may not be necessary; however for a special planning area, the process will continue regardless of the potential for financial assistance.

At this pre-proposal meeting, the municipality should not provide feedback on the content of the project (unless it is clearly outside of the parameters of the special planning area), but should provide any and all factual information necessary to complete a development application. That information includes:

1. Maps and development/redevelopment documents that designate flood plain and zoning for the development site.
2. A list of both public and private individuals who may be contacted to assist in the development. This list may include, but is not limited to:
 - » A primary staff contact who can provide planning documents.
 - » Contacts at each public and private utility.
3. Project application forms for all permits and planning processes.
4. A copy of the relevant administrative procedures and zoning information that may be purchased for a reasonable fee.
5. A copy of any special planning area documents (as applicable).
6. Municipal design guidelines (as applicable).
7. A thorough explanation of the application process and anticipated timelines for review based upon the municipalities history with similar projects. Timelines can vary based upon the complexity of the project. However, once a fully completed application has been submitted and assuming that calendars can be coordinated for key meetings it is not unreasonable to assume that project approval can be achieved within three-six months.

Following this meeting, it will typically take a developer up to two months to compile the appropriate information and documentation relative to the project application.

STAGE TWO: Application

Once the developer is ready to formally seek municipal approval, he/she should submit more precise and detailed information related to the project. It is expected that the press and local interest groups should be notified of the general development/redevelopment proposal at this time, excluding all financing and tenant information which should be kept confidential unless announced by the developer. The written submittal from the developer should include:

1. Details on the development team's experience including resumes and references.
2. A site plan that includes engineering, landscaping, and elevation information.
3. A summary of all other relevant approval processes to be conducted (i.e. those required by transportation and environmental agencies, and others).
4. Letters of intent from respective tenants for 70% space.
5. A pro-forma evaluation showing:
 - » Anticipated rents / incomes.
 - » Anticipated cash on cash return.
 - » The financing gap .
6. A petition for the government funding to close the gap by increasing income (i.e. government rebates, property taxes, etc.) or decreasing project capital costs (i.e. government pays for infrastructure).
7. A financing proposal that shows funding sources for construction with contact information and lists of all government participation necessary to build the project.
8. A project budget.

STAGE THREE: Due Diligence

The municipal response to the application should entail a thorough analysis of the physical proposal and careful consideration of the request for financial support. In the case of a special planning area, the conformance of the project to the vision of the municipality's plan is of prime importance.

As part of this process, the municipality should request that independent market analysis, traffic/parking, fiscal impact, and land use studies be conducted by the municipality's regular consultants and paid for by the developer. While the developer is completing municipal requested studies, the staff should undertake due diligence. The due diligence process includes:

1. Check Developer Credentials:

- ❑ Verify references.
- ❑ Confirm banking relationships.
- ❑ Interview any existing tenants of a developer's current real estate holdings.
- ❑ Conduct site visits of controlled properties/projects.
- ❑ Confirm land control issues.



2. Perform a Market Analysis for Project Feasibility (paid for by the developer):**3. Conduct Traffic/Infrastructure Studies (paid for by the developer):**

- ❑ Determine capacity of area roadways.
- ❑ Identify required access improvements.
- ❑ Identify water/sewer and utility connections and capacity.
- ❑ Calculate costs and assign amounts to the appropriate financial stakeholder (federal, state, or local government, developer, etc.).

4. Conduct a Land Use Impact Study (paid for by the developer):

- ❑ Evaluate the anticipated impact on adjacent properties.
- ❑ Contemplate the potential impact on competing businesses (competition should not necessarily be viewed as undesirable).
- ❑ Consider the potential for spin-off projects.

5. Conduct a Fiscal Impact Study (paid for by the developer):

- ❑ Calculate potential increased tax revenue from the completion of the project.
- ❑ Ascertain the positive and/or negative impact on tax revenue to the surrounding area.
- ❑ Determine if there are increased safety costs associated with the project.
- ❑ Factor in the cost of providing infrastructure outside of the project site boundaries.
- ❑ Weigh the cost of investment against the anticipated revenues to gauge cost effectiveness of the project.

6. Determine Conformance to Community Policy and Goals:

- ❑ Consider how the project fits with community standards and expectations.
- ❑ Consider how well the project corresponds with the established special planning area vision.
- ❑ Confirm the market analysis is accurate.
- ❑ Evaluate the potential for new employment that the project may generate.
- ❑ Ensure that the project's appearance enhances the local environment.
- ❑ Utilize tools to evaluate the sustainability aspects of a project.
- ❑ Consider how the project improves the overall quality of life within the project area and overall community.

7. Evaluate Site, Building, and Engineering Plans:

- ❑ Check conformance with applicable zoning regulations.
- ❑ Check conformance with infrastructure requirements and capacity.
- ❑ Check conformance with municipal design guidelines (as appropriate).
- ❑ Evaluate the level of progress being made toward completion of the municipal or regional comprehensive plan(s).

8. Establish Legal Protections:

- ❑ Determine the legality of the financial commitment.
- ❑ Ensure the process is not in conflict with other municipal governing processes.

9. Municipal Underwriting of Financials and Requested Assistance:

- ❑ Draw up a financial and construction timeline.
- ❑ Develop a contingency plan for cost overruns.
- ❑ Identify a separate funding source(s) for operating business tenants and calculate five years worth of financial projections.
- ❑ Review and/or develop the project marketing plan.
- ❑ Identify how the requested incentives relate to overall investment and profitability.



The magnitude of municipal financial involvement (if requested) will vary significantly by municipal size, project scale, market trends, and overall economic conditions. Ultimately, the municipality must determine:

- ❑ The overall strength of the project with or without municipal financial support.
- ❑ The role of municipal financial support in achieving current market capitalization rates or profitability factors for various project types.
- ❑ The return on the municipal investment.
- ❑ The risk factors associated with the return of the municipal investment.
- ❑ The importance of the project to achieving the municipal vision for the area (*i.e. more risk might be considered for a pioneer project as opposed to a proposal within a “successful” area*).
- ❑ Community consensus regarding the project.

Pages 31 to 33 of the report clearly outlines the arithmetic process whereby a municipality can work with a developer to determine a “birds eye view” of where there are “holes” (inadequate financial coverage) in a project which make it unprofitable or slightly profitable but too risky to proceed. The assumptions that are part of the process which is detailed for review are on pages 40 to 43 of the report. This information can be utilized on a year-to-year basis by updating the data sources and receiving periodic updates from the consultant and developer communities. It is important to note that two data fields (land preparation costs) and tax revenue from the project can utilize approximations but lend themselves to more specific analysis through a civil engineering firm and a firm that specializes in TIF creation and TIF projections. This “bird’s eye view” does not replace the detailed developer pro-forma which will be required later in the process.

Page 33 of the report outlines potential levels of municipal support in a proposed project. While there are no “absolute” rules, the following may be helpful:

- ❏ Except in rare instances, municipal participation should not exceed 20% of a project. The farther below 20% the better. The more the participation exceed 20%: the more risk there is for the municipality; and the higher the probability that the municipality is building a project which the marketplace would not build on its’ own.
- ❏ Municipal participation typically does not exceed the funds the developer has in the project.
- ❏ Risk goes beyond how the project “looks and feels.” Municipalities could be liable for project shortfalls with a bank just like the developer.
- ❏ TIF law may be changing. TIF planning should not always assume today’s law is permanent. (visit <http://www.illinois-tif.com> for latest laws in Illinois)

This stage should result in a staff recommendation detailing the project conditions that must be met in order to commit municipal approval and, as applicable, municipal funding. Additionally, a comprehensive summary of all aspects of the project (including financial) should be developed which details the “who, what, when, and how” of both developer requirements and municipal requirements.



STAGE FOUR: Elected Official Review

After the staff and the developer agree on the terms and conditions of project approval and the contents of the term sheet, a public workshop is held to present the project. The purpose of this workshop is to forge agreement on the concept plan, grant authorization to proceed with the drafting of a redevelopment agreement, and provide an opportunity for public comment on the project.

STAGE FIVE: Documentation

Assuming the municipality authorizes the drafting of a development/redevelopment agreement, such is prepared and negotiated by the staff. As necessary, the municipality then enacts legislation to establish: project approvals; a public private partnership; and, the public funding commitment.

STAGE SIX: Closing

The municipality examines the same proof of performance that bank investors require such as title survey, leases, insurance, development/redevelopment agreement, and construction contracts. This examination must take place prior to final project approval and the transferring of funds (where applicable) to the developer. Although funds are not transferred until the project is completed, the potential financial commitment of the municipality is understood to be part of the equity considered by other financing entities.

Additional Requirements of an RFQ / RFP Process

When a municipality acquires land and then chooses to seek developers, a Request for Qualifications (RFQ) / Request for Proposals (RFP) process will often be initiated (this may also happen in the rare instance when the municipality agrees to “partner” with a private sector owner who controls land but who has agreed to act in a cooperative manner with the municipality).

The municipality must first decide whether an RFQ / RFP process or an RFP-only process will be initiated. There is no “right answer” in this regard. The RFQ / RFP process has a lower initial threshold requirement (RFQ) for the development community and therefore has the opportunity to attract the highest level of interested applicants. Accordingly, projects which are complicated and require the greatest creative vision (which are usually larger) often begin with an RFQ in order to encourage the largest developers to apply, such as those who retain the capability and vision as well as the willingness to exploit multiple development opportunities and therefore seek the most efficient entry into the municipal review process. When such firms make the “short list” for the subsequent RFP process, they know that their time-consuming and costly efforts to complete the RFP process have a higher potential return-on-investment since they are on the “short list.”

Various uses of RFQ and RFP are reasonable depending on the needs of the municipality. Recently, municipalities have been utilizing a process whereby a developer is actually selected after an RFQ process (without a subsequent RFP) and then the municipality goes directly into negotiations with a developer on multiple project issues.

Summary of Pro’s and Con’s to RFQ’s and RFP’s:

	Pros	Cons
RFQ	<ul style="list-style-type: none"> » Easier to/for developers to respond » Better probability for wider developer response » Easier to draft » Provides more options for developer creativity relative to the site » Easier to evaluate » In difficult current marketplace, almost mandatory, absent a very unique site 	<ul style="list-style-type: none"> » Less specific detail about the site and plans for the site » A second level of more detailed developer(s) review will be required later in the process (either an RFP or specific discussions/negotiations with a single developer) » Considering # 2, a longer overall timeline from beginning to final developer selection
RFP	<ul style="list-style-type: none"> » More specific detail relative to developer plans and developer capability » Shorter overall timeline 	<ul style="list-style-type: none"> » Severely limits the number of developer responses » Limits developer creativity relative to the site » Harder to draft » Requires much more detailed consensus in advance of issuing the RFP at all levels of government and perhaps even with citizens » More time required to evaluate the first phase of developer responses

Again, it may also be appropriate to issue an RFQ and then an RFP (to a more limited audience) in sequence.



The RFQ / RFP process should be comprehensive yet very concise. Developers are not interested in reviewing potential contracts with the municipality or legal documents at this stage. If there is something in those documents that is particularly significant, it can be pointed out in a simple manner. The following are the key sections that RFQ and RFP documents should contain. Each should provide a concise explanation of what the municipality expects from potential developers:

- ❑ **Cover Letter:** The cover letter should include (in the following order):
 - a) a brief summary of the RFQ/RFP process to be followed;
 - b) a brief summary of the location and site characteristics; who controls the site and their role;
 - c) how does the municipality prioritize this development opportunity;
 - d) municipal planning/preparation steps already taken; municipal flexibility relative to developer creativity about the site;
 - e) information as to how developers respond and within what timelines;
 - f) date of pre-submittal meeting/conference call; other municipal contact information.
- ❑ **Project Overview:**
- ❑ **Development Objectives:** A clear statement of the goals and objectives the municipality hopes to accomplish with the project.
- ❑ **Role of the Municipality:** The municipal role in the development process and what other roles the municipality will consider taking on, based upon the quality and impact of the development plan.

- ❑ **Description of the Developer Selection Process**
- ❑ **RFQ Requirements** (if RFQ is used): Should include submittal document format and 6-8 key elements to be contained in the submittal.
- ❑ **RFQ Basis For Evaluation**
- ❑ **RFP Submittal Requirements:** (if RFQ is used): Initially, the municipality is advising the developer as to what will be required for those on the “short list”.
- ❑ **RFP Basis for Evaluation:**
- ❑ **Next Steps for Selected Developer:** Should include a request for a “Developer of Record Designation”/ timeline to negotiate a final contract with the municipality.
- ❑ **Proprietary Information:**
- ❑ **Response Deadline / Due Date:**
- ❑ **Method of Submittal:** Provide a postal address for sending a hardcopy response and/or an email address if the municipality wishes to receive the documentation in electronic format. If the latter, it is standard practice to send a confirmation email to the submitter to ensure the documentation was received.
- ❑ **Attachments and Additional Information:** This can be extensive and include: comprehensive plans, a master plan, design guidelines, zoning maps and ordinances, site plans, renderings, and any/all other available information about the project site. Such information should be posted on a municipal website as opposed to sending an overwhelming package of hardcopy documents.

Again, these concepts can be modified to meet individual municipal requirements; however, the municipality should always balance its “need to know” with the requirements of the established process.

Finally, this underwriting guide is meant to be a sample framework which can be adapted to individual municipal needs. Likewise, documents such as “applications” can be crafted to meet internal requirements.

December 7, 2004

«FIRST_NAME» «LAST_NAME»
 «COMPANY»
 «ADDRESS»
 «CITY», «STATE» «ZIP»

Dear «FIRST_NAME»:

On behalf of the City of _____, please find a Solicitation of Developer Interest/Request for Qualification for the site of the former _____ City Hospital site. This approximately five-acre site lays between and in close proximity to downtown _____ and the University of _____ campus. The site is fully controlled by the City and has been prepared for redevelopment in advance of this solicitation, including clearing the site of the former hospital buildings. Redevelopment of this site and the revitalization of the neighborhood in which it exists is a very high priority of the _____ City Council.

We believe that all the necessary steps have been taken to properly prepare for generating the interest of the private sector: In addition to acquiring and clearing the site; a Tax Increment Financing District (TIF) has been established; a Master Plan has been prepared (see attached image); a plan for other City investment in public open space and streetscape improvements is being developed; an RFQ/RFP process has been developed which is focused on facilitating one of the highest priorities of the developer—an understandable and efficient process in a reasonable timeline; and, the City has established this project as a priority and organized to ensure a time-efficient developer review process and project implementation. Also, while much time and energy has gone into this preparation, we remain flexible and open minded about the ultimate development solution as we begin the selection process, as our ultimate goal is a project that makes sense for the neighborhood, the developer and the City.

We sincerely hope that you will review the information and submit an indication of your interest. The Master Plan for the site and neighborhood redevelopment plan can be found on the City's web site at: _____. The deadline for your RFQ response is 5:00 p.m. on January 17, 2005 and we expect to notify a very limited number of qualified developers of our interest in a more complete RFP by February 11, 2005. To answer your questions, a pre-submittal meeting will be held at the _____ City Building, _____, _____ on January 7, 2005 at 1:30 p.m. in the Council Chambers. We will summarize the answers to all questions at the pre-submittal meeting and thereafter in a document that will be sent to all RFQ applicants.

In addition to the pre-submittal meeting and the website information, please call _____ or e-mail at: _____ for answers to questions you might have after the initial review. All responses should be sent to my attention at the City of _____, _____. We appreciate your interest.

Sincerely,

Planning Director

Sample of a Solicitation Request-for-Qualifications Cover Letter

City of _____,
Urban Residential/Neighborhood District Redevelopment Project

The Hospital Site
Avenue and Street
Between Downtown and The University of _____

Solicitation of Developer Qualifications

And

Request for Proposals

Overview

The City of _____ is seeking interested and qualified development firms to create a residential neighborhood that adds a unique housing choice to the _____ market and capitalizes on the emerging contemporary urban character of the area.

The City is prepared to partner with the proposed developer and has already invested significant time and resources in: acquiring the land; preparing it for development; establishing a Tax Increment Financing (TIF) District; planning for the development of the public areas and business districts near the site; and establishing a framework of understanding with the City Council to facilitate the developer review and implementation process.

The project site is located between the revitalized _____ downtown and the _____ campus, of the University of _____. The property surrounding the project site includes existing multi-family residential, a park and waterway planned for major public improvement and commercial business districts to the west and the north. The development site is served by the public bus transportation network, which fully connects to the campus as well as the balance of _____.

The City of _____ developed this information to seek qualified development entities and is responsible for selecting a development team, providing a partnering relationship, and offering direction throughout the development process. The City seeks an interested and qualified developer with a proposal to maximize the positive impact of the new construction on the larger neighborhood and to provide a return to the developer and to the City on their respective investments in the project.

The City has developed and adopted the _____ Redevelopment Master Plan that presents the detailed context for the project. The Executive Summary from this Master Plan is appended to this document and the full plan is available directly from the City and through its web site. Key objectives as outlined in the Master Plan and in the original Project Goals are as follows:

- Create an urban neighborhood that is attractive to a diverse group of people.
- Develop the site in a way that is a catalyst for change in the surrounding neighborhood.
- Take advantage of the site location to link Downtown _____ and Campustown (University of _____).
- Generate TIF increment to repay bonding and additional infrastructure support.

Sample of a Solicitation of Developer Qualifications and Proposals Project Overview

Description of the Site and Development Area

The Site

The site (shown in the attached exhibits) is approximately 5.19 acres located in a mature neighborhood. The City owns the site and it has been cleared and prepared for quick development. The City expects to receive a No Further Remediation (NFR) letter from the IEPA in the spring of 2005. The City utilized a TIF District to facilitate the preparation of the site. The public (bus) transit system in _____ serves the site with connections to the University of _____ and the _____ metropolitan area. Located between downtown _____ and the campus of the University of _____, which is also its “gateway” to the campus, the site has multiple amenities within walking distance including neighborhood commercial districts to the west on _____ Street and to the north on _____ Avenue. Both commercial districts are expected to revitalize as an expansion of Downtown _____ success. The site is also within walking distance of Campustown, the retail corridor which primarily services the students and faculty of the University of _____. The site is an approved “high priority” of the _____ City Council.

Development Area Surrounding the Site

The City has invested substantial resources in the development of several areas related by function and proximity to the site. The related areas are described in the attached exhibits and briefly below.

Downtown

The City has invested millions of dollars in the downtown to improve infrastructure, enhance streetscape and provide economic incentives for the redevelopment of vintage buildings. The downtown’s eating, drinking and retail businesses have become popular gathering spots for both University students and local residents. Most recently, the City successfully partnered with a developer in the construction of a mixed-use retail, office and upper story residential condominium project on property controlled by the City. The success of this development has led the same developer to propose a second development partnership for construction on nearby City owned land.

The East Side Neighborhood and the University of _____ Campus

The East Side Neighborhood is located north and west of the site. This neighborhood contains a mixture of uses, including the north _____ Street area, commercial and service businesses and a limited number of residential units. Streetscape improvements have recently been completed on _____ Avenue to the north of the site and along _____ Street. Street links on _____ and _____ Street are playing a key role in connecting downtown and Campustown. Although the University campus is primarily to the _____ and _____ of the site, the development site is within walking distance of both Campustown and the _____ campus of the University of _____. The East Side Neighborhood contains the _____ Creek, an important drainage control element that will be improved through the construction of a detention basin as part of the development of a park amenity just west of the site, east of _____ Street and south of _____ Avenue. _____ Park, which is just south of the site, provides an attractive amenity for potential new residents in the development. Additional investment is being considered for the park. Other infrastructure improvements to the perimeter of the site will be considered once the final development plan has been determined.

Sample of a Solicitation of Developer Qualifications and Request for Proposals

Development Objectives

- The primary objective of the site redevelopment is to create an urban, primarily residential neighborhood that is fully integrated into the surrounding residential, commercial and public open space land uses. The proximity of these uses to the site has already formed the basis of a “mixed-use” development. New urban-styled residential development will add a living opportunity that currently does not exist in the _____ market for a diverse population. Development of this site with residential, the enhancement of the public land into a more attractive amenity and the proposed investment in the commercial areas on _____ Street and _____ Avenue represent a comprehensive mixed-use vision for the neighborhood. The City intends to enter into a partnering relationship with the selected developer that maximizes this visionary opportunity for the site while providing a positive atmosphere for private investment and a long-term relationship with the City as a “development partner.”
- The development of residential housing on the site is expected to act as a catalyst for the enhancement and redevelopment of other properties in the neighborhood, particularly along _____ Street and _____ Avenue. The City intends to assure that its further investment in the area, with particular emphasis on open land and infrastructure, is consistent with the development plan jointly agreed upon with the developer.
- The emerging success of downtown _____, the ongoing success of the University of _____ and the close proximity of the site to both areas represent an opportunity to create a neighborhood connection between the two that is attractive to both pedestrian and non-pedestrian traffic. It is anticipated that the neighborhood will become the desirable location for the urban resident, young, middle-aged and old, who desires the multiple experiences offered by an entertaining downtown and a world-class university in a contemporary urban living setting.
- The City has sold \$7.815 million dollars in bonds to buy, clear and prepare the site. It is the City’s objective to select the development that generates sufficient tax increment to pay the bonds and, to the extent possible, provide additional funds to achieve other objectives of the TIF Plan. The City may consider modifying its revenue objectives if the project can exhibit significant value in achieving the other “neighborhood redevelopment” objectives. The leadership of the City is also prepared to facilitate a review of the developer proposals and the implementation of a final developer plan in a process and timetable that is consistent with the City’s need to seek a return on its investment and the developer’s interest in doing the same. Accordingly, while the broad vision articulated in this document and the Master Plan is a framework which should guide developer review, the City is open to other creative concepts which maximize City and developer return on investment and neighborhood revitalization. However, as the TIF is already in place and bonds have been sold, the timing of the developed project and the ability of the developer to move forward quickly will be an important consideration.

Role of the City of

The City Council has publicly stated its commitment to the redevelopment of this site and has engaged and supported its highly qualified staff and experienced consultants to advance the process.

The City of _____ controls the land and has prepared it for development. A Tax Increment Finance District (TIF) and bonds have been sold. The City has commissioned the Master Plan that is available for developer review. The _____ City Council has been fully involved in the

market analysis, the economic analyses and the development of the Master Plan. Given these actions to date, the City is prepared to assist in the development of a partnering relationship with the selected developer that maximizes the vision of neighborhood redevelopment in concert with a successful development environment and an adequate return to the City on its investment. The City fully understands that pace of the process involved in selecting the developer and implementing the development in addition to its commitment to a long-term partnership that tracks the ability of the market to absorb the development is critical to the overall success of the development of the Hospital site. Pending review of proposals, potential roles of the City could include, but not be limited to: utilizing some of the City owned land as equity; use of TIF increment to support the project; flexible zoning and density considerations; additional infrastructure improvements in the surrounding area; and, facilitating the development approval process. These potential roles will be defined during the final negotiation process based upon the quality and impact of the proposed development.

Developer Selection Process

The first step in the selection process is a Request For Qualifications (RFQ). On the basis of the qualifications submitted, the Council will identify the most qualified developer team. In the second step, the Council will issue a Request For Proposal (RFP) to a very limited group of the most qualified development teams. Recipients of the RFP can be assured that the number of final applicants is limited; the timelines for review are concise; and, the final review by the Council will be within a framework that the development teams will find clear, timely and direct. The team offering the most desirable proposal within the objectives outlined earlier will be designated the “Developer of Record” and will be asked to negotiate a final development agreement with the City.

The City of fully reserves the right to reject any and all submittals of both the RFQ and RFP if the City, in its sole discretion, determines that the submittals do not meet its goals and objectives for the development of this site

Request for Qualifications

Prospective development teams should submit a statement of interest and qualifications. The information submitted should be explicit and informative. Ten (10) copies of each should be submitted. Submissions should be limited to thirty (30) pages.

Letters of interest should be submitted to the Office of The Planning Director. The deadline for submissions is noted in the cover letter enclosed with this document and below.

The City of staff and consultant will review qualifications and recommend development teams to interview with the City according to the following timeline:

- Deadline for RFQ submittal:
- Interviews with selected teams: to
- Recommendation to the City Council:

After review by the City staff and consultant and the related interviews, if the credentials and experience of one team far exceeds those of all other teams, the City Council, acting on the recommendation of staff, may choose to designate that team as the proposed “Developer of Record” and request that only one team submit the required RFP documentation. Otherwise a limited number of teams will be asked to submit.

Sample of a Solicitation of Developer Qualifications and Proposals Role of Municipality

RFQ Submittal Requirements (limited to 30 pages)

- A letter of interest.
- While a detailed plan is not required at the RFQ stage, The City requires a concise narrative clearly indicating the nature and type of development that would be pursued on the site.
- The names and responsibilities of all organizations participating in the development team.
- For each organization, a description of overall qualifications, specific experience on similar projects, and references for those projects.
- For each organization, identification of key persons assigned to the project and the person in overall charge of the project.
- Evidence demonstrating the development team's capability to finance a project of this magnitude (confidential if requested).
- Any additional information that will support the development team's capability and experience with projects of a similar nature.
- The City prefers to develop the entire 5.19-acre site. However, the City may consider an RFQ response that proposes to utilize only portion, but not all, of the site.

RFQ Basis for Evaluation

- Developer Expertise---Priority will be given to the development team that has a history of successful real estate development and demonstrates the interdisciplinary expertise required for this type of project. Also of prime consideration is a track record of high quality development sensitive to the client and the setting, design expertise, innovative packaging and the ability to attract and retain quality buyers/tenants.
- Expertise on Similar Projects---Experience on similar residential redevelopment projects is considered essential. Comparable projects that are relevant and transferable must be described.
- Organization and Personnel---In addition to the development team's overall capabilities and experience, attention will be focused directly on the personnel assigned to the _____ Hospital site and the manner in which they will be organized and managed.
- Financial Capability---Financial capability of the development team will be a major factor.
- Creativity, appropriateness and catalytic potential of the narrative concept plan.

Request for Proposals

Following the evaluations, the City Council will invite the most qualified development team(s) to submit a proposal consistent with the RFP terms and conditions outlined in this prospectus. On the "Basis of Evaluation" outlined below, the Staff, with Council approval, will designate a "Developer of Record." The team designated "Developer of Record" will be given exclusive rights to negotiate with the City, for a limited and timely period, for implementation of a mutually satisfactory redevelopment project and plan for the _____ Hospital site.

Sample of a Request-for-Proposals Submittal Requirements

Developer of Record

The development team selected as “Developer of Record” must be prepared to promptly enter into a development agreement with the City. The agreement will specify each party’s specific roles and obligations in the implementation of the redevelopment project. The timeframe for negotiations will be subsequently determined.

RFP Submittal Requirements (limited to 30 pages)

The content of each invited proposal must address four major requirements:

- ❑ The proposed type, number and market-price points of the product(s)
- ❑ Documentation of the market for the proposed product(s)
- ❑ The organization, accessibility and character of the products
- ❑ The proposed role of the City of

Each of these requirements is explained below. Proposals must be submitted within 30 days of notice from the City Council.

- Proposed type, number and market-price points of the product---The City will want to clearly understand the type of product anticipated, the price points for the product and the anticipated customers for the product. Understanding this objective will clearly assist the City in evaluating the overall impact of the proposed project on the vision for the neighborhood.
- The design concept---The proposal must ensure that the development will be designed and implemented with a character and scale compatible with the neighborhood. Broad design guidelines for the site are available from the City as part of the “additional information” package. The design professionals to be utilized, if not part of the development team, must be identified along with evidence of their experience and skills. No elaborate design presentations are expected at this stage. The proposed design should be presented in a selected number of concept sketches with accompanying narrative. Items to be addressed include, but should not be limited to: building mass and height relationships both within the development and in contrast to surrounding uses; functional flow of pedestrian and vehicular traffic; parking and loading; overall architectural style or character; and the proposed treatment of public and open spaces.
- The proposed role of the City of ---The City of has already invested significantly in the land acquisition and in the preparation of the site for development. Other investments are anticipated in the future for the public areas surrounding the site. Other roles for the City will be considered. The requests for City involvement (financial and otherwise) shall clearly outline how that involvement will fit into the working of the total development package. Sufficient supporting information shall be supplied so that it can be determined that requested incentives are necessary for the proposed development to be accomplished at competitive fair market costs and adequate returns to the developer.

RFP Basis for Evaluation

The proposals invited by the City of a very limited number of qualified developers will be evaluated on the basis of the following criteria:

- Compatibility with the Master Plan---The concepts outlined in the Master Plan represent the vision that the City hopes to achieve as the market allows over time.

Sample of a Request-for-Proposals Submittal Requirements

- Return on the City’s investment---While the City recognizes its role in “priming the pump” for economic and neighborhood development, the ability to receive an acceptable return on its investment in both the short term and over the life of the TIF will be a key consideration in the evaluation.
- Adequacy of financial package---The information supplied on the proposed method(s) of financing must be complete and in sufficient detail to enable the City to evaluate feasibility. If financial involvement is requested of the City, the involvement must clearly indicate the City’s role relative to market price points, construction costs and the developers return on investment. Those plans, which leverage the City’s overall investment into the highest neighborhood impact in concert with the greatest return on the City’s investment, will receive the highest priority.
- Compatible design plan---The design concept shall be imaginative, reflecting a quality of materials, linkage to the activities and important elements of the surrounding area, and the site’s importance to the connectivity between downtown and the University of . There are no constraints in architectural style.
- Best overall solution---A combination of neighborhood enhancement; a return on the City’s investment; an interest and ability to form a successful partnership with the City; the long term viability of the project; site design and overall project appearance; and the track record and current resources and financial capability of the development team

Proprietary Information

Any restrictions on the use of information contained within a proposal shall be clearly stated as such within the proposal. The City will only be able to comply with a request for confidentiality to the extent allowed by law.

Response Due Date

Responses to this Solicitation of Developer Interest and Request for Proposal shall be submitted no later than _____ day, _____, 2004. Responses received after this time will be considered non-responsive and, at the discretion of the City, may not be considered.

Where To Submit Responses

Please submit responses to this Solicitation/Request to:

Planning Director
City of

Attachments and Additional Information

Attachments:

Additional Information: The City of _____ has established a web site containing the Master Plan and all other relevant information. The web site can be accessed at:

Questions concerning the Solicitation/Request or the site should be directed to _____; or e-mail at:

Sample of RFP Basis for Evaluation (continued), Proprietary Information, Response Deadline, Method of Submittal, and Attachments and Additional Information

PROPOSED COVER LETTER FROM _____ —TO BE SENT 2-11-05

Individual letters to each of the three finalists:

- Burnham Redevelopment, LLC (Mesirow Stein, etc)
- New England Builders
- The Pickus Companies and VOA Associates

RE: Request for Proposal

Dear Mr. _____ :

On behalf of the City of _____, thank you for submitting a response to our Request for Qualifications for the _____ Hospital site. Based on your qualifications, you have been selected to receive this Request for Proposal. Please be advised that, in order to assure the finalists that their further investment of time is reasonable, only three firms have been asked to submit a proposal. Also, it is the intent of the City to interview each of the three finalists so that everyone will have a full opportunity to express their plans for this site and the credentials that they bring to this development opportunity.

Our original RFQ clearly outlined the very high importance that the _____ City Council places on the redevelopment of this site and the related positive impact on the surrounding neighborhood. Hopefully, the tight and focused process, which has been utilized to solicit your interest, clearly indicates our commitment to advancing this priority project in a timely manner.

Your proposal is due by 4:00 PM on Tuesday, March 29, 2005. Please note that it is the intent of the City to successfully negotiate a final contract agreement with the selected developer within 45 days from the time of selection. While this is further evidence of our commitment, we obviously expect that the selected firm will be prepared to participate in such negotiations and in the indicated timeline.

The enclosed Request for Proposal outlines in detail the requirements of the submittal. Please remember that we are looking for proposals that balance neighborhood revitalization and an appropriate return to the City for its financial investment in a manner that provides a reasonable return to the developer. Of prime importance is the type of product; its density and land use; access, circulation and parking; the proposed price points and the market for the price points; the project phasing; your ability to finance and build the project; and, very specific expectations about the role of the City of _____ (financial and otherwise).

We will be pleased to receive your calls, e-mail or a request for a pre-scheduled visit if you would like more information (_____). All responses should be sent to my attention at the City of _____, _____. We appreciate your ongoing interest.
Sincerely---

Planning Director

Sample of a RFQ Response Letter and Next Steps for Selected Developer (for a Proposal)

City of _____,
Urban Residential/Neighborhood District Redevelopment Project

The Hospital Site
Avenue and Street
Between Downtown and The University of

Request for Proposals

Completion of the Qualifications Process

The City of _____ is very pleased that you submitted your qualifications in the RFQ process and that your firm has been selected for a short list of firms which are being requested to submit a proposal. Previously, you received an overview of the project; a description of the site and development area; development objectives; the role of the City of _____; and, an overview of the developer solicitation RFQ/RFP process. The following is a reiteration of the RFP process with the insertion of some key dates for your review.

Request for Proposals

Now that the initial qualifications process is complete, the City Council is inviting the most qualified development team(s) to submit a proposal consistent with the RFP terms and conditions outlined in the original prospectus.

On the “Basis for Evaluation” outlined below, the Staff, with Council approval, will designate a “Developer of Record.” The team designated “Developer of Record” will be given exclusive rights to negotiate with the City, for a limited and timely period, for implementation of a mutually satisfactory redevelopment project and plan for the _____ Hospital site.

Developer of Record

The development team selected as “Developer of Record” must be prepared to promptly enter into a development agreement with the City. The agreement will specify each party’s specific roles and obligations in the implementation of the redevelopment project. The exact timeframe for negotiations will be subsequently determined. However, it is the strong intent of the City that the Council will receive a final development agreement from staff with a recommendation of approval in no more than 45 days from the date of the Developer of Record designation.

RFP Submittal Requirements (limited to 30 pages)

The content of each invited proposal must address four major requirements:

- The proposed type, number and market-price points of the product(s)
- Documentation of the market for the proposed product(s)
- The organization, accessibility and character of the products
- The proposed role of the City of _____

Each of these requirements is explained below.

Sample of a Request-for-Proposals Submittal Requirements

- Proposed type, number and market-price points of the product---The City will want to clearly understand the type of product anticipated, the price points for the product and the anticipated customers for the product. Understanding this objective will clearly assist the City in evaluating the overall impact of the proposed project on the vision for the neighborhood.
- The design concept---The proposal must ensure that the development will be designed and implemented with a character and scale compatible with the neighborhood. Broad design guidelines for the site are available from the City as part of the “additional information” package, which is on the City’s web site. The design professionals to be utilized, if not part of the development team, must be identified along with evidence of their experience and skills.
The proposed design should be presented in a selected number of illustrations with accompanying narrative. Items to be addressed include, but should not be limited to: building mass and height relationships both within the development and in contrast to surrounding uses; functional flow of pedestrian and vehicular traffic; parking and loading; overall architectural style or character; and the proposed treatment of public and open spaces.
- The proposed role of the City of ---The City of has already invested significantly in the land acquisition and in the preparation of the site for development. Other investments are anticipated in the future for the public areas surrounding the site. Other roles for the City will be considered. Requests for City participation should be very specific in terms of the amount and duration of financial participation; specific zoning or regulatory relief; infrastructure considerations; and, any other ancillary issues. The requests for City involvement (financial and otherwise) shall clearly outline how that involvement will fit into the working of the total development package. Sufficient supporting information shall be supplied so that it can be determined that requested incentives are necessary for the proposed development to be accomplished at competitive fair market costs and adequate returns to the developer.

RFP Basis for Evaluation

The proposals invited by the City of a very limited number of qualified developers will be evaluated on the basis of the following criteria:

- Compatibility with the Master Plan---The concepts outlined in the Master Plan represent the vision that the City hopes to achieve as the market allows over time.
- Return on the City’s investment---While the City recognizes its role in “priming the pump” for economic and neighborhood development, the ability to receive an acceptable return on its investment in both the short term and over the life of the TIF will be a key consideration in the evaluation.
- Adequacy of financial package---The information supplied on the proposed method(s) of financing must be complete and in sufficient detail to enable the City to evaluate feasibility. If financial involvement is requested of the City, the involvement must clearly indicate the City’s role relative to market price points, construction costs and the developers return on investment. Those plans, which leverage the City’s overall investment into the highest neighborhood impact in concert with the greatest return on the City’s investment, will receive the highest priority.
- Compatible design plan---The design concept shall be imaginative, reflecting a quality of materials, linkage to the activities and important elements of the surrounding area, and the site’s importance to the connectivity between downtown and the University of . There are no constraints in architectural style.

Sample of a Request-for-Proposals Basis of Evaluation

- Best overall solution--A combination of neighborhood enhancement; a return on the City's investment; an interest and ability to form a successful partnership with the City; the long term viability of the project; site design and overall project appearance; and the track record and current resources and financial capability of the development team.

Proprietary Information

Any restrictions on the use of information contained within a proposal shall be clearly stated as such within the proposal. The City will only be able to comply with a request for confidentiality to the extent allowed by law.

Response Due Date

Responses to this Solicitation of Developer Interest and Request for Proposal shall be submitted no later than Tuesday, March 29, 2005 at 4:00 PM. Responses received after this time will be considered non-responsive and, at the discretion of the City, may not be considered.

Where To Submit Responses

Please submit responses to this Solicitation/Request to:

Planning Director
City of

Additional Information

Additional Information: The City of _____ has established a web site containing the Master Plan and all other relevant information: _____. Follow the instructions to the _____ information.

Questions concerning the Solicitation/Request or the site should be directed to _____ at _____ or e-mail at: _____

Sample of RFP Proprietary Information, Response Deadline, Method of Submittal, and Attachments and Additional Information

A PORTFOLIO OF MUNICIPAL ECONOMIC DEVELOPMENT INCENTIVES AND TOOLS

Municipal economic development incentives are commonplace for communities seeking to offer the greatest flexibility in regards to development/redevelopment assistance. The following list of tools federal, state and local opportunities and capabilities and are packaged as a potential portfolio of municipal options all oriented to economic development. This list of tools represents the composite list of options currently available to municipalities.

Traditional Local Tools

Tax Increment Financing (TIF):

The following areas are subject to improvement via the use of TIF funds:

- » Public infrastructure
- » Streetscape
- » Land write down
- » Land acquisition
- » Planning costs
- » Sewer and drainage
- » Traffic control
- » Landscaping
- » Park improvements
- » Bridge construction and repair
- » Demolition
- » Utilities
- » Street reconditioning and lighting
- » Water supply
- » Environmental remediation
- » Parking structures

Special Service Assessment Districts:

These districts generate revenue in the form of a special property tax, approved by property owners, in a defined district. The proceeds from this tax may then used to fund development/redevelopment improvements which benefit the property owners within the district. Typical eligible expenses include:

- » Marketing
- » Planning
- » Streetscapes
- » Maintenance
- » Public/Private Management Organizations

Business Districts (BD's):

Similar to SSA's, these are specific areas which allow municipalities to capture up to an additional 1.0 % in sales tax which must be reinvested into the respective area. TIF eligibility standards are utilized to define Business Districts.



Other Tools and Development Strategies

- ❑ Property tax, equipment tax, and sales tax rebates.
- ❑ Façade improvement grants which may include consideration of internal build-outs and landscaping as an additional eligible expense.
- ❑ Liaison with IDOT for private development.
- ❑ Utilization of currently owned municipal land for development purposes (i.e. no TIF funds would be required for an acquisition or land write down).
- ❑ Working capital loans (a municipal support mechanism with substantial risk).
- ❑ Creation of improved public transportation services.
- ❑ The use of liquor licenses to stimulate quality food and beverage business, which can be used in concert with façade improvement funds, as applicable.
- ❑ Municipal equity positions in quasi-private buildings (i.e. convention centers).
- ❑ Parking improvements (includes construction of new parking and improvement of existing lots and facilities. Also, the subsidizing of parking rates can be implemented in an effort to encourage public use).
- ❑ Granting of zoning and easement modifications.
- ❑ Acceleration of the municipal review process.
- ❑ Reductions or elimination of fees for selected development initiatives.
- ❑ Grants / loans for sustainable projects (i.e. green development).
- ❑ Assistance to the private sector in the recruitment of candidates for jobs and employee housing options.
- ❑ Providing municipal security and/or enhanced maintenance for special areas.
- ❑ Providing capital for marketing events, community initiatives, and/or tenant recruitment.

Additional information related to the above-mentioned tools, and others, is provided below:

Commercial Economic Development: The State of Illinois administers state (and federal) funds through the Department of Community and Economic Opportunity (DCEO) www.commerce.state.il.us/dceo/. A comprehensive array of programs are offered including but not limited to grants to municipalities; the Advantage Illinois Program (small business lending, start-up's, venture capital); local government assistance and training; low income population support; job training; a revolving business incentive fund; the Main Street Program; urban assistance, and others.

Low-Moderate Income Housing Support: The Low Income Housing Tax Credit Program has been widely used to support residential development throughout the United States. The following web site provides an excellent summary of these programs and the process municipalities can follow to access support: www.danter.com/taxcredit.

Historic Building Preservation Support: The Illinois Historic Preservation Agency administers the tax credit program which supports the costs associated with the renovation of historic buildings. To access this information: www.illinoishistory.gov.

Based on the variety of tools and strategies available to municipalities, communities should organize their support for economic development within four packages or categories and select the appropriate level of support on an annual basis. These packages/categories include:

- » New Development
- » Existing Building/Site Renovation
- » External Recruitment of Developers and Tenants
- » Downtown / Business District Marketing and Events

Chicago Southland Economic Development Corporation:

CSEDC is responsible for identifying, organizing, and collecting public and private resources in order to promote local businesses. As a result, initiatives led by the CSEDC provide economic growth, job opportunities, and development potential throughout the Chicago southland. (csecdc.info)

South Suburban Mayors & Managers Association:

Located south of the City of Chicago, SSMMA is an intergovernmental agency providing technical assistance and joint services to 42 municipalities representing a population over 650,000 in Cook and Will Counties. SSMMA members work cooperatively on transportation, legislation, land use, economic development, housing, storm water and open space planning, infrastructure, public safety, human resources, recycling and purchasing. (www.ssmma.org)

Chicago Southland Housing & Community Development Collaborative:

The Collaborative is an inter-jurisdictional approach to address housing and community development in the southern suburbs of Chicago. Through advocacy and by leveraging resources and partnerships, the Collaborative develops regional solutions, programs and educational opportunities to advance the goals of the member communities. (cshcdc.org)

South Suburban Land Bank Development Authority:

The South Suburban Land Bank and Development Authority is a newly forming organization which aims to incentivize economic development through the management and development of vacant, abandoned, and tax-foreclosed properties. Through the Authority municipalities in the southern suburbs can effectively transform these properties back into productive parcels that reinvest in the community.

Cook County Department of Planning & Development:

The Cook County Department of Planning and Development (<http://www.cookcountygov.com>) is the principle regulatory body for planning and development issues throughout the county. The Department offers a variety of tools and incentives aimed at promoting economic opportunities and business development. The goals of these tools is to promote:

- » Sustainable community investment.
 - » Business growth, attraction, and retention.
 - » Affordable housing.
 - » Regional planning.
 - » Workforce development.
-