

*Initiative for the
Chicago Southland Transit Region*

Implementation Study

City of Oak Forest



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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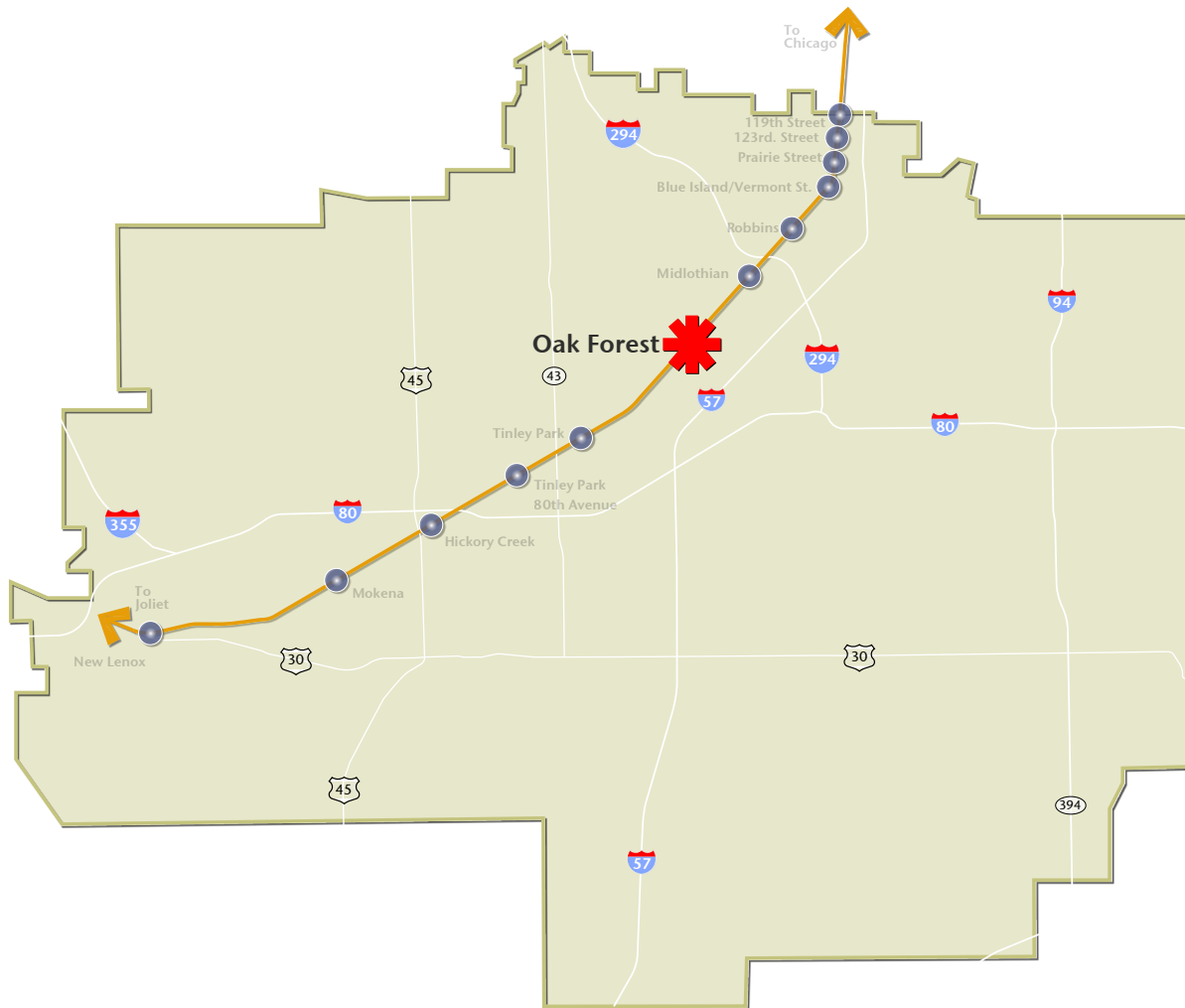
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Legend

 Rock Island District Line

 Station Location

Phase 2: Implementation Study | Context Map

Introduction



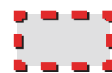
Purpose and Scope of Implementation Study

SSMMA/CSEDC and the City of Oak Forest have demonstrated significant initiative in proactively planning for and efficiently working to establish the implementation framework for transit-oriented development within the south suburban region. 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 a development site located in proximity to the Metra commuter rail transit station within the City of Oak Forest. 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 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.



Oak Forest 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 the identified study site, various regulatory, planning, and development initiatives previously completed and/or on-going by the community 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 this key site, 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 Oak Forest

- » Initiative for the Chicago Southland Transit Region
- » Comprehensive Plan
- » Redevelopment Plan and TIF District 3
- » Homes for a Changing Region
- » Gateway Development Plan
- » Metra Station Improvements
- » Making Smart Choices: Transit-Oriented Selector Analysis of South Suburban Corridors
- » Zoning Regulations



CITY OF OAK FOREST

Initiative for the Chicago 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 Oak Forest 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.



The Initiative characterizes the Oak Forest station area as a Multi-Use Transit Center which is envisioned as a place that has the potential to or currently serves as the economic and cultural center of the community.

Characteristics of a Multi-Use Transit Center include:

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

The Initiative relative to the Oak Forest station area also includes a series of Developer Typology Assignments that are intended to help the community in targeting specific types of developers using a more efficient and effective marketing and recruitment strategy. In addition, the developer typology assignments are beneficial to the development community in helping to identify potential sites in a more user-friendly manner. The Oak Forest Station Area has been assigned the following Developer Typologies:

- ❑ **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-LD: Residential Infill: Low Density** (*below 5 stories*) – This type of developer has expertise in the design and construction of a variety of low to medium density housing products.
- ❑ **I: Industrial** – This type of developer has expertise in the design and construction of a variety of industrial facilities.
- ❑ **B: Brownfield** – This type of developer builds market-supportable developments exclusively on land that has been contaminated by previous industrial or commercial uses.

A portion of the development objectives identified within the Initiative are currently underway. The partially completed Gateway Development at the northwest corner of 159th Street and Cicero Avenue is a catalyst project helping to stimulate the larger redevelopment goals around the remaining three quadrants of the intersection as well as on the Wille Brothers industrial property to the northwest. The Gateway Development has reconfigured a significant portion of the station area with retail and service uses along with the relocation of the Metra commuter parking lot to the south side of 159th Street. Two commercial buildings currently occupy the site and plans for two additional mixed-use buildings (commercial/residential) are under consideration within close proximity to the Metra platform. Implementation of these additional buildings will help to achieve the goal of a vibrant and livable station area at this key development location.

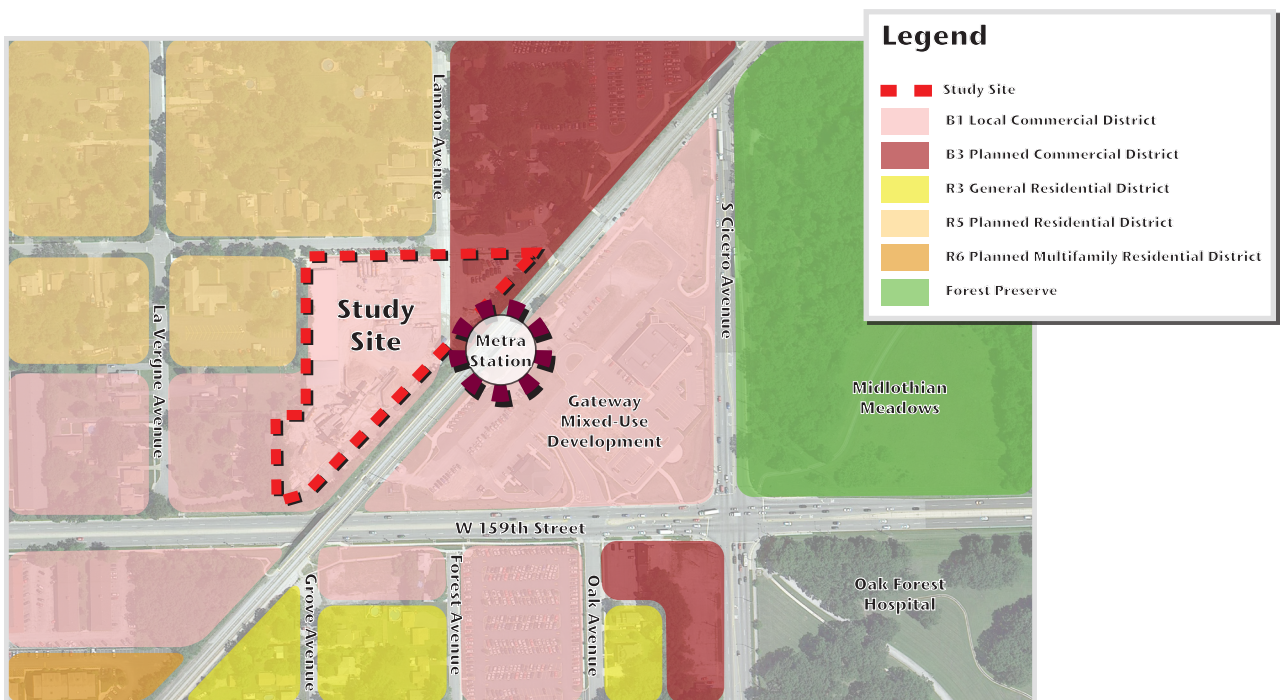
Zoning Regulations

The City’s Zoning Map, updated in 2008, designates the majority of the Oak Forest Station area including the Gateway Development site and the western portion of the Wille Brothers industrial property as **B1 – Local Commercial District**. The purpose of this district is to provide appropriate locations for local and neighborhood retail and service commercial establishments. The B1 District generally allows most customer-oriented commercial uses as well as residential uses via the approval of a special use permit. The City’s zoning regulations do not include standards for height or bulk in the B1 District.

The northeast corner of the Wille Brothers property, as well as the southwest corner of 159th Street and Cicero Avenue, are designated as a **B3 – Planned Commercial District**. The B3 district is intended to allow for planned commercial activities in areas along major streets where restrictive lot depths have impacted commercial developments in the past. The B3 district allows for property assembly, including lots which adjoin the rear of lots fronting on a major street, and there subsequent development in accordance with a pre-approved development plan. The B3 District generally allows most commercial uses along with residential uses via approval of a special use permit. The City’s zoning regulations do not include standards for height or bulk in the B3 District.

Off-street parking standards for the City of Oak Forest include the following minimums:

- ❑ *Multi-family dwellings*: Two parking spaces for each dwelling unit
- ❑ *Two-family dwellings*: One parking space for each dwelling unit
- ❑ *Business, professional and public administration or service office buildings*: One parking space for each 250 square feet of floor space
- ❑ *Restaurants (not including drive-in establishments)*: One parking space for each 100 square feet of floor area in the building
- ❑ *All other business and commercial establishments*: One parking space for each 250 square feet of floor area



City of Oak Forest Station Area Zoning

Comprehensive Plan

The Oak Forest Comprehensive Plan (adopted 2008) designates the future land use of the Gateway Development site and the property at the southwest corner of 159th Street and Cicero Avenue as mixed-use. The Gateway Development, now in progress, has established retail and service uses on the site and includes two additional mixed-use buildings intended to provide commercial space and residential housing in close proximity to the station. The Wille Brothers property is designated as a combination of mixed-use, multi-family residential, townhouse residential, and parks and open space.

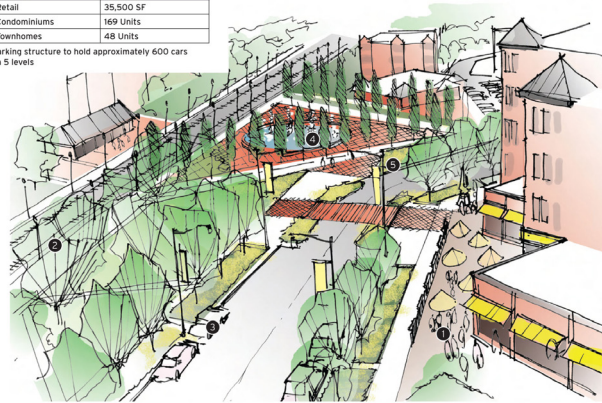
Building on the Future Land Use Framework, more detailed plans, goals and policies have been developed for the Oak Forest station area. The Sub-Area Plan depicts a general pattern of future land uses within the area, and highlights key connections and open spaces that establish a pedestrian-friendly and transit-supportive environment. Key features of the Sub-Area Plan include:

- » A station parkway north of the station and directly adjacent to the tracks.
- » A centralized station plaza.
- » Storefront retail and restaurants north of 158th Street and west of the tracks.
- » Increased residential density including mid-rise mixed-use and condominium buildings on the southwest side of the Wille Brothers property.
- » Development density that “steps down” to townhouses on the northwest side of the Wille Brothers property, including redevelopment of the single-family homes on the north side of 158th Street.
- » Commuter parking within a structure north of 158th Street between Lamont Street and Cicero Avenue.
- » Surface parking in visible locations along 158th Street and 157th Street.
- » Limited street closures and traffic calming measures to channel traffic along the station parkway.



Land use	Quantities
Retail	35,500 SF
Condominiums	169 Units
Townhomes	48 Units

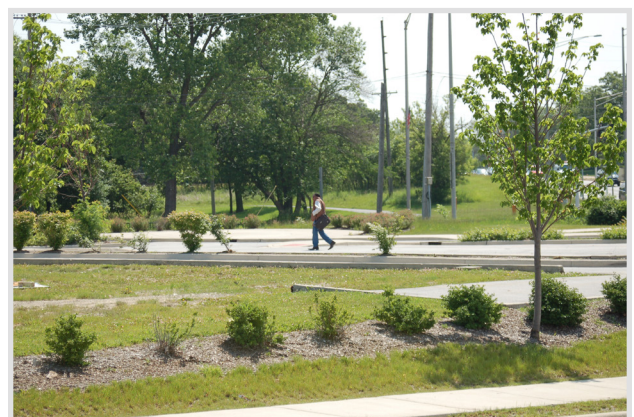
Parking structure to hold approximately 600 cars on 5 levels



Redevelopment Plan and TIF District 3

The Redevelopment Plan and TIF District 3 was established in 2002 to assist in development and redevelopment efforts for the properties along the commercial cores of Cicero Avenue and 159th Street. The TIF district boundaries include the entirety of the Oak Forest Metra Station and Gateway Development. The Redevelopment Plan identifies goals and objectives for this district with particular emphasis on strengthening commercial uses and mixed-use transit related development and redevelopment. Among the specific objectives identified within the Redevelopment Plan include:

- » Promoting the redevelopment of the sites adjacent to the Metra Station.
- » Enhancing the necessary infrastructure and creek related improvements in order to serve all of the parcels within the area.
- » Improving existing buildings, structures, and uses.
- » Providing for the necessary site preparation, grading, and excavation (if necessary) of property located within the area for redevelopment.
- » Coordinating redevelopment activities in a manner that conforms to the fiscal and economic development policies of the City and its common interests with overlapping tax districts.
- » Identifying viable reuse opportunities for existing structures and parcels.
- » Improving roadways and coordinating multi-parcel and multi-modal ingress and egress.



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, Oak Forest was selected as one of nine communities to demonstrate how the specific market recommendations and strategies could be put into practice. The housing needs analysis revealed that Oak Forest has:

- » a stable rental and owner-occupied market in terms of moderate and middle-income housing, but that future demand in both these market segments may not remain as strong as it is today without progressive intervention;
- » a need for more subsidized housing for its lowest income residents, both today and in the future; and
- » a current need for more rental and owner-occupied upscale housing so as to prevent the future loss of upper-income households to other communities.



Illustrative of Mixed-Use Development on Site

To address these issues, the Housing Policy Plan for Oak Forest identifies the main growth areas within the City, the anticipated concentrations of future of housing in Oak Forest, and further steps to create balanced housing opportunities. The recommended strategies are included in the Oak Forest Housing Policy Plan:

- » Create more rental and owner-occupied housing for high-income households. A meaningful portion of the dwelling units planned for the redevelopment of the Metra Station area at 159th Street and Cicero Avenue can be targeted at upscale households, especially if the planned Metra Station development is expanded to include the Wille Brothers property.
- » Zone the area for a variety of housing types. Smaller units, including townhomes and attached housing, can serve the needs of moderate income families. Larger units or high amenity/ high-density units tend to appeal to higher income households.
- » Consider creating multi-use zoning along key corridors such as 159th Street and Cicero Avenue. Such zoning may permit new residential and commercial development consistent with the city's plans to enhance these corridors.
- » Establish a design standards overlay for buildings in targeted districts such as the Metra Station area to enhance neighborhood aesthetics.

In projecting the needs of ownership housing through 2030, the Study recommends that the City encourage the development of 842 new homes to serve the needs of both low and moderate income families. In order to fulfill the needs of future residents seeking rental housing through 2030, the Study recommends that the City encourage the development of approximately 593 dwelling units to serve the needs of both low and moderate income families.

Gateway Development Plan

The Gateway Development in Oak Forest is a 4.9 acre project located at the northwest corner of 159th Street and Cicero Avenue and abuts the Oak Forest Metra station on the northwest. Prior to the 2008 approval for the mixed-use transit oriented development, the property served the community as the Metra commuter parking lot. In early 2007, RSC & Associates began discussions with the City of Oak Forest to undertake the Gateway Development. An early step in reconfiguring the property involved relocation of the existing commuter parking lot to the south side of 159th Street onto the former site of Arbor Park Middle School.

The approved and partially completed Gateway Development calls for multi-family residential, retail, service and restaurants, including three drive-through facilities. The approved plan includes two mixed-use buildings located along the northwest property line flanking the Metra Station. The buildings are proposed to include 78 condominium units (39 in each building) with one to three bedroom units, indoor parking for residents, and 13,750 square feet of ground floor commercial space. Additional residential development is a future possibility with the City retaining ownership of both the northeast and southwest corners of the site. In the short term these parcels are to be retained as surface parking. In addition to the mixed-use and residential portions of the project, three commercial outlots are included and provide approximately 28,000 square feet.

The total proposed commercial space for the development is 56,500 square feet. A CVS Pharmacy and National City Bank currently occupy two of the three commercial outlots. The development plan, when completed will include pedestrian style landscaping and public plazas or gathering areas.

As a result of the economic recession of 2007, RSC & Associates is currently discussing with the City of Oak Forest amendments to the approved plan to reduce the amount of commercial space within the proposed mixed-use buildings and increase the number and type of residential units adjacent to the Metra station.



Site Development Perspective

Metra Station Improvements

The U.S. Department of Transportation recently awarded the City of Oak Forest \$1.3 million to assist in the construction of a new Metra station. The Oak Forest Station is the second busiest stop along the Rock Island District Line. Nearly 1,500 commuters use the station every day, and 23 weekday commuter trains pass through on the way to Chicago. The current Station, which was first built over 50 years ago, has been identified by Oak Forest and Metra as a priority to update.

The Metra Station improvements are intended to increase the appeal of public transit as an affordable, reliable, environmentally friendly alternative to car travel while spurring economic development in Oak Forest and surrounding communities. The new station is planned to include a warming shelter, bike parking and lockers, bathrooms, indoor/outdoor seated waiting areas, and a geothermal heating system.

The overall cost of the desired Station is anticipated to be approximately \$3.4 million dollars. Oak Forest officials are applying for additional grants to secure the remaining funds necessary for the improvement project.

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

The Making Smart Choices TOD Selector Analysis, led by the Center for Neighborhood Technology, 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 Oak Forest:

- » 24th in ease of land assembly
- » 4th in market strength for Town Center development
- » 12th in market strength for Community Area development
- » 29th in market strength for Residential development

The study concludes that Oak Forest demonstrates a strong potential to develop as a Community Area TOD. Community Area TODs are defined as places that provide a commercial service center for a neighborhood or village of a few thousand residents. Community Area TOD's have frequent to moderately frequent transit service and usage, moderate residential density, and a cluster of convenience goods and service businesses.



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 site for Oak Forest, this process involved an assessment of the existing land use, access/circulation, infrastructure, and market conditions of the specified site and where appropriate surrounding contextual areas. This scope of this assessment is not intended to represent a traditional due diligence evaluation for the site. 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 site and its respective development context in conjunction with evaluation of available infrastructure and real estate market conditions.

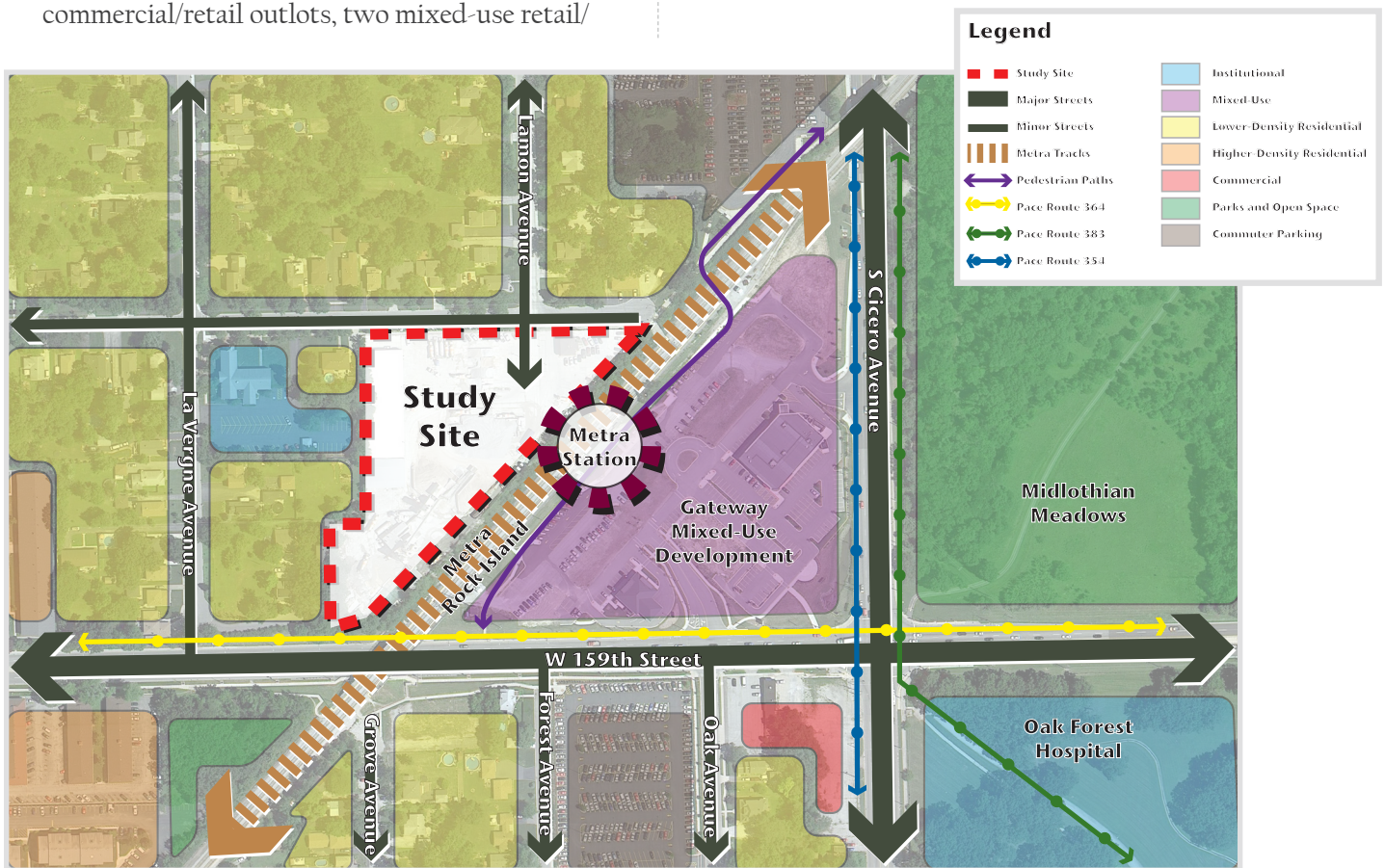


CITY OF OAK FOREST – Study Site Assessment

Land Use Context

The Oak Forest study site (a.k.a. Wille Brothers Concrete Company) is a 5.8 acre property (including Lamon Avenue right-of-way) located immediately south of the intersection of Lamon Avenue and 158th Street. The triangular shaped parcel abuts the Rock Island District Metra Line along its east boundary and is surrounded by low density single family residential and institutional (i.e. Redeemer Lutheran Church) uses to the north and west. Across the Metra tracks to the southeast, the Gateway mixed-use development occupies 4.9 acres of land at the northwest corner of Cicero Avenue and 159th Street. This project represents the City of Oak Forest’s most recent efforts to encourage transit-oriented development within proximity of its significant transit asset at the Oak Forest Metra Station. The Gateway development as planned includes three commercial/retail outlots, two mixed-use retail/

residential buildings and surface parking to support the planned uses. The project is partially developed at this time and includes two retail / services uses (i.e. CVS Pharmacy and PNC Bank) as well as the associated surface parking. To the opposite side (east) of Cicero Avenue is Midlothian Meadows, a part of the Cook County Forest Preserve. Oak Forest Hospital, a 600 plus room healthcare facility and major employer for the community occupies a 340 acre campus at the southeast corner of Cicero Avenue and 159th Street. A small concentration of ancillary commercial uses and commuter parking are located on the south side of 159th Street between Cicero Avenue and the Metra tracks. A collection of medium-density rental housing is clustered to the north and south side of 159th Street to the east of LaVergne Avenue.



Access & Circulation

Cicero Avenue and 159th Street are respectively, major north/south and east/west thoroughfares providing vehicular access to the proximate area of the study site. Direct access to the site is provided via residential streets along either LaVergne Avenue from 159th Street or Lamon Avenue/157th Street from Cicero Avenue. The unusual circumstance of an industrial user lacking direct access to a major arterial such as 159th Street or Cicero Avenue creates access and safety issues for the site and the surrounding residential neighborhood.

Beyond vehicular access, transit service to the study site is provided via both Metra commuter and Pace suburban bus service. The Oak Forest Metra Station, along the Rock Island District Line is located immediately adjacent to the study site and provides direct trains to and from the City of Chicago. Average daily ridership from the station is approximately 1,487. Pace has three routes in proximity of the site. These include Routes 383 and 354 which travel along Cicero Avenue and Route 364 which travels along 159th Street. Each of the routes provide connections to the Oak Forest Metra Station.

Non-motorized (a.k.a. pedestrian) access to the study site is provided via existing sidewalks along LaVergne Avenue and 158th Street as well as a pedestrian/bicycle path along the northwest side of the Metra tracks. A pedestrian grade tracking crossing is provided near the northeast corner of the study site to allow persons to access the station platform as well as the Gateway development to the southeast. Pedestrian bridges at Cicero Avenue and 159th Street enhance accessibility to the study site and station area for the large community and surround region. The pedestrian bridge at 159th Street also serves to enhance safety for commuters using the Metra parking lot south of 159th Street.



Infrastructure Municipal Utilities

The Oak Forest study site is serviced by City Sewer, Public Water Supply, and a private well which is used for concrete mixing. Lamon Avenue and 158th Street contain 8" City-owned sanitary sewer lines. These lines continue north along Lamon Avenue, turn east on 157th Street, and outlet into 24" MWRD facilities on Cicero Avenue. The Wille Brothers parcel is also served by a 12" water main along Lamon Avenue, which continues west along 158th Street.

Additionally, there is one City-owned storm sewer at the northeast corner of the site. It appears that this short, 12" section of storm sewer collects run-off from 158th Street and outlets to the railroad right-of-way.

Public Utilities

Communication utilities within the station area are currently delivered by AT&T, Wide Open West and Comcast. Overhead power lines extend on the north side of 158th Street to serve the mix of residential and industrial use located in this area. Overhead power lines also come in to the southern portion of the study site from LaVergne Avenue. For natural gas supply, the station area is served by an existing low pressure 2" line that runs along 158th Street.

Environmental

In 2010, the City of Oak Forest completed a Phase I Environmental Site Assessment of the Wille Brothers property. The following recognized environmental conditions were identified as part of that study:

- » Active diesel fuel UST on site
- » Active diesel fuel AST on site
- » Storage and handling of various automotive petroleum chemicals
- » Past leaking underground storage tank (LUST) site, Incident No. 940235
- » The presence of an electrical transformer on site
- » Possible asbestos containing building materials

Remediation of negative effects due to these environmental conditions will be a key element in site redevelopment.

Drainage

The most recent Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map and National Wetlands Inventory Map for Oak Forest were reviewed to determine if the property is in either the 100-year or 500-year flood zone. The Wille Brothers Concrete Plant does not appear to be in the flood zones or within the National Wetland Inventory.



Real Estate Market Observations

The market potential of the study site is dependant in large part on the relocation and if necessary underlying environmental remediation issues relative to Wille Brother Concrete facility. The attractive elevation of the study site along with its proximity to Oak Forest Metra Station, abutting Gateway project, and surrounding residential neighborhoods contribute to its potential as a development opportunity.

The market draw from a 5-minute drive radius is adequate as well, with much of the City's population positioned to the west of the station area. Employment numbers surrounding the station area don't increase substantially until 3-mile and 10-minute markets are taken into account. The City of Oak Forest exhibits generally strong sales tax numbers for eating and drinking, given the overall City's spending power. Oak Forest's average household incomes and the percentage of higher incomes are significantly higher than the other communities in the study site vicinity.

Planned future development phases for the Gateway project to include residential and commercial uses as well as the generally strong traffic counts for commercial uses along 159th Street and Cicero Avenue will further strengthen market opportunities for significantly sized parcels and/or projects (e.g. Wille Brothers site) in proximity to these assets. Given the visibility accessibility issues relative to the site for commercially-oriented uses, it appears that residential development opportunities will provide the greatest potential for the site. The type, configuration and percentages of residential development will be dependent on market demands. Within the current economic conditions (circa 2011), market rate rental residential development presents the greatest opportunity in the near term.

Municipal Incentives and Utilization Tolerance

The City of Oak Forest has substantial experience with multiple local municipal development support tools. These include but are not necessarily limited to the following:

- ❑ Tax Increment Financing
- ❑ Cook County Class 6 Designation
- ❑ Cook County Class 8 Designation
- ❑ State & Federal Grants
- ❑ Planned Unit Development (PUD)
- ❑ Zoning Variances
- ❑ Targeted Infrastructure Improvement Projects

The City's effectiveness in utilizing the various financing tools has ranged widely dependent upon the unique attributes of the specific project, economic market conditions, timing, and capacity of the incentive recipient (i.e. developer/organization). Oak Forest provides its financial incentives on a project by project basis.

Oak Forest has been most successful and relied most often on the use of Tax Increment Financing (TIF) to attract and support development throughout the community. The City is home to six (6) existing TIF districts, including one at the Metra Station site (commercial/retail uses), four along 159th Street corridor (commercial/retail uses), and one in the southeast quadrant of the City (industrial uses). The Metra Station TIF, located immediately southeast and adjacent to the identified project study site (a.k.a. Wille Brothers Concrete Company) is designed to support the transit-oriented development objectives of the Gateway project. The City has expressed their support for redevelopment of the Wille Brothers site into a multi-family residential project.

In addition to the TIF incentive, Oak Forest has been successful in securing state and federal funds, such as a \$1 million grant through SSMMA's STP program for the Metra station improvement project and a \$1.3 million reimbursement award through the FHWA's TCSP program to support development projects as well as zoning variations, infrastructure improvements, and County Class 6 and Class 8 property tax incentives. Finally, the City is very informed relative to the sources and process for environmental remediation funds which may be necessary to prepare this site for the marketplace.

The City is fully prepared to utilize its municipal financial tools to promote development in accordance with its development vision for the project study site. This may include the designation of an additional (TIF #7) in the agreed upon scope area.

Stakeholder Interviews

In order to understand the development desires, potential, and limitations inherent at the project study site, 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.

CITY OF OAK FOREST

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 the City of Oak Forest, representatives from RSC Development (developers of the Gateway project), and adjacent property owners. At the direction of the City of Oak Forest, representatives of the Wille Brothers Concrete Company were not contacted as part of the stakeholder interview process. Oak Forest has conducted on-going conversations with the company in regards to the issues associated with potential redevelopment of the site. As such, as part of this process, the City has opted to serve as the primary point of contact in relation to questions related to the site. The following stakeholders were interviewed through this process:

- ✦ **Adam Dotson**, *Community Development Director - City of Oak Forest*
- ✦ **Dave Newquist**, *Economic Development Coordinator - City of Oak Forest*
- ✦ **Marisa Munizzo**, *Community Development Planner - City of Oak Forest*
- ✦ **Pam Opyd**, *Vice President - RSC Development - Oak Forest Gateway Development*
- ✦ **Ken Sevenburg**, *Property Owner - 4815 West 159th Street*

Summary Overview

The Oak Forest study site (a.k.a. Wille Brothers concrete company) is viewed by the City of Oak Forest and the participating stakeholder interviewees as the next significant and logical location to continue to implement the City's transit-oriented development vision for the community. While there exist a number of smaller development/redevelopment opportunities in and around the 159th Street and Cicero Avenue intersection, the proximity, size, visibility, and prominence of the Wille Brothers site presents a unique opportunity to accomplish a signature redevelopment desire of the City. Redevelopment of the site is likely to have meaningful economic implications for the remaining properties in and around the TOD station area.

The challenges to redevelopment of the site are as significant as the potential benefits to be received from its accomplishment. These include but are not limited to, identification of a comparable site within the City of Oak Forest to relocate the facility, negotiation of the site acquisition, evaluation and resolution of any environmental remediation issues, solicitation and securitization of the relocation and remediation funds, and identification of a development partner to undertake implementation of the envisioned project.

The next steps in the planning process should involve development of both a basic strategy for the relocation and redevelopment of the Wille Brothers business as well as a more detailed look at development prototypes for this site. The City will continue to work with the property owners to seek to identify funding sources (e.g. brownfield grants, others) that may be "tapped into" to help with the future redevelopment of the site.

City of Oak Forest

Stakeholder Interview Contact(s):

Adam Dotson, *Community Development Director*
 Dave Newquist, *Economic Development Coordinator*
 Marisa Munizzo, *Community Development Planner*



- » The City of Oak Forest views the identified study site (a.k.a. Wille Brothers) as an important component in the City's vision for redevelopment around the Oak Forest Metra station.
- » Oak Forest is interested in taking an "open minded" approach to this project, understanding the inherent difficulties in relocating and redeveloping such an intensive industrial use. The City estimates it will need approximately \$5 million for relocation of the Wille Brothers business. The revenue needed for the relocation expenses is expected to come in whole or part from outside funding sources.
- » Redevelopment of the site should complement the existing and planned uses underway at the Gateway project, work to enhance the character of the surrounding residential neighborhoods, and link where appropriate to the City's emerging Cicero Avenue "entertainment district".
- » The original redevelopment proposal for the Gateway site, prepared in 2005, included the construction of a Target Store as the primary user of the property. The proposal was unsuccessful.
- » In 2007, the development program currently being implemented for the site which included the mixed-use retail/residential (2 buildings, 78 total units) and outlot parcels was approved by City Council.
- » The economic recession of 2008 has temporarily stalled implementation of significant portions of the original development plan. CVS Pharmacy and PNC Bank have been completed to date.
- » The City wants to be aggressive in implementing the planned mixed-use buildings adjacent to the Metra station. The ground-floor retail originally proposed for the buildings will likely be scaled back due to the limited interest from potential tenants. In exchange, additional residential units may be included but will be dependent on the affects the change may have on the existing TIF district.
- » Consideration has been given to modifying the planned condominium units to market rate residential so as to capture some of the demand for this product type in the marketplace. These are referred to as "condos for rent." The City is undertaking an evaluation and education campaign to address questions and concerns and solicit input on the potential product change. The Oak Forest Housing Study should be reviewed for its recommendations related housing product needs throughout the community.
- » The City would like the planning team to talk to RSC Development about their opinions regarding the Wille Brothers property, its impact on the implementation plans for the remainder of the Gateway project, and methods by which the two projects may be able to be cooperatively executed.
- » Additional development initiatives and potential activities are occurring near the study site. These include a \$2.7 million grant from the federal government for a new Metra station and potential development of portions of the Oak Forest Hospital property at the southeast corner of 159th Street and Cicero Avenue.

RSC Development

Stakeholder Interview Contact:

Pam Opyd, *Vice President*

- » The Gateway project is a cooperative effort between RSC Development and the City of Oak Forest to promote and implement a “TOD lifestyle” within the community.
 - » The Gateway project was approved by the City of Oak Forest in 2007 and is planned to mixed-use retail/residential (2 buildings, 78 total units) and 3 independent outlot parcels. Two of the three outlot parcels have been developed and include a CVS Pharmacy and PNC Bank.
 - » The economic recession of 2008 has temporarily stalled implementation of the remaining portions of the original development plan.
 - » RSC has secured financing for the mixed-use buildings on the Gateway project and is in discussion with the City on potential modifications to the intended development plan / program for these buildings. These modifications may include adjustments to the retail spaces as well as the residential product types.
 - » RSC is actively marketing the ground-floor retail spaces and is working to meet the City’s desires for a coffee shop / restaurant on the site to provide an amenity for commuters.
- » RSC has met with HUD to discuss the need and potential for rental residential units within the mixed-use buildings. Additional evaluations and discussions are on-going with the appropriate stakeholders.
 - » Assuming there are no unforeseen issues, RSC would desire to begin construction on the mixed-use buildings in the Spring of 2012.
 - » The Wille Brothers property is the next major component to address in regards to redevelopment of the overall station area.
 - » As it currently exists, the intensity of the industrial use reduces the potential residential price point and/or rent that is possible for the proposed Gateway project units that face the Wille Brothers property.
 - » Relocation and redevelopment of the site for higher-end residential or service retail uses would be complementary with the Gateway project and adjacent properties, and the City’s overall vision for TOD redevelopment within the area.
 - » RSC may be interested in discussing participation in the development of the Wille Brothers site following resolution of any necessary environmental remediation for the property.



4815 West 159th Street

Stakeholder Interview Contact:

Ken Sevenburg, *Property Owner*

- » Mr. Sevenburg purchased the property in August of 2000.
- » His initial intention for purchasing the property was to use it for parking for commuters utilizing the Oak Forest Metra Station and/or development of a supporting commercial/retail establishment which could benefit from the high visibility of the intersection and proximity to the station. Use of the site as a coffee shop or plumbing service/store have also been considered.
- » Given the locational assets of the site, the City has expressed an interest in the property being developed as a mixed-use project.
- » To increase the diversity of potential uses for the project, Mr. Sevenburg is interested in working with the City to examine the potential to modify the zoning on the site from B3 Planned Commercial District.
- » If approached with a competitive offer, Mr. Sevenburg may consider selling the property or partnering with a developer interested and capable of developing a successful mixed-use project for the site.
- » The ability to execute a larger development will be impacted by the existence of an underground creek at the southwest corner of Cicero Avenue and 159th Street as well as cooperation with the adjacent property owners to the east. Past negotiation efforts with surrounding owners on site purchases have been unsuccessful.



- » The Wille Brothers property is a significant redevelopment opportunity given its size, location, and visibility. Relocation of the existing uses, given the type of industry and ability to identify and secure a suitable relocation site is probably 10 years away from implementation.
- » The Gateway project, when fully complete will serve as a great “front-door” for the City of Oak Forest and thereby also benefit surrounding land owners. It may be comparable (despite difference in scale) to the opportunities presented by the Orland Park station area redevelopment model.

Conceptual Development Vision Statements

Defining the preliminary Conceptual Development Vision for the study site 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 respective communities, the following preliminary Conceptual Development Vision Statements have been physically and financially tested for the study site. Two concepts for the site will be evaluated to allow for comparison of both a moderate/high and low/moderate intensity development for the site. This information will be further refined during Phase 3 of the planning process.



CITY OF OAK FOREST - Study Site

Concept A – Moderate/High Intensity: Utilizing the significant visibility provided by its elevation above the Metra tracks and immediate adjacency to the station, moderate to high density market-rate rental residential product is envisioned as the cornerstone of the site. Multiple buildings with heights of 6-8 stories may be configured along the southeast portion of the site abutting the tracks. Moderate density townhomes of 2-3 stories may be used to transition from the southeast portion of the site to lower density single family character of the surrounding neighborhoods. In the short-term, the townhome area could also be reserved as landscaped surface parking or open space until such time as the real estate market for for-sale products improves. Generous landscaped parkways and a neighborhood park may be located at the northeast corner of the site to provide ample open space and greenery thereby integrating aesthetics of the environment with the existing neighborhood.

Access and circulation may be provided by roadway alignments with Lamont Avenue and possibly a project loop road existing on 158th Street at the western edge of the site. Pedestrian circulation would be provided along the periphery of the site with appropriate cross-site connections. Targeted connections to the existing Metra track pedestrian crossings would be provided to ensure convenient linkages between the study site and adjacent neighborhoods with the existing bicycle path, Metra Station, and Gateway development.

The location of a significant number of proposed residential units on the west side of the tracks creates pedestrian connectivity issues for accessing the station to the east. As a result, consideration should be given to construction of a pedestrian overpass or underpass to link the east and west sides of the tracks. The appropriate location and funding sources for an overpass or underpass will be determined in coordination with developer, City, and Metra at such time as an actual development plan for the site is proposed.

Off-street parking for the project may be located at the interior of the block with primary access from Lamont Avenue and/or the proposed loop road. Residential parking may be provided at 1 to 1.5 spaces per unit to correspond to the project's proximity to the station.





Oak Forest Concept A – Moderate/High Intensity:

Site Area: 180,277 square feet (4.14 acres)

Building Height: 7 stories (77 feet)

- » 6 stories residential
- » 1 story parking

Building Square Footage: 327,600 square feet

- » Building A: 163,800 square feet
23,400 square feet per story
Residential total: 140,400 square feet
Garage total: 23,400 square feet
- » Building B: 163,800 square feet
23,400 square feet per story
Residential total: 140,400 square feet
Garage total: 23,400 square feet

Residential Units: 252 units (950 square feet/unit)

- » 126 units Building A
- » 126 units Building B

Parking: 277 spaces

- » 135 surface spaces
- » 71 spaces (Building A structure)
- » 71 spaces (Building B structure)



Concept B – Low/Moderate Intensity:

Compatibility and sensitivity to the established character of the surrounding neighborhood are noble components of successful site redevelopment. Moderate density market-rate rental products, designed in a 4-6 story courtyard configuration may be used to respect the tradition of the abutting neighborhood while establishing a complementary and financially viable project. Small ground-floor “flex” spaces for office and limited retail use may be able to be included in the southeast portion of the building facing the Metra station. The courtyard configuration may be setback from the rail tracks by a loop drive, diagonal parking, and generous landscape parkway.

Access and circulation may be provided by roadway alignments with Lamont Avenue and possibly using an existing loop drive on 158th Street at the western edge of the site. Pedestrian circulation would be provided along the periphery of the site with appropriate cross-site connections. Targeted connections to the existing Metra track pedestrian crossings would be provided to ensure convenient linkages between the study site and adjacent neighborhoods with the existing bicycle path, Metra Station, and Gateway development.



The location of a significant number of proposed residential units on the west side of the tracks creates pedestrian connectivity issues for accessing the station to the east. As a result, consideration should be given to construction of a pedestrian overpass or underpass to link the east and west sides of the tracks. The appropriate location and funding sources for an overpass or underpass will be determined in coordination with developer, City, and Metra at such time as an actual development plan for the site is proposed.

Parking for the residential and where appropriate limited office/retail uses would be located within a surface parking lot at the northeast corner of the site with the possibility of another small surface parking area near the southwest corner as well as along the loop drive. Parking ratios may be provided at 1 and 1.5 spaces per residential unit due to the accessibility to the train station and Gateway project.



Oak Forest Concept B – Low/Moderate Intensity

Site Area: 180,277 square feet (4.14 acres)

Building Height: 4 stories (45 feet)

- » 3 stories residential
- » 1 story parking

Building Square Footage: 198,392 square feet

- » 49,598 square feet per story
- » Residential total: 148,794 square feet
- » Garage total: 49,598 square feet

Residential Units: 132 units (950 square feet/unit)

Parking: 153 spaces (1st story structure)

Preliminary Pro-Forma Evaluations

To begin to understand the potential feasibility of market desired development projects for the stakeholder community development site, a series of preliminary pro-forma evaluations were prepared for the identified study site. These preliminary evaluations were designed to correspond with the Conceptual Development Visions designated by the City of Oak Forest. On the site, a low/moderate and a moderate/high intensity development option was designed and tested.

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 Oak Forest 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 Oak Forest 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 (Oak Forest new building pro-forma) 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
Oak Forest A	12.0%	13.6%
Oak Forest B	21.0%	26.0%

The scenarios presented on the following pages represent a positive start for the City of Oak Forest. 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 (the current figure in the Oak Forest pro-forma) 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 City of Oak Forest, 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 have 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	126	119,700	140,400	71	\$1.50	\$2,154,600	\$26,932,500
Building B	126	119,700	140,400	71	\$1.50	\$2,154,600	\$26,932,500
Parking (Surface)				135			
TOTAL CONCEPT	252	239,400	280,800	277		\$4,309,200	\$53,865,000

Oak Forest Concept A

Moderate/High Intensity



Site Data:

Site Area: 180,277 square feet (4.14 acres)

Building Height: 7 stories (77 feet)

- ❑ 6 stories residential
- ❑ 1 story parking

Building Square Footage: 327,600 square feet

- ❑ **Building A:** 163,800 square feet
23,400 square feet per story
Residential total: 140,400 square feet
Garage total: 23,400 square feet
- ❑ **Building B:** 163,800 square feet
23,400 square feet per story
Residential total: 140,400 square feet
Garage total: 23,400 square feet

Residential Units: 252 units (950 square feet/unit)

- ❑ 126 units Building A
- ❑ 126 units Building B

Parking: 277 spaces

- ❑ 135 surface spaces
- ❑ 71 spaces (Building A structure)
- ❑ 71 spaces (Building B 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
\$22,804,470	\$3,420,671	\$1,775,000	\$4,400,000	\$32,400,141		
\$22,804,470	\$3,420,671	\$1,775,000		\$28,000,141		
		\$810,000		\$810,000		
\$45,608,940	\$6,841,341	\$4,360,000	\$4,400,000	\$61,210,281	-\$7,345,281	\$225,818
Estimated Financial Incentive Participation (cost/value)					12.0% / 13.6%	
Estimated Annual Taxes					\$1,077,300	
Estimated 23-Year Increment Taxes					\$24,777,900	
Estimated Net Present Value					\$13,254,400	

Oak Forest Concept B

Low/Moderate Intensity



Site Data:

Site Area: 180,277 square feet (4.14 acres)

Residential Units: 132 units (950 square feet/unit)

Building Height: 4 stories (45 feet)

Parking: 153 spaces (1st story structure)

- ❑ 3 stories residential
- ❑ 1 story parking

Building Square Footage: 198,392 square feet

- ❑ 49,598 square feet per story
- ❑ Residential total: 148,794 square feet
- ❑ Garage total: 49,598 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
\$24,167,865	\$3,625,180	\$3,825,000	\$4,100,000	\$35,718,045	-\$7,503,045	\$225,818
\$24,167,865	\$3,625,180	\$3,825,000	\$4,100,000	\$35,718,045	-\$7,503,045	\$225,818
Estimated Financial Incentive Participation (cost/value)					21.0% / 26.0%	
Estimated Annual Taxes					\$564,300	
Estimated 23-Year Increment Taxes					\$12,978,900	
Estimated Net Present Value					\$6,847,400	

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 (Homewood and Blue Island)	\$13.00	\$13.00	
Apartment Rent/SF (OF)	\$1.10	\$13.20	\$1.10 Per apartments.com for Oak Forest (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

Oak Forest

» Concept Plan A	\$4,400,000
» Concept Plan B	\$4,100,000

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 Oak Forest

To assist the City of Oak Forest in moving their respective TOD development site 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 site.

City of Oak Forest

- ❑ Update the Comprehensive Plan as necessary to reflect the development goals, objectives and vision as outlined within the study report.
- ❑ Determine whether a relocation of Willie Brothers Company can be accomplished including the identification of a new proposed site, the anticipated cost of relocation, the environmental issues associated with the old and potentially the new site, and the timeline and the source of funding for the initiatives.
- ❑ As necessary, rezone the existing site to accommodate the City desired and anticipated uses for the site (e.g. multifamily residential).
- ❑ 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 Oak Forest product.



Oak Forest Concept A – Moderate/High Intensity:



Oak Forest 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 42 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 43 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 44-45 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 46 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 47 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 48 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 50-54 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 53 makes reference to a detailed explanation in the earlier text of the report (pp 27-29) which summarizes how the “bird’s eye view” is calculated. Page 54 makes reference to page 29 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 55 for a discussion of the pro’s and con’s of RFQ’s vs. RFP’s and page 56 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 and 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 69-71 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

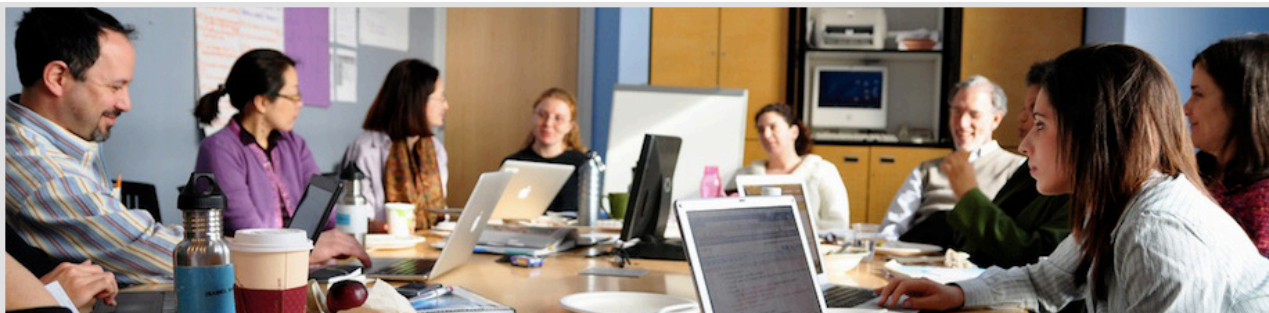
When determining the future vision of a TOD site, development/redevelopment district, or community as a whole, municipalities have many different potential development scenarios to consider. In regards to transit-oriented development (TOD), these options range from building new and/or adaptive reuse of shared retail and office spaces, industrial uses, single family or multi-family residential uses and multi-use combinations of the 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.
- ❑ 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 27 to 29 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 34 to 37 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 29 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.

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.
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