

MULTIFAMILY FINANCING PROJECT SUMMARY

Summary Version: Board
Summary Date: 6/16/2017

Reviewed By: *C. Moran*
Development Officer: J. Campbell
Attorney: J. Heun

DEVELOPMENT OVERVIEW

Project Number (PID): 11333

Project Name: Pullman Artspace Lofts
Primary Address: 11127-29 S Langley Avenue
(City, Zip+4 Code) Chicago, 60628

Note: There are multiple Sites in this Project.

County / Set-Aside: Cook / City of Chicago
Construction Type: New Construction / Rehabilitation
Population: Non-Elderly

Local Elected Officials:

Chief Municipal Official: Rahm Emanuel
9 - Alderman: Anthony Beale
17 - State Senator: Donne Trotter
34 - State Representative: Elgie Sims Jr.
2 - US Representative: Robin Kelly

Chicago Community Area(s): 50. Pullman

Project Units: Unit Mix (AMI)

30%	9
50%	14
60%	15

Total Units: 38

Tax Credit Program: 9% Low Income Housing Tax Credits

Authority Resources:

(X)*	Resource	Amount	Status	Date
	2016 LIHTC	1,083,000	Board	9/16/2016
X	2017 LIHTC Increase	197,723	Loan Committee	5/30/2017
X	IAHTC	160,441	Loan Committee	5/30/2017

* "X" indicates the resource(s) currently seeking approval.

Seller: Various Donors

Donation Tax Credits:*Donation Narrative*

The requested donation credits are based on \$320,882 of donations raised by the project partners. These donations include \$115,000 in land donations and cash grants from private philanthropic organizations (from Donnelly Foundation and Chicago Community Trust). The unrestricted cash donations are being used in support of developing the project, with cash grants being used towards architectural and hard cost expenditures.

Use of IAHTC Proceeds

The certificate will be sold to an investor at \$0.85 and proceeds from the sale will be transferred to the project in the form of a capital contribution.

Project Description:

Pullman Artspace Lofts is a proposed mixed-use arts complex with 38 units of affordable artist live-work housing and ground floor gallery and community art spaces for residents and local artists. The project will include the renovation of two existing vacant three-story 8,500 square foot historic masonry residential buildings, and construction of a new three-story 32,000 square foot residential building. Units will be a mix of studios, one-bedroom, and two-bedroom units. Project amenities will include on-site management and leasing offices, in-unit laundry, resident lounge, gallery space, and community art center.

Construction Scope of Work:

The project includes a new building and two historic residential buildings to be remodeled. The new building will be slab-on-grade primary structure to be both masonry and steel stud load bearing walls with wood framed floor, roof and non-load bearing partitions. The new building will be built conforming to the historic requirements of the Pullman Historic for new construction. The two historic residential buildings will have their masonry exteriors and stair halls returned to near-original condition, and each of its 12 dwelling units will have new HVAC, electrical and plumbing systems. Site improvements include all new landscaping and street trees, new sidewalks within the site boundaries, 17 off-street parking spaces and a loading berth.

COMMUNITY SUPPORT / OPPOSITION**Letters of Support:**

Anthony Beale, Alderman, 9th Ward
Lynn McClure, Senior Midwest Director, National Parks Conservation Association
Rev. James T. Meeks, Senior Pastor of Salem Baptist Church of Chicago
Anthony Simpkins, Managing Deputy Commissioner, City of Chicago
Michael A. Shymanski, President of Historic Pullman Foundation

Letters of Opposition:

Pullman National Monument Preservation Society
response from: Historic Pullman Foundation

Opposition Narrative:

The opposition letter dated August 16, 2016 states, among other things, that there "appears to be multiple violations of federal law related to approvals of this project." In addition, the letter asserts the project "will destroy archaeological resources" and "impair the historic designed landscape." In response, the Historic Pullman Foundation outlined the extensive community planning and review process for this project, including approvals from the Chicago Landmarks Commission and City Council which followed all the regulatory procedures and guidelines required by the National Park Service, and City of Chicago landmark ordinances.

DEVELOPMENT TEAM

OWNER, SYNDICATOR, and SPONSORS

Owner:
Pullman Artspace Lofts, LP, Minneapolis, MN 55401

LIHTC Syndicator:
US Bank, St. Louis, Missouri 63103

Sponsor(s):
Artspace Projects, Inc., Minneapolis, MN 55401
Chicago Neighborhood Initiatives, Chicago, IL 60628
Pullman Arts, Chicago, IL 60628

OTHER DEVELOPMENT TEAM PROFESSIONALS

Property Manager: Hays Gibson International, Bloomington, IN 47404
General Contractor: Pepper Construction, Chicago, IL 60654
Architect: VOA & Associates, Chicago, IL 60604
Real Estate Attorney: Applegate & Thorne-Thompson, Chicago, IL 60605
Construction Guarantor: Artspace Projects, Inc., Minneapolis, MN 55401
Dev. Consultant: IFF, Chicago, IL 60604
IAHTC Syndicator: US Bank, St. Louis, MO 63103

FINANCIAL SUMMARY

Underwriting	Financing			Loan	Amort.		Total	
Construction Period Sources	Type	Amount	%	Term	Period	Rate	D/S Pmt.	Status
US Bank Construction Loan	1st	\$11,050,000	65.7%	2.00	N/A	3.50%	\$450,000	Letter of Interest
IFF Loan	1st	\$750,000	4.5%	2.00	I/O	5.88%	\$0	Letter of Interest
Sponsor Loan	2nd	\$1,537,867	9.1%	2.00	I/O	1.00%	\$0	Committed
IFF Bridge Loan (FHLB-AHP)	3rd	\$569,962	3.4%	2.00	I/O	0.00%	\$0	Letter of Interest
LIHTC Equity	Equity	\$2,570,117	15.3%	19.7%	of Total LIHTC Equity			Letter of Interest
Historic Equity	Equity	\$200,409	1.2%					Letter of Interest
IAHTC Equity	Equity	\$136,375	0.8%					Application Pending

Total Construction Period Sources: \$16,814,730 100.0%

Underwriting	Financing			Loan	Amort.		Annual	
Permanent Sources	Type	Amount	%	Term	Period	Rate	D/S Pmt.	Status
IFF Permanent Loan	1st	\$750,000	4.3%	18	35	5.88%	\$50,594	Letter of Interest
Sponsor Loan	2nd	\$1,537,867	8.7%	30	30	0.00%	C/F	Committed
Sponsor Loan (FHLB-AHP)	3rd	\$569,962	3.2%	30	30	0.00%		Will Apply
LIHTC Equity	Equity	\$13,062,064	74.2%	\$1.020	Net Cent Raise			Letter of Interest
Historic Equity	Equity	\$1,336,065	7.6%	\$1.020	Net Cent Raise			Letter of Interest
IAHTC Equity	Equity	\$136,375	0.8%	\$0.850	Net Cent Raise			Letter of Interest
Deferred Developer Fee		\$205,428	1.2%	13.7%	of Total Developer Fee			paid through project cashflows

Total Permanent Sources: \$17,597,761 100.0%

Underwriting Budget:		Amount	%	Gross SF	Average Cost		Underwriting Comments	
					Per SF	Per Unit		
Acquisition		\$410,000	2.3%	50,441	\$8.13	\$10,789		
Land	\$90,000 22.0%			33,441	\$2.69	\$2,368		
Buildings	\$200,000 48.8%			17,000	\$11.76	\$5,263		
Other (Holding Costs, etc.)	\$120,000 29.3%				\$2.38	\$3,158		
Construction		\$12,311,885	70.0%	49,461	\$248.92	\$323,997		
Residential: New Construction	\$7,597,412 61.7%			29,619	\$256.50	\$199,932		
Residential: Rehabilitation	\$4,574,340 37.2%			16,842	\$271.60	\$120,377		
Commercial, Service, Offsite	\$140,133 1.1%			3,000	\$46.71	\$3,688		
Other GC Costs	\$0 0.0%							
Contingency		\$693,929	3.9%			\$18,261	6.05% of trade payments and site work	
							Blended number for rehab/new construction	
Total Developer's Fee		\$1,500,000	8.5%			\$39,474		
Realized Developer Fee*	\$1,294,572						*Realized Dev Fee is paid via closing proceeds	
Deferred Developer Fee*	\$205,428						*Deferred fee is paid through project cashflows	
Project Reserves		\$217,470	1.2%			\$5,723		
Other Costs						\$64,855		
Soft Costs	\$1,658,376					\$43,641		
Financing Costs	\$316,358	\$2,464,477	14.0%			\$8,325		
Interim Costs	\$489,743					\$12,888		
Total Project Cost:		\$17,597,761	100.0%			\$463,099		

UNIT RENT SCHEDULE & AFFORDABILITY

Unit Rent Schedule - Monthly									Programmatic Information				
% AMI	Bedrooms	Bathrooms	Units	Unit SF	Rent	Utility Allowance	Gross Rent	Rent Limit	HOME Assisted	Supportive Housing	State Referral	Rental Assistance	Project Based Rental Assistance Program - Term (Years)
30%	Studio	1.0	1	672	\$320	\$64	\$384	\$404			1		
50%	Studio	1.0	1	700	\$575	\$64	\$639	\$673					
60%	Studio	1.0	1	712	\$704	\$64	\$768	\$808					
30%	1	1.0	1	748	\$330	\$81	\$411	\$433			1		
30%	1	1.0	2	770	\$330	\$81	\$411	\$433			2		
50%	1	1.0	1	792	\$604	\$81	\$685	\$721					
50%	1	1.0	2	750	\$604	\$81	\$685	\$721					
50%	1	1.0	1	768	\$604	\$81	\$685	\$721					
50%	1	1.0	1	788	\$604	\$81	\$685	\$721					
50%	1	1.0	1	890	\$604	\$81	\$685	\$721					
50%	1	1.0	3	890	\$644	\$81	\$725	\$721				3	Section 8 HAP - 15 Years
60%	1	1.0	1	892	\$742	\$81	\$823	\$866					
60%	1	1.0	1	784	\$742	\$81	\$823	\$866					
60%	1	1.0	1	785	\$742	\$81	\$823	\$866					
60%	1	1.0	1	1068	\$742	\$81	\$823	\$866					
30%	2	1.0	2	1068	\$395	\$98	\$493	\$519			2		
30%	2	1.0	3	1115	\$877	\$98	\$975	\$519				3	Section 8 HAP - 15 Years
50%	2	1.0	1	1155	\$725	\$98	\$823	\$866					
50%	2	1.0	1	1068	\$725	\$98	\$823	\$866					
50%	2	1.0	2	1115	\$725	\$98	\$823	\$866					
60%	2	1.0	2	1155	\$889	\$98	\$987	\$1,039					
60%	2	1.0	2	1010	\$889	\$98	\$987	\$1,039					
60%	2	1.0	2	1134	\$889	\$98	\$987	\$1,039					
60%	2	1.0	2	1112	\$889	\$98	\$987	\$1,039					
60%	2	1.0	1	1054	\$889	\$98	\$987	\$1,039					
60%	2	1.0	1	1056	\$889	\$98	\$987	\$1,039					
Total:			38						0	0	6	6	RA Program Summary
													Program - Term (Years)
													Units
													Section 8 HAP - 15 Years
													6

ANNUAL INCOME AND EXPENSES

Annual Income

Residential Rental Income:		\$299,328
+ Rental Subsidy:		\$16,560
+ Other Residential Income:		\$6,240 Laundry
+ Other Income		\$0
+ Commercial Income:		\$10,998
= Total Gross Income:		\$333,126
- Residential Vacancy	7%	\$22,549
- Commercial Vacancy	0%	\$0
= Effective Gross Income:		\$310,577

Annual Expenses

- Salaries	\$1,584 per unit	\$60,192	19.4%
- Management Fee	\$474 per unit	\$18,013	5.8%
- Administrative Expenses	\$375 per unit	\$14,250	4.6%
- Operating Expenses	\$377 per unit	\$14,326	4.6%
- Maintenance Expenses	\$631 per unit	\$23,994	7.7%
- Utilities	\$796 per unit	\$30,248	9.7%
- Taxes and Insurance	\$1,599 per unit	\$60,763	19.6%
- Reserves	\$416 per unit	\$15,800	5.1%
- Total Operating Expenses	\$6,252 per unit	\$237,586	76.5%
= Net Operating Income:		\$72,991	
- Debt Service:	-1st:	\$50,594	DCR 1.44
Total Debt Service:		\$50,594	1.44
= Cash Flow:		\$22,397	

PROJECT IMPACT

Permanent Supportive Housing	
SRN	6
Other Restricted	
Developer Intent	
Total PSH	6

Jobs Supported	
Construction	168
Post Construction	14

Accessibility	
Accessible	4
Adaptable	8
Sensory Impaired	6
Universal Design	
Mandatory	X
Scoring - 50% of Units	X
Scoring - 100% of Units	

Task Force Initiatives	
30%<AMI≤50%	14
AMI≤30%	9
LI Seniors	
LI Special Needs	
Homeless	
Live/Work	
Preservation	

PROJECT REGULATORY RESTRICTIONS

TOTAL UNITS = 38

38	LOW INCOME HOUSING TAX CREDIT UNITS							<i>% of Total</i>	<i>AMI</i>
<i>BRs</i>	<i>Studio</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>Total</i>	<i>Units</i>	<i>Designation</i>
<i>Units</i>	3	16	19	0	0	0	38	100.00%	≤ 60%

<i>Total Rentable Area (Sq. Ft.)</i>	38,113	100.00%
<i>LIHTC Rentable Area (Sq. Ft.)</i>	38,113	

Applicable Fraction: 100.00%
Tax Credit Allocation 1,280,723

9	30% AREA MEDIAN INCOME HOUSING UNITS							<i>% of Total</i>	<i>AMI</i>
<i>BRs</i>	<i>Studio</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>Total</i>	<i>Units</i>	<i>Designation</i>
<i>Units</i>	1	3	5	0	0	0	9	23.68%	≤ 30%

10 ILLINOIS AFFORDABLE HOUSING TAX CREDITS

<i>Donation Value</i>	\$ 115,000	Minimum Required IAHTC	Units: 10	<i>% of Total</i>	<i>AMI</i>
<i>Credit Amount</i>	160,441			<i>Units</i>	<i>Designation</i>
				26.32%	≤ 60%

RECOMMENDATION

The Multifamily Finance Department recommends approval of an increase in Low Income Housing Tax Credits of 197,723 and Illinois Affordable Housing Tax Credits of 160,441 contingent upon the following conditions:

- 1) Review and approval of all final costs and documentation by sponsor of other funding as generally outlined to confirm project feasibility and viability prior to closing.
- 2) Fulfillment of all other IHDA requirements.