

CASE STUDY ON THE DEVELOPMENT PROCESS: Southbridge

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THE **C**OMMUNITY
BUILDERS

THE COMMUNITY BUILDERS

The Community Builders mission is to build and sustain strong communities where all people can thrive.



WHAT WE DO | OUR MISSION DRIVEN BUSINESSES



Develop Healthy Housing

33K Apartment homes completed since 1964



Invest in Thriving Neighborhoods

\$240MM In New Markets Tax Credit allocations for neighborhood businesses amenities



Manage Well and Own Responsibly

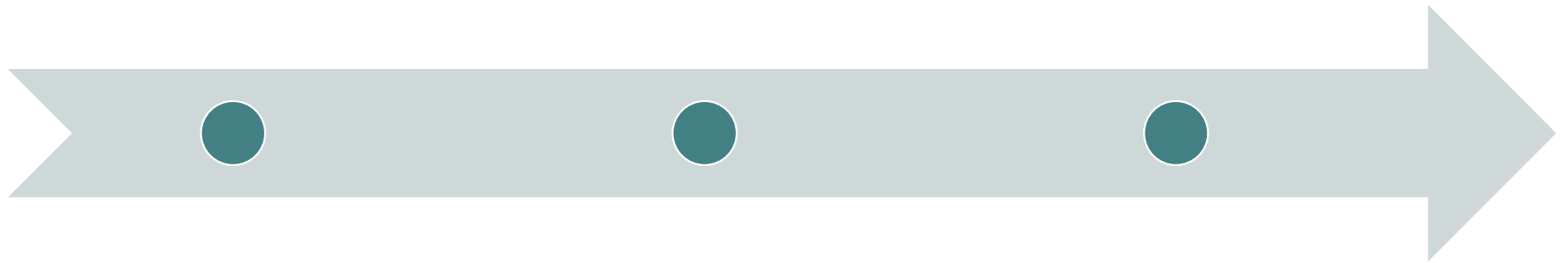
14K Apartment homes owned or managed



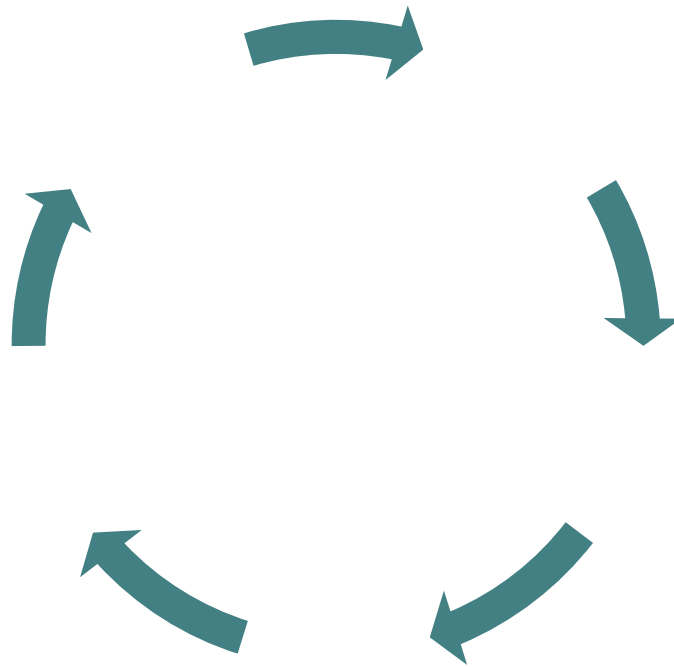
Connect Residents

92% Young adults have someone they can turn to when they feel isolated

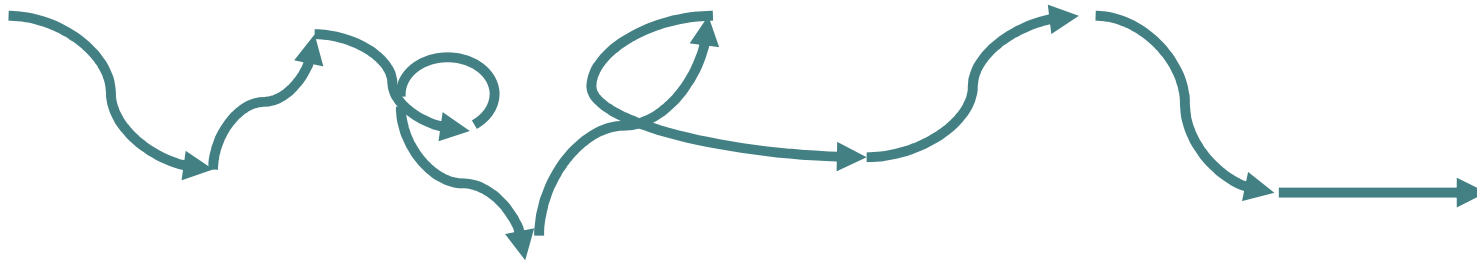
THE DEVELOPMENT PROCESS?



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THE DEVELOPMENT PROCESS



SOUTHBRIDGE



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SOUTHBRIDGE MASTER PLAN PROGRAM

- 767 units rental (RAD S.8 CHA replacement, LIHTC, market rate)
- 110 units for-sale
- 65,000 sq ft retail

STAKEHOLDERS AND PARTNERS

- Public agencies
 - Chicago Housing Authority
 - City of Chicago DOH
 - Illinois Housing Development Authority
- Residents and neighbors
 - Returning public housing residents
 - New residents
 - Neighbors
 - Alderman
 - Local businesses
 - New retail tenants
- Development and Management Team
 - The Community Builders and McCaffrey Interests
 - Management Agent: Habitat Group
- Private Financial Partners
 - Goldman Sachs
 - Citibank
 - USBank

PHASING

- How should we break the site plan into phases?
- How big should each phase be?
- Where on the site plan should we start with Phase 1?
- Considerations:
 - Public agencies directives
 - Local elected/neighborhood preferences
 - Financial feasibility
 - Public resources
 - Private financing partner parameters
 - Marketing (residential and commercial)

FINANCING STRUCTURE

- Some key parameters:
 - Approximately 50% market/50% affordable
 - “Checkerboarded” mix of residential units types across income levels
 - Retail component (18,000 sq ft in Phase 1A/1B)
- The master lease structure:
 - Project Owner entity leases a subset of units to LIHTC Owner entity
 - All project loans run through the Project Owner
 - Subordination and Nondisturbance Agreement provided by perm lender
IHDA protects LIHTC Owner lease in event of a foreclosure caused by the market or commercial components

PARTNERING

- Three public agencies with unique, key roles:
 - Chicago Housing Authority
 - City of Chicago
 - Illinois Housing Development Authority
- Private financing partners selection considerations
 - Experience with City of Chicago/CHA/IHDA
 - Comfort with master lease structure
 - Perspective on neighborhood housing and retail market
 - Financial competitiveness of terms
 - Non-financial terms

SOURCES AND USES: PHASE 1A/1B

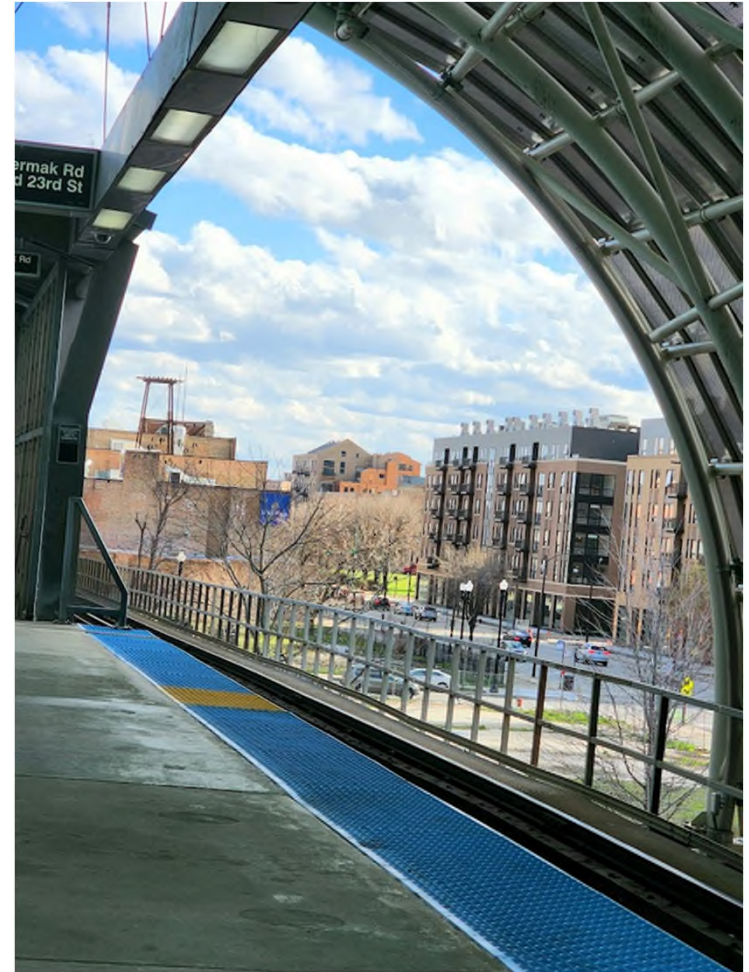
	Phase 1A (4%)	Phase 1B (9%)	Total
Uses			
Acquisition	\$ 99	\$ 99	\$ 198
Site Work	\$ 5,778,847	\$ -	\$ 5,778,847
Construction	\$ 30,589,796	\$ 29,485,413	\$ 60,075,209
Soft Costs	\$ 4,645,560	\$ 4,492,099	\$ 9,137,659
Financing Costs	\$ 4,722,057	\$ 3,343,013	\$ 8,065,071
Reserves	\$ 3,583,508	\$ 2,428,838	\$ 6,012,346
Developer Fee Paid	\$ 2,805,784	\$ 1,868,653	\$ 4,674,437
Developer Fee Deferred	\$ 1,382,349	\$ 622,884	\$ 2,005,233
Total Uses	\$ 53,508,000	\$ 42,241,000	\$ 95,749,000

	Phase 1A (4%)	Phase 1B (9%)	Total
Sources			
IHDA First Mortgage	\$ 8,100,000	\$ 6,600,000	\$ 14,700,000
IAHTC (DTC)	\$ 2,299,909	\$ 1,340,000	\$ 3,639,909
CHA Capital Funds	\$ 10,849,285	\$ 10,390,000	\$ 21,239,285
TIF	\$ 12,750,000	\$ 4,250,000	\$ 17,000,000
City of Chicago HOME	\$ 2,340,435	\$ 2,257,305	\$ 4,597,740
IHDA Trust Fund	\$ 4,762,234	\$ -	\$ 4,762,234
Donation from US Bank	\$ 10,000	\$ 10,000	\$ 20,000
Accrued Soft Interest	\$ 547,514	\$ 492,811	\$ 1,040,325
Deferred Dev Fee	\$ 1,382,349	\$ 622,884	\$ 2,005,233
Fed LIHTC	\$ 8,665,407	\$ 15,226,477	\$ 23,891,884
Mezzanine Financing	\$ 1,800,000	\$ 1,050,000	\$ 2,850,000
GP Contribution	\$ 867	\$ 1,523	\$ 2,390
Total Sources	\$ 53,508,000	\$ 42,241,000	\$ 95,749,000

THE PRODUCT



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