



City of Chicago
STAMP
Site Technical Assistance for a Municipal Project
July 16-17, 2007

WEST PULLMAN COMMUNITY AREA



Prepared for:
Peter Hollingworth, President & CEO, CERF



Table of Contents

Page

STAMP Expert Team

1

Program Agenda

2

West Pullman Project: Site Background Information

4

Appendix 1: Demographics

Appendix 2: Pullman Area Sales and Rental Comparables

Appendix 3 City of Chicago Municipal Programs

Appendix 4: State of Illinois Programs

Appendix 5: Federal Incentives



STAMP TEAM EXPERTS

Peter Hollingworth,
President and CEO, (CERF)
Sacramento, CA
Telephone: 916-326-5225
peter@ca-cerf.com

Tom Henderson
Administrator, IL DECO
Springfield, IL
Telephone: 217-785-6145
Tom.r.henderson@illinois.gov

Bret Batchelder
Managing Director, Cherokee
Investment Partners, LLC
Raleigh, NC
Telephone: 913-743-2530
bbatchelder@cherokeefund.com

John Magill
Director, Ohio DOD
Columbus, OH
Telephone: 614-466-4484
jmagill@odod.state.oh.us

Alan Bressler
President, CPR Companies, L.L.C.
Atlanta, GA
Telephone: 678-575-4152
ab@cprcompanies.com

Elmo Dowd
Policy Advisor, IEPA
Springfield, IL
Telephone: 217-557-7826
Elmo.dowd@epa.state.il.us

Kevin Noell
Managing Director, Terra Vita
Development
San Diego, CA
Telephone: 858-433-0306
knoell@terravitadev.com

Doug Sanders
Attorney, Baker & McKenzie LLP
Chicago, IL
Telephone:

Cheryl Hoffman, CEO
Brownfields Capital
Denver, CO
303-534-2100
cheryl.hoffman@brownfieldscapital.com

CITY OF CHICAGO

Sadhu Johnston, Commissioner, Chicago Department of the Environment

Kimberly Worthington, Deputy Commissioner, Chicago Department of the Environment

David Graham, Environmental Engineer, Chicago Department of the Environment
Telephone: 312-744-3639 dgraham@cityofchicago.org

NBA STAFF

Robert Colangelo, 773-714-0407 x19 Email: robertc@brownfieldassociation.org

Jessica Brandt, 773-714-0407 x 23 Email: jessicab@brownfieldassociaton.org



Program Agenda

DAY 1 - Monday, July 16, 2007

- 1:00- 4:00 **Site Overview and Visit**
 Location: Department of the Environment 30 N. LaSalle Street
 2nd Floor Conference Room
- 1:00-1:10 **Welcome and Introductions**
 Robert Colangelo
- 1:10- 1:30 **Introduction to West Pullman**
 Sadhu Johnston, Commissioner DOE
 Kimberly Worthington
 Dave Graham
- 1:30-3:45 **Bus Tour of West Pullman site and neighborhood**
 Dave Graham
- 4:00 - 5:00 p.m. **Q & A with City of Chicago Departments**
 City Experts: Planning
 TIF
 Green Issues
 Infrastructure
- Hotel Check-In**
 Location: Crowne Plaza Hotel 733 West Madison
- 6:30 p.m. **Dinner**
 Location: Japonais 600 W. Chicago Ave

DAY 2 - Tuesday, July 17, 2007

- 9:00 - 12:00 p.m. **Roundtable Discussion (Working Lunch)**
 Closed to Redevelopment Expert Team
 Location: Department of the Environment 30 N. LaSalle Street
 32nd Floor Conference Room
- 1:00 - 3:00 p.m. **Oral Report to City of Chicago**
 Expert Team
 City of Chicago, Department Heads



West Pullman Project: Site Background Information

Assignment

The City of Chicago is in the process of assembling an 80-acre tract of land that consists of multiple parcels. Currently, they own or control approximately 58 acres and are in the process of acquiring the additional 22 acres. Of the 80 acres, an estimated 80% of the property is developable, assuming 20% of acreage is required for site setback and interior landscaping. The land varies in both the degree of environmental impact from past operations and the existence of structures—some demolished to grade. The estimated cost to remediate the entire site to industrial cleanup standards, raze structures to grade and remove foundations where applicable is estimated at \$50 million. The City of Chicago does not have the aforementioned funds necessary to cover the cost of pre-development activities.

In addition, the City of Chicago requires that all industrial sites incorporate green building design and sustainable initiatives into the development. This includes onsite storm water management and incorporation of green roofs. For this project, the goal is 100% green roof coverage or a combination of green roofs and photovoltaic (solar energy systems). The cost estimate to achieve this green initiative is an additional \$5 million.

The Team is assigned to propose creative solutions for financing pre-development activities (remediation and surface/subsurface demolition activities) and sustainable initiatives. Said solutions may include use of traditional federal, state and municipal programs or they may propose new strategies. These could include a combination of private and public sector financing or a private sector development scenario that would finance the pre-development and redevelopment of the area.

The following summary is intended to give the Team background information on the site and surrounding area so that they can be prepared to ask specific questions of City experts that will be available on the afternoon of July 16th, and formulate their recommendations.

The Site


Because this area is comprised of many parcels, its boundaries are irregular. The boundaries roughly extend to Peoria Street on the east, Loomis street on the west, 119th on the north and 122nd on the south. The site is made up of 9 parcels. Attached is an aerial photo dated 2004 that depicts the site and adjacent area.



LEGEND

- WRA Study Areas
- WRA Area Boundary

0 200 400 Feet

WEST PULLMAN INDUSTRIAL REDEVELOPMENT AREA CHICAGO, ILLINOIS
FIGURE 1 AREA BOUNDARIES
 TETRA TECH EM INC.



Ownership Summary

This site is comprised of 9 parcels, not all currently owned by the city. We will assume all parcels will be owned by the city.

Demographic Data

The site is located on the Southeast Side of Chicago in the West Pullman Community Area. These community area designations are not governmental, but are based on the names given by the Social Science Research Committee at the [University of Chicago](#) for purposes of a long-term population study. There are 77 Community Areas and about 213 named neighborhoods in the city today.

The area is zoned industrial Planned Manufacturing District with adjacent and surrounding land zoned single-family residential. This is Community Area 53 – West Pullman. Information gathered from the 1990 and 2000 Census data for the West Pullman neighborhood reports the following:

Population: 36,649
Median Family Income: \$42,914
Race: 92% African-American Community
Unemployment: 17.6% (1990 Census)
Unemployment decreased between 1990 and 2000 to 10.5%

(See Appendix 1)

Site History

The West Pullman Industrial Redevelopment Area was first developed for industrial uses in the late 1800s. This industrial development led to the construction of International Harvester, Pullman Car Works, Dutch Boy Paint, AM Forge, and Ingersoll companies. Activities included the manufacturing of locomotive brake shoes, farm implements, rail cars, various metallic working and forging operations, and lead-based paint production.

Additional growth in the 1940s was spurred by World War II and included production of artillery shells and tank parts. Later market forces, such as decentralization, led to the industrial decline of the area. By the mid 1990s, the area was characterized by vacant sites, obsolete and abandoned industrial structures, environmental contamination, and deteriorated infrastructure. Scavenging activities, which often spread contamination across the parcel, further exacerbated site conditions. A few of these sites were donated to churches or other not-for-profit entities in an effort to divest of heavily contaminated properties. Few industrial operations remain, while **Industrial Harvester**, Ingersoll and Dutch Boy have relocated their operations out of the area.



Environmental History

The West Pullman area has a variety of historical industrial buildings of varying size and conditions, mostly on the former Ingersoll property (Area 7) and Chicago Building Structures (Area 10 and 11). For the remaining sites, significant amounts of pavement remain, including most of the subsurface foundations. Contamination from past operations has impacted the area and varies throughout the site. Most sites can be characterized by shallow soil contamination, consisting mainly of PNAs, arsenic and lead. The former Dutchboy site (Area 13) has a significant amount of lead contamination that exceeds characteristic levels of hazardous waste standards. The Ingersoll property (Area 7) has a significant amount of free-phase oil at the near surface and in building sub-basements.

In general, all off the property has been entered in the State of Illinois Voluntary Cleanup Program, Illinois Environmental Protection Agency's (IEPA's) Site Remediation Program (SRP). It is the City's goal to maintain as much material onsite as possible to minimize disposal costs, reduce road traffic and conserve landfill space. The advantage of the SRP to site remediation and development is that contaminated soil can be moved and maintained onsite in soil management zones. However, untreated hazardous waste must be treated or removed.

The City Council passed a groundwater ordinance in 1997 that prohibits the installation of potable water wells. Under the Illinois' VCP, groundwater needs to be completely evaluated, but allows a remedial applicant to limit groundwater cleanup and rely on this groundwater ordinance to prevent human consumption. Therefore, in most cases, groundwater remediation is not required within the City limits.

Industrial Values

The Chicago Metropolitan Area is the largest industrial market in the U.S. with over one billion square feet of industrial product under roof.

Rental rates for comps in the area range between \$2.60-\$3.50 sq. ft.

Sales comps in the area range between \$20-\$30 sq. ft.

The appraised value for land on Parcel 3 is \$1.42 sq ft.

(See attached back up material)

Tax Rate

The tax rate for industrial property in this area will range between \$0.90 - \$2.00 sq. ft.

Existing Infrastructure

The site is served by existing roads, combined sewer and water lines, as well as private utilities of natural gas, electric and telephone.



Infrastructure Improvements

In 2002, the City completed roadway improvements in the area. The improvements included 120th Street from Halsted Street to Ashland, Peoria Street from 119th to 122nd streets, and Ada Street from 119th to 120th streets. The scope of work included reconstruction and new roadway; the replacement and upgrade of drainage structures; water and sewer lines; new sidewalks, new street lighting and new trees.

The City is currently reconstructing 119th Street from Halsted Street to Ashland Ave. The scope of work includes reconstruction and new roadway; the replacement and upgrade of drainage structures; water and sewer lines; new sidewalks, new street lighting and new trees. The City is also coordinating the involvement of private utilities for the upgrade of natural gas, electrical and telephone facilities.

Zoning

The site is zoned industrial, while the surrounding area is zoned single family with limited multi-family residential. Interspersed there are public schools, parks and other institutional amenities. Attached is a city zoning map that indicates the permitted land use for the area and surrounding land.

Government Incentive Programs

Municipal Programs

Through the City of Chicago, various Financial Assistance is available to developers on a case-by-case basis. A detailed list of programs is presented in Appendix 3. Below is a short list of available programs.

Private Activity Bond Program – Industrial Development Revenue Bonds, Enterprise Zone Facility Bonds, 501(c)(3)

CD Float Loan Program

Bank Participation Loan Program

Property Tax Incentive Programs – Administered through the local county government, but this is closely linked to the City.

State of Illinois Programs

The State of Illinois provides a variety of incentives to spur redevelopment. A short list is presented below with detail presented in Appendix 4.

Enterprise Zones The Illinois Enterprise Zone Act took effect December 7, 1982. An enterprise zone is a specific area designated by the State of Illinois in cooperation with a local government to receive various tax incentives and other benefits to stimulate economic activity and neighborhood revitalization. The Enterprise Zone Program is administered at the state level by the Illinois



Department of Commerce and Economic Opportunity. Enterprise zones range from a one-half-square mile to fifteen-square miles.

Rivers Edge Redevelopment Zone A pilot program that applies to sites along rivers.

TIF in Illinois The only legal authority that the Illinois Tax Increment Financing Act (65 ILCS 5/11-74.4.1 et seq.) grants to the Department of Commerce and Economic Opportunity (DCEO) is the maintaining of a list of all existing, proposed or amended TIF Districts in Illinois. This is accomplished through the statutory requirement that all municipalities must send to the department the necessary information on proposed TIFs or amendment of existing TIFs. Municipalities, as long as the statutory requirements are met, may choose to create or amend a TIF District through their local ordinance(s). Neither does DCEO or the Illinois Department of Revenue (DOR) have any statutory authority to create or amend TIF Districts, nor does either agency have the authority to oversee or investigate the use of local TIF funds.

Federal Programs

More than a dozen federal programs are available to redevelop brownfield sites and can provide funds that pay for cleanup, provide liability relief and technical assistance. A detailed list of these programs is presented in Appendix 5.



Brownfields Training, Research, and Technical Assistance Grant Fact Sheet

National Brownfield Associations

EPA Brownfields Program

EPA's Brownfields Program empowers states, communities, and other stakeholders to work together to prevent, assess, safely clean up, and sustainably reuse brownfields. A brownfield site is real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. EPA provides financial assistance to eligible applicants through assistance agreements to provide training, research, and technical assistance to facilitate brownfields revitalization.

Organization Description

Established in 1999, the National Brownfield Associations (NBA) is an international umbrella organization of national associations focused on the responsible redevelopment of brownfields. NBA is a non-profit, educational organization based out of Chicago, and is the only group that represents a wide array of brownfields stakeholders, including: property owners, developers, investors, service professionals, and government representatives. NBA provides a transaction-focused international network where members can meet industry leaders and exchange ideas, information, and experiences to better brownfields redevelopment. NBA's educational programs include workshops, technical assistance training, short courses, and custom trainings on many aspects of the redevelopment process.

Municipal Technical Assistance Brownfield Trainings

New
2007

Grantee:

National Brownfield Associations

Project Focus:

Training and Technical Assistance Grant for Local Governments on the Revitalization Market

Project Period:

October 2003 to September 2008

Project Description:

Since the beginning of the project period, NBA conducted 31 technical assistance brownfields trainings to more than 300 communities. In FY2006, NBA offered more than 10 workshops to different communities and a variety of other brownfields experts around the country. NBA also implements the Site Technical Assistance for Municipal Projects (STAMP) program, which provides site-specific technical assistance to communities, and gathers a team of local brownfields experts to provide a snapshot perspective on the development potential of a brownfield property of interest to a municipality. NBA piloted the first project in Mantua Township, New Jersey, in 2006, and has subsequently completed several more STAMP projects.

Contacts

For further information, including specific grant contacts, additional grant information, brownfields news and events, and publications and links, visit the EPA Brownfields web site at: <http://www.epa.gov/brownfields> or call 202.566.2777.

For further information about the NBA visit <http://www.brownfieldassociation.org> or call 773.714.0407.

**The information on this fact sheet is subject to change.*