

**ULI Chicago 7th Annual Vision Awards
June 13, 2018**



Project Finalist: LOFTS ON ARTHINGTON

Project Team:

Developer & Owner: Mercy Housing Lakefront

Architect: Solomon Cordwell Buenz

Project Description:

Lofts on Arthington is an adaptive reuse of the Catalogue Printing building on the former Sears, Roebuck & Co. Headquarters. Located in the Homan Square community of the North Lawndale neighborhood in Chicago, Lofts on Arthington meets the area's clear and ongoing need for affordable housing for individuals and

working families. The building's 181 units are composed of one- to four-bedroom apartments of up to 1,340 square feet. 66 of these are reserved for individuals and families from the Chicago Housing Authority's waitlist with incomes of up to 30% of the area median income (AMI), with the remaining 115 units for individuals and families with income up to approximately 60% AMO, or about \$43,440 for a family of four. 39 units, proportionally distributed between the 30% AMI and 60% AMI units, are accessible to residents who are mobility impaired. The building is fully leased-up as of December 2017, providing affordable homes to 401 individuals, including 194 children, with services provided on-site to address education, financial capability, and additional needs.

As owner and developer, Mercy Housing Lakefront oversaw all aspects of the Lofts on Arthington project, including predevelopment activities such as project planning, feasibility analysis, architecture, historic preservation, budgets and financing activities; construction management; and leasing and occupancy. Lofts on Arthington began construction in August 2015, with the building completed in March 2017 after an extensive rehabilitation process. The project was financed through Low-Income Housing Tax Credits, as well as Historic Tax Credits, with a total tax credit allocation over 10 years of over \$2M, to provide equity, which totaled almost \$30M. The project capital stack included funding over \$19.7M from CHA to cover the capital construction costs for the 66 units reserved for individuals and families from the CHA waitlist. Additionally, funds from the Federal Home Loan Bank of Chicago and the Illinois Department of Commerce and Economic Opportunity, totaling over \$1.4M, helped to close the financing gap. Philanthropy contributed to ADA accessible appliances for the 39 units reserved for mobility impaired residents. These capital sources, coupled with the long-term operating subsidy provided by the CHA, will allow the project to maintain high levels of service and efficiency for decades to come, with rents inclusive of utilities which are below market rentals in the immediate area.

In addition to meeting the need for affordable housing the area, the project is part of the Homan Square redevelopment initiative. As such, the building contributes to the overall redevelopment of the Homan Square community and the preservation of the historic Sears facilities, and fulfills one of the final steps of the initiative.

The restoration of the property was extremely challenging and required innovative tactics to be completed. Because the building had not been occupied for many years, there was little maintenance conducted. The results was a historic façade, and little else. Over the years, the roof decayed leading to extensive interior damage. Many vestiges of the Sears' product testing labs had been stolen in the years after Sears left; one consequence of this was that machinery had been broken and mercury had been tracked through much of the building. This necessitated extensive environmental remediation to ensure that the completed property would be safe for residents. Despite the level of damage, Mercy Housing Lakefront made it a priority to preserve as many historical elements of the original catalogue-printing facility as possible.

These issues resulted in increased costs and put the project behind schedule in terms of the occupancy timeline. The timeline for completion was recovered through adjusting the work schedule to have multiple crews working on different parts of the building at the same time in order to complete the four-story concrete wing first and begin a phased lease-up while construction on the six-story wooden wing was completed. The building was completed in March 2017 and is now completely leased up.

Moving forward, Mercy Housing Lakefront will provide low-income families with a platform of safe, quality affordable housing from which to pursue improved health, education and financial security. The project will further help residents meet immediate needs and pursue long-term goals in these areas through assessments and targeted referrals provided by on-site Resident Services Coordinators, access to quality education and specialized health and human services through partnering organizations, and an innovative economic capacity building initiative. Services provided to residents, through collaborative partnerships with community organizations, include case management, benefit acquisition, nutrition and fitness programs, physical and behavioral health services, employment services, specialized financial capacity building, pre-K education, in-unit prenatal health care, and youth academic enrichment programs.