

Appendix D

Mixed Use / Retail Analysis

By:

U.S. Equities

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INTRODUCTION

Scope of Services. U.S. Equities was retained by the University of Illinois – Chicago (UIC) to add real estate advisory expertise to the UIC master plan process. Our scope of services was conducted in two phases: Phase I covered inventory and analysis of potential development sites, and Phase II covered the creation of development concepts as input to the preferred master plan. This report is our final deliverable. The ultimate purpose of our work was to identify development opportunities that support UIC’s strategic and master planning goals.

As a relatively young university in a dynamic urban setting, UIC has the opportunity to use its real estate to contribute to its continued evolution. As that evolution takes place, the development concepts in this report will serve as a guide to campus planning and as a template with which to evaluate campus development opportunities. Many of the concepts discussed here are long-term concepts meant to be implemented as market opportunities present themselves over the 20+ year master plan timeframe.

U.S. Equities met with the UIC team responsible for the master plan as well as with Booth Hansen, the architectural and planning firm executing the master plan process, to understand UIC’s planning and institutional goals. With this perspective in place, we developed a set of preliminary development concepts, reviewed each potential site to identify opportunities, and then developed site-specific development concepts.

Process. For Phase I, we toured sites on both the East Side and West Side, captured basic real estate information such as site size, zoning, parking, transit, and property descriptions, created aerial diagrams of each site, and reviewed preliminary master planning work. In addition, we discussed the sites with both UIC and Booth Hansen and developed preliminary development concepts. Two attachments are included to illustrate the concepts generated in Phase I. Exhibit 1 is a summary of the 14 sites reviewed and the concepts for each. Exhibit 2 contains additional narrative description of the concepts.

For Phase II, we created development concepts for the sites that best demonstrated the opportunity to have real estate development support the goals of the master plan. In those cases, representative pro formas were created to demonstrate the possibilities. As development opportunities for the campus are considered in the future, this report should serve as a resource and reference tool.

Discussion of Guiding Principles. During our efforts and discussion with the master plan team, certain guiding principles arose and were then used to evaluate opportunities. The principles are intended to connect the master plan principles to the potential for real estate development.

- **24-hour campus.** Like many university campuses, the UIC campus offers the potential for increasing its 24 hour activity. Users of both the East Side and West Side currently create a foundation of activity throughout all hours of the day. Increasing this activity throughout the area will contribute both to campus safety and to a vibrant campus life.
- **Gateways & campus edges.** Many of the development opportunities that are identified here occur at the gateway locations and edges of campus. These places present the opportunity to create density and active space and to mix uses. They are also the places where UIC meets the city and thus are the physical realization of the goal of creating connections to the rest of downtown Chicago. UIC has a tremendous asset in its location adjacent to Chicago's Loop. In addition, there are many other nearby neighborhoods with which UIC shares a border. Both of these factors contribute to the UIC campus' ability to create a vibrant, 24-hour campus atmosphere.
- **Active street-level uses.** This concept is important in creating vitality, safety, and a comfortable pedestrian atmosphere. It is recommended where possible for all campus buildings. In areas where retail is possible, it could be incorporated first at high traffic areas such as corners. The rest of the frontage on active streets should be designed to accommodate UIC related uses that benefit from visibility and generate pedestrian traffic. Many student services functions would fit this description. As the demand for retail increases over time, these spaces can then be converted to retail.
- **Mixed-use / Joint-venture / public-private partnership.** Because funds for new campus projects will always be scarce, possible joint-venture or public-private partnerships should be considered. These opportunities include instances where costs can be shared, where one use or the other is not sufficient to start a project but the combined programs are, or where the two uses are synergistic. Particularly for sites on the edges of campus, mixed-use should be considered as it offers the opportunity to address many of the principles mentioned above. Mixed-use and joint venture development will most often be considered on larger sites that allow the flexibility in planning needed to accommodate multiple programs.
- **Revenue generation.** Some sites may not provide much master planning benefit to UIC and thus may be better considered as revenue generating opportunities. The two sites that lie across the expressway are examples. Ground leases for commercial development create additional revenue generation possibilities.

DEVELOPMENT CONCEPTS

The following pages contain multiple development concepts that were identified during the process. They are meant to be representative of the types of development opportunities available to UIC as its campus and surrounding areas continue to evolve. Conceptual pro formas are provided as guidelines for how such projects would be structured. Master plan images created by Booth Hansen are provided to illustrate the physical potential of the development concepts.

Notes on the pro formas:

Financing for projects that generate significant revenue (the student housing scenarios). Bonds are assumed to cover 100% of project costs with the revenue stream from the project being isolated for repayment of the bonds. At a 1.20 debt service coverage ratio, rents for the academic year would be \$10,750. If a different coverage ratio is appropriate, student housing rents would change accordingly. Thus, at a 1.10 coverage ratio, rents would be \$10,000 for the academic year; at a 1.30 coverage ratio, rents would be \$11,500 for the academic year. Rates were assumed to track the rates for State of Illinois bonds which are currently 5.66% for 30-year bonds according to the Thomson Reuters Municipal Market Monitor index.

Financing for projects that do not generate significant revenue (the Gateway scenarios). For these projects, identifying funding sources under current conditions is challenging as bonds can not be used unless a dedicated revenue stream exists. Because the master plan time frame is so long into the future, a pro forma for this scenario is provided to illustrate how a project would be structured if bonding capacity or revenue sources can be identified. Absent the use of bonds, other funds would need to be raised. While a coverage ratio per se is not relevant for these scenarios, it is calculated and shown under the assumption that UIC would not build a project with an implied value that did not exceed its costs. Thus, an “occupancy cost” figure, as described below, is calculated for each such scenario and then used for the calculation of income based metrics such as debt service coverage.

For campus projects containing retail, the financing would likely need to be taxable and also separate from the financing for space built for UIC use. To accommodate a higher financing cost for retail space, a bond rate that blends taxable and non-taxable rates is used.

For developer financing, debt is assumed to cover 60% of project costs.

“Occupancy Cost” for UIC Uses. This figure is calculated as a benchmark to compare to what UIC might pay to lease space and as an input to the income based metrics mentioned above. That “Occupancy Cost” would be \$35 per square foot per year or \$43 per square foot per year when including operating costs. It should be noted that the “Occupancy Cost” figures in these pro formas include full build out for the space, above a typical allowance, as well as a full furniture allowance. As such, they overstate the costs by approximately \$6-8 per square foot per year.

Retail development. The market for retail is less active currently which is shown by the rent that retail space is able to garner. At current rates, it would be difficult to support new retail development. To show the potential for retail to be added to UIC projects, a figure of \$25 per square foot per year of annual net rent is used as an indifference point. In other words, if, at the time a project is being considered, retail net rents are at or above \$25 per square foot, development of new retail space should make economic sense.

In addition to developer constructed and operated retail development, there are multiple structures under which retail space could be developed as part of UIC buildings. Those structures include:

- UIC ownership and operation whereby UIC would construct and operate the retail space;
- Masterlease whereby UIC would construct the space but lease its entirety to an investor who would operate it; and
- Developer-funded whereby a developer provides capital for construction of the retail space either by purchasing the development rights from UIC or by pre-paying a masterlease in an estate-for-years type structure.

If at the time a larger project is considered and the retail market is depressed, UIC should consider including retail space that can be utilized by UIC as administrative space. Thus, the planning benefits of having retail can be realized once the market improves.

1. Academic Health Gateway (Master Plan Site 13)



The site shown above lies at the corner of Ashland Avenue and Taylor Street and thus is a gateway parcel to the West Side. A strong development concept here will also increase Taylor Street’s function as a ‘connector’ to the East Side. The plan shown here has the potential to support the master plan principles as follows:

- **24 hour-campus activity** and **street level activity** will be increased by offering students and users of the medical campus a place to gather and to partake of basic retail services. Retail development at this site would also serve as an anchor and focal point for Taylor Street retail;
- **Gateways** and **campus edges** will be augmented by a building that serves as a functional and architectural gateway;
- **Mixed-use activity** will be increased by combining retail and UIC uses thus leveraging private investment either through the tenancy of retail operators or the capital of retail real estate investors or both; and
- **Revenue generation** opportunities will be created through retail rents.

There is potential here for approximately 35,000 square feet of retail space on the ground floor of the project. UIC uses here would total 240,000. If retail demand lags behind the demand for the UIC uses on the upper floors that would initiate the project, then ‘active’ UIC uses could occupy the first floor until the demand for retail increases. Such a strategy would allow UIC to create active street life without over-committing to retail.

2. University Gateway (Master Plan Sites 35-36)



This site lies along Harrison Street west of Halsted Street and offers the potential of creating a new northern gateway to the East Side. The Blue Line is a heavily used public transit connection to the East Side and the existing pedestrian bridge is a connection to the West Loop neighborhood. In addition, the site was listed in the Burnham Plan as a prominent civic site. As such, the site is ripe to become a gateway, and retail development could support that goal. Like the Academic Health Gateway, the plan shown here has the potential to support the master plan principles in multiple ways:

- **24 hour-campus activity** and **street level activity** will be increased by offering students a place to gather with retail programmed to activate the plaza and quad;
- **Gateways** and **campus edges** will be augmented by a complex of buildings that creates a new North Quad while connecting to a major East Side axis;
- **Mixed-use** activity will be increased by combining retail and UIC uses thus leveraging private investment either through the tenancy of retail operators or the capital of retail real estate investors or both; and
- **Revenue generation** opportunities will be created through retail rents.

There is potential here for approximately 30,000 square feet of retail space on the ground floor of the project. UIC uses here would total 170,000. Again, if retail demand lags behind the demand for the UIC uses on the upper floors that would initiate the project, then ‘active’ campus uses could occupy the first floor until the demand for retail increases.



“GATEWAY” Project Pro Forma - based on Academic Health Gateway. As was discussed earlier in the “Notes on the pro formas”, funding a project without an isolated revenue stream looks to be difficult for the foreseeable future. The pro forma summary on the following pages indicates the basic parameters under which such a project could be developed if funding sources can be identified. Obviously, market conditions could change by the time the project would be built, but the pro forma should serve a benchmark for evaluating such opportunities as they arise. Since the gateway projects are similar in structure, with retail at the ground floor and UIC uses above, only one pro forma is shown.

A project of 275,000 total square feet would have a total project cost of \$96,700,000 including the cost of financing for a per square foot cost of \$352. To evaluate this total project cost, an “occupancy cost” was calculated to be the figure UIC would pay to service the bonds if they were the source of funding for the project. That “occupancy cost” would be \$35 per square foot per year or \$43 per square foot per year when including operating costs. This figure is reasonable for new space particularly given the fact that a full build out of space and furniture allowance is included. For example, market rate office space for a new building would cost \$20-30 per square foot per year for rent and \$12-18 per square foot per year for taxes and operating expenses. The additional build out and furniture allowance would be \$6-8 per square foot per year for a total of \$38-56 per square foot per year.

Retail rents are shown at the figure that essentially makes UIC whole for the construction of the space and paying for commissions and some of the tenants’ construction. We would recommend evaluating the retail market at the time such a project was considered. If net retail rents are above \$25 per square foot, then retail would provide a subsidy of other project costs.



**“GATEWAY” Project Pro Forma
based on Academic Health Gateway**

Buildable Area by Use	Square Feet
University Uses	240,000
Retail	35,000
Other	0
Total	275,000

Sources of Funds	in \$000's	Uses of Funds	in \$000's
University Bonds	\$96,682	Land & Development Costs	\$79,573
University Equity	\$0	Capitalized Interest	\$7,162
Developer Equity	\$0	Debt Service Reserve Fund	\$7,049
Developer Debt	\$0	Underwriter's Discount	\$966
Other	\$0	Other Costs of Issuance	\$1,932
Total Sources	\$96,682	Total Project Cost	\$96,682

Stabilized NOI	in \$000's
Stabilized Net Operating Income (NOI)	\$7,289
Stabilized NOI-on-Cost	7.54%

Development Cost Summary	
Land Purchase	\$0
Architect/Design (% of hard costs excluding land)	6.0%
Construction Costs per SF	\$130
University Use Interiors per SF	\$80
FF&E (incl. security and teledata)	\$30
Pre-Construction Soft Costs (% hard costs excluding land)	3.0%
Construction Period Soft Costs (% hard costs excluding land)	7.0%
Development & program management fees (% of hard and soft costs)	3.5%
Contingency (% of hard and soft costs)	5.0%
Retail TI and commissions per SF	\$35
Blended tax-exempt and taxable financing rate	5.77%
Total development budget per SF	\$289.36
Total budget with financing costs per SF	\$351.57

Revenue and Expenses	SF or Beds	Per SF or Bed	Occupancy	Revenue or Cost
"Occupancy Cost" for University use	240,000	\$35.00	100%	\$8,400,000
Retail - annual income	35,000	\$25.00	95%	\$831,250
Retail - op. expense and tax recovery	35,000	\$13.00	95%	\$432,250
Market Rent Increases				3.0%
Operating Expenses	275,000	\$8.00		\$2,200,000
Real Estate Taxes	35,000	\$5.00		\$175,000

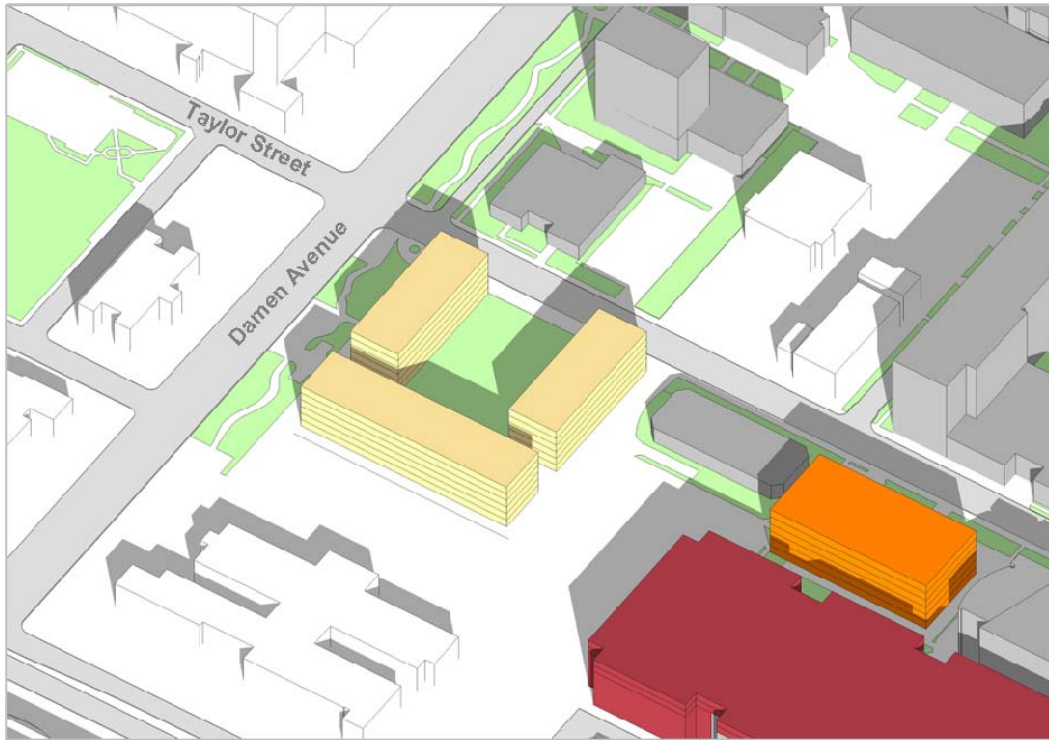


**“GATEWAY” Project Pro Forma
based on Academic Health Gateway**

Development Costs	in \$000's
Land Purchase	\$0
Design	3,729
Construction Costs	35,750
University Use Interiors	19,200
FF&E	7,200
Pre-Construction Soft Costs	1,865
Construction Period Soft Costs	4,351
Developers Management	2,523
Contingencies-HC and SC	3,731
Retail TI and commissions	1,225
Total Land & Construction Costs	\$79,573

Net Operating Income (NOI)	YEAR 1
"Occupancy Cost" for University use	\$8,400
Retail - annual income	831
Retail - op. expense and tax recovery	432
Gross Revenue	\$9,664
Operating Expenses	\$2,200
Property Taxes	175
Ground Rent	0
Less: Total Tax & Operating Expenses	\$2,375
Net Operating Income	\$7,289
Reserve Fund Earnings	\$282
Operating Income + Res. Fund Earnings	\$7,570
Debt Service	(\$6,852)
Cash Flow After Debt Service	\$719
Debt Service Coverage Ratio	1.10

3. West Side Housing (Master Plan Site 1)



Currently the site of the Applied Health Sciences Building, this site houses a 187,000 square foot building constructed in 1949. Should UIC replace the structure elsewhere or otherwise relocate the uses currently housed here, the site could be developed to a number of purposes including fulfilling a need for student housing on the West Side. Doing so would serve the master plan goal of increasing 24-hour activity by increasing the residential character of the West Side and would offer the potential benefit of revenue generation.

4. **East Side Housing (Master Plan Site 30)**



This site currently houses the Student Services Building which was converted from an obsolete shopping center. Should UIC replace the structure elsewhere or otherwise relocate the uses currently housed here, the site could be developed for student housing on the East Side. Given the site’s location on the northern edge of campus and its proximity to the West Loop neighborhood north of the expressway, it would be a good candidate for graduate housing or market rate housing. Either way, housing at this location would serve the master plan goal of increasing 24-hour activity and would also offer the potential benefit of revenue generation.



Student Housing Project Pro Forma based on West Side Housing site. The pro forma summary on the following pages indicates the basic parameters under which such a project could be developed. It can also be used to evaluate similar projects on other sites where student housing is being considered. Since the project would be revenue-generating, there are two options for financing this project: bonds with an isolated revenue stream or traditional developer financing. One method of isolating the revenue stream is to issue bonds through a separate 501c(3) entity established for the purpose of constructing and operating the project. The advantage of bonds is that the separate entity would have control over the income statement and would be set up 'for the benefit of' UIC. Thus, as market rents rose, the entity could choose to increase rents and collect additional revenue or in effect subsidize student expenses by keeping rental rates low. The advantage of developer financing is that UIC would not be committing bond capacity to housing and would receive an annual ground lease payment.



Student Housing Pro Forma (bond financing)

Buildable Area by Use	Total Beds	Per Bed	Square Feet
Residential	600	300 sf	180,000
Retail			0
Other			0
Total			180,000

Sources of Funds	in \$ 000's	Uses of Funds	in \$ 000's
University Bonds	\$59,776	Land & Development Costs	\$49,921
University Equity	\$0	Capitalized Interest	\$3,869
Developer Equity	\$0	Debt Service Reserve Fund	\$4,195
Developer Debt	\$0	Underwriter's Discount	\$597
Other	\$0	Other Costs of Issuance	\$1,194
Total Sources	\$59,776	Total Project Cost	\$59,776

Stabilized NOI	in \$ 000's
Stabilized Net Operating Income	\$4,858
Stabilized NOI-on-Cost	8.13%

Development Cost Summary	
Land Purchase	\$0
Architect/Design (% of hard costs excluding land)	6.0%
Construction Costs per SF	\$210
FF&E (incl. security and teledata) per bed	\$3,000
Pre-Construction Soft Costs (% of hard costs excluding land)	3.0%
Construction Period Soft Costs (% of hard costs excluding land)	7.0%
Development and program management fees (% of hard and soft costs)	3.5%
Contingency (% of hard and soft costs)	5.0%
Retail TI and commissions per SF	\$0
Tax-exempt financing rate	5.66%
Total development budget per SF	\$277.34
Total budget with financing costs per SF	\$332.09

Revenue and Expenses	SF or Beds	Per SF or Bed	Occupancy	Revenue
Student Housing - academic year	600	\$10,750	96%	\$6,192,000
Student Housing - summer only	600	\$1,500	75%	\$675,000
Retail - annual income				\$0
Market Rent Increases				3.0%
Miscellaneous Income (% of residential income)				0.5%
Operating Expenses (includes summer expenses)				\$3,400
Real Estate Taxes				\$0

Student Housing Pro Forma (bond financing)

LAND & CONSTRUCTION COSTS	in \$ 000's
Land Purchase	\$0
Design	2,376
Construction Costs	37,800
FF&E	1,800
Pre-Construction Soft Costs	1,188
Construction Period Soft Costs	2,772
Developers Fee	1,608
Contingencies-HC and SC	2,377
Retail TI and commissions	0
Total Land & Construction Costs	\$49,921

NET OPERATING INCOME (NOI)	YEAR 1
Student Housing - academic year only	\$6,192
Student Housing - summer only	\$675
Miscellaneous	\$0
Gross Revenue	\$6,867
Operating Expenses	\$2,040
Property Taxes	\$0
Ground Rent	\$0
Less: Total Tax & Operating Expenses	\$2,040
Net Operating Income	\$4,858
Reserve Fund Earnings	\$168
Operating Income + Res. Fund Earnings	\$5,026
Debt Service	(\$4,186)
Cash Flow After Debt Service	\$840
Debt Service Coverage Ratio	1.20



Student Housing Pro Forma (developer financing)

Gross Buildable Area by Use	Total Beds	Per Bed	Square Feet
Residential	600	300 sf	180,000
Retail			0
Other			0
Total			180,000

Sources of Funds	in \$000's	Uses of Funds	in \$000's
University Bonds	\$0	Land & Development Costs	\$49,921
University Equity	\$0	Capitalized Interest	\$1,323
Developer Equity	\$21,296	Debt Service Reserve Fund	\$0
Developer Debt	\$31,944	Loan Fees	\$1,997
Other		Other Costs of Issuance	\$0
Total Sources	\$53,241	Total Project Cost	\$53,241

Stabilized NOI	\$000
Stabilized Net Operating Income	\$3,697
Stabilized NOI-on-Cost	6.94%
Initial Return on Equity (Cash-on-Cash)	5.19%
Internal Rate of Return on Equity (with a sale in 10 years at a cap. rate of 6.5%)	14.10%

Development Cost Summary	
Land Purchase	\$0
Architect/Design (% of hard costs excluding land)	6.0%
Construction Costs Before Contingency	\$210
FF&E (incl. security and teledata)	\$3,000
Pre-Construction Soft Costs (% of hard costs excluding land)	3.0%
Construction Period Soft Costs (% of hard costs excluding land)	7.0%
Development management fees (% of hard and soft costs)	3.5%
Contingency (% of hard and soft costs)	5.0%
Retail TI and commissions	\$35
Financing rate (taxable)	6.00%
Total development budget per SF	\$277.34
Total budget with financing costs per SF	\$295.78

Revenue and Expenses	SF or Beds	Per SF or Bed	Occupancy	Revenue / Cost
Student Housing - academic year only	600	\$10,750	96%	\$6,192,000
Student Housing - summer only	600	\$1,500	75%	\$675,000
Retail - annual income				\$0
Market Rent and Expense Increases				3.0%
Initial Ground Rent				\$500,000
Miscellaneous Income (% of residential income)				0.5%
Operating Expenses (includes summer expenses)				\$3,400
Real Estate Taxes	180,000	\$3.50		\$630,000



Student Housing Pro Forma (developer financing)

LAND & CONSTRUCTION COSTS	\$000
Land Purchase	\$0
Design	2,376
Construction Costs	37,800
FF&E	1,800
Pre-Construction Soft Costs	1,188
Construction Period Soft Costs	2,772
Developers Fee	1,608
Contingencies-HC and SC	2,377
Retail TI and commissions	0
Total Land & Construction Costs	\$49,921

NET OPERATING INCOME	YEAR 1
Student Housing - academic year only	\$6,192
Student Housing - summer only	\$675
Miscellaneous	\$0
Gross Revenue	\$6,867
Operating Expenses	\$2,040
Property Taxes	\$630
Ground Rent	\$500
Less: Total Tax & Operating Expenses	\$3,170
Capital Cash Flows	
Initial equity	\$0
Annual cash flow	\$3,697
Debt Service	(\$2,298)
Residual value	\$0
Loan balance	\$0
Total	\$1,399
Debt Service Coverage Ratio	1.61

5. Paulina Street / Polk Street Mixed-Use (Master Plan Site 9)



This site lies in the heart of the UIC West Side. As such, it ordinarily would be reserved for UIC expansion or infill. However, given the site’s location by the CTA train station as well as its easy access to the John H. Stroger Jr. Hospital of Cook County and the Rush University Medical Center, retail and medical office development could work here. The site’s long narrow configuration and its corner location support these uses. Adding retail to the site would create redevelopment benefits of 24-hour activity, active street uses, mixed-use, and revenue generation.

Medical Office & Retail Pro Forma

Buildable Area by Use	Total Beds	Per Bed	Square Feet
Medical Office			70,000
Retail			10,000
Other			0
Total			80,000

Sources of Funds	in 000's	Uses of Funds	
University Bonds	\$0	Land & Development Costs	\$19,512
University Equity	\$0	Capitalized Interest	\$517
Developer Equity	\$8,324	Debt Service Reserve Fund	\$0
Developer Debt	\$12,485	Loan Fees	\$780
Other	\$0	Other Costs of Issuance	\$0
Total Sources	\$20,809	Total Project Cost	\$20,809

Stabilized NOI	\$000
Stabilized Net Operating Income	\$1,371
Stabilized NOI-on-Cost	6.59%
Initial Return on Equity (Cash-on-Cash)	5.68%
Internal Rate of Return on Equity (with a sale in 10 years at a cap. rate of 6.5%)	12.64%

Development Cost Summary	
Land Purchase	\$0
Architect/Design (% of hard costs excluding land)	6.0%
Construction Costs Before Contingency	\$130
Medical Office Interiors	\$60
FF&E (incl. security and teledata)	\$0
Pre-Construction Soft Costs (% of hard costs excluding land)	3.0%
Construction Period Soft Costs (% of hard costs excluding land)	7.0%
Development management fees (% of hard and soft costs)	3.5%
Contingency (% of hard and soft costs)	5.0%
Retail TI and commissions	\$35
Financing rate (taxable)	6.00%
Total development budget per SF	\$239.52
Total budget with financing costs per SF	\$260.11

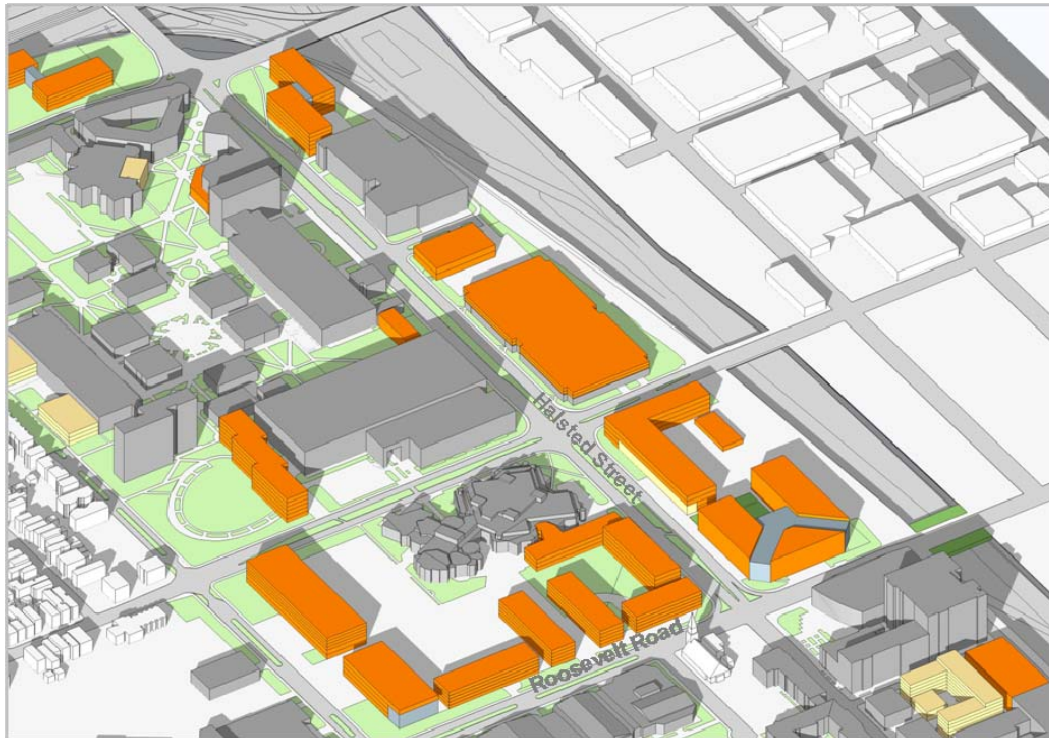
Revenue and Expenses	SF or Beds	Per SF or Bed	Occupancy	Revenue / Cost
Medical Office Rent	70,000	\$30.00	100%	\$2,100,000
Retail - annual income	10,000	\$25.00	95%	\$237,500
Retail - op. expense and tax recovery	10,000	\$13.00	95%	\$123,500
Market Rent and Expense Increases				3.0%
Initial Ground Rent				\$50,000
Operating Expenses	80,000	\$8.00		\$640,000
Real Estate Taxes	80,000	\$5.00		\$400,000

Medical Office & Retail Pro Forma

LAND & CONSTRUCTION COSTS	\$000
Land Purchase	\$0
Design	912
Construction Costs	10,400
Medical Office Interiors	4,800
FF&E	0
Pre-Construction Soft Costs	456
Construction Period Soft Costs	1,064
Developers Fee	617
Contingencies-HC and SC	912
Retail TI and commissions	350
Total Land & Construction Costs	\$19,512

NET OPERATING INCOME	YEAR 1
Medical Office Rent	\$2,100
Retail - annual income	\$238
Retail - op. expense and tax recovery	\$124
Gross Revenue	\$2,461
Operating Expenses	\$640
Property Taxes	\$400
Ground Rent	\$50
Less: Total Tax & Operating Expenses	\$1,090
Capital Cash Flows	
Initial equity	\$0
Annual cash flow	\$1,371
Debt Service	(\$898)
Residual value	\$0
Loan balance	\$0
Total	\$473
Debt Service Coverage Ratio	1.53

6. Halsted and Roosevelt Retail



To unify the campus, active street-level uses should be considered along Halsted Street and Roosevelt Road. There is likely not enough demand for retail space to fill all of this frontage. Other active uses should be considered such as UIC uses that draw pedestrian traffic. Over time these spaces could then be converted to retail. This strategy will allow UIC to accommodate future retail growth in an incremental way. It will also support the existing retail at University Village Marketplace and on Taylor Street and will further the East Side’s development as a thriving pedestrian campus.

The pro formas for mixed-use including retail shown in the previous sections can be used to evaluate retail opportunities here.

EXHIBIT 1: Summary of Phase I Development Concepts




			
Site	1	2	3
Location	2023 W. Ogden Avenue	2121 W. Taylor Street	2035 W. Taylor Street
Size	1.15 acres 50,094 sf	4.31 acres 187,925 sf	2.12 acres 92,347 sf
Current Use	Easter Seals Site	School of Public Health West	School of Public Health East
Proposed Use	Institutional, hotel, retail	Institutional	Institutional
Notes	<ul style="list-style-type: none"> • Good visibility and location for hotel or retail. • Coordinate development with the UIC medical campus, John H. Stroger Jr. Hospital of Cook County, and the Chicago Technology Park. • Site size and configuration may pose site planning challenges for some uses. 	<ul style="list-style-type: none"> • Large size makes this a good revenue generating, ground lease opportunity. • Timing is an issue – market demand for the site may take some time to develop. 	<ul style="list-style-type: none"> • Large size makes this a good revenue generating, ground lease opportunity. • Timing is an issue – market demand for the site may take some time to develop. • Good land swap property.

EXHIBIT 1: Summary of Phase I Development Concepts




			
Site	4	5	6
Location	1919 W. Taylor Street	820 S. Paulina Street	901 S. Paulina Street
Size	4.80 acres 209,088 sf	1.51 acres 65,775 sf	0.88 acres 38,332 sf
Current Use	Applied Health Sciences Building	LOT E	LOT F
Proposed Use	UIC or mixed-use	Retail or medical office	UIC
Notes	<ul style="list-style-type: none"> • Consolidation site in the sense that if other parcels are ground-leased for revenue generating but non-UIC related uses, then this site might be used for future UIC medical campus expansion or student housing. • Locate UIC uses on Taylor Street since it is a UIC connector. 	<ul style="list-style-type: none"> • Located in the heart of the UIC West Side, it ordinarily would be reserved for UIC expansion or infill. However, adjacencies to the CTA train station, John H. Stroger Jr. Hospital of Cook County, and the Rush University Medical Center, indicate retail or medical office uses could be developed here. 	<ul style="list-style-type: none"> • Close physical proximity to two UIC facilities, to the north and to the south, make this site most appropriate for an infill UIC use such as a parking structure or a mid-sized UIC building. • Development of Site 6 and Site 7 should be coordinated since they are both on the same block and they are both candidates to contain UIC uses. • NOTE: open space has been mentioned as a potential use of this site.

EXHIBIT 1: Summary of Phase I Development Concepts




			
Site	7	8	9
Location	921 S. Marshfield Avenue	Bound by Taylor Street, Ashland Avenue, Roosevelt Road and Paulina Street	1109 & 1139 W. Harrison Street
Size	1.55 acres 67,551 sf	10.4 acres 453,154 sf	6.20 acres 38,332 sf
Current Use	LOT G	Multiple UIC Buildings and Parking Lots	LOTS 1A and 1B
Proposed Use	UIC, mixed-use, retail	UIC, mixed-use, retail, residential	UIC, mixed-use, residential, parking
Notes	<ul style="list-style-type: none"> • This gateway parcel to the West Side is a candidate for mixed-use or joint venture development. • Uses that serve the general public such as retail should be focused on the Ashland Avenue and Taylor Street frontages. For example, retail and restaurant uses could continue along Taylor Street on this parcel. • Development of Site 6 and Site 7 should be coordinated since they are both on the same block and they are both candidates to contain UIC uses. 	<ul style="list-style-type: none"> • A mixed-use project here could accommodate UIC uses as well as retail and residential uses. Uses that connect to the general public should be sited along Taylor Street and Ashland Avenue, with UIC uses sited along Roosevelt and Paulina. • The site actually poses two gateway opportunities: Taylor Street and Roosevelt Road. 	<ul style="list-style-type: none"> • The site’s location close to the center of East Side activity and its adjacencies to residential neighborhoods make it a good mixed-use candidate. • UIC uses should be sited along Harrison Street with retail uses at the corner of Racine and Harrison. • The Vernon Park side of the parcel could be used for revenue generating residential. • Impact on UIC Pavilion parking needs to be considered.

EXHIBIT 1: Summary of Phase I Development Concepts




			
Site	10	11	12
Location	501 S. Morgan Street (LOT 9) 400-412 S. Peoria Street	810 S. Clinton Street	1135 S. Morgan Street
Size	7.02 acres 305,791 sf	0.42 acres 18,295 sf	6.08 acres 264,845 sf
Current Use	LOT 9; and College of Urban Planning and Public Affairs; Art and Design Hall	Chemical Engineering Building	LOT 5
Proposed Use	UIC, student housing	Office or light industrial	UIC, mixed-use, residential, retail
Notes	<ul style="list-style-type: none"> • 501 S. Morgan Street: Commercial development here is unlikely given that none of the other corners at this intersection are used for commercial activity. The site could accommodate a large amount of UIC uses as well as student housing. • 400-412 S. Peoria Street: Given this site's dislocation from the rest of campus, it is a prime candidate to be ground leased to generate revenue. The site and building could be considered for student housing. 	<ul style="list-style-type: none"> • Given this site's small size and dislocation from the rest of campus, it is a prime candidate to be ground leased to generate revenue once a replacement facility is created. • The site and building would be well-suited to a small back-office or light-industrial user. 	<ul style="list-style-type: none"> • The site's large size and location make it a good candidate for mixed-use and joint venture development. • With frontage along both Taylor Street and Roosevelt Road, the parcel offers opportunities for extensions of retail activity along both streets. • Thus, UIC uses should be focused on Morgan Street and the western-most frontage on Roosevelt Road.

EXHIBIT 1: Summary of Phase I Development Concepts



		
Site	13	14
Location	728 W. Roosevelt Road	729 W. Rochford Street
Size	6.57 acres 286,189 sf	1.62 acres 70,567 sf
Current Use	LOT 6 Plant Research Building, and Roosevelt Road Building	LOT 14
Proposed Use	Mixed-use, student housing	Mixed-use, retail, student housing
Notes	<ul style="list-style-type: none"> • This sites adjacency to the campus ‘quad’, the newly developed South Campus, the student center and the new athletic center make it a key part of unifying the campus. • Its size also allows for mixed-use development and joint venture development. • Active street-level uses should be considered along Halsted Street. • The next wave of student housing development for UIC should be considered here. 	<ul style="list-style-type: none"> • With the retail, convention, and housing uses of the South Campus, this parcel is a good candidate for mixed-use or joint venture development. • This would be a good student housing site.

EXHIBIT 2: Description of Phase I Development Concepts

The following sites were given to U.S. Equities to be reviewed and analyzed for development opportunities. Below, each site is given brief discussion of the development potential that was identified during Phase I.

West Side Sites

1. **Easter Seals Site – 2023 W. Ogden Avenue.** This triangular 1.15 acre site lies in the midst of several large land-uses: the UIC medical campus, John H. Stroger Jr. Hospital of Cook County, and the Chicago Technology Park. Development of the site could respond to or be a part of any of these uses. As such, it could have a strong institutional development focus. With adjacencies to all of these uses and good visibility the site could accommodate a hotel use. The property’s location along Ogden Avenue means some amount of retail would be appropriate. The site is large enough to allow for most uses to be accommodated, but its triangular shape may pose some efficiency issues in planning.

2. **School of Public Health West – 2121 W. Taylor Street.** This 4.31 acre site lies on the western-most boundary of the UIC medical campus and is adjacent to the John H. Stroger Jr. Hospital of Cook County and the VA Hospital. Its location and large size make it a good candidate for large scale institutional development should UIC decide to replace the 97,000 square-foot building on site and thus make the site available for development.

3. **School of Public Health East – 2035 W. Taylor Street.** This 2.12 acre site lies close to the western-most boundary of the UIC medical campus. If the intervening parcel to the east could be acquired, the site might make a good UIC medical campus expansion site. Given that current campus expansion plans do not focus on the west side of the West Side, this site would also be a good candidate for revenue-generating institutional development. It also could be a property to offer in any contemplated land-swaps.

4. **Applied Health Sciences Building – 1919 W. Taylor Street.** This 4.80 acre site houses a 187,000 square foot building constructed in 1949. Should UIC replace the structure elsewhere or otherwise relocate the uses currently housed here, the site could be developed to a number of purposes. It could be a consolidation site in the sense that if other parcels are ground-leased for revenue generating but non-UIC related uses, then this site might be used for future UIC medical campus expansion. The size of the site however would allow for more than one use to be developed. Thus, it would be a good ‘on-campus’ mixed-use development site. Development of the site should consider the fact the site forms the western boundary of the West Side. With Taylor Street being viewed as a connecting artery to the East Side, this site should be viewed as the terminus of that connection. As such, if mixed-use is to be considered, UIC uses should probably be located on the Taylor Street side of the property with other uses being placed to the south.

5. **LOT E – 820 S. Paulina Street.** This 1.51 acre site lies in the heart of the UIC West Side. As such, it ordinarily would be reserved for UIC expansion or infill. However, given the site’s location by the CTA train station as well as its easy access to the John H. Stroger Jr. Hospital of Cook County and the Rush University Medical Center, retail or medical office development could work here. The site’s long narrow configuration and its corner location support these uses.

6. **LOT F – 901 S. Paulina Street.** This 0.88 acre site lies in the heart of the UIC West Side. Its close physical proximity to two UIC facilities, to the north and to the south, make it most appropriate for an infill UIC use such as a parking structure or a mid-sized UIC building. Development of Site 6 and Site 7 should be coordinated since they are both on the same block and they are both candidates to contain UIC uses. NOTE: open space has been mentioned as a potential use of this site.

7. **LOT G – 921 S. Marshfield Avenue.** This 1.55 acre site lies at the corner of Ashland Avenue and Taylor Street and thus is a gateway parcel to the West Side. If Taylor Street becomes more of a ‘connector’ to the East Side, this parcel would be essential to increasing that connection. It is also a candidate for mixed-use or joint venture development. Uses that serve the general public such as retail should be focused on the Ashland Avenue and Taylor Street frontages. For example, retail and restaurant uses could continue along Taylor Street on this parcel. Development of Site 6 and Site 7 should be coordinated since they are both on the same block and they are both candidates to contain UIC uses.

8. **Multiple UIC Buildings and Parking Lots bound by Taylor Street, Ashland Avenue, Roosevelt Road, and Paulina Street.** This 10.4 acre site offers the opportunity to further many of the campus master plan goals. If either of the two large (324,000 square feet and 184,000 square feet) structures are replaced, large portions of the block would be available for redevelopment. Given the large sizes of these structures, replacement on site is a possibility which may lead to joint venture or mixed-use projects. In other words, replacement of the existing older building could be achieved with a mixed-use project. Given the site’s location on a busy corner, its location on Taylor Street, and adjacent residential uses, both retail and residential uses would be good uses here – either as stand alone uses or in combination with UIC uses. Such uses that connect to the general public should be sited along Talyor Street and Ashland Avenue, with UIC uses sited along Roosevelt and Paulina. The site actually poses two gateway opportunities: Taylor Street and Roosevelt Road. While Taylor Street is more often considered the connector to the East Side, many UIC Medical Center visitors take Roosevelt Road (both by car and by CTA bus routes) thus making the corner of Roosevelt Road and Ashland Avenue an important gateway.

East Side Sites

9. **LOTS 1A & 1B – 1109 & 1139 W. Harrison Street.** This 6.20 acre site lies along a major East Side vehicular and pedestrian thoroughfare – Harrison Street. It is also sited on the western-most side of the East Side and thus offers a gateway opportunity at the corner of Racine Avenue and Harrison Street. Its location close to the center of East Side activity and its adjacencies to residential neighborhoods make it a good mixed-use candidate. UIC uses should be sited along Harrison Street with retail uses at the corner of Racine and Harrison. The Vernon Park side of the parcel could be used for revenue generating residential. UIC Pavilion parking needs to be considered as development is planned for this site.

10. **LOT 9 – 501 S. Morgan Street; College of Urban Planning & Public Affairs, and Art & Design Hall – 400-412 S. Peoria Street.** This 7.02 site is actually two sites connected by a pedestrian bridge. Lot 9 lies along Harrison Street. While it offers a gateway opportunity at the corner of Harrison and Halsted Streets, commercial development here is unlikely given that none of the other corners at this intersection are used for commercial activity. The site could accommodate a large amount of UIC uses and might be considered a consolidation site. I.e., to the extent that other parcels are committed for revenue generating but non-UIC uses, this site could be developed with a concentration of UIC uses. Given the concentration of student housing on Halsted Street, student housing would be an appropriate use. One asset of the site is its expressway presence which could be used to generate exposure for a UIC program or a donor for a new building.

11. **Chemical Engineering Building – 810 S. Clinton Street.** This .42 acre site lies outside the East Side area as well as across the expressway. Given its small size and dislocation from the rest of campus, it is a prime candidate to be ground leased to generate revenue once a replacement facility is created. The site and building would be well-suited to a small back-office or light-industrial user.

12. **LOT 5 – 1135 S. Morgan Street.** This 6.08 acre site lies at the southwestern edge of the East Side. The site’s large size and location make it a good candidate for mixed-use and joint venture development. With frontage along both Taylor Street and Roosevelt Road, the parcel offers opportunities for extensions of retail activity along both streets. Thus, UIC uses should be focused on Morgan Street and the western frontage on Roosevelt Road. This site is a good example of the concept discussed in the introduction of this report: develop active, ground-level UIC space that can later be converted to retail

13. **LOT 6, Plant Research Building, and Roosevelt Road Building –728 W. Roosevelt Road.** This 6.57 acre site lies on the eastern boundary of the East Side. It is located between two centers of activity: the campus ‘quad’ on the north and the newly developed South Campus on the South. It is near both the student center and the new athletic center. This location makes the parcel a key part of unifying the campus. Its size also allows for mixed-use development and joint venture development. In terms of unifying the campus,

active street-level uses should be considered along Halsted Street. There is likely not enough demand for retail space to fill space along all of the Halsted Street frontage so other active uses should be considered such as UIC uses that draw pedestrian traffic. Over time these spaces could then be converted to retail. Given the concentration of student housing along Halsted Street and the parcel's central location, the next wave of student housing development for UIC should be considered here. One asset of the site is its expressway presence which could be used to generate exposure for a UIC program or a donor for a new building.

14. **LOT 14 – 729 W. Rochford Street.** This 1.62 acre site is set back from the street in the South Campus area. With retail, convention, and housing uses of the South Campus, this parcel is a good candidate for mixed-use or joint venture development. This would be a good student housing site.

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