



April 25, 2019

To: Board of Trustees, Village of Oak Park

From: John Lynch, Executive Director

A handwritten signature in black ink, appearing to read "John Lynch", is positioned to the right of the "From:" line.

Re: Economic Development Incentive – CMV Development, 6555 and 6545 North Avenue

CMV Development LLC (“CMV”), through its principal Craig Volpe, has submitted a request to the Oak Park Economic Development Corporation (“OPEDC”) for financial incentives to complete two development projects located at 6555 and 6545 North Avenue. The mixed-use project at 6555 North Avenue is currently under construction and will include 10 apartments along with 2,000 square feet of ground-level commercial space. The residential project at 6545 North Avenue is proposed to include 15 apartments with groundbreaking scheduled for this summer.

OPEDC has met with CMV and its investment partner on multiple occasions and reviewed pro formas for both projects that were submitted in support of the request for Village assistance. OPEDC presented the results of that review to the OPEDC Board of Directors, which voted on April 5th to recommend a development incentive in the amount of \$25,000 for each of the two projects (\$50,000 total) to close financial feasibility gaps. By this letter, we are encouraging the Village Board of Trustees to support this incentive.

Project Background

CMV purchased the 6555 North Avenue and 6545 North Avenue properties in August and December 2018, respectively, with intent to redevelop both sites. Residential units in both buildings are planned to be two-bedroom apartments averaging 1,100 sf. The commercial space in 6555 North Avenue is intended to be leased to a business relocating from River Forest. CMV and its investment partner have indicated that they will not move forward on the second project at this time without the requested financial support, owing to higher-than-expected costs and uncertain rent expectations for new construction on North Avenue that have rendered both projects financially questionable.

Incentive Justification

OPEDC believes it to be in the Village’s best interest to promote and incentivize new development along the North Avenue corridor, particularly east of Oak Park Avenue. A recent study of North Avenue conducted by the Urban Land Institute Chicago and Chicago Metropolitan Agency for Planning (CMAP) recommended multi-family housing as a top priority for the corridor and “expects new, well-designed residential development to lead North Avenue’s revitalization.” (*Revitalization Strategies for North Avenue, ULI Chicago, 2019*) We concur, noting that retail investment tends to closely follow positive trends in population growth, and that even relatively small-scale investments can send positive market signals of revitalization that encourage additional and often larger-scale investments.

Oak Park Economic Development Corporation
104 N. Oak Park Ave., Suite 203, Oak Park, IL 60301
708.383.3838 Main 708.383.3414 Fax

opedc.net



Multi-family residential on North Avenue will benefit from area amenities including parks, schools, and public transit, while also attracting renters who may value North Avenue's convenience for automobile access. On the other hand, market rents for new construction on North Avenue are difficult to predict, and are likely to be significantly below other recent new projects in Oak Park. This creates a feasibility concern for small-scale projects on North Avenue, since project costs may not vary substantially from more "luxury" buildings on a per-unit basis – and may even be higher in some cases.

Taking this into consideration, OPEDC concurs with the Developer's assessment that both projects are at best financially questionable, and that public support is warranted to help establish a market for new investment on North Avenue.

OPEDC expects the projects to generate approximately \$50,000 per year in combined net new tax revenue, with the Village of Oak Park's annual share being approximately \$15,000 and the share to all Oak Park taxing bodies to be approximately \$41,000. In addition, we are excited at the prospect that that new residents would increase the customer base for current businesses on North Avenue; and while we note that the number of new residents from these projects will be modest, we do believe that these projects will help to encourage additional investment in the corridor.

It is our belief that CMV has represented the financial parameters of the project in good faith and has sufficiently demonstrated the financial gaps associated with these developments. We therefore encourage the Board of Trustees to support the following incentive:

A grant of \$50,000 from the Village of Oak Park to CMV Development LLC, payable in two installments of \$25,000 each upon issuance of Certificate of Occupancy for 6555 North Avenue and 6545 North Avenue, respectively.

Please do not hesitate to contact me with any questions.