

Category: Community Development

Project: Zapata Apartments

Project Location: 1955 N. St. Louis Avenue (and three other addresses: 3230 W. Armitage, 3503 W. Armitage, 3734 W. Cortland)

Status: Zapata Apartments and its commercial space are fully leased up.

Cost: \$25,000,000

Description: Zapata Apartments is a 61-unit affordable rental development comprised of 8 one-, 31 two-, and 22 three-bedroom units in four newly constructed, environmentally sustainable buildings on/near Armitage Avenue in Chicago's Logan Square community area. All buildings are constructed on lots that stood vacant for decades. Total project costs were \$25 million dollars with financing from the following sources: Low-Income Housing Tax Credit equity, a first mortgage from BMO Harris, Tax Increment Financing, three energy grants from Chicago's Department of Commerce and Economic Opportunity, an Illinois capital funds grant, and AHP direct subsidy. Hard construction costs were \$184.15 per square foot and the total development cost was \$292.08 per square foot.

Lisec & Biederman Architects designed the buildings with the traditional Chicago style of commercial corridors in mind. All four buildings use a steel-frame construction system and are clad with masonry and contextually appropriate siding. The bay windows reflect the surrounding buildings, adding visual interest to the streetscape while maintaining consistency with the culture of the avenue. The flagship building on the corner of Armitage and St. Louis completes the block and has become an attractive community centerpiece including a 4,000 square ft. commercial space housing a non-profit partner that provides social services to low-income area residents.

Zapata Apartments includes many green elements: energy efficiency upgrades to insulation, windows, lighting, and heating and cooling systems, and solar hot water heating. The 16-unit building located at 3734 N. Cortland Avenue is home to La Arribada, a tot lot that is a big hit with residents with young children. The biggest building, a 30-unit building at 1955 N. St. Louis features a green roof and bike racks, and the 12 unit building located at 3230 W. Armitage Avenue is Bickerdike's first smoke-free building, one of a handful in Chicago and in the nation.

Community Needs Addressed: Zapata Apartments is located in the Logan Square community area on Chicago's near northwest side. Recently, Logan Square has become known as a "hot" neighborhood; its popularity has exploded over the last two decades. Thousands of apartments were converted to high-end luxury condominiums; between 1997 and 2000, one census tract in Logan Square experienced a 1200% increase in condominiums. Rents for the dwindling apartment supply have skyrocketed and resulted in the loss of affordable housing and widespread displacement of long-term residents. Between the 2000 and 2010 censuses, the Latino population fell by 31%, from 53,833 to 37,330, as long-time residents were forced out of their homes. The African-American population has declined in the neighborhood as well, falling by just over 3%. In the early 2000s, many families who had spent years investing in the creation of stronger schools were forced to leave their homes due to rising rents and mortgages.

As the neighborhood's demographics shifted, parents and teachers from local schools working with Logan Square Neighborhood Association (LSNA) began reporting that enrollment at the elementary schools was rapidly declining. Some schools were losing over 100 children per year, with enrollment

dropping so low that these schools were in danger of closing. The total population of Logan Square dropped by 11% between 2000 and 2010, a signal that families were being displaced by young, single professionals were moving in; the total family households dropped by 15% while the total non-family households increased by 7.5%, according to the Chicago Rehab Network (Housing Fact Sheet, 2013).

In response to these shifts in its target area, Bickerdike and LSNA joined forces and conceived Zapata Apartments. Zapata Apartments provides direly needed affordable rental housing, preserving a space for low-income, working families in Logan Square, while in turn stabilizing area school populations.

Benefits and Outcome: Zapata Apartments is located in an area that has experienced a great deal of investment and revitalization, thanks to the community development work of LSNA and Bickerdike. Both organizations are dedicated to improving neighborhoods and welcoming new residents while maintaining a place for longer term working class residents; both firmly believe everyone should benefit from the revitalization taking place there. Through a hard fought campaign, Bickerdike and LSNA succeeded in debunking myths and misinformation about affordable housing, while educating and bringing thousands of residents together to overcome a campaign by a small but determined group of residents to derail the project.

The community has embraced Zapata Apartments. Vacant lots have been developed into attractive housing options allowing working families to stay in the area; the average annual household income is \$24,300, average household size is 3 and 77 children live in Zapata. It was featured during Sweet Home Chicago campaign (of which both LSNA and Bickerdike were key coalition members) prompting the city to create the TIF Vacant Property Purchase & Rehab Program; Chicago's Department of Planning and Development report that the Milwaukee-Fullerton-Armitage TIF will soon be enrolled in the program. Most importantly, the impact of Bickerdike and LSNA's effort is evident in the changing tone in community dialogues about affordable housing. Inclusivity is more readily taken into account when planning for future projects. The 35th Ward's Alderman Rey Colon, for example, launched a community planning process for a transit-oriented development near the Logan Square CTA blue line station and stated that affordability will be the highest priority at that site. Zapata Apartments proves that affordable housing can be an attractive and beneficial centerpiece of even the most rapidly changing communities. It shows that a neighborhood can grow and even change but still remain true to its mixed income legacy.

Project Collaborators: Zapata Apartments is the result of a joint partnership between two community organizations: Bickerdike Redevelopment Corporation and Logan Square Neighborhood Association (LSNA). With a combined history of nearly one hundred years, both membership organizations have fought tirelessly since the 1960s to improve the lives of poor and working families and to preserve Logan Square as a safe and affordable community for everyone.

Since its inception, Zapata Apartments was community-led. Thousands of community members participated in forums, focus groups, and pledged support over the six years it took to win approval for this project. Leaders and staff from both Bickerdike and LSNA surveyed local businesses along Armitage Avenue and made presentations at schools, block clubs, community centers, and in the homes of area residents. Working together, they knocked on thousands of doors and collected over 3,100 signatures from area residents pledging their support for affordable housing and for Zapata Apartments. Community members attended zoning meetings at city hall and formed delegations that visited local elected officials. The campaign for Zapata Apartments ultimately developed

leaders who went on to win other affordable housing victories in the city and their success became key organizational victories as well.

Over 300 people attended the ground breaking, a celebration that featured a mariachi band and a march from Funston Elementary students, who made and carried signs in support of the project. In April of 2014, Zapata Apartments residents gathered with hundreds of community members to celebrate the completion of the project. During the event, Zapata residents took turns at the microphone to tell—with great emotion—their personal stories. The overwhelming theme was that without Zapata and the organizational and city support behind the project, they would not have been able to stay in Logan Square, the area they had long called “home.”

What Makes Your Project Unique? : Zapata Apartments took eight years to complete partly due to obstacles placed by highly vocal and organized opponents. Widespread community support, however, and the tenacity of Bickerdike and LSNA won out.

As soon as planning began, a very small but vocal group of opponents arose. Comprised mostly of newcomers to the community, Armitage Neighbors Together (ANT)'s sole purpose was to stop the development of Zapata. ANT contended that Zapata would harm the neighborhood, complained the planned buildings were too large and did not match the character of the neighborhood. They claimed they supported affordable housing, but not in the chosen locations. While small in numbers, ANT created many obstacles; they filed two law suits, both deemed unjustified and dismissed.

Aware that construction is really only the beginning of a sustainable affordable housing project, Bickerdike knew that resident buy-in/education were essential to the long-term sustainability of Zapata. The buildings include many green elements: energy efficiency upgrades to insulation, windows, lighting, heating/cooling systems, and solar hot water heating. Surveys were conducted to gauge resident interest and knowledge of environmental stewardship and every day green practices; interested residents attended trainings. Quick tips and operation manuals were developed to help residents maintain the green components of their apartments. Bickerdike leasing staff share pertinent information from the reference guide on green maintenance at lease signing. They follow up with one-on-one meetings to review information in greater detail and answer questions.

Although the ANT lawsuits, the housing market collapse, and the special problems of developing in a gentrified area adversely affected the project's costs and timeline, the determination of area residents, LSNA, and Bickerdike prevailed. The community has embraced the four new, beautiful buildings and 61 low-income families can now call Zapata Apartments home without fearing that rapidly rising rents will force them to leave.

Organization's Name: Bickerdike Redevelopment Corporation

Website: <http://www.bickerdikemembership.org>

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PROJECT SOURCES & USES OF FUNDS

Uses of Funds		Sources of Funds	
Use	Amount	Use	Amount
Acquisition- Land	\$ 3,316,415	Cost Consultant	\$ 7,000
Legal & Recording	\$ 17,984	Title and Recording	\$ 63,000
Site Surveys	\$ 15,000	Community Room/FF & E/Amenities	\$ 150,000
Predevelopment Interest & Related Costs	\$ 781,037	Tenant Engagement/Community Art	\$ 50,000
Environmental (Phase I & II)	\$ 21,550	Accounting/Audit	\$ 7,000
Appraisal	\$ 10,000	Cost Certification (Accounting)	\$ 18,000
Holding Costs (Includ. Community Process)	\$ 165,414	Market Study	\$ 15,300
Site Preparation & Soil Borings	\$ 67,000	Leasing Agent (Initial Rent-up)	\$ 35,000
Construction	\$ 13,586,535	Marketing (Initial Rent-up)	\$ 35,000
GC General Requirements	\$ 813,392	Lender Fee (1st Mortgage)	\$ 8,582
GC Overhead	\$ 542,261	Lender Fee (Equity Bridge)	\$ 130,364
Construction Contingency	\$ 745,609	Lender Fee (TIF Bridge)	\$ 18,065
Construction Bond/Letter of Credit Fee	\$ 150,000	Lender Legal (Harris)	\$ 30,000
Construction Inspection	\$ 15,000	Lender Legal (LIISC)	\$ 10,000
Construction Period Taxes	\$ 32,000	Syndication Legal	\$ 45,000
Construction Period Insurance	\$ 61,000	City Application Fee	\$ 750
Construction Period Interest (1st Mig)	\$ 145,927	City Reservation Fee	\$ 43,022
Construction Period Interest (Equity Bridge)	\$ 554,625	City Carryover Fee	\$ 250
Construction Period Interest (TIF Bridge)	\$ 433,556	IHDA Application Fees	\$ 4,000
Security	\$ 74,000	IHDA Reservation Fee	\$ 258,572
Alta Survey & As-Built	\$ 15,000	IHDA Green Monitoring Fee	\$ 1,500
Architect Fee (Design)	\$ 655,000	IHDA 8609 Issuance Fee	\$ 4,000
Architect Fee (Supervision)	\$ 100,000	Class 9 Application Fees	\$ 3,000
Permit and Zoning	\$ 17,200	Developer Fee Non-deferred	\$ 1,000,000
Permit Expeditor	\$ 8,200	Developer Fee Deferred	\$ -
Legal-Zoning	\$ 27,562	Real Estate Tax Reserve	\$ 17,600
Legal	\$ 155,000	Insurance Reserve	\$ 64,050
Energy Modeling, Testing, and Commissioning	\$ 75,000	Initial Operating Reserve	\$ 483,569
		Total Uses of Funds	\$ 25,073,571
		Total Sources of Funds	\$ 25,073,571

Total Uses = Total Sources

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Project Contact: Michael Burton, Asset Management Director

Submission Category: Community Development



