Proposed
1900 Sherman Addition
The Housing Authority of Cook County

Presentation to the Evanston City Council on April 29, 2019

Assisted by Camiros, Ltd. and JGMA Architects
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Development Program Refinement

HACC has refined the program for the new building at 1900 Sherman and would like to update the City Council on our current direction. This refinement of the program was done to balance the considerations of:

1. increasing the supply of affordable units
2. providing adequate parking for new and existing residents
3. providing yards/setbacks consistent with the area
4. designing a build in scale with area in terms of height

These four considerations are key variables that interact with one another to affect the development program. The final program for development will reflect a consensus on priorities between the City and HACC.
Development Program Refinement

Affordability

HACC’s #1 priority is increasing the supply of affordable housing. HACC’s approach to affordability has always been based on a *mix of incomes*, comprised of these three groups:

- People with incomes at 80% AMI or less; *low-mod*
- Persons with between 80% - 120% AMI; *the missing middle*
- Persons with incomes above 120% AMI; *market rate*

Market rate units are needed to *underwrite the cost* of the *missing middle* units. The more market rate units included, the more affordable units HACC can provide.
Development Program Refinement

**Target Rents for the Three Groups**

A range of rents will be present in each of the three groups, with the average rent for 1 bedroom units expected to be:

- Full market rate units: $2,000.
- Missing middle units: $1,666.
- Low-mod units: $1,450.
Development Program Refinement

Factors Influencing the Program

• Economies of scale is a factor; the more units built the lower the cost per unit.
• Structure parking is expensive, but unavoidable.
• Below ground parking is 1/3 more expensive than above ground.
• Additional height is needed to achieve economies of scale and lower costs.
Current Direction for Development Program

- 120 total units with the composition of units being:
  - 36 market rate units (30%)
  - 60 missing middle units (50%)
  - 24 low-mod units (20%)

- 36 underground parking spaces to allow for generous setbacks
- 15 story building height
- 26’ setback along Sherman and 10’ – 29’ setback along Emerson
Financial Feasibility Framework

- A prescribed level of positive cash flow is needed to finance the project through.
- The projected annual costs (debt + operations) is approximately $19,600/unit.
- The market rate units will generate approximately $24,000/unit in annual revenue.
- The missing middle unit will generate approximately $20,000/unit in annual revenue; this modest surplus will not allow cash flow to meet lender requirements.
- The low/mod units will generate approximately $17,400/unit in annual revenue, but much of this gap can be filled with HACC’s project-based vouchers.
- Market rate units are needed to underwrite the gap created by the missing middle and a portion of the low-mod units.
Development Program Refinement

City Feedback on Current Program

In this presentation, HACC has outlined its current program for new affordable housing through a mixed-income concept focused on housing for the “missing middle.” The presentation also outlined the factors that led HACC to its current program. HACC is eager to hear the City Council’s thoughts on the current program.