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NORTHWEST SIDE STORY

Area gets new life

Community drives office complex renovation

By JANE ADLER

When Bankers Life & Casualty Co. announced in 1992 that it was moving its offices to the Merchandise Mart, it was a blow to the Northwest Side Mayfair neighborhood where the company had been located for more than 40 years.

Not only was the giant insurer taking about 1,000 jobs downtown, it was also vacating more than 600,000 square feet of office space in more than two dozen buildings scattered throughout an area known more for its bungalows than for business.

"We feared the neighborhood would fall apart," says Joel Bookman, executive director of the North River Commission, an umbrella organization for several community groups.

But instead of wringing their hands, neighborhood residents got busy. Local groups came together to formulate a rescue plan that included a wish list from residents about what they wanted done with the 29 properties left by Bankers Life.

Now, six years after the insurer's move,

the \$30-million redevelopment of its Mayfair complex into housing, offices, clinic and retail space is almost complete—and, for the most part, it follows neighbors' preferences.

Certainly, fate has been kind to the redevelopment effort. Although many parties were interested in specific buildings, the entire property was sold to one buyer, as the community wished. And the project has benefited from the robust real estate market.

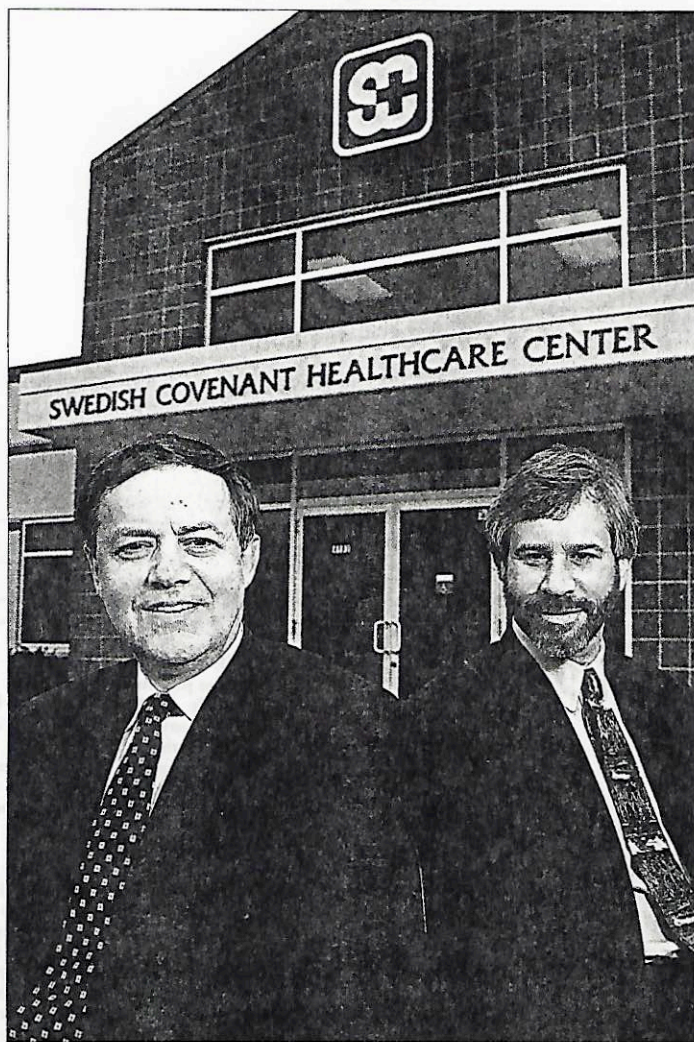
But the project illustrates how neighborhood groups can influence development projects in their backyard. It also shows what can result when three entities that don't always see eye-to-eye—community associations, private businesses and government—manage to collaborate.

"It's very unusual that the neighborhood got this done at all," says MarySue Barrett, president of the Metropolitan Planning Council of Chicago, a non-profit group that deals with public policy issues such as urban growth. "This was a superhuman task."

The redevelopment area encompasses a

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Howdy neighbor: Edward Cucci, left, of Swedish Covenant Hospital and Joel Bookman of the North River Commission helped redevelop the Bankers Life office complex.

JOHN R. BOGERT



Northwest Side story

When Bankers Life vacated its offices in the Mayfair area, nearby residents got busy. The result: a revitalized neighborhood center. Page 15

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Community-led effort

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mishmash of structures and properties that Bankers Life bought over the years to accommodate its growth. Everything from four-flats to vacant lots to old stores—even a bowling alley—were acquired and converted to offices.

When the company was sold in 1992 to Conesco Corp. of Carmel, Ind., the headquarters property—which real estate experts considered a white elephant—wasn't included in the deal.

Today, the development by North Mayfair Development Corp., a joint venture of Chicago developer John Thomas and Chicago-based Pontarelli Builders Inc., is almost complete. It includes 48 condominiums, a 97-unit apartment building for seniors, a new branch of the Chicago Public Library, a 28,000-square-foot office building, a new Parkway Bank facility, a retail building with a walk-in clinic run by Swedish Covenant Hospital and assorted other businesses in rehabbed buildings.

Grant got ball rolling

The move to redevelop the complex began in 1993, when the North River Commission got a

\$35,000 grant from the city of Chicago to help plan the area's redevelopment. But the city did not offer incentives, such as creating a tax-increment financing district, a tool now regularly used to entice developers.

Single buyer sought

Residents' opinions were sought, buildings were inspected and the North River Commission drafted a request for proposals (RFP).

"The community got into the dream," says Donald M. Hodgkinson, a Chicago attorney who was president of the North River Commission.

Developers were asked to submit a mixed-use plan to include health care facilities, a senior housing complex, retail space, mid-priced residences and upgraded office space.

Ideally, the commission wanted a single buyer for all 29 parcels. But Louisville, Ky.-based ICH Corp., which had sold Bankers Life to Conesco, was eager to unload the property quickly. Mr. Hodgkinson recalls spending 90 minutes on the phone with ICH officials to persuade them to wait rather than auction off the prop-

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New life for old offices

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erties piecemeal.

"We finally convinced ICH to wait," says Mr. Hodgkinson, conceding that the community had input on zoning changes and could have protested property uses that were not in line with their wishes.

A patchwork of deals

Although the community received 14 responses to its RFP, only one developer offered to buy all the properties: North Mayfair Development, which paid \$3.8 million for the entire package.

"This was a once-in-a-lifetime opportunity," says Mr. Thomas, vice-president of North Mayfair Development. "It's hard to find 10 acres like this at a major Chicago intersection."

Mr. Thomas was convinced the project would work. He says even though the main business district along Elston Avenue was run-down, the side streets lined with single-family homes were "immaculate."

But the Bankers Life properties still represented a development challenge. The parcels weren't adjacent, and not all buildings could be renovated. Retail development was especially problematic because the properties were small.

"It took a lot of little deals to make this work," says Mr. Thomas.

Pontarelli Builders, for instance, moved its headquarters from Park Ridge to a 20,000-square-foot Bankers Life building at Kostner and Lawrence avenues. Another building at that corner was renovated for small businesses; leasing agent Thomas Taheny says it's about 95%

leased, mostly to professionals and service-type retailers.

Seven old buildings were torn down. One vacant parcel was developed for a primary care walk-in clinic owned by Swedish Covenant Hospital, a member of the North River Commission, and a video store.

"We were heavily focused on doing this in partnership with the community," says Edward Cucci, president and CEO of Swedish Covenant.

Community activists had hoped to attract businesses to replace jobs lost by Bankers Life's departure. A couple of new retailers were attracted to the area—though many residents are disappointed that there aren't more—and the project has created about 600 jobs so far, according to the North River Commission.

One business new to the area is Harvard Collection Services Inc., which spent \$800,000 to rebuild a 28,000-square-foot former bowling alley after its roof collapsed.

'Result is amazing'

The final major building of the Mayfair redevelopment—the \$10-million seniors' apartment complex at the corner of Elston and Lawrence avenues—is expected to open this spring.

Financing included a loan from nearby Albany Bank & Trust Co., low-income housing tax credits and a second mortgage from the city of Chicago.

"When you consider what (the vacated Bankers Life properties) would have been, the result is amazing," says Dale Bolling, chairman of one of the neighborhood committees.