Design Narrative

Once the heart of the industrial economy of Chicago, the site area along the North Branch of the Chicago River has fallen on hard times as technology continues to redefine manufacturing and supply chains. Though many manufacturing and industrial jobs have left the area, the spirit of innovation and creation remains a driving force in the community. Today, a tremendous opportunity presents itself to reorient this industrial corridor toward the innovative jobs of the 21st century, while repositioning the riverfront as a vibrant public attraction.

The core of the NorthWorks development proposal is the integration of community, industry, and landscape along the North Branch; accomplished through three gears: connect, adapt, and engage. NorthWork’s inclusive development strategy connects people and cultures through transportation initiatives, provides the necessary tools for the industrial labor force to adapt to a changing economy, and engages the natural beauty of the previously neglected portion of the Chicago River. Combined, these efforts spur the creation of Chicago’s newest neighborhood.

The Clybourn Metra Station has fallen into disrepair and is underutilized. The NorthWorks development proposal redefines this area as a transit-oriented community. The Landing, located in a repurposed warehouse, is a multimodal transit center that connects the rail lines, the 606 bike trail, the water taxi, and the automobile commuters.

The Bend creates much-needed recreational space along Chicago’s second waterfront, allowing the city to engage with the river. The Bend transforms the riverfront into a lively public space where Chicago residents can walk or bike on trails which connect the 606 trail or continue over floating docks past vegetation zones that feature native plants and wildlife. New residential development lines the riverfront, providing subtle security and active fronts onto public spaces. The Barge Basin connects the river walk to the bustling North Avenue and engages the diverse populations of Chicago in socializing and recreational activities via new commercial and retail development, and a multitude of activities that keep the shoreline active year-round.

With all of its gears joined, NorthWorks establishes itself as a model for the 21st century neighborhood with providing places to live, work, shop, and relax.

Financial Narrative

The NorthWorks development proposal centers on the acquisition and development of much of the Elston Planned Manufacturing District (PMD). Through innovative capital raising techniques, public infrastructure initiatives, and key community partnerships, NorthWorks stands out itself as a vibrant new neighborhood.

Prior to beginning construction in 2019, the development team enters into option-to-purchase contracts with several landowners. While 59 acres are developed as part of the NorthWorks master plan, 51 acres are packaged and re-sold at a premium after being taken through the rezoning and entitlement process. Funds generated from these transactions are invested into the partnership as a form of equity.

Creative sourcing of capital is a key driver of the financial success of NorthWorks. In this low-interest-rate environment, there are benefits to financing different asset classes separately in order to utilize loan products that allow high levels of leverage. The ownership of multifamily housing is broken out into two condominium regimes per phase. Though the multifamily apartments are physically in mixed-income buildings, one condo regime owns the market-rate units, while another regime owns the affordable units. Each of those ownership structures is financed by FHA 221(d)4 loans, which allow for 83% and 87% loan-to-cost ratios, respectively.

All other asset classes will be financed together per phase, using a conventional construction loan, which is taken out by a permanent life insurance loan. EB-5 subordinated loans are used to help fund construction for all asset classes. EB-5 is a government program in which foreign investors can contribute capital into a project in exchange for a temporary visa and a nominal rate of return. Since temporary visas are the primary motivation for many investors, this financial product is an inexpensive source of capital relative to investor equity or traditional mezzanine loans.

In addition to leveraging debt opportunities, the NorthWorks development seeks to leverage this area’s assets throughout its 10-year development. Waterfront townhomes are constructed on Lot C and sale proceeds are reinvested into the partnership as capital. North Avenue is already an established retail corridor to the east of the development site. Continuing west along North Avenue, NorthWorks contributes to the natural progression of retail, which couples well with the new residential housing. The current limited access to the site presents a great opportunity to add value through making connections. Three new bridges are constructed across the North Branch River, enabling North McHenry Avenue to become a major corridor that is home to an array of uses. Additionally, NorthWorks embraces the river as a point of emphasis in the development, creating publically accessible bike paths, floating docks, and other riverfront amenities. These public infrastructure improvements are key to creating synergy and desirability at this location.

These public infrastructure initiatives are made possible by catering to the pent up demand for multifamily housing. By generating the majority of its financial returns from the premiums seen in the multifamily sector, NorthWorks is able to provide much-needed service to the community. This includes dedicating space for the innovative land-uses surrounding Maker’s Yard, the preservation of existing manufacturing, and exceeding Chicago’s minimum affordable housing requirements by 170%.

This development venture is successful in large part due to establishing key partnerships with stakeholders. The Home Depot has championed the effort to turn the river into a public amenity. Home Depot’s management team graciously volunteered to relocate its North Avenue location two blocks west into a newly constructed, two-story location. By coordinating the timing of construction for the Home Depot and the development of the waterfront, the franchise was able to remain fully operational through the transition. The Department of Transportation’s TIGER Grant program funded the relocation of the aging Clybourn Metra Station to its new reimagined location at The Landing.

Throughout its 10-year phasing proposal, NorthWorks is consistent in its approach to transform the waterfront, providing connections and resources for in-demand jobs.