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## **Crain's Chicago Business**

### **City bonds, TIF money possible for Bronzeville project**

By Eddie Baeb

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(Crain's) — The Daley administration is upping its efforts to help Capri Capital Partners LLC finance its proposed Metropolis retail development in Bronzeville.

Mayor Richard Daley wants the city to issue up to \$28 million in "Enterprise Zone" bonds for the already-downsized \$50-million project, which is to be anchored by a Roundy's grocery store.

The city also may look to provide an unspecified amount of tax-increment financing (TIF) funds for the project, according to statements from Capri and others that accompanied the mayor's proposal.

The ordinance that would authorize the bond issuance and the prospect of TIF money signal the city's strong desire to bring the much-publicized project to fruition in the gritty neighborhood even as the recession and credit crunch hamper retail development nationwide.

"This is the city riding herd on a deal it absolutely intends to get done," says David Stone of Chicago-based retail brokerage Stone Real Estate Corp., which isn't involved with Metropolis. "It's an amazing feat to get any development financed today."

The mayor's proposed ordinance to authorize the bond issuance cites "a shortage of grocery stores and other retail development" in the area around Metropolis, which is to be at Pershing Road and State Street in the South Side neighborhood.

The ordinance, which Mr. Daley introduced July 29, has been referred to a City Council committee.

Capri initially proposed a \$155-million mixed-use project for the site in early 2007 that was to include 330,000 square feet of retail space and 102 condominium units in its first phase. Capri envisioned three towers for additional phases with more residential units and a hotel.

In February, Capri announced its lease with Milwaukee-based Roundy's and also disclosed that the project had been reduced to about 120,000 square feet of retail — half of which Roundy's is to occupy — while the plan for condos was scrapped.

A spokeswoman for Capri, which is headed by Quintin Primo III, declined to comment, saying the firm is unable to do media interviews because it is in a fundraising period.

While the enterprise zone bonds would be key in helping Capri and its partners to obtain lower borrowing costs, Metropolis co-developer Michael Reschke of Chicago-based Prime Group Inc. says efforts are still under way to find a bank that will provide a letter of credit — which essentially guarantees bondholders they'll be paid and is necessary to get a low interest rate on the debt.

“In normal times, we’d be under construction already,” Mr. Reschke says. “There’s no doubt the project will be successful. There’s no competition. It’s a food desert down there. It’s a question of getting the capital put together in an extremely capital-constrained world.”

He estimates construction could begin early next year, with completion of the project by mid-2011. Capri in February said it was shooting for a fall 2010 opening.

Mr. Reschke says there have been preliminary talks with the city about providing TIF funds but says the amount of TIF-eligible costs in the project has not yet been determined.

Local Alderman Pat Dowell (3rd), who supports the development, declines to comment on the mayor’s proposal for enterprise zone bonds or the use of TIF funds.

“Nothing has been finalized,” she says in a brief interview.

A spokeswoman for the city’s Department of Community Development, which handles TIF requests, also had no details on the potential of TIF funding for Metropolis, but she reiterated the city’s backing of the project.

“It’s an area we’re excited to potentially have a grocery store in,” the spokeswoman says.

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