



ROGERS PARK BUILDER

WINTER 2011

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Planning Process Underway for Overhaul of CTA Red and Purple Lines

Having completed a major overhaul of the CTA Brown Line, complete with new rails and upgraded stations from downtown Chicago, north to Belmont and on out to Lawrence Avenue, the Chicago Transit Authority is now preparing to turn its attention to the Red and Purple Line corridor north of Belmont all the way to Linden Avenue in Wilmette.

The tracks, viaducts and stations north of Belmont were originally constructed between 1900 and 1922. They have not had a major overhaul since. Needless to say, after a century of heavy use, this corridor is overdue for a major reinvestment in infrastructure.



As is always the case, the bulk of the money for this project will come from the federal government Department of Transportation. Before any work can begin, the feds need to conduct an Environmental Impact Statement, and an EIS requires community meetings in impacted areas.

In January, the CTA held community meetings in Uptown, Edgewater, Rogers Park and Evanston to get input from the community about several different options that the CTA is considering to accomplish this work.

These options range from maintaining the status quo – in other words, to do nothing beyond the basic maintenance that the CTA has been doing for the past century – to a dramatic rebuilding and expansion of the entire right-of-way that would include four tracks along the entire route, and new transfer stations at Wilson and Loyola between the Red and the Purple Lines.

These meetings were referred to as “scoping meetings,” and were held during the week of Jan. 24-28. This was just the first step in a lengthy process that will ultimately lead to a specific plan of action, including timing and budget for its implementation. Of course, the work will not get done without the funding from the federal government. Since these dollars are limited and competitively awarded to cities around the country, this can be the biggest hurdle of all.

While a lot of planning needs to be done, and while the ultimate cost and time-frame is uncertain, the successful rebuilding of the Brown and Green Lines during the past twenty years is evidence that the CTA is serious about transforming the city’s early-20th Century transit infrastructure into a system that will propel the city and metro area into the 21st Century. These past projects also demonstrate Chicago’s success in competing against other U.S. cities and their transit projects for the infrastructure dollars needed from the federal government to get these projects completed.

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Apartment Market Update

Fundamentals Strengthening and Velocity Increasing

By Doug Imber



While the post-recession economy remains unforgiving to many, Chicago’s apartment market is a bright spot in the investment landscape. Finally after several years of deteriorating net operating incomes, concessions have evaporated, occupancies have strengthened and rent increases are anticipated. As expected, the better the location and quality of asset, the faster the recovery.

For example, in downtown and the near north side core markets, expected rent growth has spurred a race to build new apartments. While not all planned projects will likely be built, this follows the pattern of previous recoveries where the downtown market leads the way and amplifies outwards.

Despite these planned new core apartments where rent levels of \$2.50 per foot and above can support the cost of new construction, most submarkets will experience little to no increase in supply. And while many condominiums continue to revert back to rental, the fact remains there are materially fewer rental units in Rogers Park than existed seven years ago before the conversion boom.

Conversely, demand is rapidly growing. As unemployment moderates, new household formation increases. Similarly, the appeal of home ownership has receded while the barriers to entry from restrictive lending criteria have further aided rentals. Most importantly, the explosion of the seventy-million strong Gen-Y or Echo Boom demographic is just now beginning to be felt. This cohort is larger in size than the economy changing Baby Boom generation and is now just

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Alderman Bernard Stone A Voice of Reason in Landlord/Tenant Relations

Alderman Bernard Stone is that rare politician who is willing to stand up for the interest of landlords. His willingness to do so should not be taken lightly in a city where 53% of all residents are renters. This makes renters an important block of voters for any elected official, and a group that few politicians are willing to oppose.

I called the Alderman's office on the morning of January 18. Alderman Stone – or Berny, as he is popularly known – was kind enough to take my phone call personally, and speak with me about this issue.

Alderman Stone was quick to say that he doesn't "favor" landlords over tenants. He just wants to see "an even playing field" in a city where the law greatly favors the interests of the tenant over those of the landlord. Simply put, he believes that the interests of both groups should be given their due.

If there is one group of people Alderman Stone does oppose, it is that small group of unscrupulous attorneys who use the language of the Chicago Landlord-Tenant Ordinance to take advantage of landlords, reaping outsized settlements for their clients and themselves.

Alderman Stone has been courageous in his willingness to go to bat for landlords in instances where existing laws have been unreasonably stacked against their interests. One specific example includes the Alderman's support for a change in the language of the Landlord-Tenant Ordinance that reduced and standardized the amount of

interest that landlords must pay tenants on their security deposits. This change clarified the intent of the law, making it more difficult for attorneys to use this provision of the ordinance to chase after landlords.

Alderman Stone also believes that other provisions of the Landlord-Tenant Ordinance, particularly those regarding the handling of Tenant Security Deposits, are frequently abused by these same unscrupulous attorneys and should be changed to provide more balance between landlord and tenant interests.

Alderman Stone has represented his far North Side district – which includes parts of West Rogers Park – in the City Council since 1973. Since 1998, he has also served as Vice Mayor. He has stood up for landlords repeatedly over his years in office, even when it has not been politically expedient to do so. He has earned our support in the past and will continue to promote equitable treatment of both landlords and tenants in the future.

Alderman Stone has earned our support and our votes. The elections will be held on Tuesday, February 22. If you are a resident of the 50th Ward, please consider a vote for Alderman Stone. He is a rare voice of reason in a city that, too often, puts the interests of tenants above those of landlords.



Irving Loundy, Sr. Vice President, Devon Bank

I don't know if Irv Loundy thinks of himself as a white knight, but that's how we view him at RPBG. At a time when our organization was looking for a new venue for our meetings (without much success) Irv stepped up to the plate and offered to let us come back to our long-time home at Devon Bank. Not only that – he offered to let us use the space rent free!

Devon Bank has been integrally involved in the Builders Group since its founding. Irv, on the other hand, is a relatively recent member, having become involved with RPBG only within the past year. While he may be new to RPBG, he is about as entrenched in the Rogers Park community as it is possible to be. Irv has been involved with the neighborhood his whole life and started working at Devon Bank just five years after it was acquired by Richard Goodman and Mason Loundy (Irv's uncle) in 1953.

Devon Bank remains a privately-owned and family-controlled institution to this day. Currently, two generations of Loundy's are working at the bank. In addition to Irv, who heads up the Banking Services and Community Relations Office, Irv's cousin Richard Loundy is the Chairman, and two of Richard's sons also work at the bank.

Irv views a high degree of involvement with the local community as more than just good business. In my conversation with Irv, I'd say he considers community involvement to be almost a mission. As someone who has had a lifelong involvement with the neighborhood, and who continues to live and work there, Irv truly embodies the ideal of service and commitment to the community.

Most people, after working long and hard and achieving success in their chosen fields, choose to slow down and enjoy the fruits of their labors. But not Irv. He continues to be motivated and energized by his work at the bank and within the Rogers Park neighborhood. Irv may take a little time off now and again to play golf (a game he enjoys) or to spend time with his grand kids, but he's too busy making a difference at Devon Bank and in his community to give up his full-time gig.

His generosity to RPBG is just one small example of the commitment Irv has made to Rogers Park and the many institutions that make it a great place to live and work. I guess, when you love what you're doing and where you're doing it, there's not a whole lot of reason to stop. At RPBG, we're glad Irv isn't ready to call it quits!



Ups and Downs by Steve Cain



As the new year dawned, I found myself asking, “How is it that the stock markets can be doing so well while the rest of the economy looks and feels so bad?” What’s going on to send the Dow Jones pushing up towards 12,000 while unemployment is still stubbornly high at 9.4%? Why is Wall Street once again salivating over huge year-end bonuses while so many Americans are struggling to make ends meet?

This “tale of two economies” goes a long way in explaining the anger and resentment that has been so pervasive across the nation since the onset of the “Great Recession.” It was also a big factor in the backlash that sent so many politicians packing (especially Democrats) after the mid-term elections. You almost feel sorry for some of these guys who voted only reluctantly for the bail-out – fearing dire consequences if they did not – and then got rewarded by being voted out of office. (Okay, I did say almost feel sorry for them...)

Who can blame an electorate that sees Wall Street rewarded for its bad behavior and then quickly bouncing back to reap record profits, while so many of the rest of us are having trouble just making ends meet? Looked at most simply, it really does seem true that the rich just get richer while everyone else gets left behind. But is this popular perception really accurate? And even if it is, are we doomed to see this trend repeated endlessly into the future as it has been in the recent past?

To answer this question, I thought I’d take a closer look at the two sides of the divide. First up – the sector of the economy that everyone loves to hate – Wall Street, high finance and those evil corporations.

It’s really no mystery why this part of the economy is doing so well. After several years of tough, almost lethal, times, these firms are finally starting to reap some of the benefits of the difficult steps they took in order to stay alive.

After major layoffs and general belt-tightening, many of them are now lean and mean machines with fewer employees working longer hours at higher levels of productivity. They have also put off major investments, including plants, equipment and R&D, and have let profits accumulate on their balance sheets. As the economy has stabilized, these cash reserves have started to become pretty big, leading to higher stock prices and some hefty bonuses, at least among the financial firms.

But for the other economy, the one that most Americans live in, the reluctance of big companies to invest or hire new workers has kept a lid on growth, leading to a general sense of helplessness, frustration and anger among almost everyone not already working for one of those big firms.

But, is it possible that we’ve reached a turning-point rather than a dead end? Is it possible that these large companies are not going to be able to hold off on making investments in plant and equipment, scrimping on R&D budgets, and squeezing ever greater productivity from the same pool or over-worked employees forever? Since my crystal ball is as foggy as anyone else’s, I’m not going to say that this is definitely where we are right now. But I am going to go out on a limb and say it looks like a possibility.

If past experience is any indication, then at some point, the chasm between Wall Street and Main Street is going to have to start to fill in. New plants and equipment will have to replace worn-out or functionally obsolete old stuff. Companies are going to have to reinvest in R&D to stay competitive, or fall behind when other companies do it. And all of this has to start creating demand for new workers, from small businesses to large.

After too long, the elements of a recovery finally seem to be coming together. Since the market is always looking forward and never looking back, then maybe all those rising indexes are sending a message that we have not yet heard, or at least not yet paid much attention to. Perhaps the markets are pointing to better times for the entire economy, and not just for Wall Street. As the new year gets underway, let’s all hope that this turns out to be true. It’s been a long haul. We could use, and certainly deserve, a break.

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The prospect for a transfer station at Wilson and Loyola is also very good news for both the Uptown and Rogers Park Communities. If the four-track plan is adopted and implemented, the transfer stations that will come with it will give the residents of these communities a faster link during rush-hour to and from the Loop as well as north to Howard Street and the northern suburbs. Under this four-track plan, the rebuilt tracks will have their useful lives extended by another 60-80 years, improving train speeds and connections up and down the corridor.

After all, it’s not called the Main Line for nothing. The corridor north from the Loop to Howard Street is the most heavily used in the system and is, arguably, the most important component of the entire CTA system.

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reaching its prime rental age, with last year’s high school graduating class the largest in our nation’s history.

As a result of strengthening fundamentals, apartment transactions are occurring at a steadier pace. During 2009 and 2010, Chicago apartment sales were approximately a third historic levels. For example, only one apartment transaction greater than \$1 million closed in Rogers Park during the first half of 2010. By contrast, during just the past sixty days Essex has placed under contract or closed nine Rogers Park transactions totaling nearly 450 apartments.

This recent rebound in transaction velocity is also due to a rebound in lending markets. While loans to value have remained at conservative 65% to 75% levels, favorable interest rates of 6.0% and lower have helped thaw a frozen market. In contrast to 2009 and early 2010 when lenders did not lend, they are once again competing for solid Rogers Park apartment loans.

Obviously, not all ships are rising, or rising at the same rate. Moreover, there frequently seems to be macro issues looming on the horizon. But compelling apartment fundamentals, increased transaction velocity, and working capital markets suggest that 2011 will be a year of opportunity and rebound for Rogers Park’s apartment investors.

The New Bar on the Block... Chuckie's

The revival of Morse Avenue may be old news, but it's a story that just took a new turn with the opening of Chuckie's. This sleek and stylish new bar is the latest cool place to order a martini and hang out with your friends in a neighborhood.

Chuckie's is located at 1412 W. Morse Avenue, just a couple of storefronts west of the "L" Station on the north side of the street. The bar occupies the first floor of a new building that was developed by Alex Samardzija of Castle Realty & Development Management. In addition to Chuckie's, this five-story building contains sixteen apartment units – originally built as condos – on the upper floors. The building is currently fully leased.



Alex is a pretty impressive guy. I guess it wasn't enough just to develop a building and rent it out. Alex decided that he needed to open and manage a bar as well... actually, make that two bars, since his first venture is the stylish and popular Xippo, located at Damen and Grace, in Lakeview. You've probably guessed by now that, in addition to developing real estate, Alex is also the proprietor of Chuckie's.

Chuckie's has only been open since October. The bar's southern exposure and wall of ceiling-high windows ensures that it is flooded with light by day, and throws off a warm glow by night. The interior is surprisingly compact. The windows are lined with tall tables and chairs that look out over the street. Hanging over the tables is a row of ornate chandeliers that provides a nice contrast with the sleek modernity of the rest of the room.

Against the back wall sits the bar which fills the entire width of the room. Between the bar and the windows is just the right amount of space to accommodate an overflow crowd without feeling impersonal or intimidating. During the summer months, Chuckie's offers outdoor seating.



I wandered in to Chuckie's on a cold Saturday afternoon in the middle of January, accompanied by a friend who lives nearby. Boba was our bartender. She greeted us with a warm smile, took great care of us and answered all my questions about the new place. I couldn't help but notice her wonderful accent, but couldn't quite place it. It turns out she comes from Montenegro, one of the countries that emerged from the former Yugoslavia. Betcha didn't know there were Montenegrins in Rogers Park, now did you? Pretty cool, huh?

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PRESIDENT'S MESSAGE



Marty Max
President, Rogers Park Builders Group

As I See It Happy New Year!

I would like to first wish all of you a Happy, Healthy and Prosperous New Year. Last year was a tough one, and I am hopeful that 2011 will be better for all. Usually in this column, I write about real life concerns that the property owner faces. In fact, I love writing it because it is a chance for me to vent and maybe, just maybe someone (you perhaps) is listening. Some feel that I may be too blunt. I think I'm just being honest. But I think it is important to get the concerns of the property owner, developer, and retailer, out to the public.

Which leads me to the Rogers Park Builders Group. Our mission is to encourage and support responsible residential and commercial property investment, development, and ownership in the community. Looking far beyond bricks and mortar, the RPBG initiates and supports collaboration on city and community actions to create a destination community.

We meet on the fourth Tuesday of every month at 6:30 p.m. Devon Bank is, and always has been, a supporter of the RPBG and allows us to have our meetings at the bank (Thank you!). At our meetings, we have educational speakers in the real estate industry. We have speakers from different branches of the city government: the Building Department, Streets and Sanitation, and even the Mayor's Office.

We have updates from the Alderman and the RP Business Alliance. We're proud of the fact that, at RPBG, we hear from and work with many of the local neighborhood organizations and community groups. We do all of this in an effort to foster communications between the different interest groups and strengthen our neighborhood.

The RPBG was instrumental in starting and contributing to the Neighborhood Building Owners Alliance (NBOA). The NBOA focuses on the issues affecting building owners and managers. The RPBG is a great way of networking among all types of property owners, community activists, politicians, financial service professionals, real estate service providers and developers.

We encourage anyone reading this who is not already a member of RPBG to come to one of our meetings as my guest. You can join as an associate member for only \$300.00 per year. I guarantee you that you will get your money's worth. By the way, we serve dinner too!

So please, go to our website at www.rpbg.org for more information. The website is updated monthly with market updates, so there is always something new to read when you log onto the site. And please, be sure to update us with your email address because, from now on, we are going all-electronic with our newsletter. If you prefer, you can also call Mary Jane Sacks at (773)743-7433 with your email and other contact information.

Property owners - do yourself a favor and give us chance! It may be one of the best decisions you ever make.

That's the way that I see it! Marty

The Lofts at 1800 – Red Hot Property in a Tough Market

Tired of reading about economic doom and gloom, high unemployment, budget deficits and never-ending foreclosures? Heard enough complaining about the countless unsold condo units in see-through towers with price tags that only ever seem to go in one direction – down?



Then this article is for you.

Nick Kopley, a long-time member of RPBG who owns a number of apartment and condo properties in Rogers Park, including the Renaissance Lofts on Howard Street, has the distinction and honor of being the developer of the most successful new condo project in Chicago in recent memory.

His project is called The Lofts at 1800, a 91-unit rehab/new construction combination at 1800 W. Grace Street in the Lakeview neighborhood. Mr. Kopley must be doing something right because his units are, quite literally, selling as fast as they can be delivered, and at prices that are at or even above list price!

Asked why this development seems to be defying the market, Lynne Jackson, senior vice president and marketing director for The Kopley Group, said the answer is surprisingly simple: when the going gets tough, the tough get... creative!

The Lofts at 1800 reflect the attention to detail and creative design that are the hallmark of The Kopley Group. This combination seems to be a winning ticket for a project that has sold 65% of its units since opening in November 2009, and which continues to generate buzz and excitement in a market that is otherwise notably devoid of both.

Contributing to the success of this development, Ms. Jackson points to several factors that set this project apart from the competition. These factors include the wide range of unit types, sizes and price-points; standard high-end finishes, including hardwood floors, marble and granite finishes in kitchens and baths, custom cabinetry and high-end appliances, that are all part of a unit's base price; and a unique design-build approach to customer service

where the developer works closely with each individual buyer to customize finishes to their exact tastes and specifications.

Before being transformed into The Lofts at 1800, this was a five-story Cap and Gown Factory. The Kopley Group added a new-construction sixth floor to the structure, and laid out 91 units in which no two were exactly alike (some of these units have since been combined which will result in a lower unit-count at completion). Some of the units are "industrial loft" style with concrete floors and exposed timber beams, while others offer a high degree of finish including rich woodwork and moldings. Some are large, two-story "townhouse" style, while others are compact, one-bedroom flats.

Prices range from a low of \$263,500 and top out at just under \$900,000. Although the property has only been on the market for a little over a year, the development is well on its way to being sold out.

Recently, the development had its first resale. The seller of that unit not only recouped his initial investment, he actually sold it at a premium to his original purchase price, made nine months earlier... total marketing time – five days! How many recent buyers of condo units in Chicago can make that claim?



Typical buyers at The Lofts at 1800 are pretty "high-end" themselves, according to Ms. Jackson. Although she would not name names, she said the property has attracted a who's who of Chicago residents from business titans to media personalities. Best of all, traffic at the development remains high and sales continue at a brisk pace with six closings in just the last two months alone.

So, no, although you may be tempted to think otherwise, you are not reading an article that was inadvertently re-printed from one of the 2007 newsletters. All of this is happening right here, right now, in 2011.

While the experience of Nick Kopley and The Kopley Group may not be typical for the entire market, it serves to demonstrate that a good product, appropriately priced, well-conceived and effectively marketed can be successful. In fact, it can hit the ball right out of the park.

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Chuckie's offers a basic menu of Mediterranean-influenced foods, including six different pizzas, three salads, and three "Panini Caldi" or hot sandwiches. I ordered the Capricciosa Pizza and a beer and my friend ordered a Vegetali Salad. Boba did double-duty as bartender and chef, preparing the pizza and the salad right at the bar. A short time later, we were eating our large, fresh and delicious meals.

At the end of lunch, we decided we couldn't pass up the chance to try Chuckie's one and only dessert offering on the menu – the Chocolate Lava Cake. All I can say is, be sure to save room for dessert, and be sure to bring a friend to help you eat it. Like our meals, the dessert was big – two generous scoops of vanilla ice cream on top of a delicious, gooey chocolate cake, all topped with whipped cream and chocolate sauce.

But, first and foremost, Chuckie's is a place to drink. In addition to the selection of fourteen beers on tap, the bar specializes in a wide selection of martinis. I didn't try the Flirtini, but next time I go, I think I will. With a name like that, how can you go wrong?

Chuckie's is open Monday through Friday, noon to 2a.m., Saturday 11 to 3a.m., and Sunday 11 to 2a.m. Boba told us that evenings during commuting hours and weekend nights are reliably lively and fun, but there's never a bad time to stop in for a drink.

It's no surprise that Chuckie's is doing well and attracting a crowd. After all, how can it go wrong? It occupies a prime location, on a street whose difficult days seem to be an increasingly distant memory, and whose future just keeps looking better all the time.

Please Send Information About Becoming a Member of the Rogers Park Builders Group

Name _____

Address _____

City/State/Zip _____

Phone (Daytime) _____

Phone (Evening) _____

E-mail Address _____

I'm Interested In _____

Comments _____

Mail to: Mary Jane Sacks, Administrative Director
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Sunday Glenwood Winter Market

After a successful summer run, the Glenwood Farmers Market is moving inside for the winter. The market will be held monthly throughout the winter on the second Sunday of each month.

The Market will be held at 6956-58 N. Glenwood, right next to The Glenwood Bar between Morse and Lunt. Doors open at 9 a.m. and don't close until 2 p.m. This newsletter may or may not be out in time for the next Market on February 13. But if we're too late for that one, catch the Winter Market on March 13, April 10 or May 8.

Just like its summer counterpart, the Winter Market will feature locally grown produce and other foods. Many of the items for sale are also certified organic. So, if the winter's got you down and you're tired of grocery store tomatoes that taste more like cardboard than vegetables, head over to the market and see what they have to offer. You'll be supporting sustainable farming, the local community, and having fun while you're at it.



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OUR MISSION

The Rogers Park Builders Group's mission is to encourage and support responsible residential and commercial property investment, development, and ownership in the Rogers Park community. Looking far beyond bricks and mortar, the RPBG initiates and supports collaboration on city and community actions to create a destination community.