Orland Park officials pleased with apartments' progress report

By **Lauren Zumbach**
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Orland Park's Ninety7Fifty on the Park apartment complex got its first report card in January, and village officials said they're pleased with the results.

Trustees voted in July to hire Kane, McKenna and Associates, a municipal economic development and public finance firm that reviewed the village's agreement with developer Flaherty & Collins to evaluate the apartment complex's early performance. The first tenants began moving in to the building south of the 143rd Street Metra station during spring 2013.

"It's turning out as we hoped," Orland Park Finance Director Annmarie Mampe said.

Bob Rychlicki, executive vice president at Kane, McKenna and Associates, said Ninety7Fifty on the Park "hit all the major benchmarks" in the first phase of development.

Rents are equal to or higher than predicted and units filled faster than expected, with 93 percent leased by September 2014, according to the report.

The village helped finance the $65 million project with a $38 million loan and roughly $24 million in financial incentives. Some residents were skeptical of the decision to use public dollars to secure a private development.

Mampe said a milestone for the village arrived in January when the developer began paying off the loan. The village also gets half the extra income remaining after the developer makes loan payments, she said, which helps the village recover the cost of the financial incentives. Between October 2013 and December, the village has received about $1.2 million, while the developer has received about $3.5 million, she said.

The only area the report flagged as a potential concern was property taxes, expected to be roughly $1.27 million in 2015 — nearly double the amount predicted in the redevelopment agreement. With few comparable high-end apartment buildings in the Orland Park area, the property tax bill was difficult to estimate, Rychlicki said.

For now, the higher-than-expected cost cuts into annual payments to the village, meaning it will take longer to recover the incentive the village gave the developer, Mampe said.

Rychlicki said a higher property tax bill could also affect the sale price by reducing what a prospective buyer would expect to make off the property.

But both said the agreement had "cushion" and a higher tax bill wasn't cause for concern. The projected 2015 tax bill was based on a preliminary assessment conducted when the apartments weren't completed, and the village is still waiting for its final tax assessment, which the developer can appeal, Mampe said.

"There are way too many moving parts, and it's really too early to say the property taxes will have any specific effect," Mampe said. "There are a lot of reasons why it might not be a bad thing."

The building's commercial space has not seen nearly as much interest. About 75 percent of the 4,000 square feet on the ground floor has never been filled, and the sole tenant, a coffee shop, closed in July after about a year. The commercial space was expected to provide less than 1 percent of the overall revenue, according to Kane, McKenna and Associates' review of the redevelopment agreement.

When the village commissioned the report in July, Village Manager Paul Grimes said there was no reason to think there were problems, but it wanted an independent review.

"Our world is not the development world, so we were trusting they were giving us the right amount, and it all appears very reasonable," Mampe said.

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