

DEVELOPMENT OF REESE VILLAGE

ENPRO 359

Problem

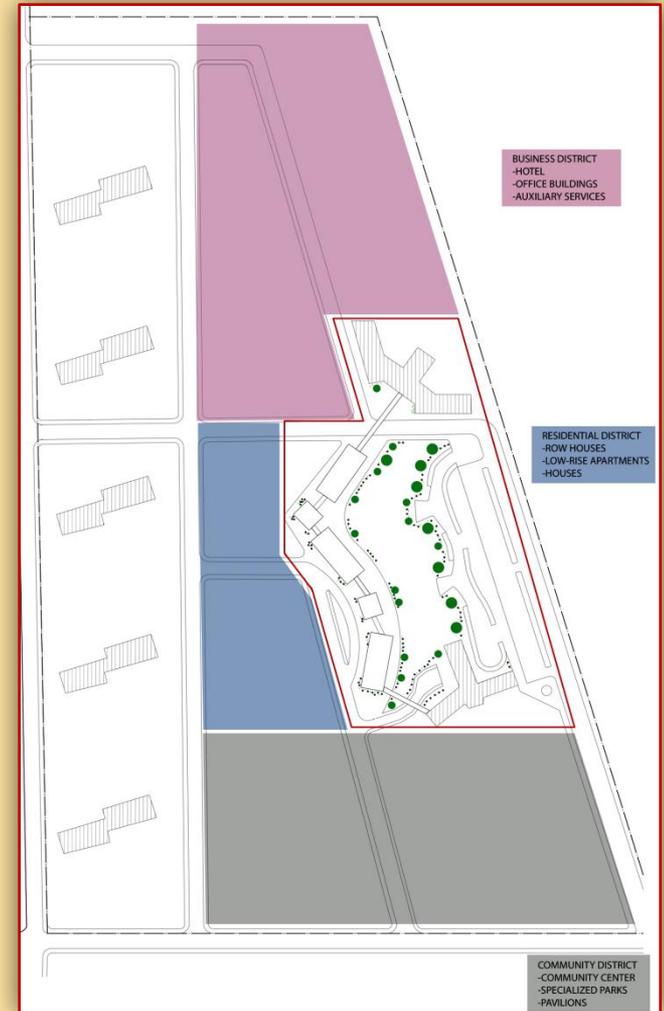
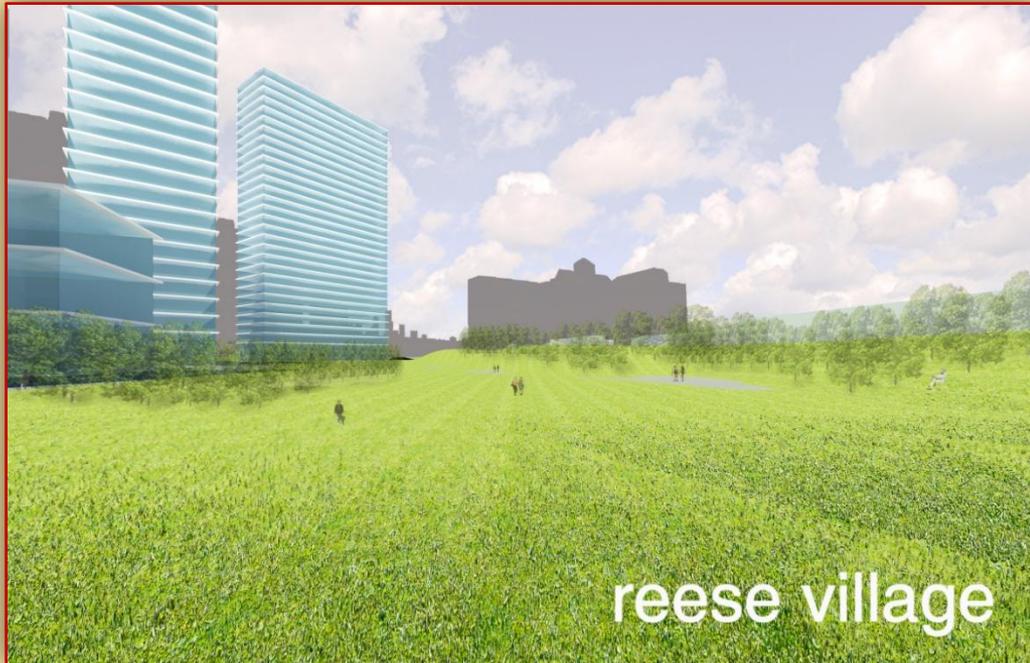
To establish a project on the site of the old Michael Reese Hospital that builds up the community, brings in revenue, attracts development, and revitalizes the surrounding areas.



Objectives

- Establish a site anchor
- Design a master plan for the Michael Reese Hospital Site
- Develop a business model that benefits the community and investors

Reese Village



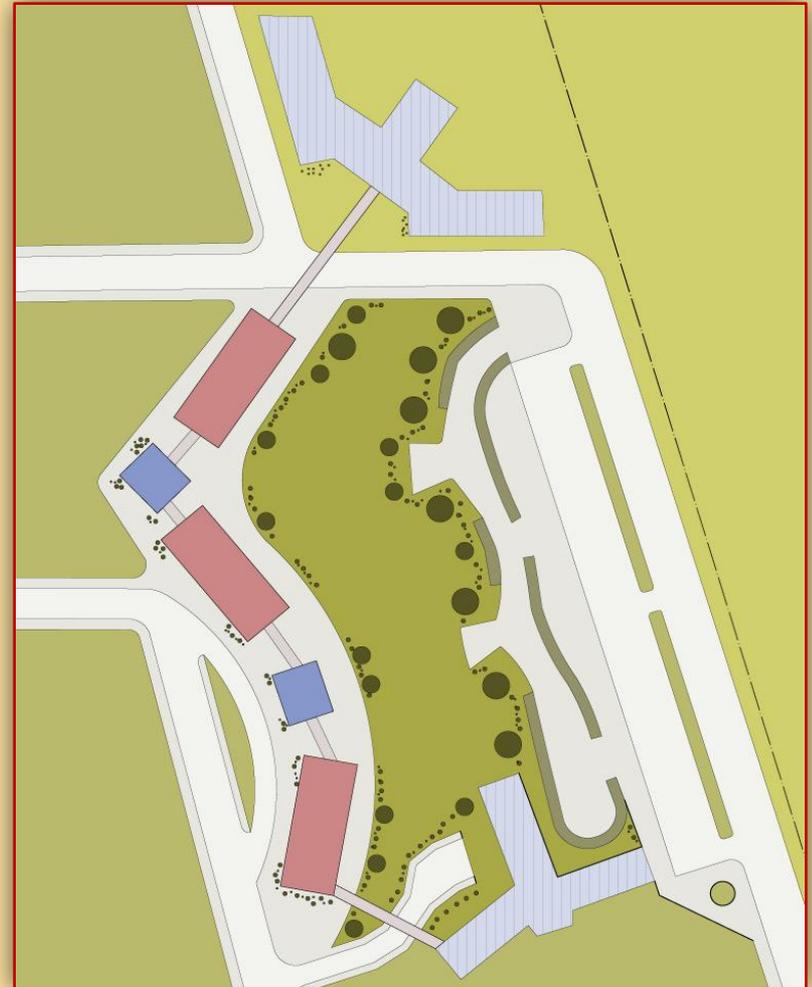
Reese Village



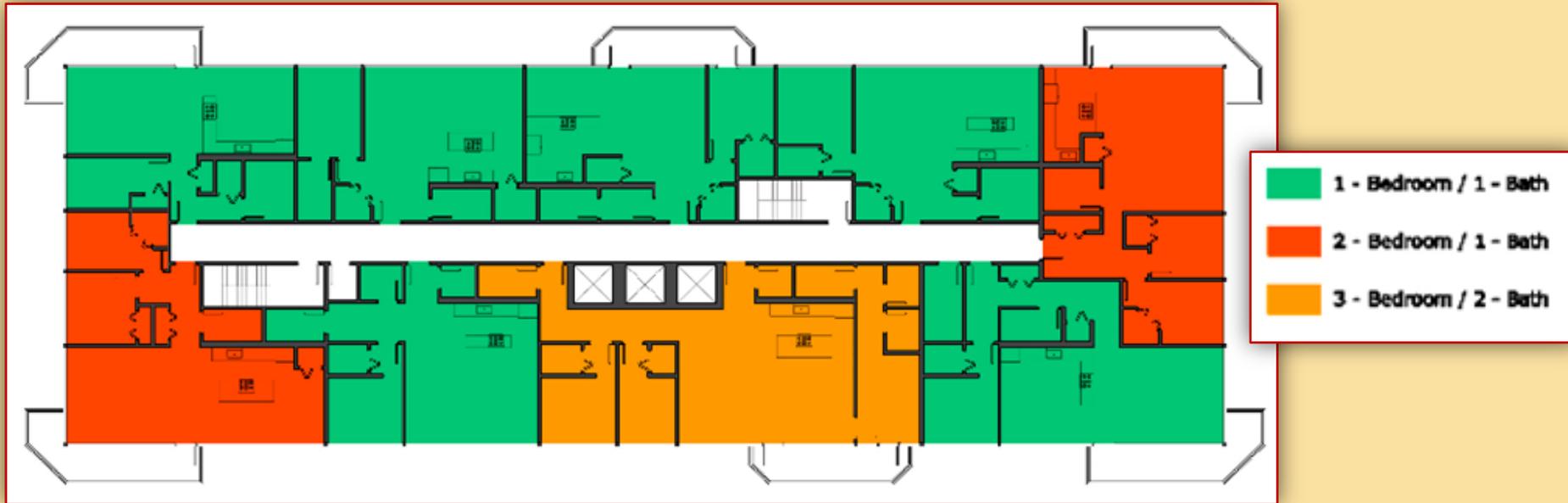
- Continuing Care Community
 - Full Service Community
 - Housing Variety
 - Pedestrian Friendly
 - City Living
 - Lake Access
 - Retail Boardwalk
 - Elegant Landscapes

Plan

- Anchor
 - ▣ Begin as assisted-living community
 - ▣ On-site nursing care
 - ▣ Continue to add services as expansion occurs
- Utilize Singer Pavilion and Main Hospital Building



Design



□ 900 apartment units

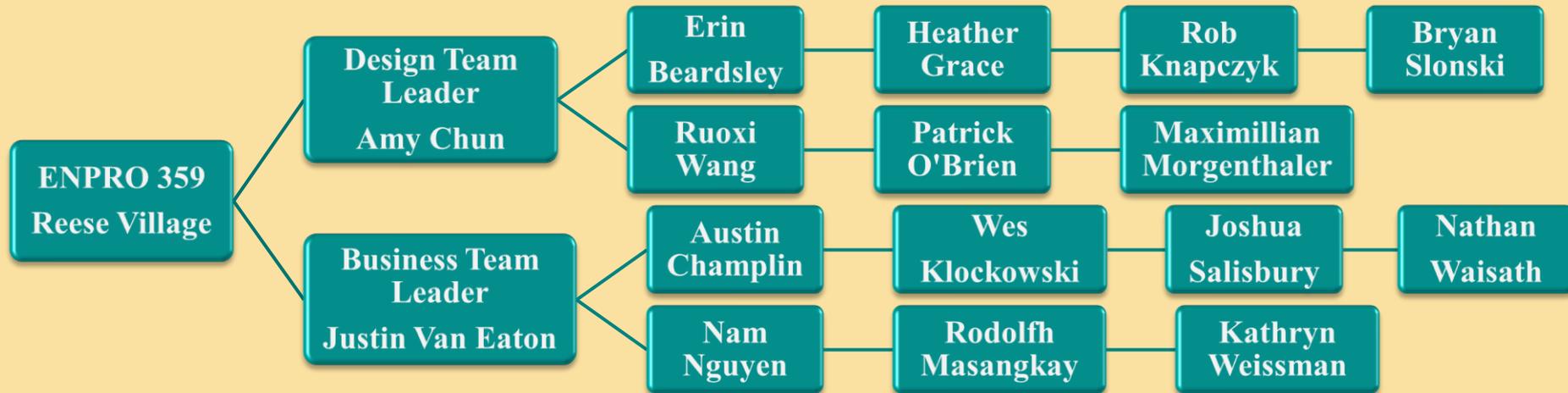
Ethical Issues

- Preservationists are upset about the demolition of historic buildings on the site.
- The development must appeal to a wide variety of residents in the surrounding community, if not, people may feel “left out”.
- Neighboring buildings may have certain views obscured.

Approach

- Research
 - ▣ Community needs and desires
 - ▣ Original aim of the site
- Plan established through open discussions
 - ▣ Explored idea of continuing care community
 - ▣ Pedestrian bridges for accessibility

Team Organization



- 16 students from varying disciplines
 - ▣ Architecture
 - ▣ Engineering: Mechanical, Civil, Architectural
- Established individual and group tasks at each meeting
- Business team told design team what would be most profitable based on the Pro Forma

Research

- Since mid-1970's, nursing home utilization rates have decreased
- Population living in retirement communities and assisted living quarters has grown since 1985
- United States*
 - 6,009 establishments
 - 450,103 employees

Conveniences

- Provide a range of residential and personal care services
- On-site nursing care facilities
- Provides assistance for
 - Adults age 55+
 - Those not able to fully care for themselves
 - Those who do not wish to live independently

Market

- 400,000 retired people in Chicago
- 700,000 retired people in Cook County over the age of 55
- No accredited Continuing Care Retirement Communities within the city of Chicago
- Largest community is in Schaumburg
 - Serves more than 1,000 residents when full
 - 30 miles from Reese Village
 - Estimated occupancy of Reese Village is 1,350

Reese Village

- Numerous social and leisure opportunities available downtown and along the lakefront
- Ideal place to live
 - ▣ Active environment
 - ▣ Little need for automobile
- Range of amenities included
 - ▣ Shopping
 - ▣ Multiple dining options
 - ▣ Attached indoor parking
 - ▣ Sky bridges connecting community

Incentives

Investors

- Long term clients
- Expected 100% buy in within second year

Clients

- New Facility
- Premiere Location
- Accessibility

Breakdown

Residential

- 842,842 Sq feet
- 80% Livable
- \$300,000 buy in cost
- \$750 average monthly cost
- 6% interest rate
- **Yearly Earnings \$24.3M**
- **Yearly Expense \$3M**

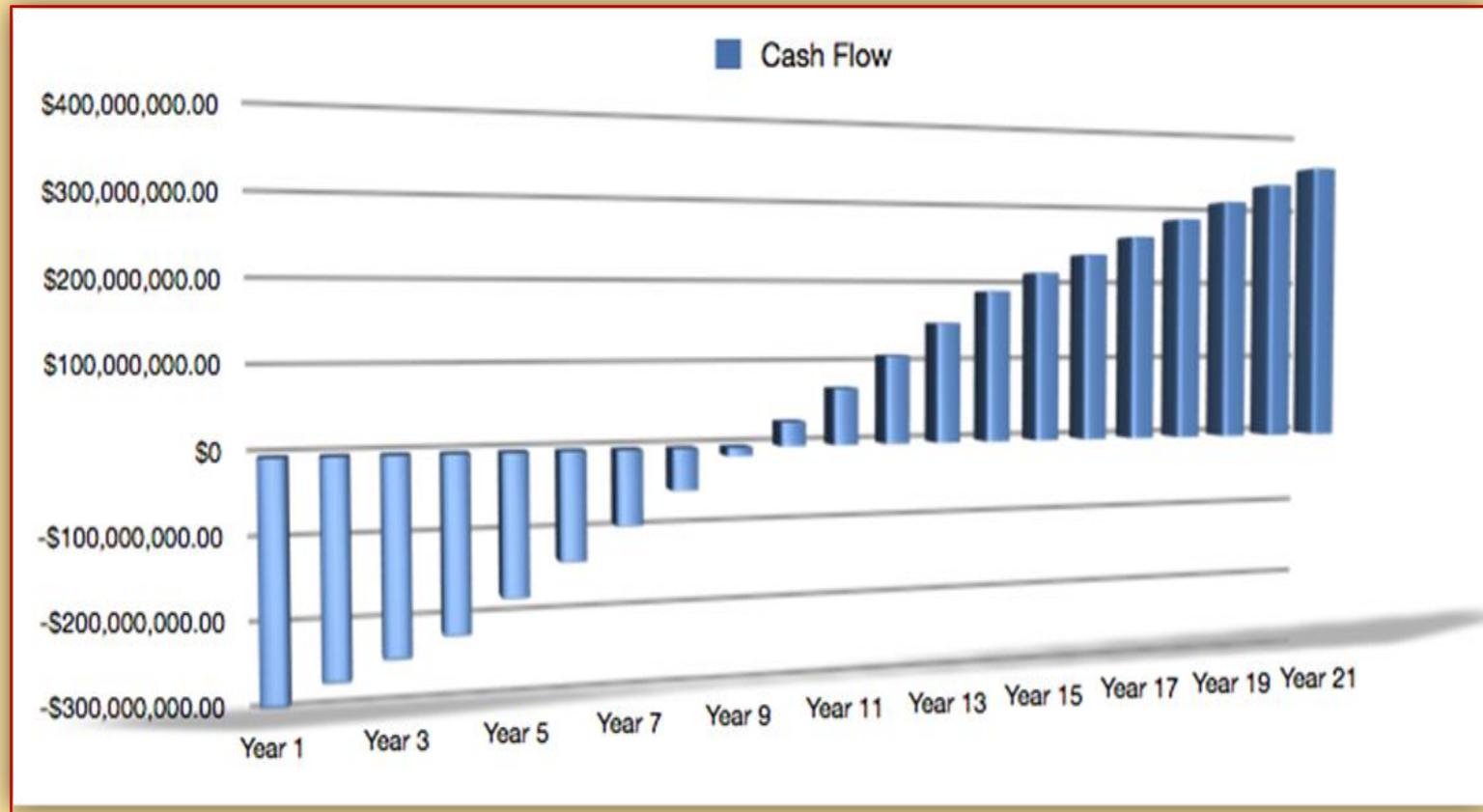
Retail

- 65,176 Sq feet
- 80% Rentable
- \$48 per Sq foot per year
- 90% occupied
- 6% interest rate
- **Yearly Earnings \$2.3M**
- **Yearly Expense \$0.4M**

Parking

- 64,000 Sq feet
- 70% Usable
- \$6000 per spot per year
- 649 parking spots
- 6% interest rate
- **Yearly Earnings \$2.8M**
- **Yearly Expense \$0.2M**

Break Even Profit



NPV after 20 years - \$83M

Competitors



Risks

- Not enough clientele
- Economic decline
- Single demographic
 - ▣ Reaches out to older generations

The Future

- Expanding the development to better enhance the value of Reese Village
 - ▣ Development of the Singer Pavilion and Main Hospital Building
 - ▣ Design a master plan that compliments the surrounding area and Reese Village