

Loyola plans upgrade in Rogers Park area

\$400 million project next to campus has residences, shops and restaurants

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Loyola University is seeking proposals from developers for the first phase of a planned \$400 million, mixed-use commercial project next to its lakefront campus.

The project is closely tied to a deal with the Daley administration, approved this week, for a \$20.4 million public subsidy for the renovation of Mundelein Center, a 14-story Art Deco tower that was once the home of the women's college of the same name.

The development, which might take eight years to complete, could revitalize a lackluster stretch of Sheridan Road near the school's namesake CTA station. It also might spark a broader real estate revival in Rogers Park, where a boom has seemingly been predicted every other year for the last several years.

"It took a really hard dive in the late 1980s and early 1990s," said Chicago residential developer Charles Huzenis, president of Jameson Realty Group. "But Rogers Park is on its way back now because everything south of there is just so expensive."

To be called Loyola Station, the proposed project would total 700,000 square feet, including as many as 400 residential units and 40,000 square feet of space for shops and restaurants. The buildings would be located on 5.4 acres of land that the university started buying up decades ago, with long-range plans for an expansion of academic facilities.

But more efficient use of school buildings has put those needs even further on the horizon, said Wayne Magdziarz, Loyola's vice president of capital planning.

The turn toward commercial development not only is part of an effort to maximize the value of the school's real estate assets but also is aimed at reinvigorating an otherwise drab strip. Prospective college students increasingly pay close attention to factors such as campus surroundings and the quality of student housing, in addition to more traditional concerns such as academics and tuition.

One goal of Loyola's development is to create a "campus town that is inviting to our neighbors, but creates a sense of place for our students," Magdziarz said.

The university would not use any of the space in the new buildings except for parking, he said. But Loyola, which is being advised by Chicago real estate firm Newcastle Ltd., is seeking to retain ownership of the development sites.

Developers would lease the land from the university under long-term agreements called ground leases. That structure could reduce the value of the developments to the university. But it gives the school, which was founded in 1870, flexibility if its real estate needs change decades from now.

In the first stage university officials are seeking proposals for a site at 6474 N. Sheridan Rd., a former Denny's restaurant that was converted into a fine arts building in the early 1980s. The parcel, nearly three-quarters of an acre, could accommodate a building of at

least 95,000 square feet under current zoning.

Rogers Park has lagged behind nearby neighborhoods such as Edgewater and Uptown during the city's residential housing boom. Rogers Park's huge supply of big apartment buildings and shortage of parking spaces limit development opportunities, Huzenis said.

And retail developers typically do not step in until residential development is well under way, said John Figlioli, a principal with Garrett Realty & Development Inc., which is co-developing a \$40 million residential/retail project in Edgewater.

"Gentrification occurs, the yuppies move in, and all of a sudden you have Starbucks and Trader Joe's," he said.

Loyola's project is starting up after the city agency that approves tax-increment financing deals on Tuesday OK'd a key public subsidy for a planned \$85 million campus renovation.

Almost three-quarters of the money would be spent renovating the so-called Skyscraper Building at 1020 W. Sheridan Rd., which the university says was built in 1929 and is badly in need of repair. Mundelein College closed in 1991 and became part of Loyola.

The TIF grant will total \$46 million and be paid out over 23 years.

The subsidy was pegged to the amount of property tax revenue to be produced by the university-owned land once it is developed, Magdziarz said.