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Profiles - UCAN's New Campus Construction Project, Chicago, Illinois

James Hagy

New York Law School, james.hagy@nyls.edu

Sahar Nikanjam

New York Law School, Sahar.Nikanjam@law.nyls.edu

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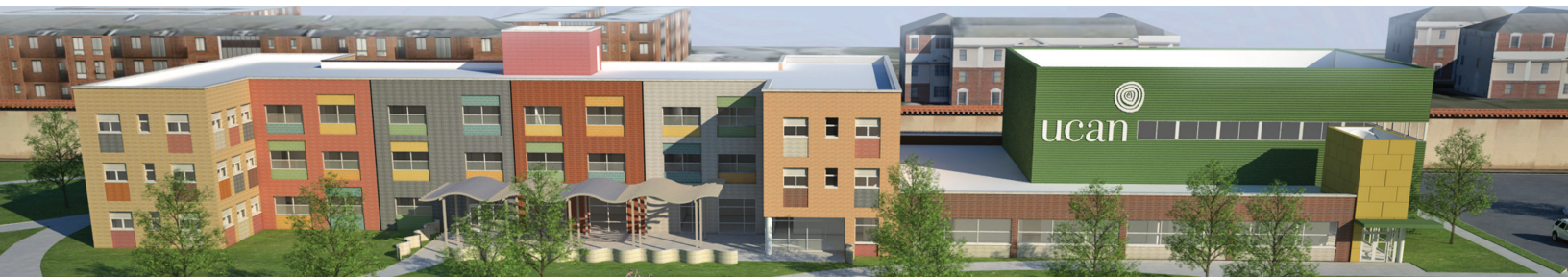
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Photo: UCAN



Profiles

UCAN's New Campus Construction Project, Chicago, Illinois

Funding and constructing a new \$41 million facility may be a once-in-a-generation, if ever, event, for many social service not-for-profits. Choosing a site that invests directly in the neighborhood and the people served can have ripple effects far beyond the central purpose of the delivery of services the buildings are designed to support. The Rooftops Project's Sahar Nikanjam and Professor James Hagy walked the site of **UCAN's new campus construction under way in the Lawndale neighborhood of Chicago.**

Imagining, and then delivering on, a major new capital project can be challenging for any not-for-profit organization. Doing so as a social services charity might seem an unlikely achievement in what may be the most difficult funding environment in the history of Illinois. The state is now ranked 50th in financial health, and its credit is rated as "junk." The chance to tie mission, capital project, and neighborhood-building into a single vision might seem a near-impossible hope in a time of ever-decreasing state and local governmental funding resources. This is precisely what Chicago-based UCAN is achieving with the construction of its new therapeutic youth home and administrative headquarters on Chicago's West side.

The snowy, winter day when we visited the site, crews were within a week of finishing the exterior of the therapeutic youth center. Rough-in was already beginning on the resident rooms. We walked the project with Tom Vanden Berk, UCAN's longtime CEO; Bob Adducci, a board member volunteer and Chicago real estate investor; and Matt Zarate, on-site project supervisor for general contractor Gilbane Building Company.

A central premise of Tom's vision for the project was to build only what was essential for the programmatic and administrative functions UCAN required, nothing more. So his expression of UCAN's mission was an especially important start to our conversation.

"We like to envision that youth who have suffered trauma can become future leaders," Tom explained. He feels that many times, the media, the public, or even caregivers may think of children in a negative way. It's a cycle UCAN hopes to avert with the children it serves. And he believes that the physical spaces where UCAN provides its services play a direct role in achieving that mission.

"Kids act the way you treat them, or the way you expect them to be. If you expect kids to be thugs, they will not let you down. There is a real lack of respect for some of these kids from generation to generation. If you really believe that they are suffering from trauma—early parenting, violence—there is hope for these kids. People act the way you expect them to act, but it takes a whole culture to do that. They believe in themselves if you believe in them. That's an important concept. Your buildings have to reflect that, too."

Phase 1, the Therapeutic Youth Home, is slated to open on August 7, 2015. The finished project will include open-plan offices, conference rooms, a large gymnasium, a commercial kitchen and cafeteria, and a secured area with sleeping quarters for youths in its residential program. The campus will also include ample on-site parking and outdoor recreation areas.

Matt Zarate of Gilbane commented on the design features for the residential portion of the building. "There are five sections. In each section, two pods share an activity room, a counselor's office, a therapist's office, a small kitchenette for staff use, restrooms and showers, and storage. Each pod also has its own washers and dryers. A main living space will have lounge furniture and television." The design facilitates observation by the staff.



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Photos: UCAN



Tom emphasizes the importance of each resident having his or her own bedroom. “We have so many kids that were sexually abused, some that were part of the sex trade, some that can become aggressive with others. So you really need to have them feel secure, while at the same time supervising their activities closely.” The individual pods can be easily adapted to house one gender or the other based on the mix of residents being served at any time. And many elements of the design are engineered to be durable and tamper-resistant, even if subjected to hard wear or occasional abuse by occupants.

UCAN has an organizational history going back more than 145 years, to the American Civil War. Tom sees youth services, even as they existed then, as a response to the types of conditions that Dickens addressed in his perceptions of English orphanages during the same time period.

“It was very much kids who didn’t have families. There wasn’t state intervention or foster care. We might think that these orphanages were just for kids whose parents died, perhaps even those who were killed in the Civil War. But we have the old German intake records from 1870. I had someone who speaks German come in and translate them. They weren’t just for orphans. These were places kids went when families were dysfunctional. So you saw a lazy dad who never worked, or there was cocaine use, or a dysfunctional family, the same sort of thing then as now.”

“In the years since, the state did intervene. But the state has grown too large. Government operates as a regulator; it assures that the hospital you visit is clean, but it may not be effective in providing services, trying to service kids and families.”

While UCAN’s early heritage was providing residential services for children in its care, its programming today is much broader. “The residential piece is a very small part in terms of the number of kids we serve,” Tom explains. “But if you are good at the core, that translates into all of your other programs. Last fiscal year, we served over 10,000 children: those in residential care, in foster care, in our schools, in counseling. Our teen parenting service network works with the wards of the state who are pregnant or parenting throughout the state of Illinois.”

Residential care takes the most intensive focus, which has influenced the decisions UCAN has made with respect to its new Lawndale mixed-use campus. “It [residential care] is the most difficult to run,” Tom has found. “I’ve

always thought it was important to have the administration building close to our residential facilities. Keeping it close keeps you better focused on your core mission.”

Tom saw assembling a capable project team to be a central part of his leadership responsibilities. “Many nonprofit organizations think, ‘We can do it ourselves.’ They may not know how to use the talent and skills of capable real estate people, attorneys, and board volunteers. Tapping into people’s skills and strengths at the volunteer level is extremely valuable. We wouldn’t be there without the vision that Bob has provided. We wouldn’t have the money to do this if Buzz [Buzz Ruttenberg, who is himself a residential real estate developer] wasn’t helping us.”

In addition to a board of trustees, UCAN has an informal group of diverse professionals, which it calls its “President’s Board,” that can provide support and input separate from UCAN’S formal governing body. It allows UCAN to draw and engage talented individuals who might not have the time or interest in serving as traditional board members in the corporate fiduciary role.

“Our internal people do a lot of the day-to-day stuff. I’m not going to go to all of the meetings. I’ll come in from time to time. But your volunteers can help, and the experience and knowledge they have is far more important than the time they put in. They can help steer you and test your instincts. Who is a good architect? What are they going to do? What’s it going to look like? And access is huge. If you just look at a person as a dollar sign, then they’re not interested. If you say, ‘Could you help me? You have a particular expertise and are very knowledgeable about stuff,’ it works. People want to be used for something other than, ‘Oh yeah, we have to sit around and have a meeting.’ We can also have advisory board members join committees, where expertise is valued.”

Years of advance planning went into imagining the campus and determining the right location. Tom credits UCAN board member Bob Adduccci’s background in the real estate industry as a central asset in the process.

“We started talking about this in 2006,” Bob recalls. “I think the first master plans I have are from 2007. We engaged the city as our partner. First, they [the City] were showing us sites [that the City controlled]. We started to broaden our search to market sites but kept the City involved because they were going to be instrumental in everything.”



"We had a meeting with [then] Mayor Daley," Tom concurs. "He gave the green light and said, 'We'll work with you' in some capacity to buy land. It was essential to have the Mayor involved, and the Commissioner of Buildings, who was a deputy mayor. We looked at every piece of land, all over Chicago."

The scale of the proposed project was a challenge, requiring a large site in an urban metropolitan area with generally high land values. "It took a long time," Tom acknowledges. "The geo-mapping that we did of our DCFS [Illinois' Department of Children and Family Services] clients was part of it. But I think that at the end of the day the biggest part of it is this: Where are you going to find two city blocks in the City of Chicago? North Lawndale [which is West of downtown] and the South side were the only places [where] you had that kind of capacity at an affordable price."

As part of a comprehensive and disciplined approach to the search, the UCAN team looked at its existing owned sites with a view to potential redevelopment, too. But there was a desire to invest the effort, the dollars, and the commitment where it could have the broadest effect. It was a decision with the potential to make a disproportionately large impact in an underserved part of town. Tom believes it to be the largest new development in the Lawndale area in 40 years.

"We were looking for five to 10 acres," Bob explains. "It is amazingly hard to find good sites. What you find are little slivers along the [railroad] tracks, in the middle of nowhere, or industrial or brownfield sites. We had a tough job because we had a residential need."

The site eventually selected is some seven and a half acres, bounded by South Central Park Avenue to the east, South Independence Boulevard to the west, and a line of Chicago's elevated railroad (the "L") to the north, on what most recently was parking and ancillary facilities forming part of a larger industrial property. The City enabled the use of the site by vacating a street that bisected the property. Redevelopment of the site by UCAN also involved some \$850,000 of environmental study and remediation, work that in itself contributes to the revival of the neighborhood.

The selection of the site in Lawndale was an expression of Tom's vision, shared with the board, to be present and invest in the same communities from which its clients come. "Very few people are going to stay in communities that are run down and poor, if they have a little money and can choose. If you can provide money and jobs, you build communities. Our strategy was to hire people from the same community in which we are working with 90 kids. Every job applicant from North Lawndale is a possible extra paycheck coming back into our neighborhood. So guess what? Now they live in that community, and they're working in that community."

As a real estate developer, Bob has the same viewpoint. "When you think about North Lawndale and the West side in general, you've got the permanent underclass now going through the second, third, and fourth generation. You have to have huge investments to really turn that around. It's got to be the brick and mortar."

The principle of leading through community investment is reflected in the organization's programmatic staff, too. "My Director of Government Affairs is a former client of ours," Tom points out. "Our head maintenance person at our school was in our residential program, too. That's an essential piece to what we are doing—hiring our clients. They're often so much better than someone with a master's degree from a fancy school, because they know the clientele.

We groom them, and we give them special recognition for being there. We're going to a Senate hearing on residential care. We're testifying, but our kids and our crew will also testify. They're our best ambassadors."

For similar reasons, the new Lawndale project aimed to employ a percentage of minority-contracted labor far higher than (more than double) the minimums established for City-supported projects. "Our clientele is 85 percent African-American," Tom explains. "So that's really important. You have to build from the ground up." The goal was implemented and led by Claude Robinson, Executive Vice President of External Affairs and Diversity. There was also direction from senior diversity and inclusion officers at several of Chicago's largest companies, from health care to energy, who were experienced in advancing these objectives in their own companies' projects.

UCAN's priority for minority-owned business involvement benefited also from the active collaboration of the project's general contractor, Gilbane Building Company. Gilbane is a national, family-owned business that was founded in Rhode Island in 1873, notably tracing its heritage to the same decade in which UCAN was formed in Chicago. They partnered with Ujamaa, a minority-owned construction company. In several cases, the chosen community-based subcontractor may not have offered the lowest bid, but Tom and the UCAN team felt strongly that the connection to community investment justified the marginal increased cost.

Tom sees these decisions resonating with community residents as well as political leadership. "I think they're really pretty engaged right now, very anxious to see this [the UCAN Lawndale project] happen and excited about it." UCAN's Vice President of External Affairs tracks construction and permanent job creation tied to the local neighborhoods and spends time with community and religious groups to communicate what is being achieved.

Bob sees the project as benefiting the organization's visibility, too, despite its almost 150-year presence in Chicago. "UCAN had always been a best kept secret, doing phenomenal work, but few knew. There is a power in creating a presence here. The public will see the impact. UCAN hopes to be here for the next 150 years."

Tom contrasts his commitment to put UCAN's new headquarters in the neighborhood it serves with the choice of other social service charities to locate their headquarters in upscale, central-city locations. "Their headquarters may be downtown, and that makes it convenient for some folks. But I don't think it sends a message that they really care enough. You may lose sight of what you are doing. Are you close enough to the product that you can make the right judgments for where you're going? Are you open at the right hours? What is the direction of your organization? It goes to what your community is and whom you're serving. We looked at our client base, and we thought it was important to live within that community. This is the community where our kids come from. It makes sense for our headquarters to be in that community. We have gotten a lot of feedback, from foundations in particular, saying, 'It is good that you're doing that. I wish more nonprofit agencies would settle into the community, rather than just have a program out there.'"

Bob concurs from his perspective not only as a UCAN board member but as a real estate development professional. "All the administration, the headquarters, the staff—it is night and day how it is going to impact the community. All of these people need to eat; some of them live close by. The impact, economically and in other ways, will be so different over the next 50 years than the downtown headquarters model. It will go out in concentric



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circles. In the next five to 10 years, you will see a trend in the residential areas around there improving. The proximity to UCAN should have a huge impact on the value of their real estate, and hopefully the retail close by will start to upgrade, again not for UCAN but for the benefit of the whole community, and that never happens when your investment is downtown.”

“The campus really helps,” Tom adds. “You have 250 to 300 people who will work there. These individuals will dine in the community and travel there on a daily basis.”

Tom wants the impact to lift the efforts of other social service organizations working in the Lawndale community, too. “When we decided to build here on the West side and to have a project that would benefit this community, which has experienced so much violence and where we serve kids who are at risk of violence, we came up a model we call the ‘Peace Hub.’ My concept was to work with organizations that are already here that may not have much of an infrastructure, may not have good accounting systems, but that have passion. Entering data is not easy for them; the systems are expensive, the infrastructure may be limited, Internet access may be down. You need money to make these programs work. I met with the Deputy Mayor [of the City of Chicago] to say, ‘Hey, we need bandwidth out on the West side.’ We should find ways to strengthen these organizations so they can work effectively with kids.”

The funding campaign also was designed to address this capacity-building effort, beyond the bricks and mortar of the physical facilities themselves. “When we launched this project, we decided to have not just a building campaign but a campaign for programs. The \$48 million goal includes a \$7 million violence prevention program that goes hand in hand with what we do,” Tom explains.

Tom found that another strength of the project was that the programmatic need for the facility did not depend on assumptions of future program growth. By consolidating existing sites and operations into the new campus from other sites, UCAN adopted a core design that will accommodate occupancy for programs that UCAN already serves with existing social service contracts and funding, together with its headquarters offices. He thinks that the involvement of banks with a commitment and understanding of the Chicago region was crucial, too, particularly at a time when Illinois state government is coping with fiscal crisis and repeated public-debt rating downgrades.

Present Chicago Mayor Rahm Emanuel issued a letter of support for the project in which he articulated the historical and established strengths of UCAN and the conviction that “Chicago’s youth deserve our full attention, especially when it comes to violence prevention... the health of our city hangs in the balance.”

At the same time, the project was clearly an effort at community redevelopment, to encourage reinvestment in a blighted community. “We built the campus as a partnership between the private and the public sector,” Tom points out.

Mayor Emanuel’s letter projected 100 new full-time jobs and 900 supportive jobs resulting in the first five years after the project’s completion. UCAN estimated the project accounting for more than 400 temporary construction jobs as well. The project has also received state funding.

Government support continued to be important once the final site was identified. “We didn’t need a change in zoning,” Bob indicates, since the site was already in a planned development. “But there was City review to make sure that the use was compatible with zoning. There were very energetic public hearings.” Tom notes that the team made community outreach efforts to gain the support of the neighborhood, as well as City Hall.

In addition to the new Lawndale campus, UCAN operates from some 20 locations in metropolitan Chicago, ranging from the South and West sides of the City proper to the far northern suburb of Vernon Hills. Some of the City locations will be consolidated into the new campus when construction is completed. Several major parcels are already under contract for sale, one for planned redevelopment by a residential homebuilder. The proceeds of those sales, which will be free of capital gains tax to UCAN as a qualified 501(c)(3) organization, can be applied directly toward debt retirement for the Lawndale project. Phasing the project has also made possible taking advantage of special programs, such as federal new market tax credits.

While UCAN’s other program locations around Chicago are a mix of owned and leased properties, Tom has a distinct preference to own. “We have TCPs, transitional living programs. TCPs are pretty much apartment buildings, what in Chicago we might call “four flats.” There may be six kids in a building like that. We have a few leased properties we use for TCPs. But we are much better off owning ours, because of our clientele. The children who are our clients might be problematic with landlords. And it’s always easier for a not-for-profit to own because it doesn’t have to pay real estate taxes.”

Photos: UCAN



Owning comes with its own set of challenges, however. "The problem is that you've got to manage the properties then. A quality facilities person to lead it is an absolute must, whether you outsource or insource the facilities management. It is probably cheaper to insource long term, but you can't do everything yourself. You need somebody who knows what is going on so he can find the right people to come in and solve problems. You have to have a Rolodex of the right people to get things done quickly. It takes a level of expertise, and management skills to know how to get the best out of your folks."

For these reasons, the new Lawndale campus is being designed to include a dedicated maintenance facility, with facilities management staff right on site. It's all part of an operating plan to sustain the organization in its new home for many decades to come.



Sahar Nikanjam, a candidate for the Juris Doctor degree in 2016, is a Chicago native and is highly passionate about human rights and social justice issues. In the summer of 2015, Sahar is clerking with two law practices in Chicago, where she focuses on immigration law, particularly business, asylum, and family-based immigration. She received a B.A., *cum laude* in English Literature, at DePaul University in 2012.



James Hagy is Distinguished Adjunct Professor of Law at New York Law School. He also founded and directs The Rooftops Project at New York Law School's Center for Real Estate Studies. More information about The Rooftops Project and Professor Hagy may be found at www.nyls.edu/rooftops.

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The author and copyright holder may be contacted at james.hagy@nyls.edu.

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