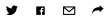


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Lakeside Development Dead After U.S. Steel and McCaffery Interests Split

By Sam Cholke ([//www.dnainfo.com/chicago/about-us/our-team/editorial-team/sam-cholke](http://www.dnainfo.com/chicago/about-us/our-team/editorial-team/sam-cholke)) | February 29, 2016 12:37pm
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The Lakeside development is dead at the former South Works steel mill site after U.S. Steel and McCaffery interests split. Photo by Sam Cholke.

SOUTH CHICAGO — The massive Lakeside (<https://www.dnainfo.com/chicago/places/lakeside>) development project on the former South Works steel mill site is dead after a split between owner U.S. Steel and developer McCaffery Interests.

Dan McCaffery, CEO of McCaffery Interests, on Monday confirmed that the developer had split with U.S. Steel several weeks ago and the plans have been scrapped for a \$4 billion development project on 589 acres of vacant South Works land on the south lakelfront.

"A lot of good stuff has happened, but they're a steel company and they're not ready to take on a large real estate project," McCaffery said. He praised U.S. Steel for being an excellent partner in the plan that started in 2004, but failed to start construction on 13,000 homes and 17.5 million square feet of commercial space planned for the site.

Sam Cholke - DNainfo Reporter
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He said the partnership ended amicably and McCaffery Interests would be interested in starting the project back up if U.S. Steel decides to sell the property.

"I'm sure at any hour of the day they could put it up for sale, and at any hour of the day I can find an equity partner to go in and buy it," McCaffery said. "I'm out there looking for money now."

U.S. Steel declined to comment on what its future plans are now for the property that the city invested in extending South Lake Shore Drive to reach.

"We do not comment on specific business relationships," said Sarah Cassela, a spokeswoman for U.S. Steel. "We are working with affected stakeholders to develop an appropriate path forward for the South Works property."

The company's stock price has fallen and there were questions about whether U.S. Steel still had the equity or the support of shareholders to continue the project.

"When the shares are \$7, your shareholders are going to tell them that they better focus on the steel company," McCaffery said. "That's common sense, you've got to stick to your core business."

Construction seemed close to starting in 2014 when Mariano's announced it would be the first retailer to build on the site (<https://www.dnainfo.com/chicago/20140709/south-chicago/marianos-south-chicago-plans-detailed-for-us-steel-site>). But Mariano's backed out in early February (<https://www.dnainfo.com/chicago/20160212/south-chicago/south-chicago-marianos-wont-build-until-lakeside-wants-more-retailers>), saying it wouldn't start construction on the store that was supposed to open in 2016 until the developers brought in other retailers.

"I want to start some movement over there," said Ald. Gregory Mitchell (7th), who said he has been meeting with U.S. Steel and McCaffery Interests about the split.

He said he's planning to meet with U.S. Steel in the coming weeks to present other options to develop the site and how the city can help.

"I'm going to open the door to have conversations with some potential developers," Mitchell said. "I don't think this change in partnership is going to set us back."

The steel mill that once occupied the site closed in 1992 and in 2004, U.S. Steel courted developers to reimagine the site.

"When I first developed this property with U.S. Steel, they were the ones that wanted to do this project, they wanted to do it with me," McCaffery said.

He said the future of the site is now up to U.S. Steel, but he said he remains interested in buying the property if the company sells.

McCaffery said he still thinks the project could be a success if backed by investors who focus on real estate.

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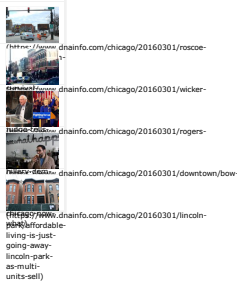
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