



# Village of Fox River Grove

## PLANNING AND ECONOMIC DEVELOPMENT COMMISSION PUBLIC MEETING MINUTES MAY 19, 2015

### **CALL TO ORDER**

Chairperson Melissa Schladt called the meeting of the Planning and Economic Development Commission to order at 7:02 p.m.

### **ROLL CALL**

Present were Chairperson Schladt and Members James Hartshorn, Marc McLaughlin, and John O'Meara. Also in attendance were Village Administrator Derek Soderholm and Assistant Steve Bechler as staff to the PEDC, and Secretary Alison Dal Compo. Village Attorney Buzz Hill was present. Ron Hameetman and James Scherpelz were absent.

### **RESIDENTS COMMENTS**

Chairperson Schladt welcomed Village President Nunamaker and Jordan Glazov of GART Partners.

### **APPROVAL OF THE FEBRUARY 17, 2015 MEETING MINUTES**

***A MOTION was made by Member O'Meara to approve the February 17, 2015 meeting minutes as presented`. Seconded by Member McLaughlin. Motion Carried.***

### **PUD PRE-APPLICATION CONFERENCE**

*Downtown Re-development:* Administrator Soderholm introduced Mr. Glazov, principal with GART Partners of Northbrook. This meeting is a pre-application hearing regarding the building of an apartment complex and various retail locations in the Grove. The Village and GART Partners entered into a memo of understanding regarding the downtown re-development, and this hearing is a required step per ordinance.

Mr. Glazov explained that he was invited two years ago by the Village to consider doing the downtown re-development plan as adopted by Fox River Grove in 2009. Some modifications were needed in order for the plan to be feasible in today's world. He displayed a map of the Village with the re-development areas highlighted. The basic borders are Algonquin Road, Route 14 and Illinois Ave.

Phase I will include 300 apartments. It will wrap around Metra and the library and encompass Viking Stairs, Grove Plating, Midwest Construction and three individual residences.

On the north side of Route 14 will be a retail area.

The area along the river may possibly be set up as a marina with a hotel.

The retail areas will be about 90,000 square feet. (The shopping center that currently includes Jewel is about 160,000 square feet) There will also be a multi-story parking deck and band shell.

Village President Robert Nunamaker

Trustees Thomas Anderson / Suzanne Blohm / Jennifer Curtiss / Steve Knar / Andrew Migdal / Patrick Wall

The total project is estimated to cost \$250 million, with \$55 million being the approximate cost of the apartments. Phase I will consist of three individual buildings. Most of the parking will be within the building—each apartment will have one allocated space within the building. The buildings will be 5 ½ stories tall. The first two stories will be a half story down. There will be 60 two bedroom units; the remainder will be one bedroom. The one bedroom units will be 900 square feet and the two bedroom units will be 1,150 square feet. The projected rent is \$1.54 per square foot.

The schedule for the TIF to be completed is on or before August 24<sup>th</sup>, and November 1<sup>st</sup> is the projected ground break date. Construction of the apartments is expected to take about 12 months. The Grove Plating and Midwest Construction sites will not be demolished immediately; those businesses will eventually be re-located to the former Five O'clock Steakhouse property.

Fox River Grove is a habitat for the long eared bat, so a bat survey must be performed. There is a letter of intent with Midwest Construction. All the other business properties are under contract, including Grove Plating.

Mr. Glazov works with an experienced team that has been doing this type of construction since 1970. They have built several shopping centers including Gurnee Mills, a county airport and thousands of apartments and condos. They also manage many of them. GART Partners will build and manage everything but the marina and hotel.

The financial where with all is available. Investors typically don't like to mix different types of entities, so Phase I will have its own financial backing, etc.

Mr. Glazov asked for questions from the PEDC members and residents in attendance. Chairperson Schladt asked if there is a financial connection between the phases, and are there completion milestones. Mr. Glazov said that the entitlement process for one phase will start shortly before the beginning of the next. By October 2018 the first three phases are projected to be complete, but the marina/hotel may be going in at any time during the phases.

Member O'Meara asked what the traffic impact will be, as Algonquin Road is a gateway. Mr. Glazov explained that they have retained KLOA traffic engineers. They do consulting work for IDOT as well as many municipalities. The report will be filed and available for the public hearing. Additionally, the principal reason for the downtown redevelopment is the transit oriented district based around Metra. Since the development is within ½ mile of the train, the assumption is that about 50% of the apartment resident's will be train commuters. Chairperson Schladt asked if the traffic assessment will be done with only Phase I in mind, or will it include all four phases? She was told it will include all four phases.

The north side of Route 14 will encompass 44 properties. That part has not been initiated yet. It will take quite a bit of time to make agreements with all of those properties.

Member Hartshorn asked if there is a minimum number of apartments that need to be leased before Phase II can begin. Mr. Glazov said not necessarily. The market study done by Traci Cross indicates that the market will be very robust for this type of apartment. The market study was done last October, and it is possible that the estimate of \$1.54 per square foot will end up being low. The expectation is 100% occupancy in the first year. Chairperson Schladt added that there is concern that if Phase I does not execute as planned, that it will effect Phase II and so on. Mr. Glazov explained that in order to lease retail, marketability has to be increased, which means increasing customers. GART Partners has a

commitment to the whole process. So far, they have spent about \$189,000 in planning and legal expenses. By August 24 they will have expended \$1 million. By the time of groundbreaking on Phase II, they will have put \$3 million into Phase II.

Resident Bill Ludtke asked what would happen if the 95% occupancy in the first year does not materialize. Would a Section 8 be granted? Mr Glazov said no, the financial arrangements are such that there is not an issue with mortgage. The payment lender is an equity partner. So even if rents had to be reduced, they would not want to turn the apartments into Section 8 or 234. In an extreme circumstance, they would likely go with Chapter 11 reorganization.

On the north side, retail is 65% loan to value in today's world. In retail, tenants pay all the expenses. Hotels are more esoteric, and more subject to bankruptcy and re-sale.

Mr. Ludtke further explained that he grew up in the Ravenswood neighborhood, and he observed that transit oriented neighborhoods are also more transient. Mr. Glazov stated that a 50% turnover in apartment complexes is the norm nationwide. He further stated that because of this development, property values throughout the community will go up. Improvements make the community more desirable. He further stated that empty nesters in the Grove may be able to sell their homes but still stay in the Grove because of these apartments. Resident John Martin asked if this apartment complex will attract low income tenants. Mr. Glazov explained that the complex is expected to garner market rent which will be approximately \$1,540/month. This would not be considered low income. GART Partners is not in the business of low income housing. Additionally, in order for any project to be feasible, TIF support would be needed, which the Village is providing.

Administrator Soderholm said that the Village Board will likely be adopting an affordable housing plan (required by June 1) to meet statute. The requirement is 95% affordable housing; currently the Village is .5% under. Residents would be considered on a case by case basis.

The Traci Cross market study indicated that the majority of residents for the complex will be between the ages of 35 and 55. Most will not have children or will have children under school age.

Resident Bill Maxson asked when the public hearing will be for Phase I. Mr. Glazov said it will likely be in the next two months. Mr. Maxson commented that he lives on the border of where the hotel would go. He wanted to know how the noise level in the area will be affected by it. Mr. Glazov said that he didn't expect a lot of noise to be generated by the hotel, but Phase II will include the outdoor band shell for use on weekends which will generate noise.

Resident asked what effect the downtown re-development will have on property taxes. Mr. Glazov said that the taxes may go up because property values will go up.

Mr. Glazov explained that all infrastructure is part of the project cost, and it may come out of the TIF. There is a tax level on the property at the present time. For example, say the tax level is \$1,000,000, but when finished the tax level goes up by 10-15%. The difference is the tax increment, which can be put into a bond and used for the next 23 years. Some people may feel this is a take away, but in fact if the development was never built that money would never have been generated in the first place. The community decided that this was something they wanted to do back in 2009.

Resident John Martin commented that a similar apartment complex was built in Highwood. When the downturn in the economy occurred, Highwood became the “servant's quarters” for Highland Park.

Resident Mark Ruda asked if a TIF consultant has been hired. He was told yes, Mike Lawley is the TIF consultant. The TIF report will be available at the public hearing.

**NEWS AND UPDATES**

Chairperson Schladt asked for any other updates. Administrator Soderholm said that Grover's Restaurant is now open. Also, the Board has entered into an agreement for use of the parking lot behind Grayhill. It will be usable for downtown businesses.

**OTHER BUSINESS--none**

**NEXT MEETING**

The next meeting is scheduled for Tuesday, June 16, 2015 at 7:00 p.m.

**ADJOURNMENT**

A motion was made by Member Hartshorn and seconded by Member O'Meara to adjourn the meeting at 8:17 p.m. All were in favor.

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Chairperson Melissa Schladt

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Alison Dal Compo, Secretary

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Date Approved