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December 20, 2018

RECEIVED
DEC 21 2018
PLANNING & COMMUNITY
DEVELOPMENT DEPARTMENT

Ms. Nora Boyer
Housing Planner
Housing Commission
Village of Arlington Heights
33 S. Arlington Heights Rd.
Arlington Heights, IL 60005-1403

**Re: Request for Affordable Housing Review by Housing Commission - Arlington 425 /
CCH LLC - Temporary File Number T1599**

Dear Nora:

Please consider this letter our formal request to present the affordable housing aspects of our proposed project, "Arlington 425", before the Housing Commission of the Village of Arlington Heights.

As you are aware, CCH LLC, the owner and developer of Arlington 425 (the "Owner"), is proposing a new mixed-use development on the parcel of vacant land identified as Block 425 in the Village of Arlington Heights Downtown Master Plan. I have been authorized to deliver this letter to the Village for and on behalf of the owner of the project (the "Project").

The Project will involve a new PUD consolidating seventeen lots into a single lot as well as the construction of three buildings containing a total of 361 residential dwelling units, currently planned as all "for-rent" apartments. One building will be located along Campbell Street and will contain nine stories, with commercial / office space on the first two floors and 182 apartment units on the top seven floors (42 studios, 91 one-bedroom and 49 two-bedroom). One building will be located along Highland Avenue, and will contain thirteen stories with the first floor reserved for commercial use, the next six floors will consist of a 454-space parking garage, and the final six floors containing 125 apartment units (101 of which will be one-bedroom and twenty-four of which will be two-bedroom). The third and final building is currently planned to be a four-story apartment building located along Chestnut Avenue containing fifty-four units (28 one-bedroom and 26 two-bedroom).

Ms. Norma Boyer
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The Project will be marketed at upper-middle class residents. Accordingly, a standard unit within the Project will likely not be affordable to the average lower-income individual. Nonetheless, our client intends to meet the Village's affordable housing requirements in a manner consistent with other current and previous developments within the Village.

Our client will provide handicap-accessible apartments in a reasonable quantity to meet potential tenants' needs. Although the exact number of handicap-accessible units has not yet been determined, we are currently conducting studies to ensure that the proper amount is provided, and we welcome input from the Village and Housing Commission as to this issue.

As to the number of affordable housing units within the Project, the Village currently requires that PUDs with twenty-six or more units contain 15% or more affordable housing units. This would require our client to provide 54 affordable housing units within the Project. While our client is committed to promoting the affordability of private housing within the Village, it is an unavoidable reality that the scale of this project and the size of the parcel to be developed will not allow our client to provide the full amount of fifty-four affordable housing units while still being able to finance the development and ultimately sell the Project. Based on the cost of development as well as the ultimate value of the project upon disposition, Owner simply cannot develop this Project and provide 54 affordable housing units.

Rather, our client is committed to providing 15 affordable housing units in the Project, and will otherwise comply with the remaining requirements of the Affordable Housing program.

We look forward to presenting this project before the Housing Commission for review, comment, and approval.

Sincerely,



Michael D. Firsell

MDF/djm



Village of Arlington Heights

33 South Arlington Heights Road
Arlington Heights, Illinois 60005-1499
(847) 368-5000
Website: www.vah.com

January 4, 2019

Mr. Michael D. Firsel
Firsel Ross – Attorneys at Law
2801 Lakeside Drive, Suite 207
Bannockburn, IL 60015

Re: Affordable Housing Proposal – Arlington 425 Project – Temp File No. T1599

Dear Mr. Firsel:

In your response, you state that "the size of the parcel to be developed will not allow our client to provide the full amount of fifty-four affordable housing Units while still being able to finance the development and ultimately sell the Project."

In order that the Village may evaluate your affordable housing proposal, the Village requests the following documents and answers to questions:

1. Provide a detailed financial pro forma to validate your statements that 54 affordable units are not financially feasible, and that no more than 15 affordable units are financially feasible.
2. Provide a breakdown of the 15 units you propose to provide by building. What are the square footage areas of each proposed affordable unit? Of the proposed 15 units, how many will be studio, 1-bedroom and 2-bedroom units?
3. Does the developer expect to use any federal or other affordable housing programs to subsidize the rents in the affordable units?

The Village looks forward to receiving your response. Please contact me at (847) 368-5214 or nboyer@vah.com if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Nora A. Boyer", is written over a horizontal line.

Nora A. Boyer
Housing Planner



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February 8, 2019

Ms. Nora Boyer
Housing Planner
Department of Planning and Community Development
Village of Arlington Heights
33 S. Arlington Heights Road
Arlington Heights, Illinois 60005

Re: Request for Housing Commission Review - Arlington 425 Development

Dear Ms. Boyer,

This letter is written in response to yours of January 4, 2019. The paragraph references below correspond to those contained in your letter.

1. We are unable to provide a "detailed financial proforma" at this time. The main reason is that we have not yet developed a detailed financial proforma because we do not have the approvals and other project requirements necessary to know what we are building and how we are building the project. Without accurate pricing which is integral to any detailed project financial proforma, the requested proforma cannot be completed. However, we have prepared, and I have attached a financial impact analysis of providing 1, 15 and 54 Affordable Housing units. This analysis indicates what the financial impact on both the project's cash flow and sale value will be. Based on the developer's 40+ years of experience in the industry, this project is not viable based on (a) the loss of annual income necessary to secure a financeable debt service coverage ratio; and (b) the ultimate market value of the development which value is primarily a function of a capitalization of the project's income stream. The project is hardly viable with even the 15 Affordable Units, but the Developer is committed to providing the number of Affordable units proposed. We request that you to review this analysis.

2. The proposed 15 Affordable Housing units would consist of studio and one-bedroom apartments located in all three buildings. The Developer would reserve the right to allocate the units among the buildings. The unit sizes will equate to the average unit types and sizes in each of the buildings. Were the Chestnut building to be developed as a condominium



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project. the number of Affordable units would be reduced to 13 units between the Highland and Campbell buildings.

3. We have not yet investigated the availability of additional sources of income to supplement the loss of income from the Affordable Housing units. However, if available, we will likely pursue such availability.

In addition, we have studied the historical Affordable Housing requests and requirements for the developments in the Village to date. Based on our review of that information, we believe that the proposed number of Affordable Housing units is consistent with past and current Village practices.

Based on this response to your request for further information, we request a meeting with staff as soon as possible to review and further discuss our proposal, so we can move to a Housing Commission hearing as quickly as possible.

Thank you for your cooperation and consideration in this matter.

Sincerely,

A handwritten signature in blue ink that reads 'Michael D. Firsell'.

Michael D. Firsell

MDF/djm

CCH LLC - AFFORDABLE HOUSING												
CASH FLOW AND VALUE COST												
I Unit	avg sf	rent sf	avg rent/mo	max for 2018	lost rent	# units	mo loss	loss/unit/yr	Annual Cash Flow Loss	Value loss		
										5 years	10 years	20 years
1-br	815	\$ 2.32	\$ 1,891	\$ 952	\$ 939	1	\$ 939	\$ 11,266				
									\$ 11,266			
										\$ 56,328.00		
											\$ 112,656	
												\$ 225,312
15 Units Proposed												
Studio	597	\$ 2.32	\$ 1,385	\$ 889	\$ 496	8	\$ 3,968	\$ 47,620				
1-br	815	\$ 2.32	\$ 1,891	\$ 952	\$ 939	7	\$ 6,572	\$ 78,859				
									\$ 126,479			
										\$ 632,395	\$ 1,264,790	\$ 2,529,581
54 Units - Per Code												
Studio	597	\$ 2.32	\$ 1,385	\$ 889	\$ 496	27	\$ 13,393	\$ 160,717				
1-br	815	\$ 2.32	\$ 1,891	\$ 952	\$ 939	27	\$ 25,348	\$ 304,171				
									\$ 464,888			
										\$ 2,324,441	\$ 4,648,882	\$ 9,297,763



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April 4, 2019

Mr. Alex Hageli, Chairman, and
members of the Village of Arlington Heights
Housing Commission
33 S. Arlington Heights Road
Arlington Heights, Illinois 60005

**Re: REVISED - Affordable Housing Proposal - Arlington 425 Development -
PC #19-001**

Dear Mr. Hageli,

This letter is written as a revised proposal by the Petitioner for the provision of affordable housing units at Arlington 425. Based on Petitioner's 40+ years of experience in the development industry, this project is not viable with the inclusion of 54 affordable housing units based on (a) the loss of annual income necessary to secure a financing; and (b) the ultimate market value of the development which is primarily a function of a capitalization of the project's net income. **Petitioner will agree to provide a total of 27 affordable housing units.**

The allocation of the actual number of units to be leased or payment in lieu, the allocation amongst the buildings, and other related issues can be discussed and resolved with the Housing Commission in person.

We have studied the historical affordable housing requests and requirements for the developments in the Village to date. Based on our review of that information, we believe that the proposed number of affordable housing units meets and exceeds previous Village practices and policies.

We request a hearing with the entire Housing Commission as soon as possible to review and further discuss our proposal, and arrive at a mutually acceptable recommendation to the Village Board.

Thank you for your cooperation and consideration in this matter.

Sincerely,

Michael D. Firsell