

July 26, 2022

**By Email**

Randy Recklaus  
Village Manager  
Village of Arlington Heights

Charles Witherington-Perkins, AICP  
Director of Planning and Community Development  
Village of Arlington Heights

**Re: Request for Early Review of Redevelopment of International Plaza in Arlington Heights by Arlington Heights Board of Trustees**

Mr. Recklaus:

UrbanStreet Group is excited to undertake the complete redevelopment of the International Plaza Shopping Center in Arlington Heights and has been working for the last few months with your staff. We have also worked hard to build a relationship with the current owner and are under contract to purchase the property. We are an experienced developer with a proven track record of completing several mixed use projects in the Chicago suburbs, including Schaumburg, Lombard, and Morton Grove. We also have a similar shopping center redevelopment planned in Buffalo Grove. More information on our company and development experience can be found at [www.urbanstreetgroup.com](http://www.urbanstreetgroup.com).

We envision the redevelopment of International Plaza as a public private partnership that will bring a vibrant new mixed-use project to this site, replacing the largely vacant shopping center. A project of this scale and complexity will require TIF funds and other forms of incentives in order to be economically feasible and we look forward to working with the Village on all aspects of the project to move it forward as soon as possible. We recognize that this site has had several starts and stops over the years and we believe that we have a development team and a proposed plan that will make it happen in the near term while there is still remaining life in the TIF District.

We would like to respectfully request the opportunity to have an *Early Review* of this project by the Village Board of Trustees due to the unique and mixed use nature of this project with multiple components, including market rate apartments, inclusionary affordable apartments, medical office, retail, and restaurants (guideline #6 for the Early Review process).

Our proposed uses include:

- 265 market rate apartments in 6 separate buildings with amenities and clubhouse
- 37 inclusionary affordable rental apartments in building #7, which provides 10 more affordable units than the required 27. The project would provide nearly 14% affordable units rather than the required 10%.
- 40,000 S.F. of new medical office for physician offices
- Approximately 18,000 S.F. of restaurant and retail space on the Golf Road frontage

Please see attached preliminary site plan.

We are negotiating terms with a national medical office developer and a retail developer. Both development partners plan to build very high quality projects in conformance with the overall master plan. We envision physician's offices, restaurants, retail spaces along Golf Road with apartments in the interior of the site. The medical office developer has described that they have tenants lined up for the space.

UrbanStreet Group has explored various scenarios to meet or exceed the Village requirement of 10% affordable units.

Based on initial discussions with the Village Staff, we strongly believe that the best way to provide affordable units is to engage with a professional affordable housing development company that has an excellent track record in community development building workforce affordable housing and senior housing. We believe this for several reasons:

- A professional affordable housing developer will bring specific experience and expertise in operating its apartment communities to serve seniors, working families, and other tenants with limited income. They are most often mission driven and they own and operate thousands of units with a singular focus on serving their communities with inclusionary housing.
- The workforce housing developers also bring a proven track record of securing Low Income Housing Tax Credits (LIHTC), a widely used and highly successful program, to provide the majority of the capital specifically for these projects at the State and local level. These tax credits are highly competitive and awarded only to the best projects each year developed by the most experienced and professional LIHTC Developers.
- Often, these LIHTC developers receive tax credit awards year after year because affordable housing is their core business and they develop and manage these properties to very high standards. These developers build and also own and operate their communities for at least 15 years, which is the compliance period for the tax credits. Often, at the end of 15 years, they substantially renovate the properties and continue to operate them as workforce housing.

So, we believe that the best way over the long term to finance, develop, and operate the affordable component of this large redevelopment project is to partner with a national LIHTC Developer. We have identified companies in this space who are very interested in becoming a part of this project. For example, we are currently negotiating with Northpointe Development, which has a proven track record of delivering high quality workforce housing communities. Attached, is Northpointe's corporate resume. They are very interested in pursuing this project with us.

### **1. Ownership structure/development partnership**

- UrbanStreet envisions partnering with a national LIHTC developer who will build their own freestanding project as part of the master plan. This building will be the same in exterior design, style, and materials as the rest of the multifamily. It may have its own name and branding, but we see it as part of the cohesive whole and really being no different than the other multifamily buildings architecturally. However, it may have a different unit mix based on its tenants, which could be seniors, singles, couples, or families.
- Since we have already identified a LIHTC developer, we envision that their multifamily building will be developed close in time to the market rate component. However, tax credits are awarded once a year in May, so depending on the cycle and award of the credits, the affordable housing developer may start their project once the 6 market rate buildings are under way.

### **2. Timeline**

- We envision obtaining general municipal entitlements for all the multifamily and market rate at one time with some restrictions that would require an affordable project on a specific parcel as part of the master zoning. If one affordable housing group fails to execute their project, we will find another group to do so. The LIHTC program is national in scope, widely used, and proven. Affordable sites are hard to come by and even harder to get entitled. If a site is specifically zoned for affordable units and is a welcome part of the master plan, which this would be, we believe several affordable developers will come forward to execute it if one falls through.
- UrbanStreet plans to obtain general density, height, and unit count approvals for the affordable building as part of the larger master plan. The affordable housing developer will seek their own building approvals and building permits. UrbanStreet would be obtaining the general site plan approvals for the building #7 as part of the overall site plan. Building #7 would be engineered along with the whole site and drain into the central stormwater detention pond on the eastern part of the plan. Due to the cycle time for the tax credits, their approvals will likely come after the market rate site plan approvals by a few months. The affordable housing developer would also seek their own building permits.

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- UrbanStreet Group wants the entire development to have a cohesive design, aesthetics, and building materials so that it will be one single development. The affordable housing developer agrees with this approach so we don't see any substantial physical difference between the market rate buildings and the affordable housing building.
- We currently have two affordable housing developers wanting to partner with us on building #7. An entitled site for affordable housing is not easy to find in the Chicago suburbs. So, we believe that if one group is not able to execute, we will find another even if it takes one or two annual cycles to secure the federal tax credits.

Again, we are excited to bring this whole project to fruition and look forward to discussing our development approach with the Village Board.

Thank you for your consideration.

Sincerely,



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Attachments:

1. Golf Crossing Master Plan
2. UrbanStreet Project Experience
3. Northpointe Development Project Experience