



# Memorandum

**To:** Charles Witherington-Perkins, Director of Planning and Community Development

**CC:** Randy Recklaus, Village Manager  
Bill Enright, Assistant Director of Planning and Community Development

**From:** Sam Hubbard, Development Planner

**Date:** 8/8/2022

**Re:** Village Board Early Review: August 15, 2022 – UrbanStreet Group International Plaza  
Redevelopment

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Please find attached information regarding a proposed redevelopment of the International Plaza shopping center and three neighboring properties, all together located at 4-214 E. Golf Rd., 15 & 139 E. Golf Terrace, and 1665 S. Arlington Heights Road. UrbanStreet Group, who has the International Plaza site under contract, has submitted a letter requesting an Early Review by the Village Board. Also included is an aerial of the subject property, a conceptual site plan, and information on the affordable housing component of the project.

The Early Review Process, instituted by the Village Board in March 2001, allows developers under certain circumstances consistent with the stated Guidelines of Early Review, to present projects to the Board in order to gauge the acceptability of the development proposal. It should be understood that the results of the Village Board Early Review do not commit the Village to approving or denying a development proposal if and when the proposal moves through the formal zoning entitlement process. It is simply an opportunity for a developer to obtain a degree of preliminary feedback from the Board.

Specifically, the developer is seeking feedback on the affordable housing component of their proposal in order to determine if the project makes financial sense to proceed forward.

**Project Background:**

The subject property includes the International Plaza shopping center located just east of Arlington Heights Road along the north side of Golf Road. The shopping center consists of a single-story multi-tenant commercial building of approximately 164,000 square feet in size. Additionally, the subject property includes several pieces of Village owned land located to the west of International Plaza, all of which are vacant. The overall site is approximately 17.5 acres and has access to Golf Road (at a signalized main entrance and a secondary access point on Golf Road at the east end of International Plaza), access to Golf Terrace (which has right-in/right-out access to Arlington Heights Road), and the potential for access to Arlington Heights Road at the northwest portion of the site. International Plaza was developed in the mid 1980's and is included in Tax Increment Financing District #4. The shopping center is in a state of disrepair and is in need of redevelopment.

UrbanStreet Group, a Schaumburg based developer with projects across the Midwest, is proposing demolition of the existing shopping center and redevelopment of the site as a 265-unit multi-family apartment complex plus 37 units of affordable housing, as well as approximately three new commercial outlots fronting along Golf Road. The residential component would occupy 11.40 acres and the commercial outlots would include the remaining 6.16 acres of land for commercial and office uses.

The multi-family apartments would be located across seven buildings, each four stories in height and together totaling just under 400,000 square feet of residential floor area. Six of the seven buildings would consist of market rate units and the seventh building, located at the northwest corner of the site, would be reserved for the 37 affordable units. The unit mix within the development would contain 175 one-bedroom units (58%) and 127 two-bedroom units (42%). There would be a total of 56 garage parking spaces dispersed between the residential buildings, with each building containing between 6-10 garage spaces. Additionally, there would be 409 surface parking stalls for a total of 465 residential parking stalls. Access to the site would come from the existing signalized primary entrance on Golf Road, with two additional access points from Arlington Heights Road (one at the northwest of the site and one via Golf Terrace). The petitioner has indicated that they intend to develop the six market rate residential buildings themselves, but partner with an affordable housing developer for construction of the seventh building.

The commercial portion would front along Golf Road and contain approximately three outlots for commercial development(s) with approximately 40,000 square feet of medical office space and 18,000 square feet of retail/restaurant space. Urban Street would either develop the commercial lots themselves, or partner with a commercial developer for the commercial portion of the site.

**Review Process:**

The developer has undertaken several initial steps to refine their concept for presentation before the Village Board at an Early Review. These steps are summarized below:

- Preliminary Staff Review: The petitioner has met with staff on several occasions to discuss their initial proposal. Conceptual plans were provided to the Village and on June 13, 2022, the Village provided the petitioner with detailed preliminary review comments on their development concept.
- Conceptual Plan Review Committee: On June 22, 2022, the developer appeared before the Conceptual Plan Review Committee to present their project and receive initial feedback from the commissioners. In general, the Conceptual Plan Review Committee was favorable of the development and the minutes from that meeting have been included within the Early Review materials provided to the Village Board.
- Preliminary Housing Commission Review: On August 3, 2022, the petitioner met with the Housing Commission for a preliminary review of their affordable housing proposal. There was discussion on the merits of the affordable housing plan as proposed, however, no formal direction was provided. A draft of the meeting minutes is also included in the materials provided to the Village Board.
- Preliminary Design Commission Review: UrbanStreet Group is tentatively scheduled to appear before the Design Commission on August 23<sup>rd</sup> for a preliminary review of the proposed architecture for the residential component.

Upon conclusion of the Early Review, the developer can proceed with the standard zoning review and entitlement process. The next step would be a neighborhood meeting and submission of a formal zoning

application to initiate the Plan Commission review process, which will entail a public hearing and public meetings.

### **Phased Development**

Redevelopment of the subject property would proceed in three phases:

*Phase 1:* Demolition of the International Plaza shopping center site and construction of the utilities necessary for the development. Onsite detention, sufficient for both the commercial and residential uses, would be built during Phase 1 and would consist of an above ground detention basin and a below ground detention vault. The residential parking areas and access roads would be built, including access to Arlington Heights Road at the northwest of the site, improvements to Golf Terrace compliant with Village standards, and construction of the primary entrance drive along Golf Road (in the same location as the existing primary entrance to International Plaza). Landscaping would be added to the residential component, and a multi-use (walk/bike) pathway would be constructed along Golf Road. All market rate residential buildings would be constructed during Phase 1. The sitework would also include improvements to accommodate the affordable housing building, such as the parking areas, future connection to the storm water detention, and site grading. However, the affordable housing building would be constructed by the affordable housing partner as part of Phase 2.

*Phase 2:* Construction of Building 7 within the PUD, which would include 37 units affordable units, would occur in Phase 2 (or earlier depending on tax credit financing cycles).

*Phase 3:* Development of the commercial outlots would occur in the final phase of development.

The petitioner anticipates Phase 1 to begin by July of 2023, with first lease/move-ins occurring by October of 2024 and final completion of Phase 1 by October of 2025. Completion of the commercial outlot development(s) would occur by the end of 2025.

### **TIF 4 Redevelopment Plan**

The Village established a Tax Increment Financing District (TIF) for this area in order to facilitate redevelopment and obtained a 12-year extension to the TIF extending the expiration date to 2037. This proposal would implement the long-awaited goal of redeveloping the TIF District consistent with the objectives approved in the TIF 4 Redevelopment Plan and Project such as: eliminating blighted conditions; assembling of sites for development; encouraging consolidated development of parcels; assisting businesses with relocation, among others. It is expected that the developer will be requesting TIF assistance to enable the proposed development. The Village is at a critical juncture with 15 years remaining in this TIF District as zoning entitlements, permits and construction, and lease up will take two to three more years, thus limiting the amount of time to implement a project.

### **Affordable Housing:**

According to the Village's Inclusionary Housing Ordinance, the affordable housing requirement for publicly-assisted developments is 10% of the total units. As proposed, the development would be required to provide 27 affordable units (10% of the 265 market rate units), and the developer has proposed 37 affordable units within Building 7 of the PUD (14% of overall units).

The developer will partner with a professional affordable housing developer to create the building containing the affordable units. They have indicated that they would utilize Low-Income Housing Tax Credits (LIHTC), which are widely used to provide financing for affordable housing developments, and will be partnering with a professional affordable housing developer that has experience with LIHTC financing. UrbanStreet is currently in negotiations with Northpointe Development, a national affordable housing developer that has used the LIHTCs and other resources to develop affordable housing.

The affordable housing building would be built on a lot that UrbanStreet anticipates would be subdivided from the rest of the development and owned by the affordable housing developer. This lot would be included in the overall site Master Plan, and the affordable building would have the same exterior design as the market-rate buildings. The site would be part of the PUD and delivered “build ready” with utilities extended to its property line and the land cleared and graded for development. The stormwater detention would be built to accommodate for the detention capacity needed for the affordable housing site. The Master Plan will include cross access easements and possible shared surface parking. In summary, this proposal would:

1. Provide additional affordable housing units within the PUD.
2. Address a major stumbling block for affordable housing developers by providing zoning entitlements and utility/infrastructure improvements.
3. Provide for site and property ownership control, which is another road block to affordable housing developers.
4. Accomplish redevelopment of a blighted shopping center.

On August 3, 2022, the Housing Commission discussed the proposal on a preliminary basis, however, no formal direction from the Housing Commission was provided.

**Site Related:**

The residential component has been thoughtfully designed with adequate spacing between buildings, ample landscaping, and a 40-foot setback from the single-family lots to the north of the subject property and a 50-foot setback from the townhome lot to the east of the subject property. The site appears to comply with all height, setback, and density regulations. At the request of staff, the developer has included a future plaza at the northeast corner of Arlington Heights Road and Golf Road. Additionally, the developer has proposed a landscaped development identification sign at the primary entrance drive into the residential component.

*Architecture*

A Design Commission application will be required for both the residential component and commercial component. The architecture of the commercial outlots should include design elements that tie the buildings to the residential structures to provide for a unified and cohesive development. As referenced above, the residential component of the development is tentatively scheduled for a preliminary review with the Design Commission on August 23<sup>rd</sup>.

*Commercial Outlots*

The petitioner will need to provide a conceptual layout for the commercial outlots to ensure that they are of a sufficient size/depth to accommodate viable commercial development(s) with adequate space for parking. When a formal development plan is proposed for the outlots, a PUD amendment will be required.

The commercial outlots should be fully interconnected with cross access easements, both amongst themselves and through the residential component of the development. The Village shall analyze if future access to any of the neighboring properties (north, east, west) must be established as part of the overall redevelopment on the subject property, and where warranted, the site plan shall be revised to accommodate for this future access and the necessary easements shall be established as part of the PUD approval process.

*Preliminary Engineering/Landscaping*

Preliminary plans show a stormwater detention pond at the northeast corner of the site, which will be designed to accommodate the stormwater needs for the entire PUD (both residential and commercial uses). Additionally, an underground stormwater vault has been proposed between residential Building 3 and Building 4. Detention must conform to all Village and MWRD standards for stormwater management.

UrbanStreet has worked with staff to improve the Golf Road frontage, which will include a 10 foot wide multi-use pathway to accommodate a planned biking/walking route that is setback approximately five feet from the curb to create parkway. Overhead utility lines will need to be buried in this location. Finally, Golf Terrace is in poor condition and shall be improved to accommodate anticipated traffic volumes, which shall include a 28-foot width, realignment, curbs/gutters, and sidewalks.

**Traffic and Parking:**

The petitioner is required to provide a traffic and parking study by a certified traffic engineer that assesses access (location, design, and Level of Service), on-site circulation, trip generation and distribution, parking, and impacts to public streets.

Based on a preliminary analysis of the proposed redevelopment, parking provided for the multi-family residential portion is 12 spaces in excess of minimum code requirements as depicted in Table I below, which shows the preliminary parking calculations:

USE	CODE USE	UNITS	PARKING RATIO (1:X)	PARKING REQUIRED
Multi-Family Housing	R-7 Multi-Family	302 units	1.5 per Unit	453
<b>Total Required</b>				<b>453</b>
<i>Total Provided</i>				<i>465</i>
<b>Surplus / (Deficit)</b>				<b>12</b>

**Conclusion**

It is recommended that the Village Board evaluate the plans and preliminary information available at this time and provide preliminary feedback regarding the proposed development, specifically the plan to provide affordable housing. The Staff Development Committee is **supportive** of the development concept, which would accomplish the long-awaited redevelopment of the site, subject to the resolution of certain site related issues.

Staff also **supports** the developers plan to include affordable housing in partnership with an affordable housing developer, which would include 37 affordable residential units (10 more than required). The provision of 37 onsite affordable units would increase the number of much needed affordable housing

within the Village. As part of the preliminary review by the Housing Commission, staff made the following recommendation:

1. Staff recommends proceeding with development of the concept of a separate affordable building within the redevelopment area project for 37 affordable residential units (10 more than required) subject to the perpetuity of required units and other details to be worked out between the Village and the developer.
2. The developer shall submit a full Affordable Housing Plan, containing the items listed in the Inclusionary Housing Guidelines, as part of the developer's Plan Commission application and appear before the Housing Commission. At which time specific conditions will be drafted for consideration.