



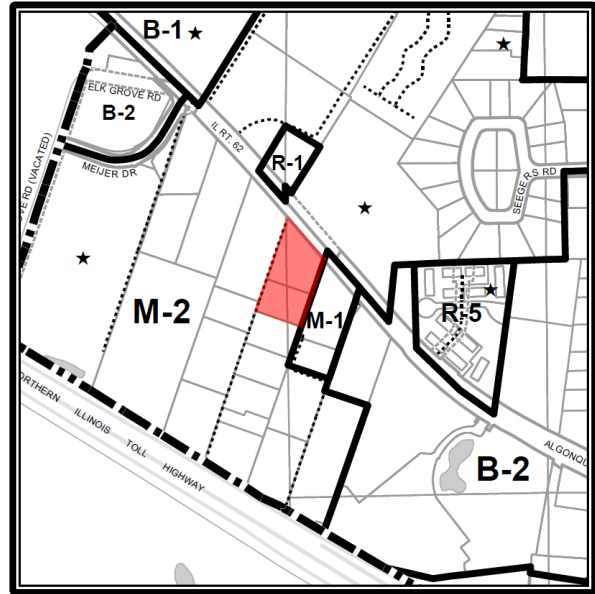
VILLAGE OF ARLINGTON HEIGHTS
STAFF DEVELOPMENT
COMMITTEE REPORT

PC Project Number: PC 16-012
Project Title: Ivy Hotel
Address: 519 W. Algonquin Rd.
PIN: 08-16-103-008, 08-16-103-009

To: Plan Commission
Prepared By: Sam Hubbard,
 Development Planner
Meeting Date: October 11, 2017
Date Prepared: September 8, 2017

Petitioner: James Cazares
Address: 519 W. Algonquin Rd.
 Arlington Heights, IL 60005

Existing Zoning: M-2, Limited Heavy
 Manufacturing District



SURROUNDING LAND USES

Direction	Existing Zoning	Existing Use	Comprehensive Plan
North	M-2, Limited Heavy Manufacturing District	2-story Pace Bus administrative facility	Research, Development, Manufacturing and Warehousing
South	M-2, Limited Heavy Manufacturing District	1-story manufacturing business (Brite-O-Matic)	Research, Development, Manufacturing and Warehousing
East	M-1, Research, Development and Light Manufacturing District	1-story flex office/light industrial building	Research, Development, Manufacturing and Warehousing
West	M-2, Limited Heavy Manufacturing District	3-story self-storage facility	Research, Development, Manufacturing and Warehousing

Requested Action:

1. Land Use Variation to allow a 126-room hotel in the M-2 Zoning District.

Variations Required:

1. Chapter 28, Section 11.4, Parking, to reduce the parking requirements from 310 spaces to 172 spaces.
2. Chapter 28, Section 11.2-8, to reduce the required two-way drive aisle width to allow a 23-foot wide drive aisle where code requires a 24-foot wide drive aisle.

Project Background:

The subject site is approximately 112,000 square feet (2.6 acres) and includes the existing European Crystal Banquet Hall. The banquet hall required a Land Use Variation, which was approved in 2000 via Ordinance 00-012. The current facility requires 171 parking spaces and there are 175 on site. The proposal is to add a 126 room 12-story hotel on the north end of the building (Ivy Hotel), which would involve the demolition of the four smaller banquet rooms that are currently located in this area (the main banquet hall will not be altered). The Ivy Hotel will include a coffee shop and spa/gym on the ground floor and a approximately 2,900 square foot bar/lounge on the 12th floor of the building. The number of parking spaces onsite would remain as they currently exist today, with exception to the removal of three spaces located on the western side of the building.

The petitioner has estimated that during an event at the European Crystal facility, up to 10 employees would be needed, and the hotel would have an employee peak of around 8-10 employees. Primary access to the site comes from a shared private access drive off of Algonquin Rd., which serves the subject property and five businesses to the south of the subject property. The access road has a non-signalized full access intersection with Algonquin Rd., which has a shared left/right turn lane at this location.

On March 23, 2016, the Plat and Subdivision Committee met to discuss a previous concept for this project, which entailed a 10-story hotel addition to the banquet hall that contained 165 rooms. Based on the proposed uses within this concept, a 309 space parking deficit would occur given the hotel addition. At that time, the Plat and Subdivision Committee provided a favorable review of the hotel concept but mentioned that the parking shortage on the site would need to be resolved if the project were to move forward.

On August 15, 2016, the petitioner appeared before the Village Board for an Early Review of the proposed hotel. The Village Board provided positive feedback about the proposed Land Use Variation to allow a hotel in this location but expressed concerns over a lack of parking. There was also concern about valet parking personnel, who were proposing to valet park cars in the Pace parking lot across Algonquin Road and then have to cross the major arterial to return to the hotel.

On March 20, 2017, the petitioner presented a revised hotel concept to the Village Board for another Early Review of the project. The proposal at this time was for the addition of a 13-story, 102 room hotel, which translated to a 80-space parking deficit based on the proposed uses. While the Village Board felt that this plan appeared to be moving in the right direction, there were still significant concerns over parking. The Village Board asked the petitioner to provide a detailed parking study to illustrate that an 80-space parking deficit was viable, as well as provide a contingency plan for what could be done if the parking shortage became an issue.

On July 26, 2017, the application appeared at the Conceptual Plan Review meeting. Members in attendance encouraged the petitioner to continue to work towards reducing the parking deficit, which was at that time estimated to be around 106 cars based on the proposed uses. The Conceptual Plan Review Committee was positive about the proposed use of the subject property and expressed that the hotel plus banquet hall combination was an appropriate use for the site. However, their concerns over the parking deficit were significant.

Exhibit I at the end of this report outlines the key aspects of each iteration of the proposed development.

Design Commission

On July 25, 2017, the development appeared before the Design Commission for their consideration of the project. Overall, the Design Commission felt that the hotel addition integrated well with the existing banquet hall. Both the banquet hall and hotel will share the same lobby, and access from the lobby into the hallway of the main ballroom will allow for a seamless entry into the ballroom area. The Design Commission voted to approve the project with the recommendation that the front canopy be further analyzed to create a more pronounced grand entrance into the building. Additionally, they made several requirements: 1) to screen all mechanical units, 2) to enhance the south elevation of the building, 3) to incorporate site furnishings to match the style of the hotel, and 4) to incorporate specialty paving at the hotel entrance. Compliance with all Design Commission conditions of approval shall be required.

Zoning and Comprehensive Plan

The current M-2 zoning does not permit a hotel, which is only allowed through the issuance of a Special Use Permit in the B zoning districts. Therefore a Land Use Variation is required for the proposed hotel. Village Code requires that three standards of approval be met relative to any Land Use Variation request:

- **The property in question cannot yield a reasonable return if permitted to be used only under the conditions allowed by the regulations in that zone; and**
- **The plight of the owner is due to unique circumstances; and**
- **The variation, if granted, will not alter the essential character of the locality.**

The petitioners written justification for Land Use Variation approval is included within the Plan Commission packet. In addition, the petitioner stated the following relative to the criteria for Land Use Variation approval:

- The existing European Crystal Banquet facility is not attractive to weekday patrons and has suffered economically as a result. The addition of the hotel will make the facility more marketable for customers looking for conference space during the week.
- The unique location of the subject property, within a small pocket of industrial properties along both sides of Algonquin Road and within close proximity to I-90 and O'Hare International Airport, is an optimal location for a hotel.
- It is not uncommon to find midrise structures clustered around a suburban highway interchange, such as the area around I-90 and Arlington Heights Road. The subject property is in the vicinity of this intersection, which includes several 6-story structures already. The existence of seven hotels within 2,000 feet of the subject property is further evidence that the proposed use will not alter the essential character of the locality.

In consideration of the above, staff believes the necessary criteria for Land Use Variation approval has been met.

The Comprehensive Plan designates the site as "Research Development Manufacturing and Warehousing". Hotels would typically locate in Commercial areas as designated on the Comprehensive Plan, however given the location of the property along Algonquin Road near the I-90 interchange, and the multiple hotels in the vicinity of the site, the location is suitable for a hotel.

The petitioner has provided a market study which indicates sufficient market demand for this hotel. The study concluded that it would take approximately two years for the market to absorb the increase in supply, and that average daily room rates in the vicinity are expected to continue growing with only a nominal impact on the local hotel market.

Site Design

The proposed Ivy Hotel would be located on the north side of the existing building and would be built in the area currently occupied by four smaller banquet rooms. The current entrance to the banquet hall is located on the western side of the building and served by a circular drop-off aisle with a canopy overhead. The circular drive aisle would be demolished and the primary entrance to the building would be shifted to the north, meaning that both the hotel and banquet hall would share the same entrance. The current primary entrance to the banquet hall would be converted to an outdoor patio area, including a firepit and seat wall. The southern parking and loading area, as well as the eastern parking rows and drive aisle, would all remain unchanged.

Overall, the proposed hotel addition is well designed and appropriately situated on the site; to the west it maintains a similar setback as the existing banquet building, and to the north and east it is sufficiently setback from the property lines for a building of its size. The building complies with all setback, building coverage, impervious surface, height, and F.A.R. restrictions.

A slight variation is needed for one of the drive aisles at the northeast corner of the building, where code requires a 24-foot two-way drive aisle width, and the petitioner has proposed the drive aisle at 23 feet in width. The 23-foot wide aisle provides the necessary space needed for fire truck movement and staff is supportive of the variation request.

Landscaping and Dumpster Enclosure

The proposed landscape plan conforms to code requirements, however, some of the existing landscaping located in the southern parking area has died and must be replaced in conjunction with this project. Additionally, the property has a roofed garbage enclosure with an overhead door, however, the three dumpsters that serve the property are not kept within this enclosure. Finally, there are three exterior storage containers that have been permanently stored in the three parking spaces that are adjacent to the dumpster enclosure. With the expanded space within the building, the need for these temporary storage containers will be eliminated, and all three should be removed. All dumpsters should be stored within the approved enclosure area.

Traffic and Parking

The provision of ample onsite parking is key to the success of this project. The existing site contains 175 parking spaces, three of which will be eliminated to accommodate the proposed hotel addition, which results in a total of 172 off-street parking spaces for the sum of the uses. Per Code requirements, as applied to the proposed uses on the subject property, a total of 310 parking spaces are required (see **Exhibit II**), resulting in a 138-space parking deficit relative to code requirements. A summary of the parking requirement is shown below:

Ivy Hotel Parking Summary	
Total Parking Spaces Required	310 Spaces
Total Parking Spaces Provided	172 Spaces
Parking Space Deficit	(138) Spaces

Staff has requested written justification specifically outlining how the proposed parking variation conforms to the three approval criteria as contained in the Zoning Code but no response has been received. Per Section 6.12-1, the petitioner has provided a parking and traffic study from a qualified professional engineer.

Generally speaking, staff is not convinced that the amount of proposed parking is sufficient to support the proposed use of the site as a 126 room hotel with a 5,654 square foot banquet facility and approximately 2,900 square foot rooftop lounge. Staff has identified the following concerns with the parking study:

- *Unknown Weekend Peak Parking Demand* – During the two days of events surveyed at the banquet hall in March of 2017, the total number of guests estimated for each event (375 and 390) do not add up to the total number of people observed arriving at the events (103 and 181). Based on the number of people observed arriving at each event, staff does not believe the survey numbers are representative of expected peak parking demand for the banquet hall use, which would likely be much higher if at least 300 people were observed arriving at the event.
- *Lack Of Comparative Examples* – Staff asked that the parking study include surveys of multiple similar hotel/banquet hall facilities within the northwest suburban Cook County area to provide a baseline for expected parking demand. The parking study only surveyed one additional hotel (Courtyard Marriott in Arlington Heights), and staff doesn't believe this facility is a comparable example as it provides 147 rooms with only 1,248 sq. ft. of banquet space, which is less than 1/5 of the total banquet space on the subject property. The parking survey provided no information on occupancy of the hotel or details on events (if any) within the banquet facility during the single day that the hotel was surveyed.
- *Incomplete Survey Data* – The parking study cited the Double Tree Hotel as a comparable hotel with facilities similar to the Ivy Hotel and European Crystal Banquet Hall. However, no parking surveys of this hotel were included and it is unknown if the parking provided at this facility is frequently at capacity. With 241 rooms, a slightly larger banquet hall and a separate restaurant, the parking study has concluded that the existence of the Double Tree, with its 304 parking spaces, demonstrates that the proposed parking on the subject property will be suitable. Staff notes that approval of the Double Tree Hotel required an additional 75 parking spaces provided through a perpetual easement agreement with a neighboring property, as well the ability to provide 72 landbanked parking spaces on-site, which means that the Double Tree Hotel has the ability to provide 451 parking spaces if need be (499 parking spaces are required by Code for the Double Tree Hotel). Also, from a practical standpoint the hotel is part of a larger hotel/office complex with no physical boundaries segregating the parking amongst the users.
- *Valet Parking not Viable* – Space for 45 valet parking stalls were shown on the site plan and referenced within the parking study. Staff is not certain that all 45 parking spaces are viable due to the blockage of drive aisles and the orientation of the stalls, which would require multiple cars to be moved in order to access certain stalls. A more realistic number of viable valet parking spaces is 30, which is what was approved in 2000 when the European Crystal Banquet facility was originally built. The utilization of 30 on-site valet parking spaces will help during peak demand, but is not sufficient to address the overall parking shortage.
- *No Contingency Plan* - The subject property has not provided a perpetual easement agreement with a neighboring property to park cars off-site during times of overflow. Additionally, there is no space on the subject property to accommodate for landbanked parking. Staff has requested the applicant provide a contingency plan outlining where overflow parking could be accommodated during peak occupancy of the hotel and banquet facility. Other than the details on the valet parking areas, the parking study did not contain a contingency plan.

Furthermore, the parking study relies on several assumptions to make the point that the existing 172 parking spaces will be sufficient to accommodate the proposed use. The Staff Development Committee raises issue with several of these assumptions:

- The study states that *“Hotel occupancy on weekends is typically low in the northwest suburbs with occupants being primarily airline employees and attendees of events at the banquet facility”*. Staff has analyzed the data within the market study, which concludes that in the year 2015 the suburban hotel occupancy peaked at 75.1% on Wednesdays, with only a slight drop to 72.7% occupancy on Saturdays. These figures indicate that usage of the hotel will also be high during weekends when the banquet hall is also experiencing its peak.
- The parking study states that the *“European Crystal Banquet is not in use on weekdays when the hotel occupancy is the highest.”* Staff notes that one of the reasons for adding a hotel to the existing banquet facility is to increase its marketability for weekday events. Furthermore, the market study indicates that the banquet facility will be in operation during the week. Weekday parking was not addressed in the parking study, and it is understood that there are some events at the banquet hall during the week.
- The parking study does not contemplate the need for off-site overflow parking. The study states that *“In the unlikely event that additional parking is needed, valet service can be provided during peak events at the banquet facility”*. Staff notes that the market study provides a more realistic scenario, stating that the *“increase in parking requirements [relative to the hotel addition] can easily be accommodated by agreements with adjacent properties for overflow on weekends.”* The Staff Development Committee has observed that parking currently overflows onto neighboring properties during peak times at the banquet facility, and the situation will only be exacerbated with the addition of a 126 room hotel. No formal agreement to park on neighboring properties has been provided.

In sum, the parking study has not provided sufficient evidence that the 172 parking spaces are adequate for the dual hotel/banquet hall use. Staff believes that significant overflow parking will occur on neighboring properties, and the petitioner has not addressed this situation. For these reasons, staff cannot support the variation to reduce the parking requirements. The applicant has been made aware of these issues and elected to proceed to the Plan Commission without fully addressing staffs concerns. A letter from the petitioner explaining their desire to move forward with the application has been included in the packet to the Plan Commission.

Relative to traffic, the study has found that the existing access drive onto Algonquin Road will be suitable to handle the expected traffic generated by the proposed development and no improvements to the intersection are needed. The Engineering Department review of the traffic study suggests that additional information is needed to estimate the combined traffic impact of both the hotel and banquet hall (only the hotel traffic was accounted for).

Staff notes that during the evening rush hour, staff from the Police Department direct traffic leaving from the Pace Bus office building located across the street. Although the petitioner could contract with the Police Department to provide for special traffic control services during peak events, it is unknown how frequently they have done this in the past. While the traffic study found that adequate gaps in traffic exist along Algonquin Road to allow the anticipated traffic from the hotel and banquet facility to make safe ingress and

gress, the day of survey on which these estimates were based is the same Saturday in March where event traffic appeared uncharacteristically low. Staff has concerns that the traffic study has not adequately studied and accounted for peak traffic generation of the hotel/banquet hall facility. Furthermore, weekday usage of the banquet facility, as outlined in the market study, could conflict with the evening rush hour traffic along Algonquin Road, and staff notes that this situation was not studied in the traffic study.

Options

Staff has previously discussed several options with the petitioner to help address the parking problem. These options included:

1. Reducing the size of the facility to decrease the parking requirements so that the proposed parking could potentially accommodate the sum of the uses on the subject property.
2. Providing alternative additional long term secure parking options, either on site or on neighboring properties
3. Providing detailed documentation within the parking study to show that the proposed parking is sufficient to support the uses on the subject property.

RECOMMENDATION

The Staff Development Committee has reviewed the proposed Land Use Variation to allow a 126 room hotel within the M-2 District, and the Parking Variation and Drive Aisle Width Variation, and while supportive of the hotel concept and potential investment into the community, recommends denial of the application due to concerns over traffic and a lack of parking as identified in the above report.

September 8, 2017

Bill Enright, Deputy Director of Planning and Community Development

Cc: Randy Recklaus, Village Manager
All Department Heads

EXHIBIT I: Proposed Development Changes

	1st Proposal (June '16)	2nd Proposal (March '17)	3rd Proposal (original version)	3rd Proposal (current version)
Building Height	115'	147'	124.5'	134.5'
Number of Stories	10	13	12'	12'
Number of Rooms	160	102	126	126
Length of Hotel Building	192	130	157'	157'
Number of Parking Spaces Required	461	255	275	310*
Number of Parking Spaces Proposed	151	175	172	172
Parking Deficit	309	80	103	138
Building Footprint	10,786 sq. ft.	6,045 sq. ft.	8,875 sq. ft.	8,875 sq. ft.
Banquet Spaces	9,354 S. ft.	5,654 sq. ft.	5,654 sq. ft.	5,654 sq. ft.

*May change if proposed use mix is altered

Prepared by the Planning and Community Development Department

EXHIBIT II: Existing Parking and Proposed Parking

Existing European Crystal Banquet Facility

SPACE	PARKING CODE USE	GROSS SQUARE FOOTAGE	MAX OCCUPANCY	SEATING AREA	NUMBER OF ROOMS	PARKING RATIO	PARKING REQUIRED
Main Banquet Hall	Place of Assembly	5,654	377*	-	-	30% of Occupancy	113
Front Banquet Hall	Place of Assembly	2,910	194*	-	-	30% of Occupancy	58
Total Banquet		8,564	571				171
Total Parking Required							171
Total Parking Provided							175
Parking Surplus/(Deficit)							4

Proposed Ivy Hotel & European Crystal Banquet Facility

SPACE	PARKING CODE USE	GROSS SQUARE FOOTAGE	MAX OCCUPANCY	SEATING AREA	NUMBER OF ROOMS	PARKING RATIO	PARKING REQUIRED
Main Banquet Hall	Place of Assembly	5,654	377*	-	-	30% of Occupancy	113
Total Banquet		5,654	377				113
1st Floor Coffee Shop	Restaurant - Sit Down	366**	-	183***	-	1 per 45 sq. ft. of seating area	4
1st Floor Spa	Beauty Shop	1186**	-	-	-	1 per 250 sq. ft.	8
12th Floor Lounge/Bar	Place of Assembly	2936**	196*	-	-	30% of Occupancy	59
Hotel	Hotel	-	-	-	126	1 Space per Room	126
Total Parking Required							310
Total Parking Provided							172
Parking Surplus/(Deficit)							(138)

Analysis Completed 08/24/17

* Building Code calculates occupants at 1 per 15 sq. ft. of space

** Estimate based off scaled plans. Actual sizes must be verified by architect.

*** Estimated based on 50% of overall floor area

Prepared by the Planning and Community Development Department