

City of Crystal Lake Economic Development Committee
March 27, 2012 – 7:30 a.m.
Municipal Complex – City Council Chambers Conference Room

Call to Order

The meeting was called to order at 7:30 a.m.

Roll Call/Attendance

Members Affrunti, DeHaan, Haleblian, Hymes, Reece, Riley, Saidler and Fowler were present. Mr. Dalzell was absent.

Michelle Rentzsch, Director of Planning and Economic Development, and James Richter II, Assistant Director of Economic Development, were present from staff. Mike Smith with PEDCOR Investments was also in attendance.

Approve Minutes of the February 28, 2011 EDC Meetings

Mr. Haleblian moved to approve the minutes from the February 28, 2012 EDC minutes as presented. Mr. DeHaan seconded the motion. On voice vote, members Affrunti, DeHaan, Haleblian, Reece, Riley, Saidler, and Fowler voted aye. Mr. Hymes abstained. Motion passed.

Public Participation and Comment

There was no one present who wished to speak.

PEDCOR Companies presentation on workforce housing

Mr. Richter introduced PEDCOR Investments proposal for a workforce housing development on Congress Parkway. The project has gone before the Planning and Zoning Commission for a Conceptual Review and will be moving forward with a Preliminary PUD request.

Mr. Smith thanked the Committee for allowing him to come to the meeting and make a presentation. He said their company is the 7th largest residential developer in the country and through their 4 principal parts of the organization they are able to handle everything from property selection to construction to property maintenance.

Mr. Smith said there are 20,000 jobs within the City of Crystal Lake and approximately 83% of the work force commutes to work. They travel as much as 50 miles. Housing is an issue and the average rent for a 1-bedroom apartment in Crystal Lake is \$1,100. Most workers who do live in Crystal Lake spend more than 47% of their income on rent. Anything over 30% is a cost burden. PEDCOR's target renters earn between \$15,900 and \$52,000. If a renter's income goes over \$74,000 will be asked to find other housing. This development will generate approximately \$578,000 in sales tax revenue. When people work and live in the same community, the tax dollars stay in that community. This creates a wide economic base.

Mr. Smith said their projects are energy efficient and do receive one form of certification either LEED or green building. Approximately 10-20% of their renters are seniors. He said LSSI targets lower income seniors and this would be the next step up. This development targets disabled renters which makes up about 25% of their renters. There will be some children living in this community and using the Naperville formula they believe there will be 19 school aged children housed within this development. This location is ideal with all of the services right here.

Mr. Smith said Crystal Lake has less than 20% affordable housing. This development will also target veterans. All of their ground floor units are adaptable and they will pay for adapting the units for the tenants. He said to obtain IHDA tax credits, the application process dictates that points are given for various amenities such as proximity to train stations, stores, medical facilities, etc. This is a very competitive process. They will also have a club house, community room, pool, business room, etc. The apartments will have large bedrooms and walk-in closets. He showed the conceptual site plan. There will be a sidewalk connecting the buildings which can be used as a walking path. This development is self contained and within walking distance of other amenities.

Mr. Smith described the square footage of the units and the elevations look like a single family residences. Every unit will have an attached garage. This development doesn't look like a typical apartment building.

Mr. Haleblan asked about the number of units per building. Mr. Smith said there will be 10 per building. Mr. Haleblan asked if this was "Section 8" housing. Mr. Smith said it is not specifically Section 8 but they will take vouchers. Ms. Rentzsch said Skyridge apartments takes vouchers. Mr. Smith said the screening criteria that they use are listed in the back of the packets that were handed out. Mr. Haleblan asked if they require copies of tax returns to review. Mr. Smith said they require a letter from the employer indicating the potential renter's salary, etc. He said the leases are up annually and the resident must be reviewed annually. If there are problems with drugs, sexual abuse, etc., the tenants are evicted immediately. They do have a significant number of rules – if the rules are broken they will be asked to leave immediately.

Mr. Haleblan said the tenants have more rights than the landlord. Mr. Smith said their lease is very strict but the key is screening up front. Their screeners have been very successful. It's how you manage the properties and they want to protect their property.

Mr. Smith explained how allocations work. Previously, they were geared toward senior housing and now they are back to family housing. They also agree to keep their rents within a certain range.

Mr. Richter said the IHDA application requires community support and Mr. Smith is here to request the EDC's support.

Mr. Saidler asked if there will be on-site property maintenance. Mr. Smith said yes and they have extensive training. There is a lot of paperwork for the Federal agencies and it is very complex.

Mr. Affrunti asked about the Naperville formula. Ms. Rentzsch explained that this formula is widely used by communities within Illinois to help determine the number of school aged children a school district may expect from any development. She said Crystal Lake also uses that formula in an impact fee determination.

Mr. Smith said they just opened a development in Waukegan and invited the members to go see for themselves. The Waukegan development is 126 units and the proposed development in Crystal Lake has 70 units. Mr. Affrunti asked if that development is within a business development. Mr. Smith said it is next to residential but they do have some in business/industrial areas.

Mr. Fowler said during their tours of local businesses, they have noticed that there is a need for affordable housing here. He added that the Council is very supportive of businesses that create sales taxes and that the employees of retail businesses have an affordable place to live. Mr. Smith said they will also spend their money here if they live here. Mr. Hymes said his company does not have an employee that lives within the City of Crystal Lake. This development would certainly meet their needs. He asked about a time line for the

project. Mr. Smith said there is no published date to have the applications in for initial review but believes it may be sometime in May. He believes a decision on the funding will be made by the end of this year. Then they will need to market the credits but since they have been doing this for many years, they have banks that seek them out.

Mr. Haleblian asked about the number of employees they will have after the development is complete. Mr. Smith said there will be 2 full time employees and several part time employees. Mr. Affrunti asked if they had met with the Crystal Lake Business Center Association for the business park. Mr. Smith said they have not but he is certain that they will want this here. Mr. Affrunti said Congress Parkway is very congested and asked if this will create less traffic. Mr. Reece said Camelot School was approved by the City. It was going to be a school with some residences.

Mr. Haleblian said he likes it. Mr. Reece said he doesn't have any employees that live in town. This is needed.

Mr. Reece moved to have the EDC create and send a letter of support for PEDCOR housing development on Congress Parkway. Mr. DeHaan seconded the motion. On voice vote, all members voted aye. Motion passed.

Mr. Fowler asked what the next step for the approval is. Ms. Rentzsch said the developer will be making a presentation of their preliminary plans to the PZC on April 18. She said staff will be going to the development in Waukegan to take photos for the PZC members who will not be able to see the development first hand.

Incentive programs update

Mr. Richter said the budget presentation was recently made to the City Council and there was no negative feedback. Next month they will revisit the programs for possible changes to the incentive programs. He reviewed the programs and what funds are remaining. The 50% fee waiver was very successful. There have been no takers for the volume cap so far. Mr. Fowler asked if they could be sold. Mr. Richter said yes and explained the process.

I Shop Crystal Lake Strategy for 2012-13

Mr. Richter said today's discussion will be to do more brain storming for the I Shop program. Mr. Reece had sent to Mr. Richter his comments. He suggested keeping the I Shop program in the public eye but possibly changing the contest to quarterly and increasing the dollar amount required to \$500 per entry. Mr. Fowler said this program has been proven and the shoppers are involved. He added that if there are funds it should be done year around instead of stopping and starting. Mr. Saidler said he knows of people who live in Marengo who look for this contest. He agreed with making it longer between contests and to possibly start it for the Holiday promotion.

Mr. Richter said if the contest were to continue under the current two-month structure year around, that would be \$18,000 out of the total budget of \$25,000. Mr. Fowler said it may need to be changed to quarterly. Mr. Richter said there also needs to be advertising done for the contest. Mr. Reece said the applications were put in the bags for Expo this past weekend. Mr. Richter thanked Mr. Reece for the support of the Chamber.

Mr. Saidler asked if there were any statistics that could be given to businesses regarding number of e-mails sent in an e-blast, how many people visit the site, etc. He also asked if we had information on what

percentage of the applications come from what communities. Mr. Richter said all of that information is available. Mr. Saidler asked that it be included in their monthly meeting information so they know how well this program is going. Mr. Richter said he will do that.

Mr. Fowler suggested an article be included in the Chamber newsletter and the Northwest Herald's Business Journal regarding the I Shop programs including what we have done in the past and include statistics. Those are read by business people which may spark them into joining the Rewards program. Mr. Richter said entering information on the new I Shop website is much easier than before.

Mr. Reece said the contests are successful because we are focusing on the shoppers. We are getting them out to shop locally.

Mr. Richter asked if the new business signs help. Mr. Haleblan loves them. Mr. Fowler said they need to keep the momentum of the shoppers moving since they have limited resources. This is a consistent program that works. Mr. Haleblan said he doesn't want to run out of funds for other things.

Mr. Reece left the meeting at this time.

Mr. Fowler said they should move the contest to quarterly and possibly businesses will give gift cards as possible awards. Mr. Richter said he was hoping that they would donate cards for the holiday promotion. He has received a lot of good feedback about the program. Mr. Haleblan agreed that the threshold should be raised to \$500.

Mr. Richter said this will be discussed again at the next meeting.

Organization Reports

Downtown Crystal Lake (Brian Fowler)

Ms. Rentzsch said things are going well downtown. They are gearing up for the Lunch with the Bunny as well as the farmers' market and lunch/dinner in the park. She added that the State uses Crystal Lake as a model on how to run a Main Street program. Ms. Rentzsch said The Olive Tap will be opening soon in downtown.

McHenry County Economic Development Corporation (Brian Fowler)

Mr. Fowler said the McEDC checked the numbers provided by Mr. Smith and they are correct. He said the McEDC will be contacting businesses to get support for the project. Mr. Hymes said if affordable housing were available, that would be a great recruiting tool for his business.

Chamber of Commerce (Gary Reece)

Mr. Richter said Expo was well attended even with the nice weather on Sunday. He said the Springboard event will be held the middle of next month and will focus on serving the middle 60% of businesses.

City of Crystal Lake (James Richter and Michelle Rentzsch)

Mr. Richter said the library is looking into expanding and handed out copies of their conceptual plan.

Ms. Rentzsch said MCC has developed a master plan. They do need room and will possibly be purchasing additional property. She described some of the key items in the plan. This will be discussed at the next City Council meeting.

Mr. Fowler said the use of the library is at an all time high. Ms. Rentzsch said this conceptual plan doubles the current space. Also the neighbors were notified of the meeting with the PZC and no one showed up. Mr. Hymes asked what is driving the demand for the library. Ms. Rentzsch said they have technology, e-books, DVDs, etc.

Mr. Affrunti asked why MCC doesn't go with a parking garage. Ms. Rentzsch said the cost is very high to build. They feel it would be better to purchase property while the prices are lower.

Monthly Report to the City Council

Mr. Richter said he will prepare the report for Council and will include the PEDCOR discussion and I Shop information. The members agreed.

Comments from the Committee

Mr. Richter said there was a recommendation to change the start time of the EDC meetings from 7:30 to 8:00. Mr. Affrunti said the earlier the better. Mr. Haleblian agreed. The consensus was to maintain the 7:30 a.m. start time.

Mr. Haleblian said there is an article in the Northwest Herald regarding 5 Guys. They had the best 2 week opening of any of their stores in the Midwest.

Adjourn

There being no further business, the meeting was adjourned at 8:45 a.m.