



COMMITTEE OF THE WHOLE MEETING
MONDAY NOVEMBER 5, 2018
(Immediately following the Village Board Meeting)

AGENDA

CALL TO ORDER

ROLL CALL

AUDIENCE COMMENTS

TRUSTEE COMMENTS

DISCUSSION

1. Rt. 31/56 Marketability Assessment Presentation

EXECUTIVE SESSION

1. Review of the Release of Executive Session Minutes
2. Collective Bargaining

ADJOURN

Initials SB

**VILLAGE OF NORTH AURORA
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
CC: STEVE BOSCO, VILLAGE ADMINISTRATOR

FROM: MIKE TOTH, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR

SUBJECT: BLOCK ONE SITE MARKET ASSESSMENT

AGENDA: NOVEMBER 5, 2018 COMMITTEE OF THE WHOLE MEETING

DISCUSSION

The Village's Strategic Plan includes a goal titled "Redevelopment and Enhancement of the Route 31 Corridor". Within that goal there are objectives to develop a planned approach to redevelop the area and explore public/private partnerships to facilitate redevelopment at the intersection of Route 31 (Lincolnway) and Route 56 (State Street). Per a recent conversation with the Village Board regarding the potential redevelopment of the Route 31/56 area, staff requested a market assessment overview from Houseal Lavigne and Associates. The primary purpose of the assessment was to determine the marketability of the Village's owned properties within the "Block One" area. To complete this assessment, Houseal Lavigne also looked at the marketability of developing only the Village-owned properties and the Block One site as a whole, including those properties not owned by the Village. Attached is the summary report from Houseal Lavigne, who will be providing a presentation of their results to the Village Board for feedback.

Staff is requesting feedback from the Village Board on the development strategies included in the Block One Site Assessment, specifically as to whether staff should move forward with marketing the Village's owned properties.

Attachments:

1. Block One Site Market Assessment, prepared by Houseal Lavigne Associates, dated October 2, 2018



MEMORANDUM

TO: Village of North Aurora
Mike Toth, Community and Economic Development Director

FROM: Houseal Lavigne Associates
Dan Gardner, Principal

DATE: Tuesday, October 2, 2018

RE: Block One Site Market Assessment

This memorandum provides an assessment of the development potential of the Block One site bounded by State Street on the south, Lincolnway (Rt. 31) on the west, Oak Street on the north and Monroe Street to the east.

The site, as it exists today, is divided between multiple owners including the Village of North Aurora, the North Aurora Fire Protection District, and private ownership. The entire site area is just under six acres including an alley right-of-way that bisects the site north to south.

The analysis considered development potential from multiple scenarios. Given lack of unified ownership, there are multiple scenarios in which the site could be redeveloped. Analysis focused on the following three:

Development Scenario 1.

Only the Village-owned portion of the site is available for development. This could also include the Village-owned parcel to the north of the Fire District site to allow for access to/from Monroe Street, the Fox River Trail, and provide additional surface parking for development. The parcel north of the Fire District site could also be retained to be included in future redevelopment of the Fire District parcel.

Development Scenario 2.

The Village-owned parcels are combined with the Fire District parcel.

Development Scenario 3.

The entire site is assembled and developed under a unified development plan.

The Block One site in its entirety, measures just under six acres. Development under any scenario would trigger a required Planned Unit Development (PUD) under the Village's zoning ordinance due to parcel sizes. While the PUD would specify height, density, setbacks and development guidelines, the Village's zoning ordinance was reviewed to provide an indication of the maximum height allowed under other classifications as of right (not under a PUD). The R-

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3 and R-4 districts both allow multi-family structures, however the R-4 district affords greater height (45' or 3.5 stories maximum).

Based on the current lot configurations and accounting for lot coverage and setbacks, preliminary site yields were prepared and reconciled with market data. Using the R-4 Zoning with a 40% lot coverage ratio and required setbacks, a total coverage of approximately 100,000 square feet is estimated for the entire Block One site (Development Scenario 3). The Village-owned parcel, on the southwest corner of the block, is roughly a two-acre parcel. Using the same R-4 Zoning model, this parcel would provide approximately 35,000 square feet of coverage (Development Scenario 1). The Village-owned parcels combined with the Fire Protection District Parcel, is roughly four-acres, which would provide approximately 70,000 square footage of coverage (Development Scenario 2).

The market assessment conducted for this engagement does not include a detailed development program or pro forma analysis, but rather a preliminary indication of the strength of the market, and the type of development that may be supportable. Research and information used in conducting this analysis included: Costar market data, Esri Business Analyst, and discussions with developers and Village officials.

Market Area Supply and Demand

While significant demand would come from the greater Aurora area, the market for development would extend well beyond this area. For purposes of demographic analysis and supply/demand data, the following two sub markets were analyzed. The Aurora submarket which includes North Aurora, Aurora, Montgomery, Sugar Grove and portions of surrounding communities. The Fox Valley submarket which extends north of St. Charles and includes Batavia, Geneva, West Chicago and portions of other surrounding communities.

A ten-mile radius around the site was also evaluated. While this area provides, an indication of regional demographic conditions as it relates to potential renters/buyers, the two aforementioned submarkets provide the best indication of the competitive context within which the Block One site could develop.

While the Block One site has good exposure and is proximate to existing retail/restaurant uses, it is not anticipated that commercial use would drive development. To that end, while the focus of development potential is on residential, it would be advisable to include a mixed-use component consisting of retail/restaurant uses on the first floor. This would, however, only be feasible for the portion of the property fronting State Street and could be extended should the Fire District property become available. A portion of the development extending north on Lincolnway may also include ground floor commercial but would not need to extend to the northern most point.

As noted, the residential component will drive development interest and feasibility. Given market dynamics and developer feedback, multi-family residential could be supported. The Aurora market has traditionally supported lower to mid-tier development, however recent and planned additions to the market have included higher end projects. Development to the north

within the Fox Valley submarket includes a mix of mid to higher end development. At this time, indications are that only rental units would be supportable for multi-family.

In addition to amenities, one of the primary market differences is how parking is provided. Some mid and all higher end projects include underground or enclosed parking. The inclusion of enclosed parking within the development (as opposed to surface parking) will impact development cost, and ultimately the Village's level of participation. It does, however, also allow for greater density.

A mid to higher end project with enclosed parking would be new for North Aurora. However, given the site location and municipal control of the key corner site, this would present the best long-term option for the Village. Growth in demand is projected within both submarkets, of which North Aurora is positioned to capture a proportionate share.

There are indications of market support for a mix of one- and two-bedroom units with average unit sizes of approximately 1,200 square feet. Vacancy and absorption rates for studio and three-bedroom units have been higher and are not envisioned in the product mix for this location. Parking ratios vary but should include 1 to 1.5 enclosed spaces per unit with additional surface parking for residents and guests.

Owner occupied attached single-family (townhomes/rowhomes) may be incorporated into a larger development plan. It is, however, contingent on development of properties other than the Village owned parcel. Single family detached is not considered a viable product at this location.

The senior housing market is also expanding within the region and the market area. The potential exists to accommodate this product on the Village-owned parcel or within the overall development.

Preliminary Development Conclusion

The Village-owned parcel (Development Scenario 1) could accommodate the depth of the multi-family/mixed use market for North Aurora today. Additional development of the larger site would need to be phased and may include different product types. Given the proximity to the river, attached single-family townhomes or row homes could be marketed for the combined Fire District and adjacent northern parcel (Development Scenario 2), as well as for the private properties on Oak (Development Scenario 3). As with the higher-end rental, owner occupied single-family attached product would be new to North Aurora but not to the greater market.

While the ideal scenario would be for programmed development of the entire site (Development Scenario 3), the Village presently controls the key parcel. In addition, through the PUD process, the Village has further control over future development on adjacent parcels.

The Village should continue to work with the Fire District and adjacent property owners on property acquisition and/or collaboration with developers. In that the availability of the other properties maybe a longer-term prospect, development of the Village owned corner parcel should be the Village's priority in the short to mid-term.