

**PLAN COMMISSION
VILLAGE OF DEERFIELD
Minutes**

The Plan Commission of the Village of Deerfield called to order a meeting at 7:30 P.M. on August 24, 2023 at Deerfield Village Hall.

Present were: Al Bromberg, Chairman
Blake Schulman
Jennifer Goldstone
Bill Keefe
Kenneth Stolman

Absent: Lisa Crist
Sara Lubezny

Also present: Jeff Ryckaert, Principal Planner
Daniel Nakahara, Planner

Public Comment on a Non-Agenda Item

There were no comments from the public on a non-agenda item.

Chairman Bromberg swore in all who plan to testify before the Commission.

WORKSHOP MEETING

1) Prefiling Conference on the Request for Approval of an Amendment to a Commercial Planned Unit Development to Amend the Previously Approved Second Floor Plans of the 728 Waukegan Road (Barnes & Noble) Space from an Approved Office Use to Ten Residential Apartment Units at the Shops of Deerfield Square (Kirby Limited Partnership)

Chris Siavelis with Kirby Limited Partnership addressed the Commission as the owner of Deerfield Square and was joined by Jesper Dalskov with Stantec Architects and Chuck Malk with CRM Properties. Mr. Siavelis stated that in early 2022 the Plan Commission approved changes to the 728 Waukegan Road building, the former Barnes and Noble space in Deerfield Square. The Board of Trustees also approved the use of office on the second floor. Since then they have reevaluated the second floor use and concluded that luxury apartments would be the highest and best use. Ownership is now proposing to convert the second level into ten luxury rental apartment units. The current mix, which is preliminary and subject to change, would be nine two bedroom units and one, one bedroom unit and an interior trash room. Mr. Siavelis turned it over to Mr. Dalskov to describe the project in more detail.

Mr. Dalskov showed the site plan for the PUD and pointed out the building and the unchanged design in front for the outdoor seating. He stated that they are adding 10 bicycle stalls to the back and a residential loading bay. He showed renderings of the elevations and stated that the materials are the same as the previous design. He pointed out that the balconies have changed, and a glass railing has been added. There were previously canopies of the same size that are now being used as balconies for residential units on that floor. They added operable windows as

needed for natural ventilation and doors to access the balconies. Another thing that was changed on the elevation was the center portion of the gray brick for the one additional bay added, previously two were planned and now will be three. The additional bay will better accommodate flexibility for the retail layout and better accommodate the residential units on the second floor.

Mr. Dalskov reported that the rear elevation main change is to the balcony. It will be a continuous steel balcony partitioned by planters that will be maintained by the landlord. Additional windows will be added to the elevation for residential units. And operable doors going to the balconies, as well. Otherwise they are largely the same elevations as previously proposed.

Mr. Dalskov stated that the ground floor is also largely unchanged except for that the lobby is now an apartment lobby and not an office lobby. The apartment layout is preliminary just for reference to show how they could layout nine two bedroom units and one one bedroom unit, and to show the locations of the balconies.

Mr. Dalskov showed the roof plan and noted that the rooftop HVAC units will be lower profile than the commercial units that would have been required for office, and they will not be visible. Mr. Siavelis added that the units will be below the height of the parapet. And regarding parking requirements, under the current zoning for residential use they are required 33 less spaces than office. That makes this use less about parking demand and therefore they would like to ask to have the parking and traffic study waived.

Mr. Siavelis stated that the apartment tenants will be free to park either in front of the 728 building and enter through the main apartment lobby, or in the back. He added that employers for the retailers in the 720-728 building primarily park in the east-west row of parking behind that building. Mr. Siavelis could envision the apartment residents parking in back and using the back door or in front and entering through the main lobby as visitors would.

All commissioners agreed to waive the parking and traffic study.

Mr. Siavelis stated that a tax impact study is typically required by the Village. They have consulted with property tax counsel on how Lake County assesses properties which is 33% of market (value) and given the fact that net operating income, which is used under the income approach to rate properties, is relatively the same as it was for the office, so there is no material impact on the taxes. The taxes that would be levied for the office plan would be approximately the same levy as residential. So they are also asking to waive the tax impact study. Chair Bromberg asked if the rent they would have received for the office space as comparable the rent received for residential. Mr. Siavelis clarified that net operating income (gross rent minus expenses) would be the same as was projected for office as it would be for residential with this change. Commissioner Shulman asked if the appraised value is calculated by more than just the income approach. Mr. Siavelis commented that typically for commercial properties, they use the income approach and reconciling with the other two approaches (cost and market value approach), but the assessor primarily focuses on the income approach for income producing properties unlike a house which would be solely on a sales comparison approach.

Chair Bromberg confirmed that all commissioners agree to waive the tax impact study.

Mr. Siavelis stated that for the feasibility study for apartments, in 2022 the 833 Deerfield Road apartment project (40 units) was presented, which did not move forward due to increasing construction costs. He noted that the feasibility study for that (833 Deerfield Road) apartment project clearly indicated that there is a market for apartments in the area and in this general location. Chair Bromberg confirmed that the 833 Deerfield Road project is dead. Mr. Siavelis replied that 833 is not going forward and that the big difference in cost is between new construction for 833 versus an existing building they have with the proposed project. So these numbers make more sense, especially with rising interest rates.

Commissioner Stolman asked if it is more lucrative to do apartments versus office. Mr. Siavelis replied that when they look at the financial analysis between office and residential, the net operating income is relatively the same. The risk with apartments is always considered lower than with office. Especially when the market is looking at 30 plus percent vacancy rates for office and around 4 percent for residential. Mr. Siavelis stated that the target market for this apartment project is people downsizing or divorcees.

Chair Bromberg confirmed that the Commission agreed to waive the feasibility study.

Mr. Siavelis commented on the proposed balconies, especially on the north elevation. He shared that in the packets they included distances from those balconies from Deerfield Road, Waukegan Road, and the south elevation from Osterman. The north balconies are 546 feet from Deerfield Road, 325 feet from Waukegan Road, and 197 feet from Osterman. These are considerable distances and will be addressed in more detail with the Appearance Review Commission. He added that apartments must have private outdoor space or leasability is diminished.

Chair Bromberg confirmed that there will be tenant rules on what they can allow on the balconies for safety. Mr. Siavelis stated that grills will probably be prohibited. Commissioner Keefe stated that he believes they should be prohibited for these balconies.

Mr. Siavelis stated that they anticipate starting construction in the early part of 2024 and the project is a nine month project to complete and move ins start by the fall of 2024.

Chair Bromberg asked about the first floor of the building. Mr. Siavelis said it will be done by November of this year and they are meeting with parties to lease it at this time.

Commissioner Stolman asked when they could start leasing. Mr. Siavelis commented that they will be hiring a third party leasing and management first for the apartments. He added that renters are usually looking 60 to 90 days before a lease start date.

Commissioner Goldstone asked what the rent rates would be. Mr. Siavelis replied that it will be around \$2.85 a square foot which is the market rate.

Commissioner Stolman asked if there is a demand for small units as small as 750 square feet. Mr. Siavelis said this is average size for a one-bedroom unit which has demand.

Mr. Siavelis said they are seeking an amendment to PUD which is a special use, and he will address the special use criteria. He is confident that the proposal is compatible with the development, have sufficient lot size. No negative impact on traffic or parking. Parking demand is less than of office. He believes the 10 market rate apartments will not have a detrimental

effect on surrounding properties or community and has adequate facilities to service the ten units, and there are no engineering concerns. He also noted that apartments above the first floor complies with the Village's Comprehensive Plan. He asked for more questions and feedback.

Commissioner Schulman commented that there is a freight elevator in the back and asked if a passenger elevator is in the front. Mr. Siavelis confirmed that there is, and showed the elevator in the front lobby adjacent to the stairs, same as how the office lobby was. Commissioner Schulman confirmed that if you park in back, the only way up is a freight elevator or stairs. Mr. Schulman confirmed there will be a trash room installed. Mr. Siavelis said yes, and pointed out the tentative location and will see how to fit a chute from the second floor. He added that the scavenger company will enter through the service corridor, roll the two yarder (trash dumpster) out, empty the dumpster and return the dumpster to the trash room.

Commissioner Schulman confirmed there is one unit without a balcony.

Commissioner Keefe commented that there is no requirement for affordable housing with only ten units. But he recalls that if there is a development that came in piece meal you couldn't do some at one time to avoid the affordable housing ordinance. He asked what if more units came in this development in the future. Mr. Nakahara clarified that if they added more units it could be subject to the stipulations in the ordinance. If you have 20 units there would need to be some affordability. Mr. Siavelis replied that he understands and would cross that bridge when they came to it. Commissioner Keefe clarified that units in the same PUD would apply.

Commissioner Stolman asked if there are any concerns about the retail on the bottom floor with possible food service businesses. Mr. Siavelis replied that no, they will put sound barriers in the ceiling of the retail as well as odor transfer mitigation.

Chair Bromberg asked how occupancy is in the office space above Potbelly's at 740 Waukegan. Mr. Siavelis replied that it is strong, in the 90s percentile.

Mr. Ryckaert asked if a tenant does not comply with balcony regulations how that is handled. And if they ignore warnings, what can they do to enforce it. Mr. Siavelis said they would levy fines and that usually gets their attention.

Chair Bromberg asked about a grilling on the balconies. Mr. Ryckaert replied that he will look into this matter.

Mr. Nakahara added they are seeing the Appearance Review Commission (ARC) on Monday. Mr. Siavelis expects most of this meeting to centered around the balconies.

Commissioner Schulman commented that there is underground parking beneath the office building in the PUD, and asked if it would be available to the residential tenants. Mr. Siavelis replied that they are taking this into consideration right now. Commissioner Schulman replied that he believes it would be desirable. Mr. Siavelis stated that they have to weigh the impact of it on the office tenants, as well. Chair Bromberg added that if someone uses the train and doesn't use a car often, it may be a nice option.

Commissioner Stolman asked if the retail development on the first floor would impact this project or if they would be concurrent projects. Mr. Siavelis replied that it depends on the leasing and individual build outs. The apartment construction is planned to begin in the spring.

Mr. Ryckaert reported that this matter will come back for a public hearing on September 28, 2023.

DOCUMENT APPROVAL

1. July 13, 2023 Plan Commission Minutes

Commissioner Goldstone moved, seconded by Commissioner Keefe to approve the minutes. The motion passed with a unanimous voice vote.

Items from the Staff

Mr. Ryckaert reported on upcoming items and that the next meeting will be on September 14, 2023.

Adjournment

There being no further discussion, Commissioner Goldstone moved, seconded by Commissioner Stolman to adjourn the meeting at 8:09 P.M. The motion passed with a unanimous voice vote.

Respectfully Submitted,
Laura Boll