

## MEMORANDUM



VILLAGE OF DEERFIELD

TO: Plan Commission

FROM: Jeff Ryckaert, Principal Planner and Dan Nakahara, Planner

DATE: March 3, 2023

RE: RE: Prefiling Conference on Request for Amendments to the Deerfield Comprehensive Plan and Text Amendments to the Zoning Ordinance to Create a New Entertainment and Retail Zoning District South of Lake Cook Road.

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The purpose of a prefiling conference is to provide the applicant with input, direction, and feedback on their proposal prior to the public hearing.

### **Background:**

The Village is in the process of creating a Tax Increment Financing District for 44.5 acres of property located on the south side of Lake Cook Road (see attached map of Lake Cook Road TIF). The properties in the TIF include the former Walgreens properties on the south side of Lake Cook Road which include 6 office buildings at 1411, 1415, 1417, 1419, 1425, and 1435 Lake Cook Road, and the Embassy Suites Hotel at 1445 Lake Cook Road. The 6 Walgreens office buildings have been mostly vacated. Walgreens leases the property from the property owner (Orion) and Walgreen's leases expires in August of 2023.

Tax Increment Financing (TIF) is an economic development tool to revitalize areas that lack growth and investment. A TIF can help to expand the tax base, grow equalized assessed valuation (EAV), encourage private and public investment including new businesses. TIFs help with extraordinary costs that would otherwise be cost prohibitive for public or private investment, and revenue for infrastructure improvements can come from growth in the property tax revenue (this is the increment) rather than having to raise property taxes on everyone. Basically, Tax Increment Financing districts are for areas that lack growth and investment.

Here is simplification of how a TIF works: The Village establishes a redevelopment area and that area is to be studied for qualifying TIF factors requirements. If the

redevelopment area meets the TIF factors, a redevelopment plan is created and that plan is considered and adopted by the Village Board. The adoption of the TIF Plan sets a specific time in which the tax base is frozen at that time's most recent EAV. Increases to the EAV over the next 23 years (maximum time for a TIF redevelopment area), is the tax increment which is collected and used to further the improvements in the established area. After the 23 year TIF period all taxing bodies receive tax on the full value of improved properties. Note: A TIF period can end before the maximum 23 year period.

The creation of a TIF district is rather involved and a lengthy process and requires some assistance from economic development experts, and the Village has retained consultant Ryan (formerly Kane, McKenna and Associates) to assist the Village with the creation of the new Lake Cook Road TIF District. A Preliminary TIF Eligibility Report for the Lake Cook Road TIF is currently being prepared by the consultant and Village staff. This report will be in front of the Village Board on March 6, 2023. Click [here](#) if you wish to view this report.

### **Recently Approved Downtown TIF**

The Village recently approved a Tax Increment Finance District for a portion of the Village Center that was lacking investment, looking tired, and not consistent with the rest of the Village Center. Click [here](#) for the recently approved downtown TIF plan.

*When the Village Board approved the downtown TIF plan a couple of months ago, the Village's Comprehensive Plan was consistent with the new downtown TIF plan, and there was no need to amend the Comprehensive Plan. In this case, the proposed Lake Cook Road TIF is not consistent with the Village's existing Comprehensive Plan, and an amendment is needed to the Comprehensive Plan.*

### **Proposed Comprehensive Plan Amendments**

Village staff in consultation with Mayor Shapiro has expressed a strong desire to see the former Walgreens campus south of Lake Cook Road redeveloped as a mixed-use development containing exciting entertainment uses, restaurants, and retail as the main/lead uses on the property, with residential (apartments) and medical office uses as a secondary/limited uses on the property.

*If the Village desires to see the 6 office buildings on former Walgreen's property on the south side of Lake Cook Road redeveloped as mixed-use with entertainment uses (e.g., Golf Social, or Pin Stripes), retail (including a grocery store), and full service restaurants (e.g., microbrewery) as the primary/lead uses and residential, and medical office as the secondary uses, then the existing Deerfield Comprehensive Plan will need to be amended as the proposed Lake Cook TIF plan needs to be in compliance with the Comprehensive Plan.*

Below are some thoughts regarding possible changes to the Comprehensive Plan for the Lake Cook Road TIF District in order to accomplish the uses indicated in the above paragraphs:

For the amendments to the Village's Comprehensive Plan, staff sees adding the following uses: retail, restaurants, and entertainment. Subarea 4.8 South of Lake Cook Road in the Comprehensive Plan (attached) does not allow for retail and commercial uses on the south side of Lake Cook Road for the area between the regional storm water retention basis west to the Tollway. Specifically, # 2 in Subarea 4.8 in the Comprehensive Plan reads:

2. Undesirable Uses. The Village strongly desires to contain and strengthen the existing business districts and to prevent strip commercial development from occurring along Lake Cook Road. To protect the residential uses to the north, commercial or retail uses are not recommended.

This language could be changed to strike out #2 (above) in its entirety and the following uses can be added to # 1 in Subarea 4.8:

- Retail
- Restaurants
- Entertainment

These possible changes to the Comprehensive Plan have been made in red, see attached Subarea 4.8 of the Comprehensive Plan. Changing the language requires an amendment to the Comprehensive Plan.

Subarea 4.3 Lake Cook Road Corridor (a larger geographical area than Subarea 4.8) appears to be fine. Subarea 4.3 of the Comprehensive Plan is attached.

Additionally, in order to make the proposed Lake Cook Road TIF Plan consistent with the Village's Comprehensive Plan, the future land use map in the Comprehensive Plan will need to be changed from the existing office use (gray) to retail (red) as the preferred land use.

### **Zoning Ordinance Text Amendments for New Commercial Zoning District**

Staff believes it makes sense to create a new zoning district (C-4 district) at the same time the Village is amending the Comprehensive Plan to accommodate the new uses envisioned for this area as it makes sense to have the uses we are envisioning to be allowed by the Zoning Ordinance. This new zoning district would have a limited geographic area. Note that the Village has a C-3 Limited Commercial District in the downtown with a very limited geographic area. Creating this new C-4 commercial zoning district should not be a lengthy document, but it should serve the purpose we are after. The C-3 Limited Commercial District in Deerfield is a somewhat brief zoning district, and our regulations in the specialized use in the C-3 Limited Commercial District have worked well over the years.

Possible name for the new zoning district: **C-4 Entertainment and Limited Retail Business District**

### **Below are some thoughts for USES in the new C-4 zoning district:**

**Allow the following retail uses as Permitted Uses in the new C-4 District:**

Please see the attached list of Permitted Use that staff has created for consideration by the Plan Commission for the new C-4 District,

**Allow the following uses listed below as Special Uses in the new C-4 District:**

**Allow Indoor and Outdoor Sports Themed Entertainment Establishments, including Golf Driving Ranges and Entertainment Establishments (this includes Golf Social and Top Golf), Miniature Golf, Skating Rinks, Bowling Alleys, and similar establishments as Special Uses.**

**Allow Restaurants which include live entertainment, dancing, when conducted as part of the restaurant operations and secondary to the principal use, but not including drive-thru restaurants.**

**Allow Multi-Family Development (current I-1 zoning allows for multi-family on the AMLI property only - as the Text Amendment for an apartment was specific to the AMLI property only).**

**Allow a food store, grocery store, and supermarket as a Special Use.**

**Allow a Motion Picture Theaters, except drive-ins, and Drama Theatre as a Special Use.**

**Allow a Comedy Club as a Special Use.**

**Allow a Banquet Hall as a Special Use.**

**Allow a Conference Center Facility as a Special Use.**

**Allow Health Clubs and Tennis Clubs as a Special Use.**

**Virtual Reality and Gaming Facility Use (see attached description of this use from an inquiry several years ago).**

Staff would like Plan Commission input on a virtual reality and gaming type use. An example of a virtual realty type use can be similar to a MassVR (<https://massvrbn.com/>) establishment in Bloomington, IL, and or a RedlineVR (<http://www.redlinevr.com/>) establishment in Chicago. An example of a gaming lounges is Ignite Gaming Lounge (<http://www.ignitegaming.com/>) in Skokie.

**All of the existing I-1 uses are included in the new C-4 District in case the entertainment & retail concept does not coming to fruition on the 37.5-acre former Walgreens property.**

**Allow a Commercial Planned Unit Development as Special Use (because the redevelopment of the former Walgreens property on the south side of Lake Cook Road will be approved as a PUD).**

**Staff did not envision the following uses in the new C-4 zoning district: auditoriums, concert halls, stadiums, clubs and lodges, banquet halls and other special event center type facilities as these uses demand a large parking supply and are used mostly for large events on the weekends and then these facilities sit dormant much of the rest of the week.**

### **Bulk Regulations for the New C-4 District**

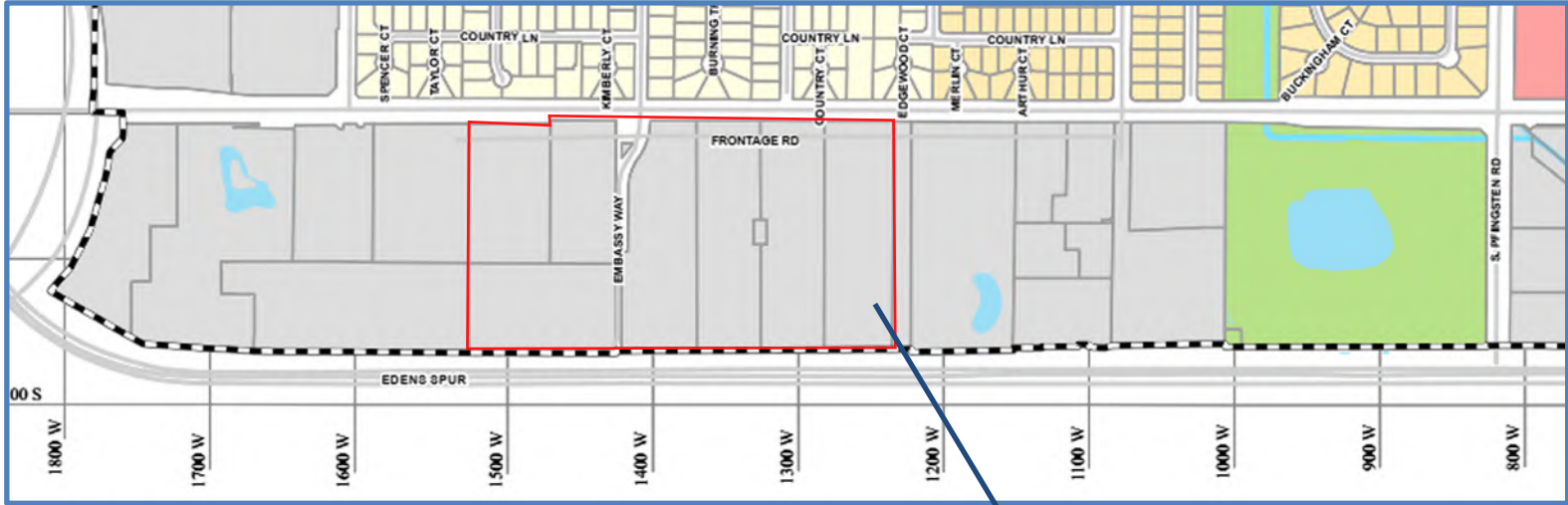
For the bulk regulations in the new C-4 District, staff has used the more generous setbacks and other bulk regulations that are in the current I-1 District. Recall that all the properties from the regional storm water detention facility east to the Tri-State Tollway are zoned I-1 and Text Amendments were needed to the I-1 district for the various uses including: assisted living, independent living, private high school, private elementary school, a place of worship, apartments, and supportive living facility. These uses have been approved to go into this corridor over the years, but the bulk regulations of the I-1 district have remained the same as the properties in this corridor were approved and developed.

Another question to consider: If this is an area that will be commercial in nature, the Village will probably want to expand the jurisdiction of the Appearance Review Commission to the new C-4 district but this issue of the expansion of the ARC to this area is more in the purview of the Board of Trustees, not the Plan Commission.












### **District Standards**

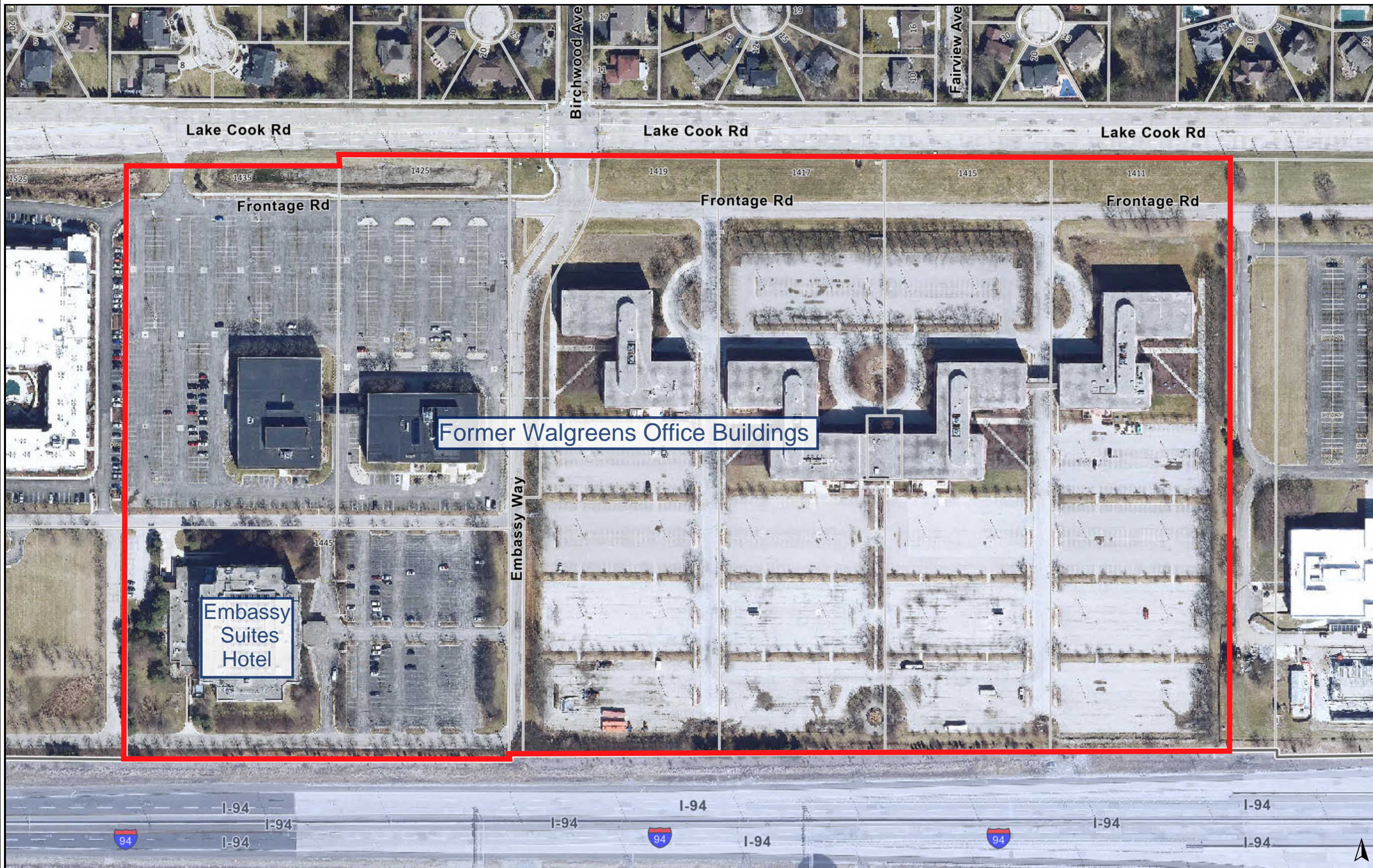
Draft district standards for the new C-4 commercial district are also included in the packet and are mirrored after the current I-1 office district standards.

# Village of Deerfield 2023 Zoning Ordinance Map



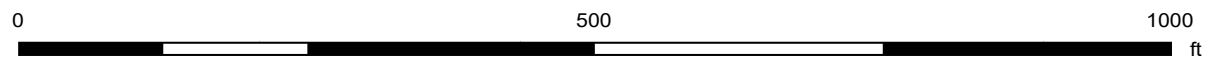
Subject Property

	<b>R-1</b>	SINGLE FAMILY DISTRICT ONE FAMILY DWELLINGS AND ACCESSORY USES
	<b>R-2</b>	SINGLE FAMILY DISTRICT SAME AS R1
	<b>R-3</b>	SINGLE FAMILY DISTRICT SAME AS R1
	<b>R-4</b>	SINGLE & TWO FAMILY ONE FAMILY & TWO FAMILY DWELLINGS & ACCESSORY USES
	<b>R-5</b>	GENERAL RESIDENCE ONE FAMILY & TWO FAMILY DWELLINGS & ACCESSORY USES
	<b>C-1</b>	VILLAGE CENTER
	<b>C-2</b>	OUTLYING COMMERCIAL
	<b>C-3</b>	LIMITED COMMERCIAL OFFICE
	<b>I-1</b>	OFFICE, RESEARCH, RESTRICTED INDUSTRY
	<b>I-2</b>	LIMITED INDUSTRIAL
	<b>P-1</b>	PUBLIC LANDS SCHOOLS, PARKS, PUBLIC BUILDINGS & CEMETERIES



**Legend**

Legend area containing a north arrow pointing upwards and a section for notes.



Print Date: 3/2/2023

**Notes**

Disclaimer: The GIS Consortium and MGP Inc. are not liable for any use, misuse, modification or disclosure of any map provided under applicable law. This map is for general information purposes only. Although the information is believed to be generally accurate, errors may exist and the user should independently confirm for accuracy. The map does not constitute a regulatory determination and is not a base for engineering design. A Registered Land Surveyor should be consulted to determine precise location boundaries on the ground.



**COMPREHENSIVE  
PLAN**

SECTION 4.8

South of Lake Cook Road

&

Future Land Use Map

### 4.3 LAKE COOK ROAD CORRIDOR

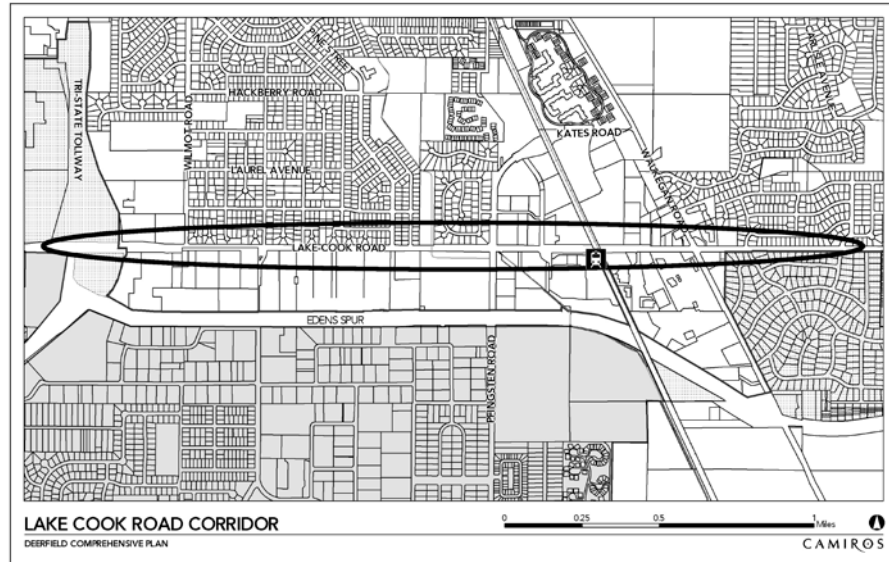


Figure 4.4: Lake Cook Road Corridor

Lake Cook Road is a designated Strategic Regional Arterial that links the Edens Expressway (I-94) and I-290 (Route 53). It carries at least two lanes of traffic in each direction through Deerfield and has the highest traffic volumes of any arterial in the Village. Traffic congestion has been identified as one of the major problems along the corridor, and one that has worsened over the past decade.

Because of the number of motorists who travel the Lake Cook Road corridor each day, this corridor establishes Deerfield’s identity for many. The Lake Cook/Waukegan intersection, the viaduct under the Metra tracks and office development south of Lake Cook Road and at the Lake Cook/Wilmot Road intersection establish the corridor as a major commercial center, but one with limited direct access to Lake Cook Road. The residential neighborhoods along the corridor are oriented away from Lake Cook Road. The fences that screen these areas form blank walls that say little about Deerfield’s image as a community.

The land uses along the Lake Cook Road corridor are primarily office and commercial in nature. Most of the parcels along the south side of the corridor are large-scale retail or office developments that serve the region as major employment centers. These developments are set back from Lake Cook Road, allowing substantial landscaping along the Lake Cook Road frontage.

The Village's development policy is to reserve land south of Lake Cook Road for non-residential uses. The primary rationale for this policy is to promote a sense of community among residents through the sharing of common school districts. However, certain institutional and non-traditional residential uses that are not expected to generate a significant number of school children may be compatible with non-residential uses in the area. Examples of such uses include hotels, extended stay lodging facilities, residential assisted living facilities for the elderly, continuing care retirement communities, and luxury multi-family rental apartment communities. Such uses may be considered on a case by case basis as Special Uses in a Planned Unit Development where the compatibility of such uses with surrounding uses can be evaluated under Planned Unit Development approval criteria.

Recommendations for the Lake Cook Road corridor are primarily directed toward improving the visual image of the corridor as viewed from the automobile. Specific improvement objectives include the following:

1. Sidewalks. Work with Cook County and private property owners to ensure that sidewalks are provided along the entire length of Lake Cook Road. A priority area is the north side of Lake Cook Road from Waukegan Road to Carlisle Avenue, where they are lacking.
2. Fences. Encourage property owners to maintain fences along Lake Cook Road.
3. Utilities. Encourage the undergrounding of utilities along Lake Cook Road.
4. Gateways and Streetscape Enhancements. The Village will work with Cook County and private property owners to ensure that the appearance of the Lake Cook Road corridor continues to improve through the construction of gateway features and streetscape enhancements in strategic locations. Priority locations include:
  - Landscaped Village gateway at the northeast corner of Lake Cook and Saunders Road, to be developed following annexation to the Village.

- Raised planters on the mountable Lake Cook Road medians over the Tollway.
- Aesthetic improvements and/or landscape enhancement of the length of Lake Cook Road including the underpass at the Metra tracks.

5. *Traffic Management.* Work with surrounding communities, Lake and Cook Counties, the Lake Cook Traffic Management Association (TMA) and regional and state agencies to help control development along Lake Cook Road and prevent undue congestion or excessive traffic generation affecting Deerfield. Encourage private efforts to reduce traffic congestion through the use of staggered work hours and other techniques.

## 4.8 SOUTH OF LAKE COOK ROAD

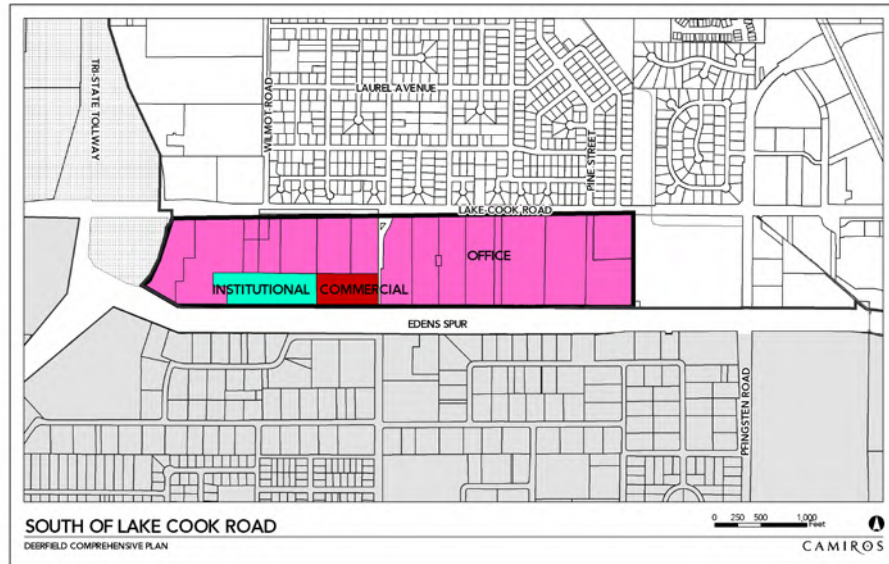


Figure 4.8: South of Lake Cook Road

The Village has two major concerns regarding the land south of Lake Cook Road. First is the strong desire to control the plan for access to the properties and the volume and time of day that traffic is generated on Lake Cook Road. Second, and equally important, is the desire to have well-landscaped, low-impact development in this area, in order to buffer and protect the residential areas to the north and for its aesthetic value to the entire community.

Specifically, the following objectives have been established for this area to supplement other applicable recommendations included in the Comprehensive Plan.

1. *Limited Uses*. The location of this property between a regional arterial and an expressway, bounded by a stormwater management facility and the Tollway, limits its development potential to those uses compatible with such physical barriers. These would include the following:

- Corporate offices
- Institutional uses
- Professional offices
- Light industrial uses

Add:

- Retail
- Restaurants
- Entertainment

- Institutional and non-traditional residential uses that are not expected to generate a significant number of school children and which are otherwise found to be compatible with surrounding uses as indicated in Section 4.3 above of this Comprehensive Plan.

2. Undesirable Uses. ~~The Village strongly desires to contain and strengthen the existing business districts and to prevent strip commercial development from occurring along Lake Cook Road. To protect the residential uses to the north, commercial or retail uses are not recommended.~~

Traditional residential uses are not recommended because of the location of this area between two very heavily traveled routes. In addition, the residents of this area would be effectively isolated from the rest of the Village by Lake Cook Road and by the fact that they would be served by Northbrook schools, the Northbrook fire protection districts, and various Cook County agencies. However, institutional and non-traditional residential uses that are not expected to generate a significant number of school children, and which are otherwise found to be compatible with surrounding uses as indicated in Section 4.3 above, may be considered in this location as means to revitalize and strengthen the Lake Cook Corridor.

3. Low Traffic Impact. Traffic projections for Lake Cook Road indicate that it will become one of the most heavily traveled routes in the northern suburbs. By limiting the total number of vehicles going to and from the area and also by regulating the time of day such traffic occurs, the Village will strive to improve conditions within the Village boundaries and beyond.
4. Sufficient Parking. Because there are no adjacent areas suitable for absorbing overflow parking, each development proposal will be carefully considered to ensure that sufficient parking is provided.
5. High Quality Development. Existing development in the Village's outlying non-residential areas is characterized by the moderate scale of the buildings, the high quality of the design and the materials used, the large amount of open space, and the generous and

attractive landscaping. Maintenance and continuation of this type of development is strongly desired.



# Deerfield Comprehensive Plan

## FUTURE LAND USE CATEGORIES

(MAP INDICATES UPDATES THROUGH JANUARY 20, 2021)

-  Single-Family Residential - Areas that contain or are appropriate for single-family residential development.
-  Two-Family Residential - Areas intended to accommodate a mix of single-family and two-family development.
-  Multi-Family Residential - Areas that contain townhouse developments, condominiums or other large multi-family buildings.
-  Retail Services - Areas intended to accommodate consumer-oriented retail services and commercial uses. Within the Village Center this land use category may include mixed-use developments with residential above the ground floor. Within the C-2 Outlying Commercial District, for a commercial planned unit development over 40 acres in size, this land use category may include multiple-family rental apartments and townhomes.
-  Hotel - An establishment that provides lodging and services for travelers and other paying guests.
-  Office/Research - Areas intended to accommodate various types of office uses.
-  Light Industrial - A wide variety of employment-oriented land uses are included under this land use category such as: light manufacturing uses, warehousing, distribution, data processing/telecommunications and related office uses.
-  Public - This category identifies the major public uses including schools, Village facilities, library, and post office.
-  Institutional - Identifies quasi-public facilities in the Village, including private schools and places of worship.
-  Transportation/Parking/Utilities - This land use category includes commuter rail facilities, commuter parking and utilities.
-  Open Space - Both public and private open space is included in this land use category. Major land owners include the Village, the Deerfield Park District and

### VILLAGE CENTER

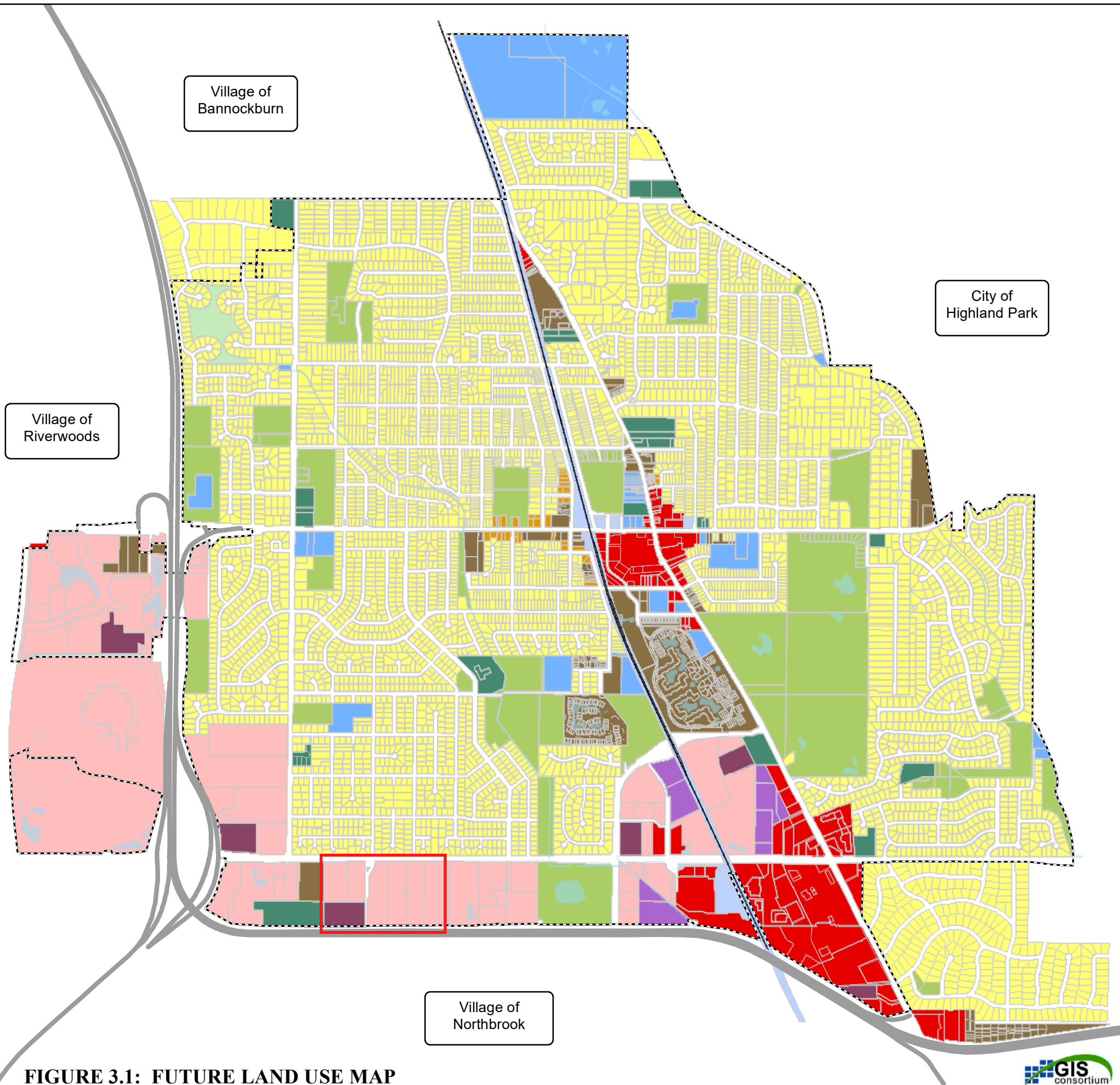
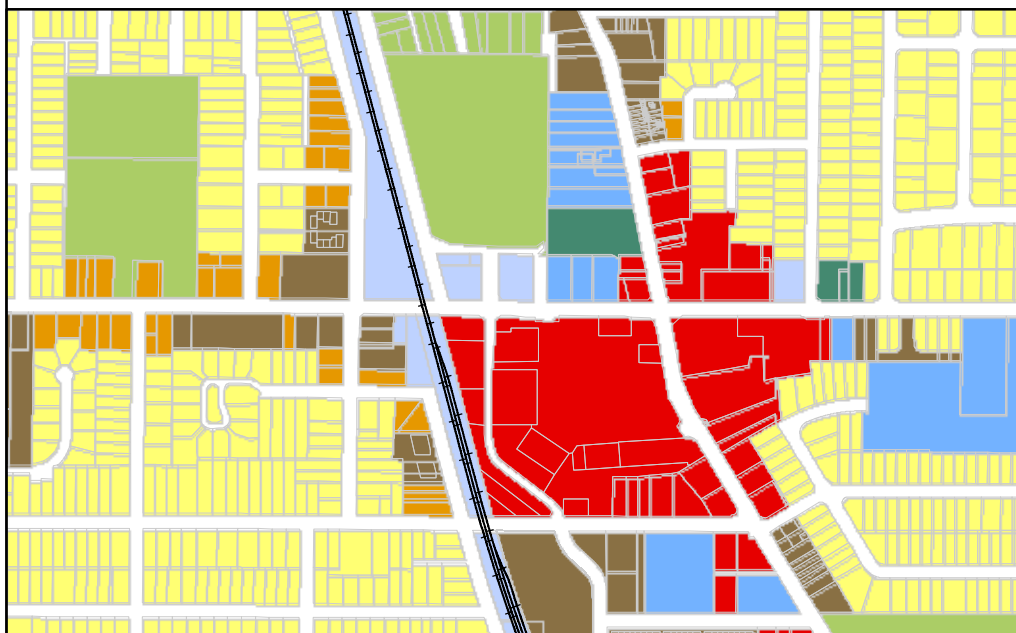


FIGURE 3.1: FUTURE LAND USE MAP

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**C-4 Entertainment and Limited Retail Business District**

**Description of the District**

The C-4 District is a specialized district established to permit and carefully regulate entertainment, a limited variety of commercial and residential uses, while also providing for possible development of office buildings, research facilities, training centers, and restricted industrial parks in suitable areas appropriately located along a primary arterial street and across from a residential district. This District recognizes that significant traffic congestion exists along adjoining arterial traffic routes, and that without careful planning and design, such traffic problems may be acutely intensified. The uses in this District will be carefully regulated to control their impact upon public facilities and other uses. This district is characterized by development on relatively large lots with landscaped setbacks, high performance standards and bulk regulations that will protect the environmental quality of this predominantly residential community. Expansion of the C-4 District will be discouraged except in areas where significant considerations make the area particularly suitable for this type of development.

**Permitted Uses**

The following uses are permitted in the C-4 Entertainment and Limited Retail Business District:

1. Retail Business Uses
  - a. Antique Shops.
  - b. Apparel and Accessories Stores.
  - c. Art Galleries.
  - d. Beauty Products, Cosmetics, Perfumes and Soaps Stores.
  - e. Bakeries.
  - f. Book Stores.
  - g. Candy and Confectionery Stores.
  - h. Delicatessens.
  - i. Department Stores.
  - j. Drug Stores and Pharmacies.
  - k. Florist Shops, retail sales only.
  - l. Frozen Dessert Stores.
  - m. Jewelry Stores.
  - n. Specialty Food Retail Stores of 3,000 square feet in area or less.
  - o. Sporting Goods and Sportswear Stores.
  
2. Service Uses
  - a. Artists' Studios.
  
3. Any Permitted Use in the I-1 Office Research Restricted Industrial District

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### **Special Uses**

The following special uses are permitted in the C-4 Entertainment and Limited Retail Business District:

1. Indoor and Outdoor Sports Themed Entertainment Establishments, including Golf Driving Ranges and Entertainment Establishments, Miniature Golf, Skating Rinks, Bowling Alleys, and similar establishments
2. Restaurants which can include live entertainment, dancing, when conducted as part of the restaurant operations and secondary to the principal use, but not including drive-thru restaurants.
3. Multi-Family Development Community (Note: current I-1 zoning allows for multi-family for the AMLI property only as the Text Amendment was specific to this property only).
4. Specialty food retail store, grocery store, and supermarket over 3,000 square feet.
5. Motion Picture Theaters, except drive-ins, and Drama Theatre.
6. Comedy Club.
7. Conference Center Facility
8. Health Clubs and Tennis Clubs.
9. Virtual Reality Gaming Facility Use
10. A Commercial Planned Unit Development
11. Any Special Use in the I-1 Office Research Restricted Industrial District

### **Temporary Uses**

Temporary Uses and structures may be allowed subject to the issuance of temporary use permits in accordance with the provisions of Article 11, Temporary Uses and Structures. These uses and structures may include the following as well as uses and structures similar to the following:

1. Carnival.
2. Christmas Tree Sales.
3. Contractors' Office and Equipment Sheds.

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4. Home and Garage Sales.
5. Real Estate Sales Office and Model Units.
6. Block Parties and Street Dances.
7. Temporary Outdoor Sales.

### **Accessory Uses**

In the C-4 District, accessory uses, buildings and structures as regulated by Article 2 may include the following, as well as uses and structure similar to the following:

1. Fences, as regulated by Article 2, General Provisions.
2. Signs, as regulated by Article 9, Signs.
3. Tool Sheds and Similar Storage Structures.

### **Bulk Regulations**

In the C-4 District, uses and structures shall conform to the following bulk regulations:

1. Minimum Lot Area
  - a. A minimum lot area of five (5) acres is required for each permitted use.
  - b. For Special Uses, minimum lot areas greater than five (5) acres may be required as a condition for authorization.
2. Minimum Lot Width
  - a. For each permitted use, there shall be provided a minimum lot width of two hundred (200) feet.
  - b. For Special Uses, minimum lot widths greater than two hundred (200) feet may be required as a condition for authorization.
3. Minimum Yards

The following minimum yards shall be provided and maintained:

  - a. Front Yard

A front yard of not less than one hundred (100) feet.
  - b. Interior Side Yard

A side yard on each side of the principal building of not less than fifty (50) feet.
  - c. Corner Side Yard

A side yard along the side street of not less than one hundred (100) feet.
  - d. Rear Yard

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A rear yard of not less than fifty (50) feet.

e. Exceptions

(1) For Special Uses, minimum yards of greater depth may be required as a condition for authorization.

(2) Side and rear yards adjoining a residence district shall be not less than one hundred (100) feet.

4. Maximum Lot Coverage

The total ground area occupied by any principal building, together with all accessory buildings shall not exceed thirty-five (35) percent of the total area of the lot.

5. Maximum Building Height

a. No building or structure shall be erected or structurally altered to exceed forty-five (45) feet in height.

**District Standards**

All of the property located in the C-4 District is subject to the general standards and regulations of this Ordinance. Property located in this district is also subject to the following:

Retail or Service Only

All business establishments shall be retail or service establishments dealing with consumers. All goods produced on the premises shall be sold at retail on the premises where produced.

1. Limit on Warehousing

Warehousing and storage as an accessory use shall not exceed fifty (50%) percent of the floor area of any building. For the purpose of this provision, basement floor areas shall be included in the computation of the floor area of the building.

2. Operation within Enclosed Structures

All business, service, storage and display of goods shall be conducted within completely enclosed structures, except:

- a. Off-street parking and off-street loading;
- b. Temporary Open Sales or Sidewalk Sales, when authorized pursuant to Article 11, Temporary Uses and Structures.
- c. Entertainment Special Uses that may have outdoor activities when approved as part of the Special Use.

3. Restriction on Sales and Services Involving Parked Motor Vehicles

No business establishments, shall offer goods or services directly to customers waiting in parked motor vehicles or sell beverages or food for consumption off the premises or on the premises in parked motor vehicles.

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4. Landscaping

- a. All yards and open space between and about buildings, structures, off-street parking and loading areas and areas along exterior and interior streets within the C-4 District shall be landscaped. All landscaping shall be properly and continually maintained by the owner and/or tenant of the premises.
- b. Undeveloped areas shall be continually mowed and kept free of debris until developed.

5. Screening

Screening shall be provided as set forth in Article 2, General Provisions.

6. Underground Utility Systems, Transformers and Metering Equipment

All on-site utility lines including power and telephone lines but excluding high tension lines shall be located underground. All transformer and terminal equipment and equipment for metering the usage of water, natural gas, electricity, etc. shall be located underground or within buildings or shall be effectively screened from view from streets and adjacent properties as required in Article 2, General Provisions.

7. Lighting

All exterior lighting, parking lot lights, exterior building lights and landscape lighting shall be directed away from adjoining highways, streets and properties.

8. Performance Standards

It is the intent of these regulations to limit the use of land and buildings in the I-1 Office, Research, Restricted Industrial district to those uses which will not create any dangerous, injurious, noxious or otherwise objectionable conditions. Neither will they create any fire, explosive, radioactive or other kind of hazardous conditions, nor will they produce noise, vibrations, smoke, dust, odor or other forms of air pollution. Electrical disturbances, glare, heat or any other conditions, substances or elements that are in a manner or amount so as to adversely affect the community will not be permitted. Specifically, all uses shall operate in conformance with the Municipal Code and shall be limited by the following:

a. Glare or Heat

No glare or heat shall be detectable at the limits of the tract on which the use is located.

b. Vibrations

No vibrations shall be detectable at the limits of the tract on which the use is located.

c. Toxic Matter, Odors, Particulate Matter

No toxic matter, noxious matter, smoke or gas and no odorous or particulate matter shall be detectable at the limits of the tract on which the use is located.

d. Fire and Explosive Hazards

Materials that present potential fire and explosive hazards shall be stored and used only in conformance with all applicable Village ordinances.

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e. Radiation Hazards

Materials that present potential radiation hazards shall be stored and used only in conformance with the most restrictive of the applicable municipal, state and federal regulations.

f. Electromagnetic Interference

Electromagnetic interference shall not adversely affect the operation of any equipment other than that belonging to the creator of such interference and must conform to the regulations of the Federal Communications Commission.

9. Parking and Loading Requirements

Off-street parking and loading spaces shall be provided in accordance with Article 8, Off-Street Parking and Loading.

10. Signs

Signs shall conform to the applicable regulations as set forth in Article 9, Signs.

**BACKGROUND  
INFORMATION  
ONLY**

Articles Regarding Subject Property and  
Office Buildings

# CRAIN'S CHICAGO BUSINESS

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July 20, 2022 09:57 AM | UPDATED 7 MINUTES AGO

## A chunk of Walgreens' Deerfield campus up for sale

A vacant part of drugstore giant Walgreens' corporate headquarters adds to the list of dated suburban office properties poised to be transformed into something entirely different.

DANNY ECKER



CBRE

An aerial view of the Walgreens Boots Alliance corporate camps property along Lake Cook Road in Deerfield.

A vacant part of drugstore giant Walgreens' corporate headquarters adds to the list of dated suburban office properties poised to be transformed into something entirely different.

A now-vacant office campus that Walgreens Boots Alliance has leased for almost a decade near its Deerfield headquarters is on the market, setting up another potential large-scale redevelopment of an outmoded suburban office property.

Phoenix, Ariz.-based real estate investment trust Orion Office REIT has hired brokerage CBRE to sell the Walgreens office campus along the south side of Lake Cook Road, according to a marketing flyer for the property. The 37.5-acre site at 1411-1435 Lake Cook Road includes five empty office buildings totaling 575,000 square feet and surrounding surface parking lots just north of the Edens Spur Tollway. The property is separate from the company's main headquarters buildings north of Lake Cook.

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There is no asking price listed for the property, which Walgreens leases through August 2023 but no longer occupies, according to the flyer. The drugstore giant sold it to San Diego-based Realty Income—which spun off Orion last year—for \$85 million in [a 2013 sale-leaseback deal](#).

Now the property is expected to fetch a fraction of that with just more than a year's worth of income tied to it from the Walgreens lease. But it's far from clear what it may become next. Investors familiar with the offering projected bids could come in between \$20 million and \$30 million if someone were to purchase the entire property, depending on their intended use and what the Village of Deerfield would allow.

CBRE is framing it as a possible mixed-use development site, suggesting uses including apartments, medical offices, senior housing, last-mile industrial warehouses or even an adaptive reuse of the existing buildings.

The property adds to the list of dated suburban office properties poised to be transformed into something entirely different with the rise of remote work weakening demand for workspace. Companies cutting back on office space has pushed [suburban office vacancy to a record high](#) during the COVID-19 pandemic, prompting some office property owners to sell to investors hunting for redevelopment opportunities.

In the highest-profile local example, Allstate is selling its longtime Northbrook corporate campus to a Nevada industrial developer that [plans to raze it](#) and build highly-coveted warehouses on the site. Walgreens itself joined the office sell-off party recently when it unloaded a 284,000-square-foot office building at 4000 Commercial Avenue in Northbrook to a venture of Boston-based TA Realty for just under \$21 million, Cook County property records show. TA plans to redevelop the site with a \$40 million warehouse project.

Orion is looking to follow suit with its site, though it's not even the largest potential redevelopment property in Deerfield. Medical products company Baxter International recently put its 101-acre headquarters campus in the suburb [up for sale](#) while it hunts for a new, likely smaller headquarters in the area.

Walgreens initially bought the Lake Cook Road properties in 2004 to expand from its headquarters on nearby Wilmot Road. The company said in 2013 it would upgrade the Lake Cook buildings as it relocated its information technology group to the building from suburban Lincolnshire.

But Walgreens in 2017 signaled a bigger commitment to downtown than the suburbs when it [doubled the size of its office on State Street](#). The company said at the time it would add 300 new jobs in the Loop and begin trying to sublease unneeded space in Deerfield, including at the Lake Cook Road buildings. The moves were part of a broader focus—and a prescient one, it would turn out—on the "Workplace for Tomorrow" in which offices had more space for group meetings and employees could work from home up to two days a week.

Then in 2018, Walgreens [signed on](#) as the first major tenant at the redeveloped Old Post Office and said it would move another 1,300 jobs downtown, while keeping roughly 3,200 jobs in Deerfield.

Orion's buildings were constructed in stages from 1976 to 1984, according to the CBRE flyer. The properties, which are among the few Deerfield properties located in Cook County, are zoned today for office, research and restricted industrial uses, according to the brokerage.

Other vacated suburban office properties have found new life as modern offices. A New Jersey developer transformed the abandoned AT&T campus in Hoffman Estates into [Bell Works Chicagoland](#) and has had recent success luring office tenants, while a Chicago developer revamped and nearly leased up the [former OfficeMax headquarters](#) building in Naperville, now known as the Shuman.

More recently, Ace Hardware [signed a lease](#) to relocate its headquarters to the former McDonald's corporate campus in Oak Brook, a major victory for the California investor that bought the property three years ago.

An Orion spokesman did not respond to a request for comment.

CBRE brokers Tony Gange, Matt Ishikawa, Brian Buckingham and Tom Svoboda are marketing the Lake Cook Road property on behalf of Walgreens.

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## For empty office buildings, the outlook is glum

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CoStar Group

231 N. Martingale Road in Schaumburg

As Schaumburg and Northbrook buildings sell for a fraction of their previous prices, the pain afflicting almost anyone who owns a suburban office is clear.

A pair of mostly vacant suburban office buildings were recently sold for fractions of their pre-pandemic values, deals that show the gloomy outlook for office properties with little to no cash flow and in need of major updates.

In the larger of the two, California-based software company Unicom Global paid just more than \$7 million—or close to \$25 per square foot—for the 11-story office building at 231 N. Martingale Road in northwest suburban Schaumburg, according to a source familiar with the deal. In Northbrook, a venture of Phoenix, Ariz.-based real estate investment trust Orion Office REIT recently sold the empty 197,305-square-foot office building at 2211 Sanders Road to an undisclosed local office investor for roughly \$2.5 million, or less than \$13 per square foot, sources said.

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Both properties were sold via auction, often a last resort for sellers struggling to find a buyer on the open market. The deals complete hefty losses of equity for the previous owners and underscore the pain afflicting almost anyone who owns a suburban Chicago office building today. More than two years of companies shedding unwanted office space during the

COVID-19 pandemic has pushed vacancy to a record high and is forcing landlords to shell out unprecedented amounts of concessions to get tenants to lease space.

That movement—combined with rising interest rates—has decimated property values as prospective buyers recognize the high amount of capital it would take to renovate and lease up highly vacant office buildings.

Unicom plans to rebrand the Martingale property—previously home to for-profit education company Perdoceo Education, formerly Career Education—as Unicom Innovation Park and make it the company's regional headquarters, Unicom President and CEO Corry Hong said in a statement. The company said in the statement that it provides IT services and software to government agencies and other businesses, and the purchase shows Unicom's "willingness to invest in the future of our country, and to become an economic driver for the region."

The sale price is tiny compared to the \$30 million that seller LXP (formerly Lexington Property Trust) spent on building renovations and cash to tenants for office buildouts over the last decade, according to marketing materials from Colliers International, which brokered the sale to Unicom. Perdoceo's lease at the building expired at the end of 2022, leaving the building with virtually no cash flow.

LXP originally seized the property through foreclosure in 2013 after its previous owner defaulted on a \$31 million loan tied to the building. Lexington sold a majority interest in the property in 2018 to Davidson Kempner as part of a broader recapitalization of its office portfolio.

A spokeswoman for the sellers declined to comment.

In Northbrook, Orion unloaded a highly visible building overlooking Interstate 294 that was vacated early last year by CVS Caremark. The roughly \$2.5 million sale price pales in comparison to the \$44.3 million that the building [sold for in late 2011](#), when CVS Caremark still had roughly a dozen years left on its lease.

The buyer at the time was Phoenix-based Cole Real Estate Investments. It was acquired in 2014 by Phoenix-based Vereit, which would later merge with San Diego-based Realty Income in 2021 in a larger deal in which Realty Income spun off Orion.

The Northbrook property served its purpose of generating steady cash flow for its various ownership entities over the past decade. Now Orion has opted to get the property off of its

books with a massive drop in equity rather than trying to find a new user. Leasing agents for Colliers are marketing the building as an opportunity for a company to revamp its amenity spaces for an office with lots of exposure from drivers along the tollway.

The property is adjacent to another office building at 2215 Sanders Road that was seized through foreclosure last summer by a venture of Minneapolis-based Värde Partners. Värde filed a foreclosure lawsuit against the previous owners, alleging they defaulted on a \$19.6 million loan tied to the building.

Both buildings are near the former Allstate headquarters campus in Glenview, which was [sold late last year](#) to Dermody Properties, a Nevada developer that is redeveloping the property with warehouses.

An Orion spokesperson did not respond to a request for comment. The firm also recently sold a 106,000-square-foot office building at 930 National Parkway in Schaumburg and last year put a vacant former part of the Walgreens corporate headquarters campus in Deerfield [up for sale](#).

Colliers senior vice presidents Alissa Adler and John Homsher brokered the sales of both 231 N. Martingale and 2211 Sanders.

CoStar News previously reported the sale of 231 N. Martingale to Unicom.

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