



DeKalb 2020

Prospectus

DRAFT

-A Communiversality Collaboration of-

City of DeKalb

Northern Illinois University Foundation

September 30, 2012

Prepared by:

Roger Hopkins, Hopkins Solutions LLC

Graphics furnished by Land Vision

Table of Contents

Executive Summary.....	2
Introduction.....	3
The Challenge.....	3
Development Strategy.....	8
DeKalb 2020 Collaboration and Conclusion.....	9

DRAFT

Executive Summary

The DeKalb 2020 prospectus creates the framework for a partnership, the roles of the partners and the objective of the partnership. The objectives include:

- A vibrant mixed use facility to serve the needs of business and education, with service and products spanning hospitality, retail, housing, and recreation in harmony with the historic neighborhood.
- Redevelopment of the “College-John” neighborhood with a mixed use project as a bridge between DeKalb’s vibrant downtown and the Northern Illinois University Campus.
- Enhancement of the Kishwaukee River front area to for use by the university students, staff, faculty, neighborhood and community residents that will provide a blend of recreation and commerce.
- Creation of jobs and opportunity for students and residents.
- Enhancement of the tax base of the neighborhood and community.

Introduction

Redevelopment of the “College-John” neighborhood has been envisioned since the creation of the Central Area Tax Increment Finance District Redevelopment Plan in 1985. Problems in the neighborhood became evident during flooding that impacted many of the dwellings on the John Street river front in the 1983 flood. Other on-going issues include:

1. Declining appearance of properties converted to rooming houses or apartments,
2. Inadequate maintenance according to the standards of many of the single family owner-occupied homes in the neighborhood,
3. Lifestyle conflicts with excessive litter, from student occupancy of the rooming houses and apartments,
4. Numerous “party” complaints creating tensions between full year owner occupants and student occupancies.

The College-John neighborhood is consequently devoid of the character consistent with many of the nearby Ellwood Neighborhood homes built in the early 1900's as owner occupied homes. In the 1950's and 1960's, the neighborhood transition to student housing began with enrollment growth at the university.

Lacking land for off-street parking and rental units lacking modern amenities, disinvestment in the neighborhood began to take its toll on the maintenance and appearance of rental properties. Students began to generally prefer apartment complexes over the rental homes of the neighborhood. Apartment complexes offered plentiful parking and modern appliances. Private student housing migrated to areas south, west and north of the growing NIU campus.

The Central Area TIF Redevelopment Plan of 1985 offered plans to rehabilitate homes, flood proof properties, acquire declining and dilapidated properties and programs to fund infrastructure repair for the streets, sewer, water, storm water and flooding problems of the neighborhood.

A more focused plan was prepared in May, 1998 as the Central DeKalb Strategic Redevelopment Plan that proposed a “River front” project that would acquire and demolish homes in the floodplain, and other dilapidated properties, and create a hotel convention center, shopping district with broad landscaped public areas that would be located in the floodplain areas offering prominent public space



Northern Illinois University

Learning Today, Leading Tomorrow

with aesthetic feature to support the redevelopment. After debate, that plan was set aside, while the City focused new efforts in the core downtown area. The downtown area has subsequently been substantially redeveloped, with plans to develop additional mixed use development up to the Harrison/John/College and Locust Street areas that are the subject of the DeKalb 2020 project.

Similarly, Northern Illinois University has substantially renovated many of the public areas around the adjoining “Lagoon” including the completion of the renovation of Altgeld Hall.

Consequently, both sides of the neighborhood have been redeveloped with efforts of the City and University, working with private sector developers and other public agencies.

In the adjoining neighborhood, the Ellwood Historic Neighborhood Implementation Strategies have defined the older residential neighborhood and the historic structures and uses. The boundaries of that neighborhood effort adjoin the “College-John” neighborhood that is the focus of this project. Only one of the homes in the “College-John” neighborhood is part of the Ellwood House neighborhood.

The Challenge

Based on hotel studies, the greatest need for the community and region is a conference center hotel that would serve to supply banquet and meeting space not found in a single facility. The location of the facility should be a location that is convenient to business, government and education. The College John neighborhood is a very convenient location to NIU, to businesses in the Greater DeKalb area, and reasonably well located relative to government facilities in DeKalb and Sycamore. See the Map of the propose redevelopment area as Exhibit 1.

Additionally, there is a need for retail and fashion merchandise shopping space that would appeal to both local citizens and fashion conscious students. Eight to twelve men’s, women’s and fashion accessory stores are needed in the DeKalb market to overcome the lack of apparel and fashion merchandise availability. Further retail needs are more exposure for the increased demand for NIU branded merchandise and greater accessibility for a student book store.

There is a further need for high end apartments and that can serve faculty, staff and community interest in housing with improved access to the visual and performing arts that are a premier feature of NIU’s academic programs. Research and other human interest resources are readily available within easy

walking distance of the College-John neighborhood, including NIU’s Founder’s Memorial Library, and the DeKalb Public Library.

One further consideration may be the replacement of inexpensive housing currently occupied by many of the visual and performing arts students, and those who treasure the inexpensive and walking distance lifestyle that the neighborhood supplies due to its proximity to the oldest parts of the NIU campus.

Between 24 and 46 properties would be considered as important for the mixed use hotel-conference center, retail and residential complex that could be built as a “City within a City” development to be built. Approximately 21 of those properties are in the designated floodplain if the City and a future use should redevelop these properties to avoid the cost of future damage and cleanup. A map of the properties that need to be acquired is shown in Exhibit 2. The Flood plain map is displayed as Exhibit 3. Exhibit 4 is a table identifying the Parcel numbers and the assessed and equalized market values.

The total area of property is estimated to be 9.7 acres (41 parcels), and a smaller number of parcels may be acquired along the West Side of Harrison Street, and both sides of Locust Street. The site outside the flood plain is generally small for a commercial site, but much of the adjoining flood plain is “fringe area” that can be filled and re-configured with the redevelopment cooperation of the City and NIU, abiding by Federal, State and local government rules and regulations.

Fortunately, the “flood fringe” area is rather shallow that may enable reconfiguration without changing the flow of the river and the storage capacity of the floodplain. Adjoining is the NIU lagoon, elevated well above the Kishwaukee River level, and potentially supplying additional flood storage capacity in order to make the John Street frontage more developable, while not appreciably changing the recreational attributes of the lagoon area. Simply put, the John Street developable area has potentially 7-8 acres, forfeiting only a small area to the floodway and flood storage!

As a commercial use, parts of the commercial facilities could be built as flood proofed facilities in the flood fringe area that would need to be elevated above the flood protection elevation on pillars – leaving room for the occasional floodwaters to pond under the elevated parts of the building or parking facilities.

There is only one historically significant property in the neighborhood, according to the Ellwood Historic Neighborhood Implementation Strategies Report.

Recreational facilities can be built that are flood proofed in the floodplain, and it is suggested that those improvements provide area for the elevated hotel, meeting facilities and parking. Most of the floodplain would be devoted to “river walk” oriented walking, biking, and pedestrian improvements accompanied by aesthetic and landscaping improvements that would be permissible.

Nearly all of the properties are believed to be investor owned homes, including homes converted for apartments, and rooming houses. Acquisition of these properties could be pursued by private partners, with the City providing the option of assisting with the future demolition and site preparation through use of Tax Increment Financing techniques, such as land write down, demolition, site preparation, utilities, public water sewer and open space improvements that would assist with the development of a “river walk.” An example of the approach is the partnership the City participates in with ShoDeen for the Downtown “NBT/ShoDeen Square” development project.

DRAFT

Exhibit 1 – Map of the Area

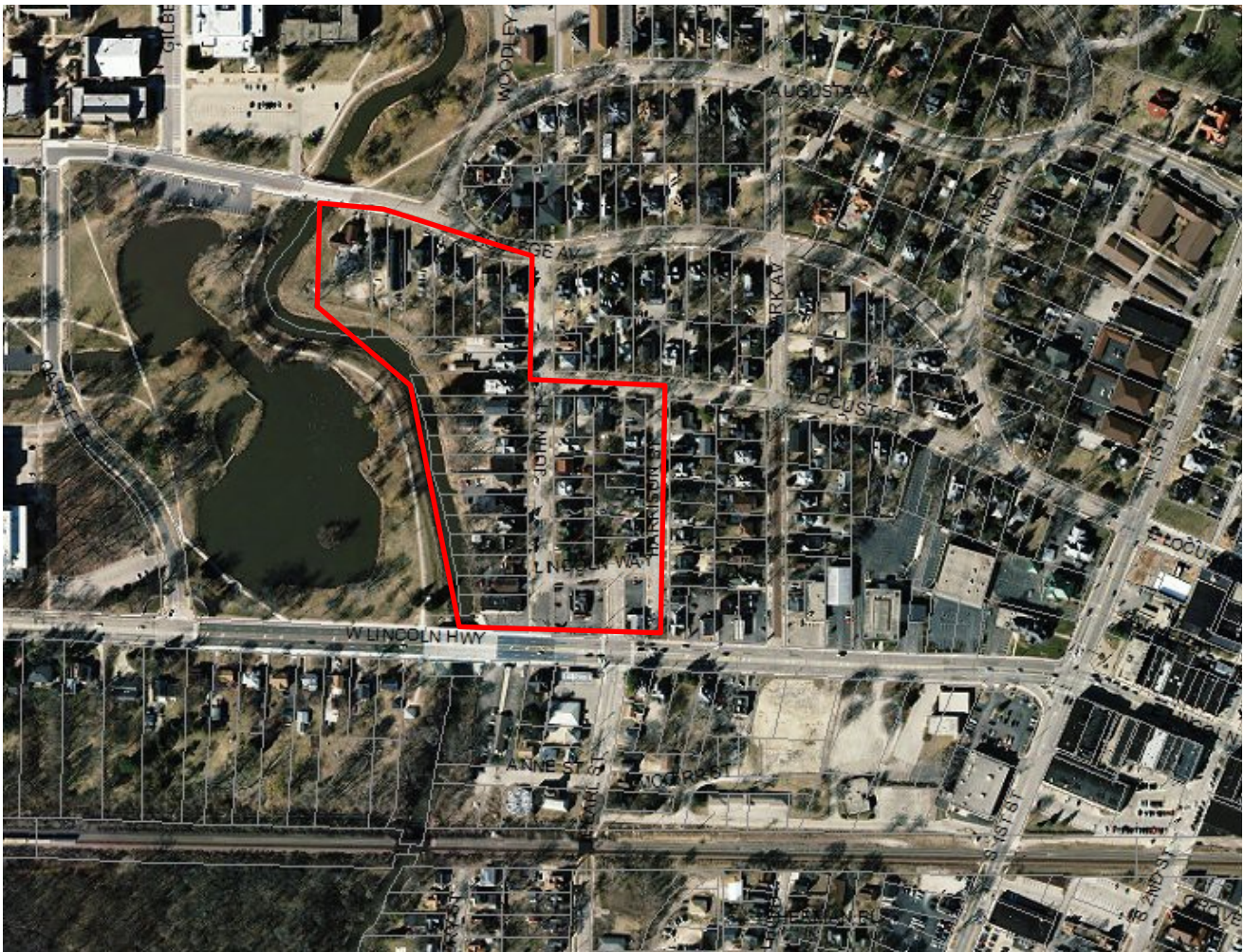


Exhibit 2 – Exhibit Map of the Area

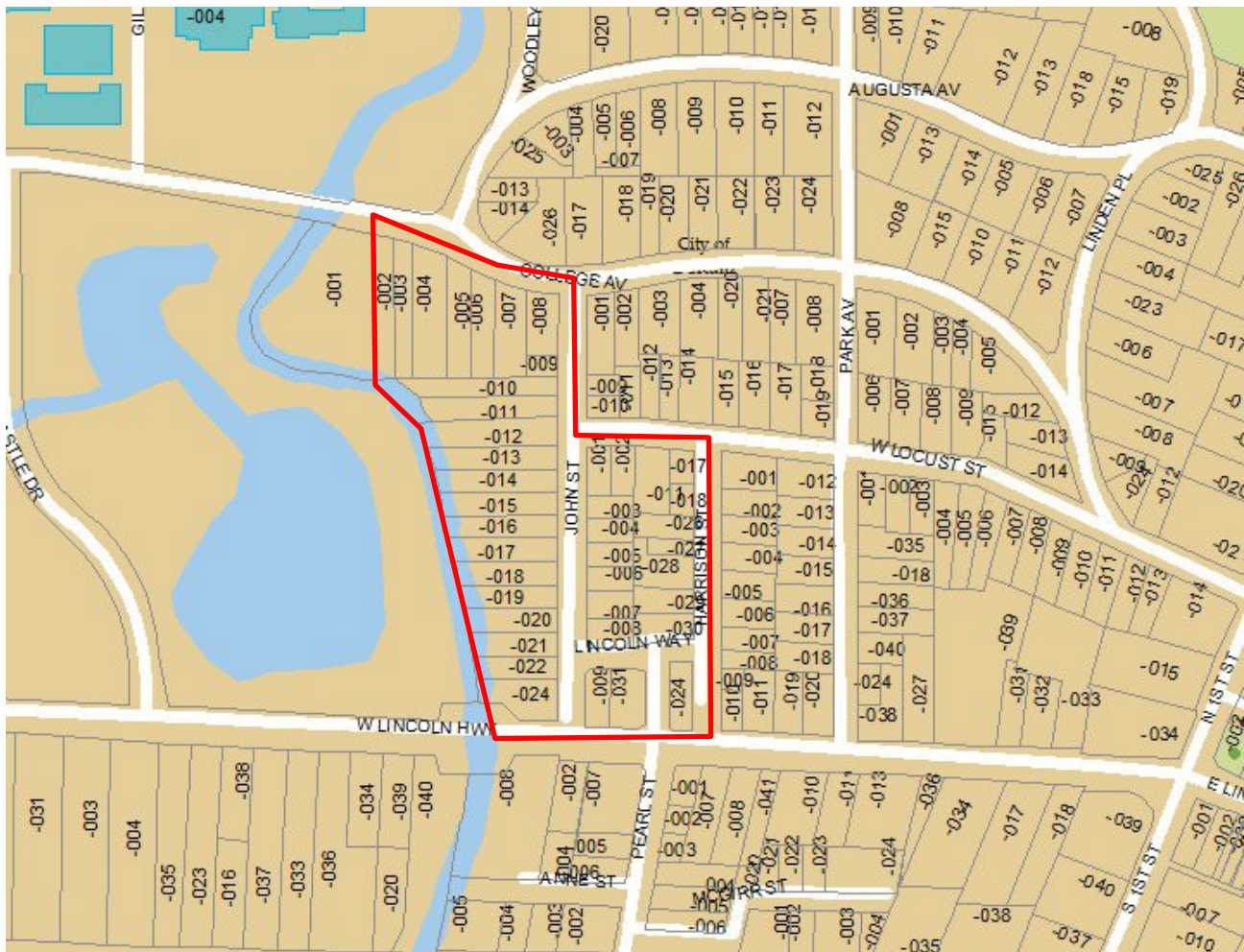


Exhibit 3 – Floodplain Map of the Area

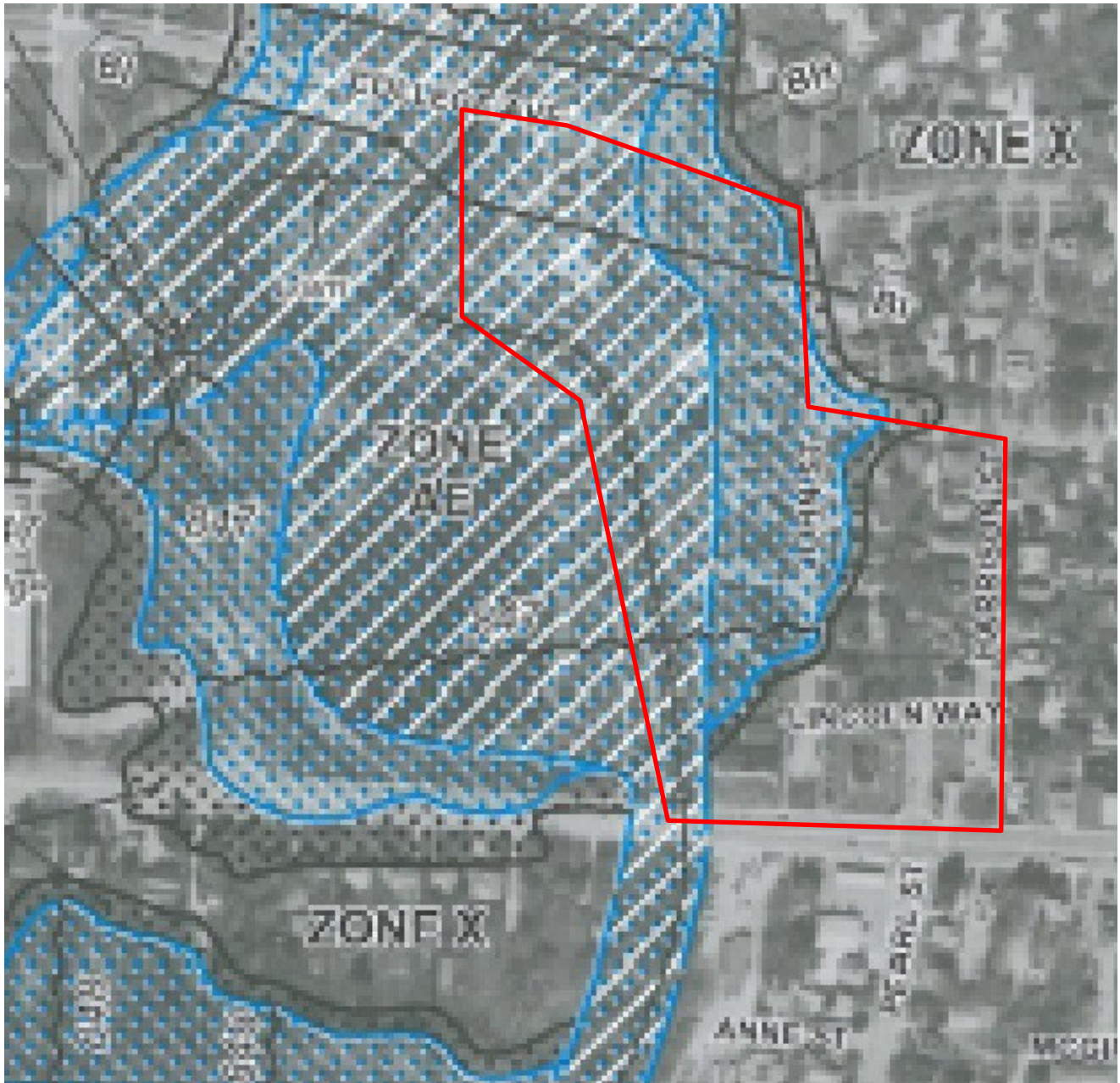


Exhibit 4 – Table of Parcel Numbers and Estimated Property Values

Location	Parcel #	Owner	Address	EAV	Market Value	Flood-plain
West Block	822251002	D-N-J Properties, Inc.	536 College	\$47,950		All
	822251003	D-N-J Properties, Inc.	532 College	\$106,626		All
	822251004	D-N-J Properties, Inc.	528 College	\$147,079		All
	822251005	William & Karla Goldie	522 College	\$63,957		All
	822251006	Samuel & Max Hiatt	518 College	\$54,197		All
	822251007	AAAM Properties	512 College	\$53,100		All
	822251008	Tillman-Wright Real Estate Inv. LLC	504 College	\$65,401		All
	822251009	Gerald & Linda Wahlstrom	211 John	\$40,583		All
	822251010	William McNew	207 John	\$50,761		All
	822251011	William McNew	203 John	\$49,453		All
	822251012	Anthony & Heesun Jung Majcher	161 John	\$72,046		All
	822251013	NBT Trust 1786	155 John	\$69,817		All
	822251014	William McNew	151 John	\$59,162		All
	822251015	Robert Suddeth	147 John	\$51,608		All
	822251016	Petri Corporation	141 John	\$56,756		All
	822251017	Michael Pittsley	137 John	\$36,760		All
	822251018	Michael Pittsley	131 John	\$75,077		All
	822251019	William McNew	127 John	\$39,636		All
	822251020	William McNew	123 John	\$42,442		All
	822251021	Fant Family LLC	117 John	\$45,988		All
	822251022	Fant Family LLC	111 John	\$65,707		Part
	822251024	Arthur Richoz	221 West Lincoln Highway	\$53,098		Part
E. Lincoln Block	822276009	Tom & Jerry's DeKalb		\$95,212		
	822276031	Tom & Jerry's DeKalb		\$7,930		
West side East Block John	822276001	Harry Hutchins	414 W. Locust	\$43,482		Part
	822276002	FIRST NATIONAL BANK TR 1285	412 W. Locust	\$42,803		
	822276003	Betty Osgood	148 John	\$51,447		Part
	822276004	Joyce Pflaumer	140 John	\$49,663		Part
	822276005	Daniel Hart	136 John	\$43,474		Part
	822276006	Lisa and Rick Pryor	132 John	\$47,069		
	822276007	DeKalb Properties LLC	126 John	\$47,573		
	822276008	FIRST NATIONAL BANK TR 1285	120 John	\$52,941		
East side Harrison Block (John)	822276011	Rene Hoeve	410 W. Locust	\$52,583		
	822276017	Russell Smith	402 W. Locust	\$68,200		
	822276018	Harold & Diane Joiner	149 Harrison	\$39,950		
	822276026	R & J Enterprises	145 Harrison	\$39,718		
	822276027	David & Terri Holderness	139 Harrison	\$37,150		
	822276028	Edward Ritter	135 Harrison	\$49,218		
	822276029	John Rogers	129 Harrison	\$48,047		
	822276030	Nathan Books & David Galica	125 Harrison	\$35,907		
Lincoln & Pearl	822276024	Chris Covert	203 W. Lincoln Highway	\$58,837		
			Total College, John & Harrison	\$2,258,408	\$6,775,224	
Note: The following represents most of the porperties that are Floodplain			Subtotal West side of John & College	\$1,450,346	\$4,351,038	All

Development Strategy

The proposed project would be a mixed use project that would contain a hotel, conference and meeting facilities, one or more restaurants, retail space, office space, apartments and dormitory rooms, supported by a variety of possible amenities including a fitness center, and other recreational and amusement amenities. A conference center hotel is envisioned with 180-230 rooms, including a 40-50,000 square foot meeting and banquet center and full service restaurant. It is expected that the hotel would need to be in the range of 6-10 stories high, and be accompanied by a parking structure of 2 stories to provide parking for the hotel, and that some flood fringe area be devoted to parking for the conference center that could be vacated in the event of the threat of flooding.

Exhibit 5 – Concept Plan for DeKalb 2020 Mixed Use Redevelopment



Graphics Prepared by Land Vision

Other uses for the development of the site include development of commercial, service, retail and office space. Potential uses may include a book store, apparel stores, and NIU merchandise store, convenience store, fast food, casual and formal dining. Some of the space may be occupied for amusements and other games. Some space may be available for health care or medical facilities. Finally, office space may be supplied to those businesses that offer services to students, faculty and staff from the development and neighborhood including banking, insurance and cosmetology services.

The success of the housing component of the mixed use project would partly benefit from the removal of perhaps 100-200 bedrooms of apartment and rooming house occupancy in the neighborhood. Other strategies to reduce student rentals elsewhere in the City or on the University campus may be considered as part of a comprehensive strategy.

The “mixed use” nature would bring more visitors and local traffic and create a destination that would complement the uses of both the adjoining downtown and renovated University administration and academic facilities.

Exhibit 6 – DeKalb 2020 Looking Northwest Toward Campus



Graphics Prepared by Land Vision

Secondary benefits from the project would be the creation of a major hospitality facility that would help draw more traffic and activity to the downtown area.

Development of the site would need to occur in a fashion sensitive to the historic and open space of the adjoining Ellwood Neighborhood and the Altgeld Hall and Lagoon settings of the adjoining University.

Exhibit 7 – DeKalb 2020 Looking Northwest Toward Campus



Graphics Prepared by Land Vision

Following as Exhibit 8 is a variety of Development Scenarios compared with the public cost characteristics of each. The costs of the Project would exceed the Revenue generation of the project as depicted in Exhibit 6 – Development Revenue Scenarios. Private funding is proposed to help offset the costs that need to be publically financed. The development of a TIF District overlapping the existing TIF District is essential to helping address the overall public funding that would be necessary. Private funding of the project would assure the effective use of public and TIF funding of the parking facilities and the development of the adjoining recreational “river walk.”

Exhibit 8 – Development Costs and Revenue Scenarios

Budget for College/John/Harrison					
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
# Properties	24	32	41	42	46
Acquisition	\$4,351,038	\$5,486,394	\$6,775,224	\$7,162,929	\$7,808,160
Demolition	\$840,000	\$1,120,000	\$1,435,000	\$1,470,000	\$1,610,000
Relocation	\$480,000	\$640,000	\$820,000	\$840,000	\$920,000
Utilities, Park, Street Improve.	\$2,000,000	\$2,500,000	\$3,000,000	\$3,000,000	\$3,500,000
Site Preparation	\$1,000,000	\$1,500,000	\$2,000,000	\$2,000,000	\$2,000,000
Contingency	\$1,500,000	\$1,750,000	\$2,000,000	\$2,000,000	\$2,000,000
Total	\$10,171,038	\$12,996,394	\$16,030,224	\$16,472,929	\$17,838,160
Outside Funding:					
Funding from Current TIF	\$800,000	\$1,300,000	\$2,100,000	\$2,400,000	\$3,000,000
Private Sector Funding	\$1,300,000	\$1,800,000	\$3,800,000	\$3,900,000	\$4,600,000
Net Costs to be Financed	\$8,071,038	\$9,896,394	\$10,130,224	\$10,172,929	\$10,238,160
Bond for 20 Years (Est. based on 2X costs)	\$16,142,076	\$19,792,788	\$20,260,448	\$20,345,858	\$20,476,320
Required Annual Tax Increment to Service Bond	\$807,104	\$989,639	\$1,013,022	\$1,017,293	\$1,023,816

Exhibit 9 – Development Revenue Scenarios

	Property Tax Increment Development Yield from Four Development Options:	Sales/Hotel Tax Increment Development Yield from Four Development Options:	Utility Tax Increment Development Yield from Four Development Options:	Total Estimated Tax Increments
180 Unit Hotel Conf Center	\$650,000	\$450,000	\$15,000	\$1,115,000
230 Unit Hotel Conf Center	\$750,000	\$500,000	\$20,000	\$1,270,000
200 Units Housing	\$900,000		\$20,000	\$920,000
25,000 Sq. ft. Retail Center	\$350,000	\$400,000	\$15,000	\$765,000
20,000 Sq. Ft. Class A Office	\$120,000		\$3,000	\$123,000
Total Potential Increment				\$3,078,000

The Development Scenario #1 in Exhibit 8 involves only the properties in the floodplain west of John Street and south of College Avenue. This scenario is the most difficult, as it would be entirely located in the flood plain and flood fringe and require a narrow, elevated building structure.

Development Scenario #2 would add the properties on the east side of John Street, but the rear yard would be those properties on the west side of Harrison. Those homes would be left out of the redevelopment, and the site outside the flood plain would only be a narrow 150 feet wide, and require significant elevated structures.

Development Scenario #3 includes the acquisition of the entire block of John/Harrison/Locust/Lincoln Highway. A variation of Scenario #2 and #3 is the recommended scenario, and may involve the acquisition of 34-37 properties, depending on the configuration of the facilities – including hotel rooms, parking structure, office, retail and other spaces of the mixed use complex.

Development Scenarios #4 and #5 anticipate incremental addition acquisitions to expand the redevelopment area with either more properties on the east side of Harrison or some additional properties on the “west nose” of the College/Woodley/Augusta block.

The role of the private sector would be the initial assembly of a number of the homes in the redevelopment area. The homes that are the most inexpensive and have the greatest transitions of ownership are those in the John/Harrison/Locust/Lincolnway block. Other properties that are west of Jon should be targeted when they become available as investors seek a more stable opportunity in the current market, or simply wish to exit the local market for estate planning reasons. Acquisition opportunities may also arise if there is a major flooding event that would make liquidation of the property an option for investors.

A management plan for operating the usable properties for a few years may be in order if the units are reasonable habitable.

DeKalb 2020 Collaboration and Conclusion

DeKalb 2020 has the opportunity to create an iconic symbol of “Communiversality” cooperation by bringing together the resources of the City, the University and the private sector to development a hotel, convention center and a “river walk” that will stimulate community pride and create a facility for entertainment.

Additional Steps Contemplated by Prospectus:

- *Private sector leadership for the creation of a non-profit organization and/or “trust” to raise funds, acquire, hold and manage properties*
- *Development of an instrument of intent and participation by the City, the University, the University Foundation, the Private NFP Trust*
- *Preparation of a neighborhood development plan to assess the feasibility of development of the hotel, conference center, and feasibility of construction and redevelopment in the flood plain and flood fringe areas, with design and aesthetics that will produce harmony with the adjoining Ellwood Neighborhood area, and the University’s lagoon area, and Downtown DeKalb*
- *TIF Area Study, Boundaries and Creation and Implementation*
- *Hotel Study that will identify the feasibility of the hotel and convention center, and establish a plan for recruitment of a capable operator. A variety of conference center, hotel and parking facility ownership structures many need to be explored. Some parts of the project facilities may need to be a hybrid of City/University ownership so the operations can be successful*
- *Compatibility with the NBT/ShoDeen Square project south of West Lincoln Highway*
- *Cooperation of the University and employment of an engineering consultant to study strategies for creating more flood storage capacity of the lagoon area to compensate flood fringe area displaced by the mixed use development*