



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Planning Division

### MEMORANDUM

**TO:** Bruce K. Walden, Chief Administrative Officer

**FROM:** Elizabeth H. Tyler, AICP, Director

**DATE:** August 28, 2003

**SUBJECT:** Ordinance No. 2003-08-088; An Ordinance Designating Brinshore Development, LLC, for the Redevelopment of 206 and 208 North Race Street in Tax Increment Finance District Numbers One and Two.

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#### **Introduction & Background**

At the August 25, 2003 Committee of the Whole meeting, the Committee recommended the City Council adopt an ordinance designating Brinshore Development, LLC as the developer for 206 and 208 North Race Street in downtown Urbana. 206 North Race Street is the former location of the Stratford Co-operative apartment building, now a temporary city parking lot. 208 North Race Street is currently a city leased parking lot. It was noted at the meeting that a more detailed presentation was being prepared for the September 2, 2003 Council meeting. At the September 2<sup>nd</sup> meeting, representatives from Brinshore Development, LLC will be present to discuss the project and give more background on their company. This memorandum gives background information on the site, the request for proposals, the proposed project and anticipated development agreement with Brinshore Development, LLC.

#### *The Stratford Site*

In 1998 the City solicited proposals for a senior citizens residential housing development to replace the aging Stratford Co-op building. Later that year a proposal was accepted by American Pacific Properties, Inc. to construct a five-floor, 64-unit senior apartment building by obtaining federal low-income tax credits. The project never materialized due to outstanding tax assessment issues that would affect the financial pro-forma of the project. American Pacific Properties transferred their option to purchase the property to the City in 1999. The City acquired the property, razed the building and constructed a temporary parking lot on the site with the intention that a second attempt would be made

to solicit development proposals. The total cost of acquisition of the site, demolition of the Stratford Co-op, and construction of the temporary parking lot totaled approximately \$165,000.

206 North Race Street (“Stratford Site”) currently contains 30 metered parking spaces and 10 leased spaces while 208 North Race Street (“Lot 8”), adjacent to the north, contains 53 leased parking spaces. Approximately 42 spaces are leased primarily by Health Alliance, the Urbana School District and a local attorney’s office.

### *The Request for Proposals*

In April 2003 a new Request for Proposals (RFP) was submitted to solicit development interests in the Stratford Lot and Lot 8. The RFP outlined specific goals and objectives of the project including compliance with the spirit of the Downtown Strategic Plan. The RFP made clear that the City desires a high quality, mixed-use center that incorporates a strong residential component and contains an urban design that would create a new landmark for downtown Urbana. The goal was to attract another development comparable to the new East Campus Commercial Center on Gregory Place and the One Main Street (Volition) in downtown Champaign. The internal RFP review committee felt that the proposal by Brinshore Development, LLC matched these goals.

## **Issues and Discussion**

### *Brinshore Development, LLC Proposal*

Brinshore’s proposal includes a three-story, mixed-use center incorporating 30 residential condominiums and 4 retail condominiums on the first floor. The project would also incorporate 30 on-site parking spaces (see Attachment “A”). The entire project is proposed to be market rate. The residential condominiums would contain a mixture of primarily one and two-bedroom units although there are a few large 3-bedroom units proposed for the top floor overlooking Race and Water Streets. The square footages of the units would contain approximately 900 square feet for the one-bedroom units, 1,100 square feet for the two-bedroom units and 1,350 square feet for the three-bedroom units. The sales price of the units would range from \$150,000 to \$250,000. The units are proposed to have interior finishes that would set them apart from standard apartment/condominium construction. The units will contain floor-to-ceiling windows, granite countertops, hardwood floors and track lighting. The four retail spaces on the first floor are proposed to be sold as condominiums as well. These spaces would range from approximately 960 to 3,400 square feet in size. The retail condominiums would front on Race Street and Water Street. Brinshore describes the units as being ideal from such businesses as a coffee shop, juice bar, outdoor café, travel agency, book store, or CD store. At this time there are no tenants designated for the spaces. The total construction cost of the project is estimated to be \$7.5 million.

To complete the project Brinshore has assembled a Project Team that includes Landon Bone Baker Architects and Devonshire Realty. Landon Bone Baker Architects have designed similar types of projects primarily in the City of Chicago. The proposed building is designed to reflect the existing Main

Street façade line. Devonshire Realty is a local firm that will work with Brinshore to market the project and obtain sales contracts for the condominiums. It is believed that there is a strong market in the Champaign-Urbana area for the proposed product. A recent housing market analysis performed by Valerie Kretchmer and Associates for the City indicates that a development the size of Brinshore's proposal could prosper in downtown Urbana. It was also noted that there is an untapped market downtown condominium opportunities in both Urbana and Champaign.

*Timing of Development*

Brinshore Development, LLC proposes to begin marketing the project immediately and begin obtaining pre-sales agreements for the condominiums. It is anticipated that sales would be slow in the upcoming winter months and that the spring months would exhibit greater activity. Should the sale of units progress as anticipated, construction of the project would commence in the summer/fall of 2004. The project would take approximately one year to complete.

*Development Agreement and Obligations*

The Ordinance to select Brinshore Development, LLC as developer of the project demonstrates a level of commitment that allows the Developer to begin expending funds to begin designing and marketing the project. It also authorizes the City to begin negotiations with the Developer and to formulate a formal development agreement to be approved by City Council. The agreement would outline specific obligations on the part of the Developer and the City and would outline a "due diligence schedule" as well as a specific arrangement for tax increment financing (TIF) incentives. It is anticipated that the agreement will have a specific date at which point construction of the project must commence.

Brinshore's proposal outlined two incentives needed to construct the project. First, it has been requested that the City donate the land to the Developer. Second, it has been proposed that the City use tax increment finance funds for site improvements up to \$500,000. At this time no agreement has been made for these incentives and the City and Developer will begin negotiations subsequent to the adoption of the Ordinance selecting Brinshore as the Developer of the project. It is fully anticipated that any financial incentive offered for the development will come at the completion of construction from tax increment generated by the success of the project itself and not from other city funding sources. A preliminary estimate is that the project could generate up to \$150,000 per year in tax increment for the property tax alone. This amount would be realized in each remaining year of TIF 2. A fixed-amount or percentage of that increment could be rebated back to the Developer for an agreed upon term.

Attachments:        Proposed Ordinance (from previous Committee of Whole Meeting)  
                              Design Concept and Developer Information from RFP (not in digital format)

Cc: Peter Levavi, Brinshore Development, LLC

Prepared By:

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Rob Kowalski, Planning Manager

Ordinance No. 2003-08-088

An Ordinance Designating Brinshore Development, LLC for the Redevelopment of 206 and 208 North Race Street in Tax Increment Financing Districts Numbers One and Two

WHEREAS, in accordance with the provisions of the Tax Increment Allocation Redevelopment Act (Section 5/11-74.4-1 et seq. of chapter 65 of the Illinois Compiled Statutes) the Urbana City Council approved the *Urbana Downtown Tax Increment Area (TIF #1) and Downtown Urbana Tax Increment Financing District Two*; and

WHEREAS, on February 4, 2002 the City Council adopted an amendment to the Urbana Comprehensive Plan under Ordinance 2002-02-010 entitled the *Downtown Strategic Plan*; and

WHEREAS, the *Downtown Strategic Plan* identifies as a primary goal developing more mixed-use developments downtown that would include residential, commercial and office components and identifies 206 and 208 North Race Street as a potential redevelopment site; and

WHEREAS, on April 10, 2003 the City of Urbana issued a Request for Proposals for development of a mixed-use center on property owned by the City of Urbana at 206 and 208 North Race Street; and

WHEREAS, said Request for Proposals was advertised in the *Champaign-Urbana News-Gazette* on April 13, 2003; and

WHEREAS, Brinshore Development, LLC submitted a proposal prior to the published due date of May 23, 2003; and

WHEREAS, the proposal submitted by Brinshore Development, LLC identifies the construction of a \$7.5 million, three story, mixed-use center with thirty residential condominiums and four, first- floor commercial condominiums; and

WHEREAS, the proposal also identifies specific Tax Increment Financing incentives necessary to construct the project; and

WHEREAS, the Proposal Review Committee as specified in the Request for Proposals determined that the proposal submitted by Brinshore Development, LLC best matched the identified goals and objectives of the project;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. The Council finds that the proposal submitted by Brinshore Development, LLC for a mixed-use development entitled *Stratford Center* was submitted in compliance with the time frames required by the published Request for Proposals.

Section 2. The Council finds that the Brinshore Development, LLC proposal meets the following goals specified in the Request for Proposals:

1. Help to meet the overall goals outlined in the Downtown Strategic Plan including the goal to establish a "Neighborhood Initiative" for downtown.
2. Develop a multi-story, mixed-use development that will increase the vibrancy of downtown by offering new business and residential opportunities.
3. Achieve an urban design that complements the existing development patterns of downtown and has significant architectural character.
4. Achieve a successful development that will prove to be profitable for both the Developer and the City as well as other taxing bodies.

Section 3. The Council finds that the redevelopment proposal is in conformance with the goals and objectives of the Tax Increment Financing District #1 and Tax Increment Financing District #2 plans for redevelopment.

Section 3. The Urbana City Council hereby designates Brinshore Development, LLC as "Developer" of a three story, mixed-use development including residential and commercial condominiums, subject to the City Council's approval of a development agreement.

Section 4. The City's Chief Administrative Officer and relevant City staff are hereby authorized to negotiate a development agreement with Brinshore Development, LLC for said development.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called of a majority of the members of the Corporate Authorities of the City of Urbana, Illinois, then holding office, at a regular meeting of said Council.

PASSED by the City Council on this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

AYES:

NAYS:

ABSTAINED:

PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

Tod Satterthwaite, Mayor