



The Campana

Redevelopment of a Batavia Landmark

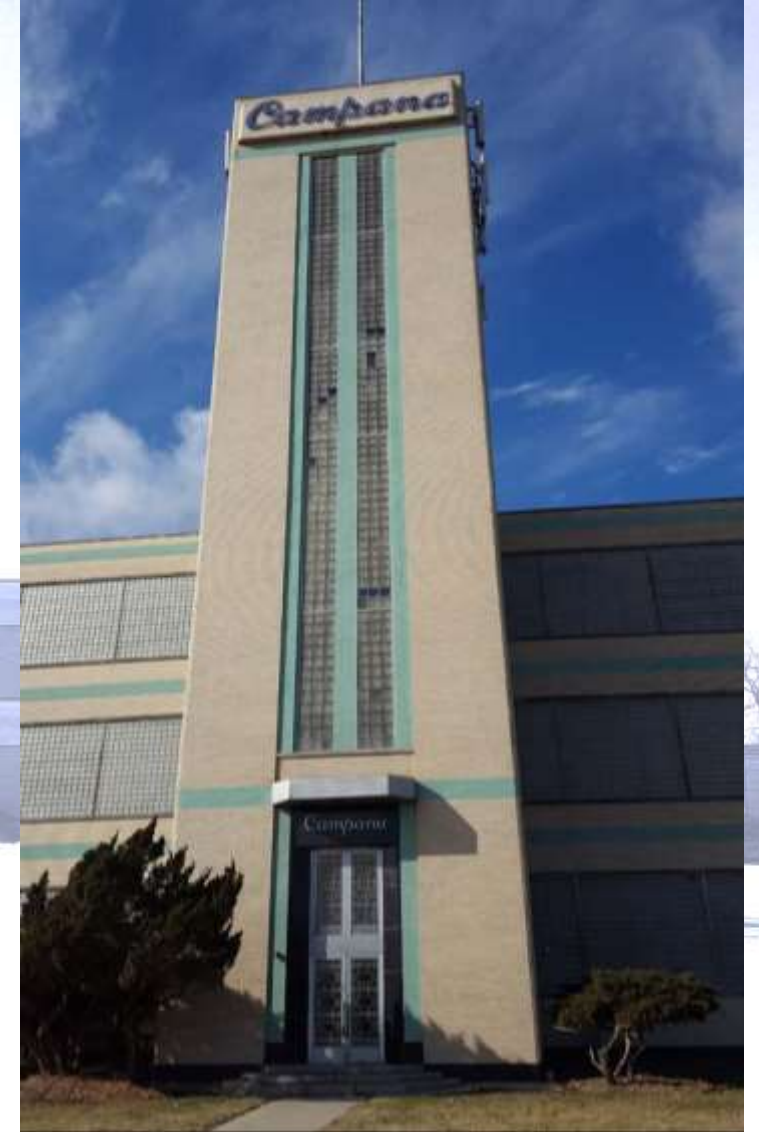
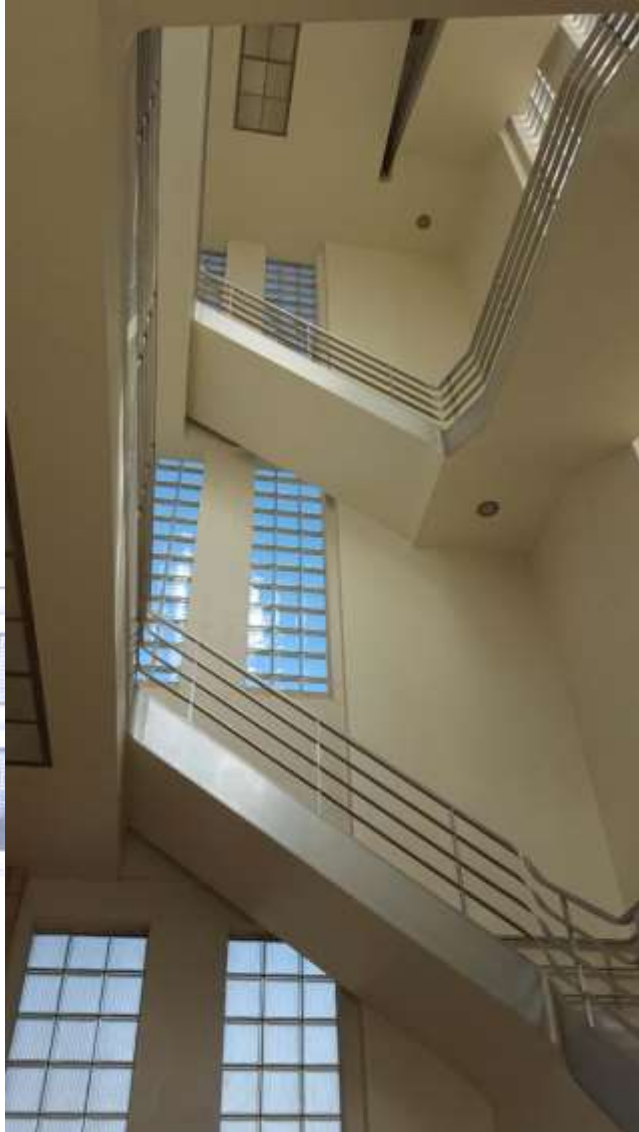


EVERGREEN
Real Estate Group



EVERGREEN
Real Estate Group

Extraordinary Building, Fascinating History



The Campana - Challenges



Historic Preservation Challenges

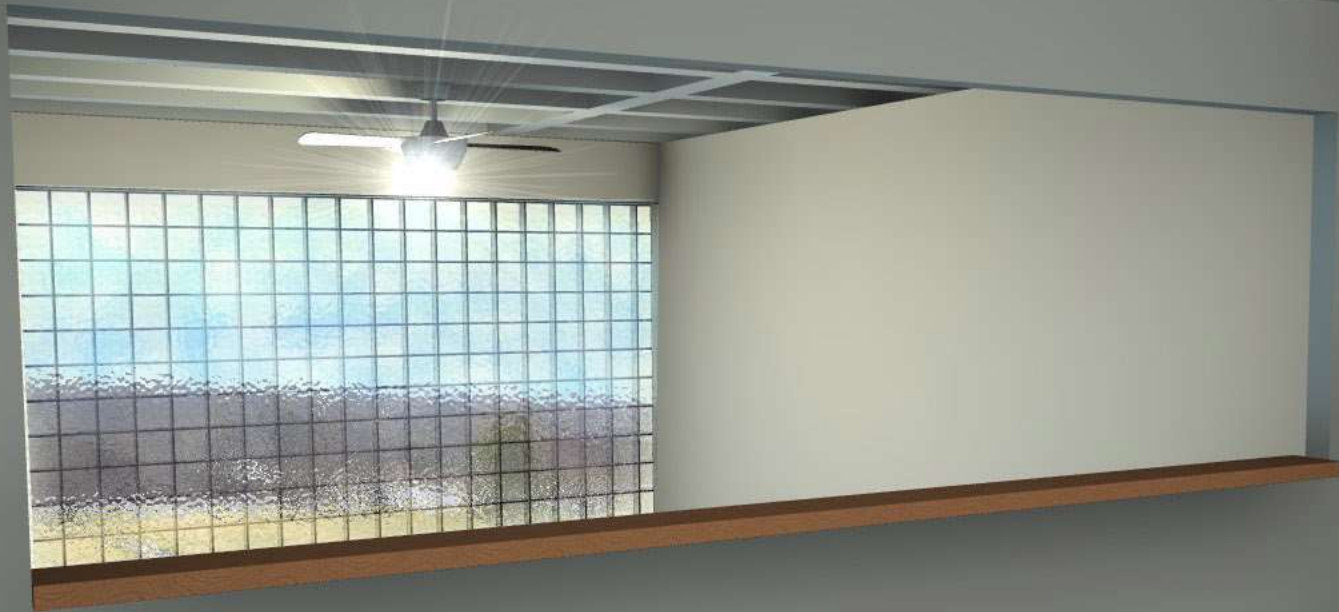
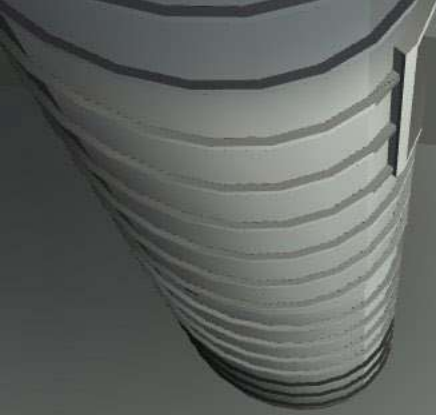
- ▶ No windows
- ▶ Preserving primary views
- ▶ Preserving great lawn and 'racetrack'
- ▶ Treatment of cell phone equipment



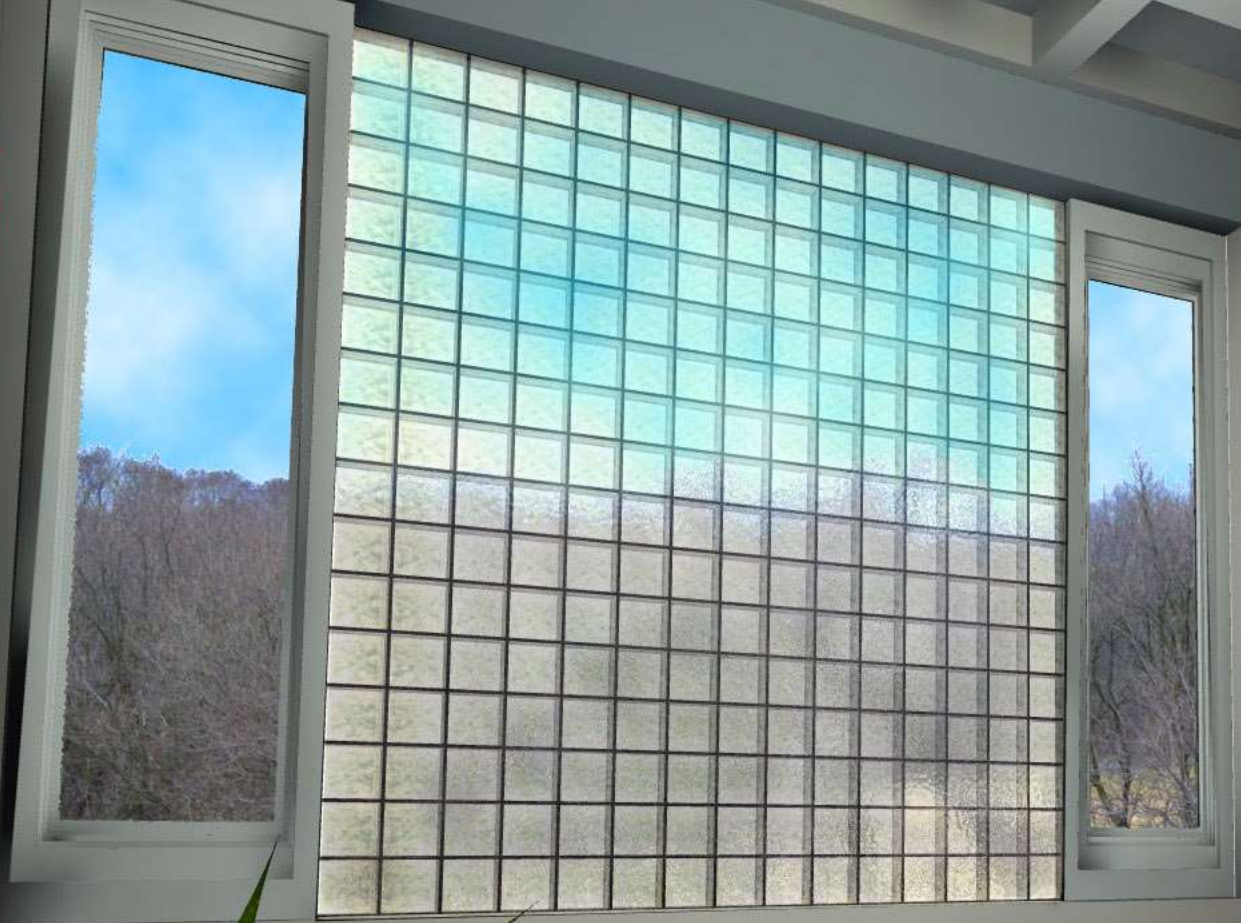
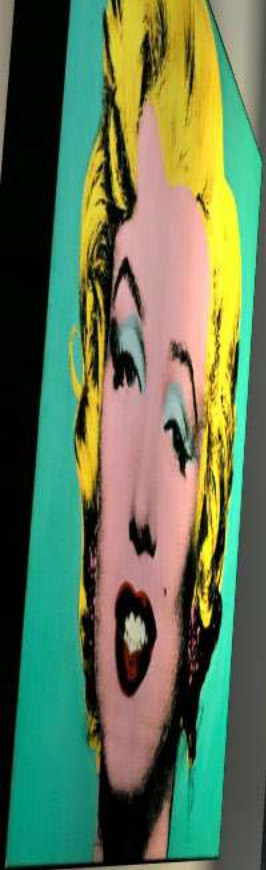
What are we proposing?

- ▶ 80 units of mixed-income housing:
20% market-rate, 80% affordable
- ▶ Mix of 1BR, 2BR, 3BR units
- ▶ Approximately 32,300 sf of commercial / retail / recreational space (25% of entire complex)
- ▶ Preservation of building and grounds to national standards









What is building's economic potential?

- ▶ **Current approach: good for limited maintenance, but cannot provide long-term rehab**
- ▶ **Our full construction program: \$20 million, \$30 million total project cost**
 - ▶ Back out 20% for Davis-Bacon, affordable housing and investor standards: assume \$16M
 - ▶ Add \$10M for acquisition, attorneys/accountants/architects, financing and title costs
 - ▶ Total program: \$26M
 - ▶ Commercial and residential NOI without restrictions: \$900,000 in year 1
 - ▶ Supportable debt: \$10.5 million, plus \$3.5 million in federal HTC equity
 - ▶ Requires \$12 million in developer equity to work (our approach replaces this with nearly \$20 million in tax-credit driven equity and debt from subsidy sources)
- ▶ **Best-case return on equity: 5.7% cash-on-cash or 3.0% IRR**
- ▶ **Conclusion: Insufficient for any real estate investor today**
- ▶ **If the market had a solution for this building, it would have delivered it already!**

What do you do with a complex historic preservation challenge where “the market” cannot provide a solution?

▶ Use of federal tax credits

- ▶ Historic tax credits - HTC: renovate the building in accordance with the Secretary of the Interior’s Standards for Historic Preservation
- ▶ Housing tax credits - LIHTC: provide housing for individuals / families at or below 60% of area median income

▶ Use of state tax credits

- ▶ Illinois affordable housing tax credits - IAHTC

▶ Use of other supporting financial programs

- ▶ Kane County allocation of federal HOME funds
- ▶ Federal Home Loan Bank program

Area Median Income and Tri-City Area

60% AMI	1 person	2 people	3 people	4 people
Income limits	\$ 33,180	\$ 37,920	\$ 42,660	\$ 47,400

Income levels	Est. number of households
Less than \$10,000	393
\$10,000 to \$14,999	326
\$15,000 to \$24,999	461
\$25,000 to \$34,999	547
\$35,000 to \$49,999	796
\$50,000 to \$74,999	1,295
\$75,000 to \$99,999	1,314
\$100,000 and up	4,459

City of Batavia 2015 census estimates

2,522 households = 26%
of all households in
Batavia

/ Total: 9,591 households



Importance of High-Quality Property Management



- ▶ **Holistic Approach to Property Management**
 - ▶ Resident Safety, Security, Satisfaction
 - ▶ Community Accountability and Economic Integration
 - ▶ Regulatory Compliance
 - ▶ Investor and Shareholder Performance



Importance of a Mixed-Use Development

- ▶ Maintaining many of the building's local business contributors to local economy
- ▶ Maintaining permanent jobs in the building (approx. 15)
- ▶ Housing uses in the main part of building, commercial uses at south and west
- ▶ Zoning envisions mixed-use



Project Benefits

- ▶ Long-term preservation of important landmark
- ▶ Housing for a range of families and singles:
 - ▶ Those with living wage and lower jobs
 - ▶ People with disabilities
 - ▶ People who can pay market rents
- ▶ Maintaining ±15 permanent jobs and creating 100+ construction jobs
- ▶ Likely increase in tax revenues for taxing bodies



Challenges

- ▶ Pedestrian and Traffic Safety
- ▶ Project Cost and Historic Preservation Complexity
- ▶ Coordinating 4 levels of government review (federal, state, county, local)



Conclusions and Key Questions

- ▶ We are responsive and responsible developers - we are good neighbors.
- ▶ We believe this is the right and best approach to preserve this important architectural treasure.
- ▶ The project represents a \$30 million investment in the local community, with projected increases in property taxes and impact/permit fees paid to local governments.
- ▶ What happens when building deteriorates past point of being salvaged?
- ▶ If not now, then when? If not us, then who else?



The Campana FAQs



EVERGREEN
Real Estate Group

What is the Current Zoning and Proposed Use of Building?

▶ Mixed-Use (Current Zoning)

- ▶ A deliberate mix of housing and commercial uses
- ▶ Redevelopment of the Campana as a residential and commercial use is permitted under the current zoning - we are not asking the city for a change of use

▶ Could be redeveloped as a more intensive use



What is the difference between mixed-income, affordable housing, and public housing?

▶ Mixed-Income

- ▶ People paying full market-rate rents (\$1,200-\$1,600)
- ▶ People paying a reduced rent if they income-qualify
- ▶ People paying 30% of their income if they qualify

▶ **This is not a Section 8 or public housing development.** The Campana will be owned by a private developer and investor. Evergreen will be responsible for maintenance and operations of the building.

▶ Development will be managed to market standards

- ▶ Monitored by large banks with millions of dollars on the line
- ▶ Monthly and quarterly financial reporting
- ▶ Annual site visits

Will the crime in my neighborhood increase?

- ▶ **Park City study, other studies**
- ▶ **Experience, professional management is the key**
 - ▶ Property management staff are trained on an ongoing basis
 - ▶ Residents undergo a rigorous application process (reference checks, credit check, and criminal background check)
 - ▶ Residents are required to review and sign “House Rules” before move-in. Residents who do not abide by those rules are fined or asked to leave the development
 - ▶ Management organizes community watch groups and invites the neighborhood to be a part of group



How many children are expected to live in the Campana?

- ▶ Based on data from the Evergreen portfolio, the Campana will house about 75 dependents. Dependents includes both minor children and adult children still living with leaseholder parents.
- ▶ Our portfolio data shows that only 30% of dependents in our developments are school-aged. This means the Campana is expected to be home to approximately 26 school-age children.
- ▶ Of that number, slightly more than 1/3 - perhaps 11 - children are expected to attend Western Avenue school at any given time.

How will kids get to school safely?

- ▶ It is anticipated that the school-aged children will attend District 304 elementary, middle, and high school
- ▶ Middle and high school children will be added to District 304 bus routes as school is over 1.5 miles away
- ▶ Evergreen will purchase a van and property management staff will drive elementary school children to Western elementary every morning and pick them up in the evenings.

Where will kids play?

- ▶ **The Campana sits on over 12 acres of land on the Fox River**
 - ▶ There is a sheltered area on the northwest side of the building where a soccer area and tot lot will be built
- ▶ **Additional indoor amenity space will be provided - a computer lab and community room/game room**
- ▶ **A pedestrian crosswalk will be added to Fabyan south allowing access to the Fabyan Forest Preserve**



Is the development too far away from amenities?

- ▶ **The development is within walking or biking distance from all basic amenities in the community. In fact, the Campana is:**
 - ▶ Across the street from the Fabyan Forest Preserve
 - ▶ Is 1.1 miles from Randall Road (Trader Joe's, Home Depot, TGIF, Movie Theatre, Walmart, Sam's Club, etc)
 - ▶ Is 1.2 miles from downtown Batavia (library, Panera Bread, City Hall)
 - ▶ Is 1.5 miles from downtown Geneva (Metra, Kane County offices, Starbucks, etc)

Will the development pay taxes?

- ▶ The redevelopment of the Campana will actually increase the value of the property and the annual tax bill is expected to be around \$140,000, an increase to current property taxes of nearly 50%
- ▶ Approximately half of these taxes will go back to the Geneva District 304 school district.
- ▶ Additionally, Evergreen will pay school and park impact fees totaling close to \$180,000

Will traffic increase at an already busy intersection?

- ▶ Other permitted uses under mixed-use zoning could be higher impact uses would increase traffic much more than the proposed development
 - ▶ The proposed use will generate a total of 62-90 trips per hour at its peak
 - ▶ If the Campana were redeveloped to its full allowable use additional trip generation could range between 100 and 400 trips per hour

Alternative	Use	Size (sq. ft.)	Morning Peak Hour			Evening Peak Hour		
			In	Out	Total	In	Out	Total
Total Site Trips for Proposed Plan			17	45	62	57	33	90
1	Office	49,500	68	10	78	12	61	73
	Retail	83,500	50	30	80	149	161	310
	Total	133,000	118	40	158	161	222	383
	Difference				+96			+293
2	Medical Office	49,500	93	25	118	49	127	176
	Retail	83,500	50	30	80	149	161	310
	Total	133,000	143	55	198	198	288	486
	Difference				+136			+396
3	Office	49,500	68	9	77	13	61	74
	Retail	63,500	38	23	61	113	123	236
	"High Turn Over" Restaurant	10,000	59	49	108	59	39	98
	"Quality" Restaurant	10,000	4	4	8	50	25	75
	Total	133,000	169	85	254	235	248	483
Difference				+192			+393	

What are you doing to mitigate increased traffic?

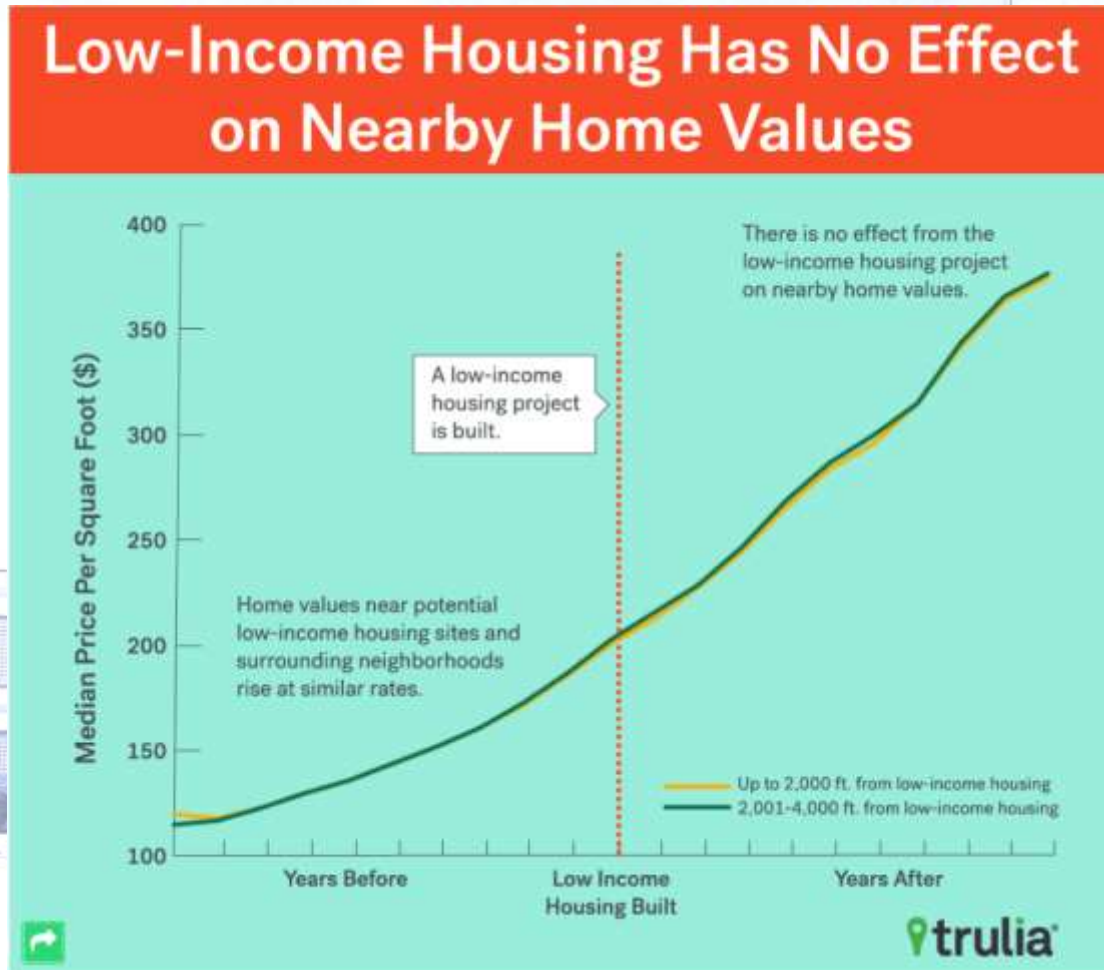
- ▶ Willing to dedicate part of the Campana site (at a cost to Evergreen) to IDOT and KDOT for future roadway improvements
- ▶ Pedestrian crosswalk at Fabyan Parkway south to connect to the bike path, sidewalks, and the forest preserve
- ▶ The redevelopment will include a connector road between the west and east parking lots
 - ▶ Allows access to Batavia Avenue and Fabyan Parkway from both parking lots



Is there enough parking proposed?

- ▶ Based on an updated parking study completed by Eriksson Engineers in June 2017, the development will have 206 parking spaces (code calls for 301 parking spaces)
 - ▶ 111 Residential parking spaces 1.39 spaces per household
 - ▶ ITE: 1.23 spaces per unit (99 spaces)
 - ▶ Local apartment data: average ownership of 1.29 vehicles per unit (103 vehicles)
 - ▶ NW suburban luxury parking study: parking demand of 1.39 spaces per unit
 - ▶ 95 Commercial spaces
 - ▶ This is an increase of 150% (from 38 existing commercial spaces to 95 spaces) and there will be fewer commercial tenants
 - ▶ ITE recommends 82 commercial spaces

What will happen to my property value?



<https://www.trulia.com/blog/trends/low-income-housing/>