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Springs at Canterfield – Neighborhood Meeting

MEETING DATE: January 22nd, 2014

FROM: Eric Thom

ATTENDEES:

Eric Thom, Continental Properties – ethom@cproperties.com

Joe Berkahn, Continental Properties – jberkhahn@cproperties.com

Overview

Eric Thom and Joe Berkahn of Continental Properties (“Continental”) hosted a Neighborhood Meeting at Randall Oaks Golf Club on January 22, 2014 from 6:30 to 8:00 pm. The purpose of the meeting was to provide information related to Continental’s Springs at Canterfield apartment development (the “Project”) to interested property owners in close proximity to the subject property (the “Property”) and to begin conversations regarding any concerns.

Prior to the meeting, 110 meeting invitations were mailed on January 13, 2014 to adjacent homeowners in the Fairhills of Canterfield subdivision. We also invited City staff and the First Congregational Church to the north. Of those invited, 28 individuals signed the attached neighborhood meeting attendance sheet.

Continental provided information that multifamily units would be rental, market rate apartments, and supplemental information about the project including quantity of units, conceptual site plan, conceptual grading, 3D renderings and proposed building elevations. Additionally, Continental shared a projected ground breaking for this summer and discussed that we would need to rezone the property to MF-5 and get a PUD amendment to change the existing B-3 business service district. The site elevations, amenities and plans must also be approved the Canterfield Design Review Committee (CDRC) the same committee that approved the Fairhills of Canterfield Subdivision.

This meeting summary serves to reiterate the information provided during the meetings, list concerns of the neighborhood stakeholders, and to provide responses to their requests for additional information.

Background & Project Description

Continental is a national developer, owner and operator of apartment communities across the United States. Continental’s Springs® Apartments offer gated, fenced, 2-story townhome-style apartment living with individual ground-level private entries. Featuring 1-bedroom to 3-bedroom apartment homes, Springs communities include a clubhouse, resort-style pool, 24-hour fitness center, click-cafe, pet playground, and attached and detached garages. Coupled with additional,



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unique amenities such as a free car care center and pet spa area, the Springs creates a unique approach to suburban apartment living.

Over the course of construction and operation of the Project, Continental employees will be working and living in the area. Continental employees will be on-site during construction to ensure quality construction, field questions from local stakeholders and oversee a clean and safe job site. Thereafter, several Continental employees, including full-time leasing and maintenance employees, will live in the immediate vicinity and operate the community. The development will be comprised of 232 class 'A', market-rate apartment units. Continental approaches every Springs project as an investment for both the company and in the communities that we serve.

Project Appearance

The Springs at Canterfield will be one of the top apartment communities in West Dundee. Architectural building elevations that were shown at the meeting were preliminary and need final approval from the CDRC. The architectural details discussed are described in the categories listed below.

Building Exteriors—The Development features four-sided architecture and sustainable cement fiber board siding with earth tone colors complimenting the colors found in surrounding single family neighborhoods. The 2-story direct-access buildings feature considerable façade articulation, architectural gables, and board and batten treatment. The exterior design has a townhome like feel with first floor direct access provided to both first and second story apartments.

Building Interiors—The Development's apartment interiors are competitive with other luxury apartments in the market. Individual units will offer washer/dryer, black appliances, open floor plans with free standing kitchen islands, dark café wood cabinets, ceiling fans, and offer attached garages.



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Neighbor Concerns and Questions

During the meeting, attendees raised the following concerns:

1. Why has Continental chosen West Dundee and this site?
 - Continental completes very thorough market research on all communities it is interested in. Continental identified the site as an optimal location due to the demand for housing options in the area, its location near the highway system, its location to employment and its location to nearby retail amenities. Continental showed a market demographic map at the meeting to illustrate a portion of the market research that is typically completed.
2. Is there enough demand in the area for apartment rental?
 - Continental's research shows the demand for rental units will not exceed available multifamily units and does not expect difficulty in the lease up of the property. Continental's business plan is to hold and maintain the property as an asset in their portfolio. It is not the desire of Continental to devalue their assets by lack of maintenance and significantly lowering the revenue.
3. What is charged for rent and what is the typical lease term?
 - Rents will be market rate, and will be determined by market research and comparable to other apartment community rental rates in the area at the time of leasing. Approximate base rental rates are \$970 for a studio to \$1800 for a 3 bedroom. A 1 year lease is typical, but occasionally a 6 month lease is requested and would be granted for an increased rent rate. Rarely are the units rented for shorter than 6 months unless there is a corporate agreement in place with a local employer.
4. What is the tenant screening process?
 - Continental has a thorough screening process for potential residents which include income/credit history, rental history, and criminal background checks. To qualify for a lease, prospective tenants must be able to provide proof of income of two and one-half times the monthly rent and their employment history is verified. Springs Property Management also uses an outside screening company which verifies information separately.
5. What is the current zoning of the property?
 - The current zoning is B-3 business service district which allows retail to be built on the site but not multifamily. Our proposal contemplates us rezoning the site to MF- 5 multifamily with a PUD overlay.
6. Will the pond shown on the site plan be a dry or wet pond?
 - This will be determined as civil engineering progresses, but our preference is to have the ponds be wet.



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7. What are the percent of evictions portfolio wide?
- This specific metric is not readily available and we are researching this statistic. However we do have data regarding resident lease renewals at Springs properties. Continental reviewed lease renewal percentages from the third quarter of 2012 to the third quarter of 2013 and found that roughly 44% of residents renew their leases annually. Continental generally operates at or above the industry standard with regards to renewals.
 - It is important to note that many residents are upwardly mobile, and as a result one of the top reasons for move-outs is home purchases. On the flip side, many empty-nesters and people who do not wish for the maintenance of a single family home also live at Springs communities, contributing to greater lease renewals in certain demographics sections.
8. Will the Springs at Canterfield negatively affect Property Values of the adjacent neighborhood?
- There has been no evidence from past studies portraying a difference in the appreciation rate of properties located near higher-density development and those that are not. In fact, studies have shown that multifamily housing either has no impact or even a slightly positive impact on appreciation rates.

“Not only is there compelling evidence that increased density does not hurt property values of nearby neighbors: researchers at Virginia Tech University have concluded that over the long run, well-placed market-rate apartments with attractive design and landscaping actually increases the overall value of detached houses nearby. They cite three possible reasons. First, the new apartments could themselves be an indicator that an area’s economy is vibrant and growing. Second, multifamily housing may increase the pool of potential future homebuyers, creating more possible buyers for existing owners when they decide to sell their houses. Third, new multifamily housing, particularly as part of mixed-use development, often makes an area more attractive than nearby communities that have fewer housing and retail choices” (Higher Density Development, Myth and Fact, 14)

- Continental has constructed several Springs communities right next door to single family homes. Continental reviewed communities it has developed with single family residences adjacent to the property lines in an effort to determine whether any significant change in assessed values occurred after construction of the apartments. Continental is working on updating this information and data and will present it when completed.
9. There were questions about if the project should have a fence or not.
- Continental explained that the property will be fenced and gated, as is common practice with many of the other apartment communities in its portfolio. Specifically, a five-foot tall decorative fence be installed. There would be two gates that would

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access the existing public trail on the western property line. These access points would be controlled with a key card.

- When asked if a fence was needed the majority of the neighbors present expressed that they wanted it.
10. Several questions about building and parking placement near the property line were asked:
- Continental is working to revise the layout, under the premise to maximize the buffering between the adjacent homes and the buildings. Continental is also working with staff to reduce the amount of parking required by code.
 - The main concern from several attendees was that Continental develop an effective landscape buffer treatment which meets or exceeds existing city regulations and HOA guidelines. Continental will work with the City and the CDRC to provide a more detailed landscape analysis in conjunction with the final grading plan to treat this area effectively. We are developing some concept plans for this area and will be able to present them to the neighbors at future neighborhood meetings.
11. There were concerns of the traffic related to the project, specifically, on Boncoski and neighborhood shortcutting are concerns?
- Continental will work with City staff on the scope of the traffic study and will incorporate the mentioned concerns into scope.
12. Will Boats/RV's be allowed to park in the open spots?
- No, these are expressly prohibited in the lease.
13. What will the impact of this development be on the local schools?
- Typically, our portfolio averages less than 10% of Springs residents of school age.
14. What security measures are in place in a typical Springs community?
- Typically, the Property Manager and Maintenance staff lives onsite. We also have a 24-hour maintenance person on site for any emergency.
15. Have we sold any projects?
- Yes, a few Springs Communities have been sold, Continental's business plan is to hold and maintain the property as an asset in their portfolio. It is not the desire of Continental to devalue their assets by lack of maintenance and significantly lowering the revenue. Our sole interest is having our Springs property management team maintain all of our projects at the highest levels so we can attract and the best tenants.
16. What is the development schedule at this time?
- Continental intends on breaking ground in Summer 2014, the first building would be open for move-in for late fall of 2014, and construction would be complete in approximately October of 2015. Continental will share the City meeting schedule with



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the HOA Board as the meetings are set. Right now we are on the February 3rd agenda as a workshop meeting only for the Plan Board.

17. Will existing trees be maintained on site?

- Continental is working to incorporate as many trees along the edge of the site as possible. Many of the trees that are located internally will be removed for the development.

Conclusion

We look forward to working with the neighboring property owners in Fairhills of Canterfield subdivision as Continental proceeds with Village of West Dundee approvals. It is our intent to cooperate with the community stakeholders as much as possible in order to develop a long-lasting, quality apartment community, and will continue to provide additional information as requested. Enclosed are the sign-in sheets from the meeting. Please do not hesitate to contact us for more information, or to express any additional concerns not covered herein.

