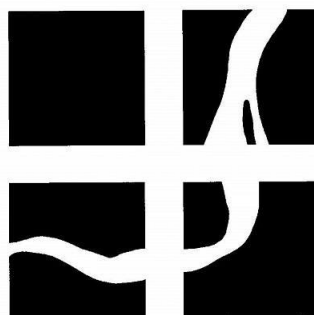


Focus Group Summaries



VILLAGE OF



Shorewood

I L L I N O I S

— Est. 1957 —

November 2019



RAPP CONSULTING GROUP

November 26, 2019

To: Jim Culotta, Village Administrator

As part of the Village of Shorewood's strategic planning process, three focus groups were conducted with different sectors of the real estate development community.

On October 3, 2019, a focus group was conducted with representatives of the residential development sector. Participants included:

- Bob and Ed Baltz - property owners
- Matt Pagoria - M/I Homes
- Scott Guerard - CalAtlantic/Lennar
- Aladdin Nassar - Meadowbrook
- Chris Pantaleo and Ed Mattox - Kipling
- Scott Shelton - Ryan Homes
- Justin Pounder - Imperial Mobile Home Park
- Gideon Bustein - Illinois Realtors

On October 31, 2019, a focus group was conducted with representatives of the industrial development sector. Participants included:

- Doug Pryor - Will County CED
- Chris Condon - John Green Commercial
- Paulina San Millan - Intersect Illinois (on the phone)
- Irv Gilner - Transwestern

On October 31, 2019, a focus group was conducted with representatives of the commercial development sector. Participants included:

- Rod Tonelli - Ruttiger Tonelli & Associates
- Chris Pantaleo - Kipling
- Carol Wagner - Shorewood Chamber of Commerce
- Andrea Fazio-DiVecchio - PostNet

Due to conflicting schedules, an online survey was also distributed to 19 stakeholders that could not attend the meetings. The appendix contains a complete list of stakeholders. Summaries of the focus groups and the online survey are contained on the following pages.

Submitted,

Craig Rapp
President

Focus Group Process

A focus group is a small-group discussion guided by a trained facilitator. It is used to gather in-depth information about a community's thoughts and opinions about a designated topic. The process typically includes a set of questions and follow-up discussion within the small group. The group meets for a limited duration. In the case of Shorewood's focus groups, the subject was development in Shorewood, in the residential, commercial, and industrial sectors. The meetings ran between 60-90 minutes. Participants were experts in each sector.

Focus Group Questions/Areas of Exploration

A broad set of questions were developed to guide the focus group discussions. The questions are listed below. The questions provided areas to explore rather than a strict outline to follow. Follow-up questions were asked during each session based upon the answers given to explore the answer or issue more deeply. The online survey had similar questions as those asked to the focus groups.

1. Opinions regarding Village as a place to do business/develop.
2. What do you like best about the Shorewood? Related to that, what are the strengths/greatest assets of the Shorewood?
3. What frustrates you about the Shorewood? Related to that, what are the weaknesses/greatest needs in the Shorewood? Challenges?
4. Market outlook & capacity for different types of development
5. Need for subsidies from the Village to make development happen
 - a. If help desired/needed-what type? TIF? Lower fees? Land assembly?
6. Competitive environment for different development:
 - a. SF residential
 - b. Multi-family residential—market rate, workforce, senior
 - c. Commercial retail
 - d. Commercial office
 - e. Industrial
7. What are the top priorities for the Shorewood over the next 3-5 years?
8. If you could change one thing about the Shorewood, what would it be?

Residential Development Focus Group Summary

Shorewood as a place to do business/invest

The group stated that the current environment for development in Shorewood was good, and that there appears to be a bright future, specifically referencing the staff. This was compared to the recent past, which the group said was “a nightmare”. The group specifically cited permitting problems, requirements by a former building consultant, and a general negative attitude about the Village for the difficulties in past years. The comment was made that Joliet by comparison, has been more builder-friendly.

Shorewood is seen as exclusive and a traditionally residential community. It was noted that Shorewood is well situated but that it is too far from major employment centers (Naperville, Oakbrook, Schaumburg

The group indicated that the Village should consider tweaking the code to address current demands as one way of improving the environment for development. Prescriptive architectural requirements are problematic and make the Village less competitive.). A major incentive for residential development would be if there was a train station to allow better access to employment centers and would promote need for increased density.

Current Residential Market Trends

A number of changes were noted in the residential development market:

- Short commutes are increasingly important
- Higher density and multi-family is a market trend
- Demand for renting is increasing, demand for owning is decreasing
- Renting is a growing lifestyle choice for empty nesters and others
- Monthly rents for new rental units in the area range from \$1,500 to \$1,700
- Appreciation of home values is not what it once was

The approach to residential development has fundamentally changed—not just in Shorewood, but generally following the recession. Internal rates of return are key for builders. No longer taking down and holding large tracts of land. Better developments from an investment perspective include a mix of product types (detached single family, attached single family and multi-family) to allow increased density and amenities in one subdivision/neighborhood.

It was stated that Shorewood is a move-up market and has good schools, which makes it attractive to the segment of the market that is seeking that. They pointed out, however, that that market segment is thin. Additionally, Minooka schools seem to be favored but Shorewood development would be too far from some of their schools. Market outlook in Shorewood is a bit bleak—once the current inventory of 300 lots is gone—that’s it!

Competition to attract single-family builders is coming from Indiana: lower fees, tax situation is better. Also, new construction has to compete with resale. All of the cost components of new development work against a competitive product -- land cost/fees/architectural requirements.

Messages/Advice to the Board of Trustees, Village

- Builders: “We don’t make the market, we serve it.”
- Since Shorewood is on the outer edge of development, it will take even more rooftops than what other similarly sized communities would need before retail will locate in the Towne Center
- Village should allow for a broad range of housing and designate areas where different housing types would be permitted by right
- No place for new and younger people--need to address this
- Work on continued/more cooperation between the Village and development community
- Development related fees need to reflect the reality of the market
- Address Letters of Credit--timing and release. More timeliness and flexibility will result in better outcomes
- Mobile home park relocation offers a number of residential and commercial opportunities for the Village
- Property taxes in IL are a problem
 - Eliminate or reduce impact fees: Do a pilot reduction to fees to see how it goes but minimally update the land-cash value

Industrial Development Focus Group Summary

Shorewood as a place to do business/invest

Shorewood isn't seen as a separate and distinct entity in the industrial development world—it is seen as part of the I-80 corridor and region. It was noted that Shorewood is behind the curve in industrial development, to the extent it is thought of at all. Shorewood is seen as a place for small user development and not a major player. The Village is viewed as a better option for smaller, locally focused users. Viewed mostly as a residential community, particularly because no additional land is identified for industrial uses in the Comprehensive Plan or on the zoning map.

Existing industrial users do not feel appreciated by the Village. Overall, the responses indicated that Shorewood lacks identity and is a fairly quiet bedroom community without fine dining options. The development process in Shorewood is not as streamlined as in other communities.

Current Industrial Market Trends

The industrial market is heading toward large warehouses due to logistics needs and the desire to build flexible spaces: bigger bays, taller ceiling heights. However, there is also significant demand for small truck storage and other support services for the larger industrial users.

Labor and mobility are current challenges: mobility—getting workers in and out of locations—and labor—for support businesses. Remember: services follow, they don't lead this process. This group did not think there would be as much impact from A/I (automation) as people anticipate. That labor shortages would remain an issue – trying to attract employees where there is affordable housing.

Channahon and Minooka have their act together in terms of competing for industrial development, and they are aggressive. Joliet gets their share due to size, and parcel availability, not necessarily because of their approach—but intermodal opportunities there give them an edge. However, Joliet has struggled due to lack of infrastructure improvements.

The SW section of Shorewood is a good area for industrial opportunities—by the new Village Public Works area/highline, railroad and I-80. Mound Rd/County Line Rd—best area to focus for new industrial, if interested. It is too costly to redevelop older, obsolete industrial properties so they are being repurposed or leased by companies that can operate within the space.

Messages/Advice for the Board, Village

- Industrial development offers an opportunity to increase the tax base without burdening schools
- Decide if you're going to be in this game and then communicate it with a modern, updated Comprehensive Plan and zoning regulations
- Have clear, transparent processes; have a single point of contact for developers and be open and consistent
- Village should have answers up front on: timing, cost of process—including infrastructure
- Use the surrounding municipalities as a strength rather than as a negative or competition
- Look at what you can do to support businesses that support large regional manufacturers

Commercial Development Focus Group Summary

Shorewood as a place to do business/invest

The village is generally perceived as a nice bedroom community where it is challenging to develop and do business. This is partly due to architectural requirements that don't contribute to investors' returns as well as cumbersome approval processes.

Shorewood lacks a distinct identity; doesn't have adequate Welcome to Shorewood signage. Shorewood is known as Route 59 to others, and only a collection of "things", not a "place". Many see Shorewood as a higher end neighborhood of Joliet. Historically, this is the white-collar area for Joliet--originally in the 70's and 80's. Shorewood is perceived as small town that is incomplete, lacking a downtown, Main Street or center; you drive through town but it's not really a destination. Towne Center was supposed to be the focal point but it hasn't happened or panned out yet. However, there is still room to grow and develop.

This is a good time for small business. There is space for small business in vacant locations but rents are high.

- Shorewood doesn't make it easy – no incentives or other support; incentives usually only given to larger retailers
- Shorewood has a lot of restrictions--e.g.-signage/temp signs (sales)
- Residents are loyal to local businesses
- Some existing developments need to be repurposed

Shorewood is not an innovative place for development--seems to want to be an exclusionary place for residential. Becoming culturally diverse is good. Some residents are concerned what housing diversity will bring (i.e. apartments).

Current Commercial Market Trends

The commercial market is cooling. National and regional retailers will likely focus on expanding in more sought after markets (Naperville and even Plainfield) before coming to Shorewood. Developers are looking to invest in lower risk communities with more residential density and a large employment center.

Route 59 commercial is somewhat regional--groceries, big boxes are supported by Joliet residents, not solely Shorewood. However, we are heading into the end of the growth cycle so development will likely be stalled unless there is major growth in housing and employment. Look to the intersection of Theodore and Route 59 – has sat undeveloped for more than 14 years but have higher density and traffic patterns. Concern that Route 52 development will be similarly stalled unless the Village incentivizes development and even business attraction (more employers).

What leads? Residential first to provide market for commercial, or unique clustering to bring in people and create a draw. Rentals and density would help support the cooling commercial market.

Issues

- Need for increased residential density to support commercial investment but resident perception of density is negative
- Commercial lease space is available but expensive for smaller businesses
- Everyone wants to be located on 59/52
- Lack of defined incentives to attract the types of businesses desired
- Not a lot of options for non-retail commercial
- South end of Route 59 --Village controls the land--interchange redevelopment opportunity. IDOT can help this
- Route 59 south of Route 52 should be repurposed to provide higher and better uses
- Concern about the impact of the Rock Run Crossings development on Shorewood businesses
- Retailers on Route 59 will continue to evolve--need to think about how to backfill spaces

Messages/Advice for the Board, Village

- There is an opportunity for small business development but the Village hasn't tried to assist entrepreneurs
- Attracting quality employers will boost prospects for other commercial development
- Focus on developing vacant infill lots on major corridors (Routes 52 & 59)
- Encourage small business in empty spaces, particularly retail with the use of incentives
- Consider acquiring land and partnering with the right developer as a development tool
- Think strategically about each commercial area because they are all different
- Focus on Towne Center and between River Road and Village Hall
- Do more thinking about what might happen and where we are going--be open to innovation. Look at success of other communities:
 - Burr Ridge multi-use success on the expressway as an example. Maybe SW quadrant could be an opportunity
 - New Lenox had similar development pattern as Shorewood seeks for Towne Center

Common Themes

- Shorewood lacks a distinct identity
- No central gathering space – downtown
- Exclusionary bedroom community that is seen as the move-up market; lack housing diversity and density
- More direction is needed from policymakers
- If there is a desire to diversify (housing, industrial, etc.), then make it clear where these uses can go and update Comprehensive Plan, other planning documents and development regulations accordingly
- High design standards that do not necessarily translate to higher values and can deter investment
- Be more business-friendly
- Not currently being responsive to market trends where plans, regulations and community sentiment restrict growth

Appendix: Focus Group Stakeholders

RESIDENTIAL

Name	Affiliation
Bob/Ed Baltz	Property Owner
Rob Getz	Pulte
Matt Pagoria	M/I Homes
Scott Guerard	Lennar/CalAtlantic
Aladdin	Meadowbrook
Mark Mastrorocco	K Hovnanian Homes
Ed Mattox & Chris Pantaleo	Kipling
Scott Czerkies	Property Owner
Scott Shelton	Ryan Homes
Justin Pounder	Imperial Mobile Home Park
Sandy Toth	Coldwell Banker
Gideon Blustein	Illinois Realtors

COMMERCIAL

Name	Affiliation
Steve Caton	Broker – Caton Commercial
Rod Tonelli	Ruttiger Tonelli & Associates
Andy Chlebana	Sift Bakery
Chris Pantaleo	Kipling
Carol Wagner	Shorewood Chamber of Commerce
Andrea Fazio-DiVecchio	PostNet
Jonathan Sharp	Build Sharp
Rafael, Dale & Jessica	Minor Threat Restaurant Group
Paul Cornejo	Aldi – National Retailer
Steve Wiborg & Joe DiGuglielmo	Chicken N Spice
Ed Prodehl	Coldwell Banker
David Goodwin	Potential Crema Franchise
Todd Berlinghof	Hamilton Partners

INDUSTRIAL

Name	Affiliation
Doug Pryor	Will County CED
Matthew Stauber	Colliers
Chris Condon	John Green Commercial
Ralph Petrozza (other rep)	Gully Transportation
Paulina San Millan	Intersect Illinois
Irv Gilner	Transwestern
Aaron Martell	Logistics Property Co
Nick Siegel	Bridge Development Group
Dan Leahy	NAI Hiffman
Chad Kurtz	Brakur Custom Cabinetry
Kevin Lewis	Force America
Greg Ruden	Expert Optics