

MEMORANDUM

TO: Andrew Yule, Vice President - Development, Albion Residential

FROM: Fran Lefor Rood, AICP, Senior Vice President, *SB Friedman Development Advisors*
Direct: (312) 424-4253 Email: frOOD@sbfriedman.com

DATE: July 7, 2017

RE: **The Albion at Oak Park School-Aged Children Population Projections**

SB Friedman Development Advisors (“*SB Friedman*”) was engaged by Albion Residential (“Albion”) to estimate the number of school-aged children that could be expected to reside in the proposed The Albion at Oak Park development (the “Project”) in the Village of Oak Park, Illinois (the “Village”). Albion plans to develop the 265-unit market-rate multifamily rental project with 9,500 square feet of ground-floor retail at 1000 Lake Street, at the northwest corner of Lake Street and Forest Avenue in downtown Oak Park.

Albion anticipates a highly amenitized Project with active social spaces, including a pool, “green” rooftop deck, exercise facility, several common areas, and a publicly accessible lobby. The 18-story building will have smaller units than many existing and proposed developments in downtown Oak Park and include the following elements:

- 265 luxury rental apartments, including:
 - 149 studio/convertible units
 - 66 one-bedroom units
 - 46 two-bedroom units
 - 4 three-bedroom units
- 9,500 square feet of ground-floor retail
- 243-space parking garage for residents
- Up to 265 spaces for resident bike parking



Figure 1. The Albion at Oak Park

Due to the nature of this proposed lifestyle development and based on existing comparable Albion developments in Chicago and Pittsburgh, Albion anticipates that approximately ten school-aged children will reside in the Project. However, Albion acknowledges that the Village is interested in understanding how the Project may affect local school districts, and now seeks a third-party estimate to better understand this potential impact.

This memo presents *SB Friedman's* findings regarding the projected population of school-aged children likely to live in the Project, a review of Albion's preliminary estimate of the Project's anticipated stabilized property tax revenue that would be payable to local school districts, and the potential estimated operational cost impacts to local public school districts related to school children in the Project.

Anticipated School-Aged Children in Project

SB Friedman estimated the projected number of school-aged children associated with the Project by analyzing comparable suburban Chicago multifamily high-rise and/or transit-oriented developments constructed after 2000 and stabilized before 2010. Characteristics of these developments are presented in **Table 1**. *SB Friedman* compiled U.S. Census block-level data from Census 2000 and 2010 indicating the number of actual school-aged (age 5 to 19) children living in each comparable development. The number of occupied units in each comparable development with at least two bedrooms was estimated using CoStar data on unit mix and occupancy. A student generation ratio indicating the number of students per bedroom for those units with at least two bedrooms was calculated, assuming that nearly all households with school-aged children would live in an apartment unit with at least two bedrooms. A weighted average of these student generation ratios was then applied to the unit mix for the Project, resulting in the school-aged children estimate for the Project.

Based on population generation ratios from existing comparable developments, *SB Friedman* projects that approximately 11 school-aged children are likely to reside in the Project at stabilization, as shown in **Table 1**. The Project is anticipated to have fewer children than the nearby 200-unit Oak Park Place, given the Project's lower number of two- and three-bedroom units, smaller than average unit size and lifestyle-oriented development program.

Table 1: Albion at Oak Park Population Projections

Project	Oak Park Place	ALOFT at Glen Town Center	The Reserve at Evanston	Railway Plaza	Albion at Oak Park
Municipality	Oak Park	Glenview	Evanston	Naperville	Oak Park
Year Built	2009	2004	2003	2000	2019
Studio/Convertible	20	0	7	0	149
1 Bed	120	115	101	191	66
2 Bed	60	66	77	226	46
3 Bed	0	0	8	0	4
Total Units	200	181	193	417	265
Total Population	279	142	317	390	330
Estimated Occupied Bedrooms in Units with 2+ Bedrooms	115	121	169	429	96
School-Aged Children	19	9	16	43	11
School-Aged Children per Bedroom in Occupied Units with 2+ Beds	0.23	0.07	0.09	0.10	0.11

Note: Oak Park Place figures provided by Village for 2016. Figures for other existing projects from 2010 Census. Source: US Census, Esri, CoStar, Albion Residential, Village of Oak Park, *SB Friedman*.

Anticipated School District Revenues from Project

SB Friedman used a comparables approach to estimate the potential equalized assessed value (EAV) and property tax revenue of the Project at stabilization. Because only the Oak Park Place multifamily rental development of the several recent development projects in downtown Oak Park has been fully assessed, *SB Friedman* identified additional comparable developments in Evanston and Orland Park to understand the EAV per unit of stabilized projects. Using 2016 EAV from the Cook County Assessor's Office and 2016 tax rate data from the Cook County Clerk, *SB Friedman* applied the average EAV per unit of comparable developments to the Project and estimated annual property tax payments associated with the Project using the current 2016 tax rates for the two relevant school districts, Oak Park School District #97 and Oak Park-River Forest Consolidated High School District #200.

Albion has estimated total property tax revenue from the Project of \$930,000 at stabilization, including approximately \$498,100 in revenue for the two school districts (shown in **Appendix B**). The approximately \$3,400 in property taxes per residential unit for the Project is similar to the average \$3,500 per residential unit for the four comparable developments, as shown in **Table 2**, but approximately 12% higher than the \$3,050 in taxes per unit for Oak Park Place. This appears to be due to the retail component of Oak Park Place being assessed and taxed on a separate Property Index Number (PIN) from the residential component. Retail space is therefore not included in the approximately \$3,000 per unit in taxes for Oak Park Place. However, the valuation of the Project and all other comparable developments include retail space, so they would be expected to have a higher property taxes when evaluated on a per residential unit basis. Based on *SB Friedman's* review of the assessed value and taxes per unit of comparable multifamily rental developments, Albion's estimate of property tax revenues associated with Project appear to be reasonable.

Table 2: 2016 EAV and Property Tax per Residential Unit

Project	Oak Park Place	Ninety7Fifty	AMLI Evanston	E2 Apartments	Albion at Oak Park
Municipality	Oak Park	Orland Park	Evanston	Evanston	Oak Park
Year Built	2009	2013	2012	2015	2019
Residential Units	204	295	214	344	265
Retail Square Footage included in Assessment	0	4,200	4,400	4,000	9,500
2016 Tax Rate	15.21%	9.95%	9.26%	9.15%	15.21%
2016 Total EAV/ Residential Unit	\$20,054	\$40,646	\$33,272	\$42,782	\$23,100
2016 Total Property Tax/ Residential Unit	\$3,050	\$4,046	\$3,081	\$3,916	\$3,400

Note: 2016 EAV/Residential Unit and Property Tax/Residential Unit are estimated for Albion at Oak Park based on total tax estimates provided by Albion. All other figures are from Cook County data, based on the unit mix from CoStar.

Source: CoStar, Cook County Assessor, Cook County Treasurer, Illinois Department of Revenue, *SB Friedman*.

Using U.S. Census and Illinois State Board of Education (ISBE) data, *SB Friedman* estimated the annual operational spending per student in the two school districts that school-aged children in the Project would attend. Only 2015 ISBE data was available, so operational spending was inflated to 2016 dollars using a 4% compound annual growth rate calculated from actual 2013 to 2015 ISBE data for these districts. Using the per-student operational spending figure, *SB Friedman* estimates an annual cost of approximately

\$175,200 to educate the Project’s anticipated 11 school-aged children, assuming all students will attend public schools and operational spending will increase directly proportional to student count, as shown in **Table 3**. The Project is anticipated to generate sufficient annual property tax revenue to cover those costs, as well as contribute an additional estimated \$322,900 in annual taxes to the two relevant school districts that could be used for capital or other costs.

Table 3: Estimated Annual Property Tax Payment to Relevant School Districts

School District	School-Children Age	Ratio	Anticipated School-aged Children	Operational Spending per Student, 2016	Total
Oak Park School District #97	5 to 14	82%	9	\$14,400	\$129,600
Oak Park-River Forest Consolidated High School District #200	15 to 19	18%	2	\$22,800	\$45,600
Total		100%	11		\$175,200
Estimated Annual Property Tax Payment to School Districts					\$498,100
Excess Property Tax Revenue for Capital and Other Costs					\$322,900

Note: Assumes all 11 anticipated school-aged children will attend public schools. ISBE operational spending per student data for Oak Park School District #97 and Oak Park-River Forest Consolidated High School District #200 from 2015 adjusted to 2016 dollars using the 4% compound annual growth rate from 2013 to 2015. Ratio of anticipated elementary to high school-aged children based on the breakdown of 2010 U.S. Census school-aged population data in existing comparable developments. Operational spending per student includes costs for overall district operations, including instructional spending, but excludes summer school, adult education, capital expenditures and long-term debt payments.

Source: ISBE Illinois Report Card, U.S. Census, *SB Friedman*.

Conclusions

Based on *SB Friedman’s* analysis of the Project, as presented by Albion and described above, *SB Friedman* estimates that the Project will generate approximately 11 school-aged children at stabilization. Based on *SB Friedman’s* analysis of comparable developments in Oak Park and similar suburbs, Albion’s preliminary estimate of stabilized property tax revenue of \$930,000 annually appears to be reasonable. This analysis suggests the Project will generate sufficient property tax revenue to not only cover the costs of the anticipated 11 school-aged children, but to also contribute an additional \$322,900 in annual stabilized property tax revenue to relevant school districts. The analysis assumes all school-aged children living in the Project will attend public schools; however, there are also high-quality private schools in Oak Park. While the percentage that will choose private schools has not been estimated for the purposes of this analysis, it is likely that certain families will choose private schools, further reducing operational impacts on public schools.

Appendix A

LIMITATIONS OF OUR ENGAGEMENT

Our report will be based on estimates, assumptions and other information developed from research of local government fiscal policies, market conditions, knowledge of the industry and phone calls during which we will obtain certain information. The sources of information and basis of the estimates and assumptions will be stated in the report. While sources used will be ones which we deem reliable, no guarantee can be made as to their accuracy. Some assumptions inevitably may not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis may vary from those described in our report and the variations may be material. Our report will contain a statement to that effect.

The terms of this engagement will be such that we will have no obligation to revise the report to reflect events or conditions which occur subsequent to the date of the report. These may include changes in local market conditions or otherwise.

Our report is intended for your informational purposes and should not be relied upon for any other purposes. Otherwise, neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan or other agreement or document without our prior written consent.

Appendix B

Albion Estimate of Stabilized Property Taxes from Project

TOWNSHIP OF OAK PARK PROPERTY TAX RATES			
Taxing District	Tax Rate	% Share of Taxes	Property Taxes Generated
County	0.055%	0.36%	\$3,341
Forest Preserve	0.690%	4.49%	\$41,758
Consolidated Elections	0.034%	0.22%	\$2,058
Township	0.199%	1.29%	\$12,043
General Assistance	0.036%	0.23%	\$2,179
Mental Health District	0.112%	0.73%	\$6,778
Village of Oak Park	2.062%	13.42%	\$124,789
Village of Oak Park Library Fund	0.750%	4.88%	\$45,389
Special Service Area #1 - Village of Oak Park	1.561%	10.16%	\$94,469
Special Service Area #2 - Village of Oak Park	0.000%	0.00%	\$0
Special Service Area #3 - Village of Oak Park	0.000%	0.00%	\$0
Special Service Area #4 - Village of Oak Park	0.000%	0.00%	\$0
Special Service Area #5 - Village of Oak Park	0.000%	0.00%	\$0
Special Service Area #6 - Village of Oak Park	0.000%	0.00%	\$0
Special Service Area #7 - Village of Oak Park	0.168%	1.09%	\$10,167
School District #97	4.597%	29.91%	\$278,204
Consolidated High School District #200	3.634%	23.65%	\$219,924
Community College District #504	0.352%	2.29%	\$21,303
Park District of Oak Park	0.674%	4.39%	\$40,789
Metropolitan Water Reclamation District	0.426%	2.77%	\$25,781
Des Plaines Valley Mosquito Abatement District	0.017%	0.11%	\$1,029
TOTAL TAXES	15.367%	100%	\$930,000

Source: Cook County Clerk

FOR IMMEDIATE RELEASE
July 10, 2017

Contact: Jim Prescott, 708-717-2110
c/o Albion Residential

**REPORT ESTIMATES 11 SCHOOL-AGED CHILDREN
LIKELY TO RESIDE IN ALBION AT OAK PARK**

***Analysis Confirms Albion at Oak Park
Would Generate Nearly \$500,000 for Public Schools***

OAK PARK – A report prepared by SB Friedman Development Advisors projects 11 school-aged children are likely to reside in the Albion at Oak Park development proposed at the corner of Lake Street and Forest Avenue, in Oak Park.

The report also projects the development will generate \$498,100 in estimated annual property tax payments to District 97 and District 200. After per-student spending is deducted from the total, Albion at Oak Park would add \$322,900 to District 97 and District 200 budgets.

As part of its review, the Village of Oak Park wanted a better understanding of how Albion at Oak Park may affect local school districts, which prompted Albion Residential to engage SB Friedman to prepare a third-party analysis.

SB Friedman examined projected population of school-aged children likely to live in the project, Albion's preliminary estimate of the project's anticipated stabilized property tax revenue that would be payable to local school districts, and the potential estimated operational cost impacts to local public school districts related to school-aged children likely to live in the project.

Key findings from the analysis include:

- “Based on SB Friedman’s analysis of comparable developments in Oak Park and similar suburbs, Albion’s preliminary estimate of stabilized property tax revenue of \$930,000 annually appears to be reasonable.”
- “This analysis suggests the project will generate sufficient property tax revenue to not only cover the costs of the anticipated 11 school-aged children, but to also contribute an additional \$322,900 in annual stabilized property tax revenue to relevant school districts.”
- “The analysis assumes all school-aged children living in the project will attend public schools; however, there are also high-quality private schools in Oak Park,” and “it is likely that certain families will choose private schools, further reducing operational costs on public schools.”

Albion at Oak Park is proposed with 265 rental apartments, including 149 studio/convertible units, 66 one-bedroom units, 46 two-bedroom units, and four three-bedroom units. It also includes upscale amenities, active social spaces, several common areas, a publicly accessible lobby, 9,500 square feet of ground-floor retail space and 243 parking spaces for residents.

SB Friedman’s report found Albion at Oak Park “is anticipated to have fewer children than the nearby 200-unit Oak Park Place, given the (Albion) project’s lower number of two- and three-bedroom units, smaller than average unit size and lifestyle-oriented development program.”

The SB Friedman analysis can be found at the Village of Oak Park website under Planned Development Application for 1000 Lake Street.

In addition to Albion at Oak Park's net positive impact on school district budgets, the Oak Park Police Department, Oak Park Fire Department and Oak Park Public Works Department reviewed the project. Each determined the development would not have an adverse impact on village services, an assessment included in Albion's Planned Development Application (Section 15: Village Services).

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