November 12, 2015

Jan Nation  
Illinois Department of Natural Resources  
1 Natural Resources Way  
Springfield, IL 62702

Re: Practical Alternatives to Conversion for Project 17-00769 and 17-00849

Dear Ms. Nation:

The City of Peoria is seeking the approval of the Illinois Department of Natural Resources (IDNR) and National Park Service (NPS) to develop approximately 5.9 acres of Riverfront Park into 144 units of private, multi-family housing. Since the property to be developed was acquired and developed under two Land and Water Conservation Grants awarded in the 1980s (17-00769 and 17-00849), the City is submitting this letter as part of the conversion approval process to document why converting park property was the only practical option for this development project.

**Rationale for Riverfront Housing Development**

The project, referred to as the “River Trail” project, is the outcome of nearly a decade of work to encourage inner-city housing, with a particular focus on downtown housing along the Illinois River. In the early 2000s, Peoria’s policy priorities shifted to place a greater emphasis on development in the urban core. The 1990s had seen the rapid geographic growth of the City through an aggressive annexation and growth strategy. While the City’s Growth Cells were successful in keeping Peoria competitive with its rapidly growing suburban communities, population growth in these new areas were offset by losses in older sections of the City. Census tracts in north and northwest Peoria increased their population by nearly 42% between 1990 and 2000; the tracts in the urban core of the City simultaneously saw the greatest rate of decline. “The City has wisely prevented the fiscal benefits of growth from completely escaping its boundaries, taking advantage of a series of strategic annexations, but at the expense of encouraging the trend for development to move away from the historic heart of the city.”

In 2003, the City hired the firm of Duany Plater-Zyberk & Company to help develop new strategies to revitalize its urban core (the “Heart of Peoria Plan”). Over the next decade, City staff worked to increase investment in the older sections of Peoria with specific emphasis placed on increasing market-rate housing in and near downtown. The desire to increase housing in downtown was partly aimed at population increase, but also stemmed from a need to create urban living opportunities appealing to the

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creative class employees of Peoria’s health care, manufacturing and educational sectors. Efforts included the Warehouse District initiative and the Med-Tech District/Renaissance Park project, and later the East Village and South Village Growth Cell efforts.

In addition to these initiatives, the City also created its “Green Edge Plan.” The Green Edge Plan sought to increase public access to the Illinois River and create development opportunities along the River, both north and south of downtown Peoria. Within the Green Edge Plan was the River Trail development concept. River Trail would extend Water Street northwest through Riverfront Park in order to create developable property along the River while preserving and enhancing public access to the River. The plan was endorsed by the Heart of Peoria Commission, Planning Commission and City Council in 2008.

**Alternatives to Developing in Riverfront Park**

In addressing the need to develop greater housing opportunities in and around downtown Peoria, staff believed that there needed to be a mix of options. This included the redevelopment of existing structures into rental and home-ownership opportunities, as well as the development of newly constructed units. This housing mix was validated by a 2008 study conducted on behalf of the City by Tracy Cross & Associates. That report showed a pent-up demand for urban housing options (specifically rental product) with an absorption rate of 194 per year. The report also indicated that the demand was split between those interested in loft conversions (102 units per year) and those interested in new construction (92).²

There was particular interest in developing housing that took advantage of one of Peoria’s greatest assets – the Illinois River. Peoria had success in repurposing industrial buildings in the 300, 400 and 600 blocks of Water Street into quality residential units. These developments had views of the River, but lacked true access to it, being separated from the River by a road, railroad tracks, public parking lot and other buildings. Furthermore, Peoria did not have any newly constructed housing units along the river. In fact, other than those Water Street lofts and the public housing units of the Taft Homes, there were only a handful of housing units of any kind between Adams Street and the Illinois River near downtown.

In seeking opportunities for riverfront development, staff discovered a lack of available property suitable in size and character for new housing development. Attached as Exhibits 1 and 2 are two maps showing ownership of riverfront property within a mile of the center of downtown Peoria in both directions.³ The reality was that most riverfront property was consumed by industrial or commercial uses. To the south of downtown, the United States Postal Service, Ameren and Archer Daniels Midland owned nearly the entirety of the riverfront. To the north, the ownership was more diverse but still generally unavailable or infeasible. The Peoria Housing Authority owned a large 20-acre tract that is occupied by 220 units of public housing. PMP, Solazyme, Komatsu and O’Brien Steel owned large amounts of property on or near the River. A number of other parcels existed but were unavailable or unsuitable for development. This included 27 acres of property owned by the Detweiller Playground Trust, an organization whose charter disallowed sale of the property for private development.

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² This study was updated in late 2013. Overall demand has increased to 210 units per year with the split of 108 loft conversions and 102 new construction units.
³ “Downtown Peoria” was generally defined as between I-74 and State Street. Ownership information is current though there has been very little change over the past 8 years.
The one parcel available for residential development was a 1.3 acre parcel at the foot of Spring Street. This parcel was privately owned by James Simantel who had purchased it in 2003 in hopes of developing the “Condominiums at Fountain Grass,” a 5-story, 16-unit luxury waterfront project. The project was subject to a Redevelopment Agreement signed by the City in 2005. When the River Trail plan was introduced in 2008, Simantel’s project had stalled but had not been cancelled. Staff presentations regarding the Green Edge Plan referenced the Fountain Grass project.

Given the market interest in riverfront housing, but the lack of available property for development, the City began marketing an opportunity within Riverfront Park. Riverfront Park is 19.5 acres of open space. The park has modest recreational elements including a set of sand volleyball courts and a well-used bike/walk trail. The park also has a number of memorials scattered throughout its grounds. In planning for potential development, Peoria focused on the least utilized part of the park – a section of approximately 6 acres between Morgan and Morton Streets and north of the bike/walk path. This area is where the park widens away from the river and remains relatively underutilized as the vast majority of the park activity remains near the River, along the bike/walk path.

In 2011, Desmond Curran and Glen Barton (collectively, “River Trail Drive L.P.”) began expressing interest in developing riverfront apartments. By then, the Simantel “Fountain Grass” project had been abandoned and the parcel was for sale. Mr. Curran investigated the feasibility of developing his project on that site. The site was dismissed as a practical alternative based on a number of factors. First, the developer was seeking to build at least 100 rental units. The parcel’s relatively small size could not accommodate that number of units without the construction of a very tall and expensive building. More concerning, however, were environmental and geotechnical soil conditions. The Simantel site consisted mostly of fill that would require expensive pilings and foundations to secure any construction. Simantel’s plan for condominiums incorporated the extraordinary cost of site prep and foundation solutions into the sales price. In contrast, market rental rates were insufficient to account for these additional costs.

The only remaining viable opportunity for riverfront development was the City owned property in Riverfront Park. Recognizing the importance of Riverfront Park, the City and developer worked to reduce the potential footprint of the private development from the initial concept of utilizing 8.2 acres to the final version that converts about 5.8 acres. The final site plan minimizes the impact on the park and its users. The development is organized along the railroad tracks along the western boundary of the park. Of the 5.8 acres being converted, approximately 1.6 acres is comprised of an existing parking lot, maintenance building and areas between these facilities and the railroad tracks that are generally unusable. Exhibit 3 shows the existing Riverfront Park and proposed River Trail development. The linear nature of Riverfront Park is preserved and extended through the City’s identification of replacement land adjacent to the current park and along the river. Exhibit 4 shows the River Trail development outlined in red and the proposed replacement property outlined in yellow.

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4 The LAWCON grants cover approximately 38 acres of property. The southwestern half of the property (about 17 acres) is referred to as Festival Park. The northeastern half (about 21 acres) is referred to as Riverfront Park.
Conclusion
The City was unsuccessful in finding alternative available property that could adequately support a large multi-family residential development near downtown in terms of its size and costs. After exploring all its options and rejecting all other available properties on practical grounds, the 5.8 acres of Riverfront Park was the only property that met the needs of the City and developers.

Sincerely,

Patrick Urich
City Manager

Christopher Setti
Assistant City Manager
Exhibit 1: Riverfront Property South of Downtown

A = Archer Daniels Midland
B = Ameren Cilco
C = United States Postal Service
Exhibit 2:
Riverfront Property North of Downtown

A = Peoria Housing Authority
B = PMP Fermentation
C = Solayzyme (PMP in 2008)
D = Warren Danz (Edward Hine Printing in 2008)
E = TF Ehrhart Company
F = O’Brien Steel
G = Detweiller Playground Trust
H = Komatsu USA
I = City of Peoria (Riverfront Park)
Exhibit 3:
Side by Side comparison of Riverfront Park (actual) and River Trail Development (proposed)
<table>
<thead>
<tr>
<th>Description</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation Development Area</td>
<td>8.12</td>
</tr>
<tr>
<td>River Trail Apartment Development Area</td>
<td>5.84</td>
</tr>
</tbody>
</table>

Exhibit 4: River Trail Development & Proposed Riverfront Park Extension