

AFSAR
DEVELOPERS

September 4, 2024

Ref: BOT 24-01; Annexation Agreement Public Hearing - Pinnacle at Meyers Subdivision

To: Honorable President Keith Giagnorio and Respected Trustees Brian LaVaque, Anthony Puccio, Bernie Dudek, Andrew Honig, Dan Militello and Bob Bachner

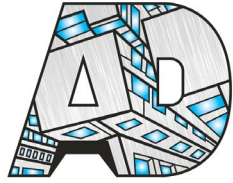
Cc: Village Manager, Scott Niehaus; Village Community Development Director Bill Heniff; Village Clerk Liz Brezinski; Anna Papke, Planning and Zoning Manager

There were excellent questions asked by you, during the Annexation Public Hearing, on August 29, 2024. I am taking this opportunity to personally answer key questions, in detail, so that you have full and factual information, before you make your decision.

1. What is the incentive for us to get involved now rather than wait and see what happens with DuPage County? How does annexation benefit the village and the residents?

After the DuPage County hearing in February 2024, we paid close attention to neighborhood feedback. In April and into May, we met and communicated with several neighbors and the informal YCC School St. Redevelopment Committee to understand their concerns. We then reached out to the Village of Lombard to discuss leveraging Lombard's sewer and water services. Based on Village of Lombard's feedback, we were able to come up with a new design that addressed the neighbors' key concerns. Below are the key benefits that the Village and residents will be able to achieve through mutual discussion and cooperation.

- The plan before the DuPage ZBA called for pairs of attached single family homes in a more linear format than what is proposed today.
 - The style of single-family homes is allowed under the County Zoning Ordinance, as confirmed by the Office of the DuPage County State's Attorney.
 - DuDOT approved (to the extent involved in zoning) restricted access design from Meyers Road that contemplated two full access driveways on School Street.
- Density (60% density reduction)
 - We acquired adjacent properties and reduced density.
 - We went from 30 du on 2 acres (15 du/acre) to 24 du on 4 acres (6 du/acre), essentially falling at 106% of allowable R-2 density (vs. 140% allowed under a PUD).
- School St. Access and Traffic (100% access elimination)
 - DuPage plan had 2 entrances and 2 exits on School Street. The neighbors requested School St. access be eliminated.
 - An interim plan also had driveways for homes on School Street, with consideration in another plan for an access closer to 13th Street if we acquired more land.
 - The new plan eliminated School Street access completely.

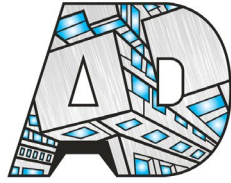


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- Parking Concerns (300% parking space increase)
 - The plan before the DuPage County ZBA had 2 car parking spaces per unit at each unit and 0.5 spaces per unit on the east and west sides of the development. Neighbors asked for more parking to accommodate guests.
 - Afsar proposed a common community amenity at the corner of 14th Street and Meyers Road that would also have common parking spaces closer to School Street, but neighbors did not want to see either the amenity or the parking.
 - The internalized access and gated nature allowed some usable common space on the interior.
 - The new plan has 6 parking spaces per unit at each unit for the 18 east- or west-facing homes (2 indoor, 4 surface).
 - The 6 homes facing south have 4 parking spaces per unit (2 indoor, 2 surface). We will be offering these homeowners an option for lift parking (like BendPak) in their garages. These homes will also have 6 parking spaces if the homeowners avail this option (4 indoor, 2 outdoor).
- Rooftop Outside Deck Area Reduction (27% reduction)
 - The DuPage ZBA plan had 687 sq. ft open rear deck area as part of a covered and open deck plan with a total of 1,291 sq. ft. (53% rear open area)
 - Neighbors requested the rear open area to be reduced to avoid noise. The following key design changes were made to accommodate this request.
 - The homes were designed facing each other inwards so that the front rooftop deck noise would be contained within the development.
 - The rear rooftop deck open area was reduced to 353 sq. ft. out of a total of 1,365 sq. ft. This has resulted in a much smaller rear open area even though the total rooftop deck size has increased.
 - We received feedback, in the May 21, 2024, neighborhood meeting, attended by Bill Heniff and Anna Papke, to further help with rooftop noise reduction. We added a 2ft glass wall, on top of the existing 4 ft. parapet wall, to create a 6ft sound barrier.
- Extensive Landscaping Plan
 - The plan before the DuPage ZBA had limited landscaping due to space limitations.
 - With input from neighbors, we developed an extensive landscape plan, estimated to cost about \$250,000. This includes planting offsite parkway and non-parkway trees requested by neighbors west of School Street.

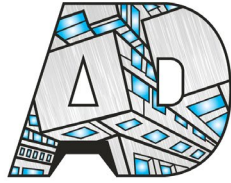
In addition to these key design improvements, further benefits of annexation to the Village of Lombard and residents are:

- Lombard has a significant interest in housing stock.
 - At the County ZBA, consultants testified that housing availability in Lombard was limited, with very few attached housing options.
 - Afsar, via its lender, obtained a professional market and comparables report from Valbridge Property Advisors showing that the housing market, accompanied by



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- Lombard's strong commercial and retail segments, would remain strong and that growth would be supported for several years following the pandemic.
- Comparable properties to the housing product proposed in this instance are not common, but there is a gap in the market for homes of this type.
- Luxury homes are available in Lombard and the demand for these homes is greater than this project and another local project will construct.
- The development will follow Lombard standards and allow the village control over code enforcement.
 - The entire property needs to be repurposed to a new use after decades of use that has drawn the ire of neighbors and the Village and County code enforcement.
 - The property is not part of the York Center Cooperative, and its use has never been planned with the cooperative development area.
 - Lombard's comprehensive planning calls for an appropriate new residential use at the property, and the property remains on Lombard's side of a boundary agreement with the City of Oakbrook Terrace.
 - The block carries multiple zoning districts and uses, and it requires more localized attention than standard County or Village planning.
 - The return to residential use will be consistent with areas to the west, but County treatment of the property in its current roughly 4-acre design could lead to rezoning or reuse in a form that does not fall as far within Lombard's expressed intent as does the current project.
- Annexation allows for better utility planning and for less road disturbance to fewer neighbors.
- Annexation allows the Village long term contractual expectations.
- Gap strip solution.
 - The annexation allows resolution of the ownership and use of the gap strip extending from 14th Street to Roosevelt Road.
 - Lombard will have full right to work with neighbors north of the development.
 - We will apply the gap strip to use as common area hosting irrigated plantings that create a rather uninterrupted greenway around the south and west sides of the project.
- Economics in Lombard will improve
 - Rooftops and household income steer business decisions.
 - The additional homes at this price point reflect not only private investment in Lombard in a modern form of housing, but the homes represent future spending in Lombard
 - 24 new families purchasing goods and services in Lombard will contribute directly to an increase in Village sales tax revenues.
 - The developer and a large portion of the construction side are Lombard residents.



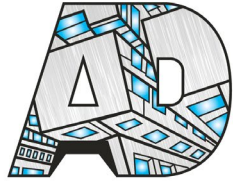
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- Consolidation of agency jurisdiction is a proper purpose of annexation
 - Lombard extends to points north and south of the site, but there is overlapping governmental and agency service in the block
- The families (Doctors, IT Professionals, Business Owners, Urban couples that want to be close to the City) attracted to this development have invested, and will invest in, Lombard businesses, schools, libraries and communities. Increased investments in businesses leads to increased employment opportunities for Lombard residents. Lombard experiences a loss every time a family that wants to move to the Village because of its amenities cannot do so when there is no housing stock available, and there is a shortage in all segments of the market. (Afsar evaluated the non-luxury market before and during the County ZBA process and it obtained a copy of its lender's market and comparable study from Valbridge Property Advisors before investing over \$4+ million to bring this project along.)
- Below is a chart of the estimated direct agency tax benefits:

Agency	Estimated Direct Tax Benefit
Grade Dist. 45	46.45%
H.S. Dist. 88	27.02%
Village of Lombard	8.04%
York Center Park District	5.81%
Plum Library	5.53%
College of DuPage	2.47%
DuPage County	1.91%
Forest Preserve	1.39%
York Township	0.61%
York Road District	0.60%
DuPage Airport Auth	0.17%

Even though Lombard would receive only about 8% of the direct tax benefit (\$46,000.00), schools (roughly \$420,000.00 per year), York Center Park District (\$33,000.00 annually), Helen Plum Library (\$31,000.00 annually) will benefit significantly from the increased tax revenue.

- Lombard will benefit from the fees collected for water and sewer services provided to these homes.
- The current site is a brownfield site (non-residential, light industrial use, historic outdoor storage and storage for commercial vehicles) with no drainage control (sheet flow as opposed to BMP and water quality improvement).

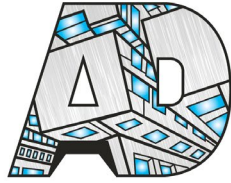


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- The new modern architectural design will be a showcase community for Lombard. There are examples of individual homes with modern design in the greater Chicagoland area. But an entire subdivision with modern aesthetics will be a standout development.
- Annexation allows for planned development of the territory according to Lombard street standards when there is experience in the area with the County's allowance of head-in street parking from the right-of-way.
- We were inspired by developments like Norbury Crossing that raised the value of homes in Lombard. As certainly must have been noted when United Homes was in the zoning process, homes in Norbury are ideal in meeting some of the demand and serve as a motivational consideration for future opportunities to enhance housing stock in and around Lombard.
- Some residents used anecdotal information about families trying to find homes in Lombard rather than Oak Brook, Hinsdale or Elmhurst, but being unable to identify property that was available as if it were a slight against Lombard, but the fact is that Lombard has gaps that can and should be met (and locations available to accomplish this) when its neighbors have no more territory available for proper redevelopment or, in the case of Oak Brook, new residential construction is difficult (impossible in many instances). These families will have their first opportunity with United Homes' project, and, as the Pinnacle at Meyers comes online, more homes will be available. Together, the two projects will not supply enough housing to meet the demand. This is particularly so when housing of a similar type is simply not available in the area.
- This has been a common occurrence in Elmhurst, Glen Ellyn, Wheaton and other towns. Glen Ellyn cannot find locations for similar development. Wheaton planned the thriving Courthouse Square redevelopment when no one said there was demand for luxury townhomes and condominiums, then it saw demand for more custom-built luxury homes that were not in its housing stock—leading to such development on Seminary.

2. Will people buy homes before they are built? Or will the lots be sold and then the homes be built?

Our plan is to build six homes in Phase 1. Currently, we have buyers for three of these six homes. The plan is to market the rest of the homes during Phase 1. Our goal is to have all 24 lots sold before we start construction on Phase 2 and Phase 3.



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3. What would be the rough timeline for completion? What if it does not go well and we have a half-built subdivision?

Phase	Number of Homes	Estimated Completion
Phase 1	6	Dec-25
Phase 2	9	Dec-26
Phase 3	9	Dec-27

The public improvements are guaranteed by surety bonds for construction and implementation as well as maintenance and performance. The annexation agreement will also govern. If it does not go well, Lombard can undertake all these improvements including Stormwater detention, utilities, sidewalks, etc. by leveraging the bond. Just the public improvements alone are a significant enhancement compared to the site as it sits today. Afsar Developers is taking the biggest financial risk and it is in our best interest to ensure successful completion of all 3 phases. Even in the event of a market collapse, the staging of work calls for public improvements in the initial phasing, and it should be no surprise that this is also how financing is arranged and schedules since the lender has every interest in paying out for public improvements first.

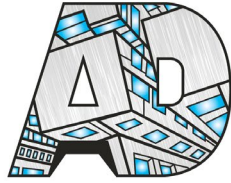
4. How many cars are going to be allowed per residence?

6 cars per home. The details are outlined in the answer to Question #1.

5. The developer is requesting open space variation from 50% to 39%. Can we take out 2 more units and get to the 50% mark?

With respect to open space, it should be noted that the 39% request is intended to focus on the development site and to exclude the territory under Meyers Road from the equation—consistent with Village actions to the north. DuDOT design standards control Meyers Road, and the transition from highway to private property requires a wider driveway. There have been significant costs incurred to date, on land acquisition and soft costs (architecture, engineering, landscaping, legal, entitlements, etc.). After adding the estimated public improvements required by DuPage County and Lombard, we are looking at \$7+ million before the start of vertical construction. This needs to be spread over 24 units to make the development financially feasible. The lender's underwriting is based on 24 units and reducing 2 units (\$3 million top line revenue impact) affects the project feasibility. Several of the project amenities that arose during neighbor discussions are costly, from internalizing the street access to a private drive rather than yard area, to the fencing and landscaping, including irrigation. A reduction of two units (roughly 6,800 square feet) would not bring the project into compliance with the open space requirement.

In order to meet open space requirements, Afsar would need to return to existing grid development planning and propose a project with components that neighbors did not want to see (one driveway connecting Meyers Road and School Street, multiple driveways along existing streets, and an amenity space with parking to the south)—essentially externalizing the development. However, one must also consider DuDOT's preference for allowing only two



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driveways and an interconnecting driveway that would still pressure the open space requirement for the greater public interest of having less private access to Meyers Road.

6. How does gated subdivision fit into Lombard?

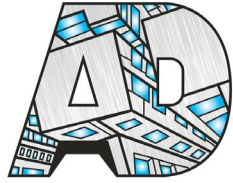
The neighbors requested a perimeter fence to enhance their privacy and reduce noise impact. There are 2 monitored gates which will continuously record entry and exit of vehicles thereby enhancing security. This gated subdivision is a new concept for Lombard but is common in neighboring suburbs like Oakbrook and Hinsdale. The gated subdivision enhances the value of the development, helps attract customers, and reduces the risk raised in Question #3.

7. Why are the houses facing inwards instead of facing the streets?

After the County ZBA hearing, Joseph Abel (our land use consultant and planner for over 50 years) reported an afternoon in the neighborhood when he met neighbors to discuss their concerns with driveways and private streets intersecting with School Street. Essentially, the issue was primarily one of headlight glare and lights panned in either direction while exiting. As Mr. Abel was discussing this with us, I was also evaluating 6-7 different plan iterations for between 2 and 4 acres. Our team sketched drawings that reflected standard grid development with driveways on School Street and more than two driveways on Meyers Road. The difficulty in this instance was that no neighbor desired driveways onto School Street and DuDOT would minimize driveways. Under every sketch plan where we attempted R-2 development, we came up short on the east side of the property due to access restrictions that DuDOT announced early in the process. These restrictions would force through drives from Meyers Road to School Street or, alternatively, an interior drive on the perimeter and another drive elsewhere. Neighbors viewed two driveway entrances on School Street as having too much impact even if most homes were situated without access to these driveways. We stopped pursuing standard grid-oriented construction when it became clear that neighbors did not want homes fronting on existing streets. From roughly April 20, 2024 forward, we worked with neighbors on the planning for the inward-facing design and we finalized these plans based on feedback from neighbors. A few of the many concept drawings that we have considered are provided following my signature, but no standard grid design got beyond concept sketches due to concerns of neighbors. Please note that my attorney and I consider it poor practice to meet with neighbors and personalize comments or engage in attribution, but the interior drive design was rather uniformly preferred.

8. How is the financing for this project being completed?

The land acquisition and entitlement costs are being financed by Afsar Developers. The horizontal and vertical costs for Phase 1 will be financed by the lender. The lender has conducted an extensive market analysis and sales comparison analysis as part of its exhaustive underwriting process. Afsar and the lender have relied on a market analysis and sales comparisons, both of which support the number of intended homes and the anticipated pricing. The lender structured the loan as a standard construction loan with payouts for horizontal construction first.



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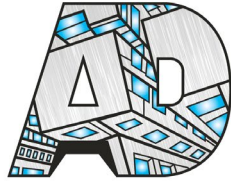
9. How does the development team respond to the stark number of 336 total residents (14 residents per household with 7 bedrooms per home)?

There are 5 bedrooms per home. If the buyer chooses to add the option of completing the basement, then 2 additional bedrooms are possible. Bedrooms classified as such by building codes are not always used as bedrooms. In many homes, bedrooms are guest rooms. It is highly inaccurate to count 14 residents per home. In my testimony, I gave concrete examples of three empty nesters buying these homes that have only 2 residents per home. Of course, there will be buyers with more than 2 residents per home. But the stark number of 336 total residents is extremely inaccurate. As a homebuilder, testimony I provided is about as far as I can go without an attorney cutting me off due to applicable fair housing laws. The suggestion that all families would have 14 people in a home ignores our common experiences, yours and mine, and I cannot think of one family with fourteen members living under one roof. I also find it hard to believe that a family (young, old, of any race, nationality or background) would be in this price range if it intended to have two children in every room. Lastly, the number of vehicles tied to a single-family residence are not often tied to the number of children; rather, the number ties to the number of heads of household, with an assumption that there could be one or two additional drivers—but not 12 additional drivers.

10. What is Afsar's response to neighbors who raised market and project pricing as concerns?

Afsar has retained real estate professionals (brokers), retained housing consultants (related to the County ZBA proposal for workforce housing), and paid for its lender's valuation real estate consultants. The two former types of consultants found a shortage of available housing in Lombard at all levels, particularly in the area of workforce housing (for people in the 80-120% of annual median income, i.e. teachers, law enforcement, government employees, service industry employees (restaurants, nursing, and several others). Valbridge Property Advisors addressed the current project and performed a market and valuation study (on 24 units) that concluded that Lombard had significant strength in the market, with post-pandemic growth continuing. The market report specifically noted an expectation of stable residential growth accompanied by strength in the commercial sector. The retail, office and restaurant areas often reflect the demand for homes in the area. This factor is often considered alongside the strength of schools which tends to reflect demand.

A few of the neighbors raised comments about housing that is not comparable to custom luxury homes such as those proposed in this case. Valbridge's comparison analysis reviewed six homes as comparables (two each in Lombard, Glen Ellyn, and Wheaton) even though Lombard has a single development that has recent and active sales in this price range or higher. Every luxury home development is different. Appraisals will adjust for different factors based on location to schools and parks, private amenity, common amenity and the size and style of each home. In this regard, they make adjustments based on different factors present (or not) within each type of proposed custom, luxury home. After considering the six luxury homes, including a similar home selling for \$1.45+ million with a smaller floor area and less amenity as well as at least one of the sales or contracts from within United Homes' development in Lombard, Valbridge concluded that the demand for this project existed (meaning it was secure in market-related respects). In April, I



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reported to staff that we were pricing in the lower segment of this market. This is a function of being conservative for planning purposes and the result of awareness of the development gained over the past ten months of work. My comment came directly from the comparable report.

Lastly, I know buyers within Norbury and I have been familiar with this development for some time. Though I can speak about my realtors' views of a project that has been good for Lombard, and my realtors' views of the Pinnacle at Meyers, I feel that it is rare that neighbors question the feasibility of a project and the risk any developer takes. There is always a counterbalance to their concerns. Although I paid the firm, I did not hire Valbridge Property Advisors. The reports I speak of earlier in this letter were commissioned by and provided to the lender.

I hope I have addressed all your key questions and concerns. Please let me know if you need any additional information or data.

In closing, I leave you with Mr. Joe Abel's direct testimony from the June 3rd Plan Commission hearing.

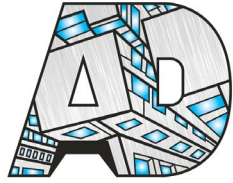
"I have been involved in this particular area since 1970. I was the Director of Planning, Zoning and Economic development for DuPage County from 1970 to 1987. During that period, we were the fastest growing county in the State of Illinois and one of the three fastest growing in the nation. And yet this area, through all this time, has remained pretty much undeveloped, has non-conforming uses, court decrees...**this area was looked at carefully starting in 1970. And yet, as of today, it just sits there, totally undeveloped, for all practical purposes, not to its highest and best use.**

What is amazing to me is that...a developer that has come in and is willing to put together...this represents 50%, half of that area will now be totally redeveloped in one fell swoop. That's a really positive element...it's keeping in character with the area North of Roosevelt Road and the development is in keeping with the character...of Meyers Rd all the way south...**This is a golden opportunity for Lombard...and the time is now.**"

I humbly and respectfully ask for your vote to approve this development. In return, I promise we will build a showcase subdivision that the residents will be proud of, the neighbors and Yorktown community will be proud of, the Village of Lombard will be proud of, and DuPage County will be proud of.

Sincerely,

Ahmed Irfan Khan
Founder & CEO
Afsar Developers LLC



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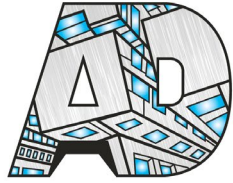
Exhibit A – Previous Site Designs



Feb 2024

30 du on 2 acres (DuPage ZBA plan)

Address: 201 E Army Trail Rd Ste 204, Bloomingdale, IL 60108 **Mobile:** (312) 446-1163 **Email:** ahmed.khan@afsardevelopers.com



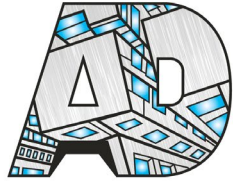
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March 2024

30 du with above ground detention

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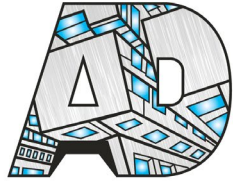
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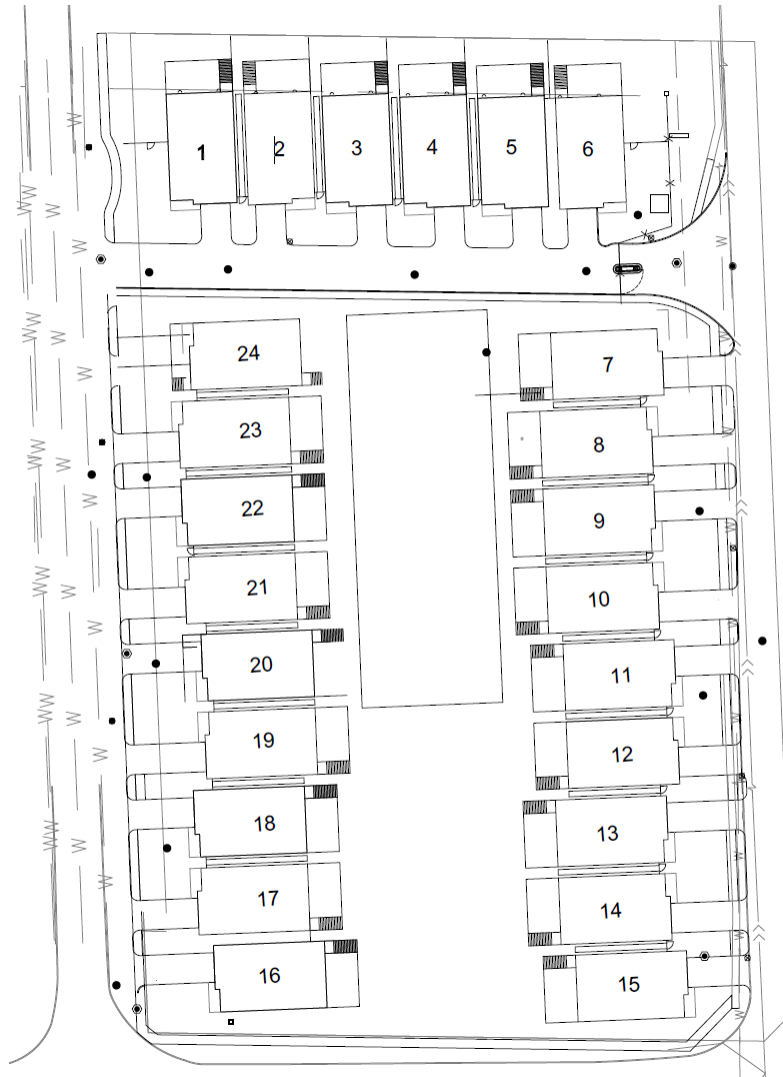
Early April 2024

40 du with above ground detention

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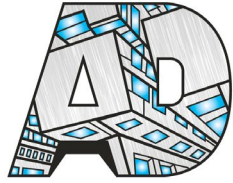


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Mid April 2024

Sketch plan with outward facing homes that showed driveways on Meyers Road, and it would have met open space requirements. DuDOT indicated that the nine driveways on Meyers Road would be an issue. This sketch plan did not advance to the rendering stage.

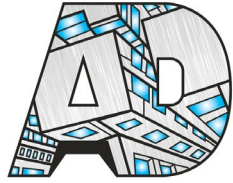


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Late April 2024

Sketch plan with outward facing homes and an internal drive along Meyers Rd to satisfy DuDOT concerns. This was vociferously objected to by the neighbors. The other issue was that the plan resulted in tight, unwieldy turns for cars coming in from the south curb on Meyers Rd and going north or south to their unit. This sketch plan did not advance to the rendering stage.



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May 2024 onwards to Present

After several meetings with neighbors and multiple iterations of an inward facing, private interior concept, we arrived at this current plan of 24 du with underground detention.

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