

Algonquin's Riverside seeks OK for rentals

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ALGONQUIN – Riverside Plaza wants to switch its residential development from condos to renter-occupied apartments, as another high-end development in the county has done.

As the housing market continues to struggle, developers of the Riverside Plaza want to switch gears and build 69 smaller rental units instead of 54 owner-occupied condos.

Despite having \$3 million in equity in the project, developer John Breugelmans has said he was unable to secure an \$8.5 million construction loan after talking with a dozen lenders. Lenders weren't interested in financing condos, which could take years to sell, but they might be interested in financing a rental development.

Under the rental plan, Breugelmans said he wants to build 800-square-foot to 1,450-square-foot apartments that rent for \$1,100 to \$1,800 a month.

Breugelmans declined to comment further for this article.

The village's Planning and Zoning Commission is scheduled to consider the request at its meeting Aug. 13.

In McHenry, the River Place development, which has 27 residential units, originally was meant to be owner-occupied condos. Developers had difficulty selling the condos, and after an ownership and management change, the McHenry City Council allowed the development to change to renter-occupied apartments.

There was an agreement that the building revert back to condos by a certain time. First Midwest Bank, which financed the purchase of the building, would have to pay a penalty to the city if it did not.

"Before we bought the building, we made sure the agreement was in place," property manager Anand Trivedi said. "The rental market is strong."

Now the luxury residences in McHenry's downtown are 95 percent occupied, and there also is a waiting list of people who are interested in taking two-bedroom apartments, Trivedi said.

"It shows there is a strong demand," Trivedi said.

Trivedi said people want to downsize from single-family homes, and buying a condo might be difficult for some people because financing is hard to come by.

The current developers have added a business center, a fitness center, and a sun deck with grills.

The residential units in River Place are being rented for between \$1,350 and \$1,550 a month.

The building managers are working on leasing commercial space below the apartments.

"Success-wise, the building speaks for itself," Trivedi said.

Tamela Bangs is a property manager for Ludwig and Co., which manages the Residences of Lake in the Hills, a senior independent living facility.

The facility has affordable housing units and rent costs between \$500 to \$900. To qualify, people need to meet certain income restrictions. Because the facility was rented out so quickly, developers plan to build a second affordable housing facility nearby without the age restrictions.

The company found that there were people who wanted affordable housing but didn't meet the age restrictions.

"There's a demand for it," Bangs said.

Ludwig also manages luxury apartments in Buffalo Grove, Deerfield and Vernon Hills, and the buildings are doing well, Bangs said.

They are closer to Chicago, and a big draw is that they're not far from train lines, Bangs said.

As for whether high-end apartments will do well in Algonquin, Bangs said the village is a nice place and "people want to live there. People want to be in this area."

Bangs added that developers might need to look at older people or retirees who have some wealth.

"I don't think there's a lot of younger people looking for high-end rentals," Bangs said.

Kent Reckelhoff is the property manager for the the Skyridge Club Apartments in Crystal Lake. The high-end apartment complex, which has 364 units, has a 93 percent occupancy rate. Rent ranges from \$900 to \$1,330 a month.

"We try to keep furnishings as high-end as possible," Reckelhoff said. "The product speaks for itself."

As for whether Riverside Plaza can do well as an apartment building, Reckelhoff said the development is in a great area and is a nice building.

"You're going to have to target the right people. [Developers] have to look for people who are looking to live on the river in downtown Algonquin," Reckelhoff said. "I'm sure they'll be able to get people in there."

Reckelhoff said that because the building doesn't have many units, it has a chance to do well as a high-end rental development.

"Having [69] of them makes them more manageable," Reckelhoff said.

A key for the Riverside Plaza to be successful will be the amenities. Skyridge has a pool, fitness center, playground, tennis court and volleyball court.

"They have to offer a high-end, good product that people would want to live in and call home," Reckelhoff said. "It has to make it feel like home."