

# Steven Elrod

## Municipal and Land Use Lawyer Who Knows How to Close a Deal

by Roy Strom

“Here’s the deal.” That quote from Steven M. Elrod was memorialized as the headline of a 1988 newspaper article, a copy of which still hangs in the **Holland & Knight LLP** Chicago executive partner’s office. Those words are how he announced a historic and hard-fought victory for a client, the Village of Northfield.

Elrod helped the village annex 770 acres in a complex agreement with the Society of the Divine Word, an order of Roman Catholic priests who owned the massive plot of undeveloped land in an area between Northfield, Northbrook and Glenview known as Techny.

That annexation has led to steady development in Northbrook. Crate and Barrel’s corporate headquarters, luxury townhomes, condominiums and a flagship Whole Foods store are all located on that land today — and much more is planned.

To secure that deal, Elrod convinced priests to scrap plans that would have allowed neighboring Northfield to annex the land. As he recalled that matter in his 31st floor office, Elrod, an energetic storyteller, reached into his filing cabinet and pulled out a thick, hardcover deal book — the terms of Northbrook’s annexation agreement.

“We promised them controlled, reasonable development,” Elrod says.

“And at the end of the day, the developers and lawyers that the Techny Fathers had retained agreed that you’re better off going with a village that knows what it’s doing (Northbrook) than one that doesn’t (Northfield). And we put together a very extensive annexation agreement that governs the land to this day.”

In the more than 25 years since that agreement was struck, Elrod has become one of the Chicago area’s preeminent land use, zoning and local government lawyers. His list of municipal clients has included Carpentersville, Glencoe, Highland Park, Lake Bluff, Lincolnwood, Northbrook and many others. He also represents developers. The Holland & Knight National Land Use and Government Team, which Elrod chairs,



represents land owners and developers throughout the country.

Northbrook Village President Sandy Frum praises her longtime counsel for his ability to work with village boards, to understand their goals, and to protect them through well-thought-out documents. “That’s his strength,” Frum says.

Elrod’s work goes far beyond representing clients. He is an adjunct professor at Northwestern University School of Law, where he teaches local government and land use law. He has been on the board of the Constitutional Rights Foundation Chicago for the past 30 years, serving four years as president from 2009 to 2014. And he has played a leading role in growing Holland & Knight’s Chicago office to more than 100 lawyers since it opened in 2000 with roughly 40 attorneys. He is also on the board of directors of the Chicago Bar Association and the Chicago Bar Foundation.

In terms of his land-use work, however, the Techny deal stands out for at least three reasons.

First, it continues to pay dividends for Northbrook. A day-care center and a Lurie Children’s Hospital outpatient center are anchoring a \$20 million development announced in August for the Techny land. That development is expected to bring in \$250,000 in annual property tax revenue for Northbrook.

Second, it was a sign of things to come in his practice. It was one of the earliest public-private partnerships he worked on, and those types of deals have exploded in popularity in recent years.

Third, it typifies what he enjoys most about land use deals: The satisfaction of driving by a building or development and knowing that he played an important role in getting it built.

“There’s a tangible element to land use,” he says. “You can touch and feel and see your accomplishments.”

## Family Influence

To understand how Elrod got where he is, it is important to know his family history, one that has motivated him from a young age.

When Steven’s grandfather, Arthur Exelrod, immigrated to Chicago from Russia in 1906, he couldn’t possibly have imagined the accomplishments he and his family — now known as the Elrods — would eventually claim.

Arthur rose to political prominence in Chicago through a relationship with Jacob Arvey, a lawyer he clerked for out of high school who was also alderman of the 24th Ward. Arvey made Elrod his secretary after becoming chair of Cook County’s Finance Committee in the mid-1930s. And when

Arvey left to serve in World War II, Elrod was named his successor as committeeman of the highly influential Democratic ward.

Steven’s father, Richard Elrod, also lived a life in politics, but it was markedly different than his father, Arthur.

Richard graduated from Northwestern University School of Law in 1958 and became corporation counsel for the City of Chicago. By 1965, he was the city’s chief prosecutor. In that job, he walked the streets with police during the 1969 Days of Rage protests, following the 1968 Democratic Convention in Chicago.

While working in that role, he was involved in an altercation with a protestor that left him paralyzed. Steven was 12. “That had a major impact on my life,” Steven says.

Richard Elrod went on to serve as Cook County Sheriff for 16 years and then became a Cook County Circuit Court Judge in 1988. He died in April 2014.

Steven Elrod admired his father’s legal career from a young age, and he says he knew very early on that he would attend law school.

“I decided to follow his footsteps into law, but decided against a political career for myself. And, I am happy with my choice,” he says.

Last year, Daniel J. Elrod, Steven’s son, became a third-generation lawyer and third-generation Northwestern Law graduate. Daniel is now an associate at Katten, Muchin, Rosenman LLP, where he is practicing in litigation.

Steven and his wife of more than 30 years, Donna, also have a married daughter, Elizabeth, who lives in Austin, Texas, with her husband, Russell Mollen.

## A Legal Career Is Formed

Elrod’s legal aspirations were further influenced by two classes he took while attending Northwestern’s law school.

One was a land use course taught by Leonard S. Rubinowitz. The other was a state and local government course taught by Dawn Clark Netsch, a longtime law professor and influential woman in Illinois politics who died in March 2013.

“I focused my career primarily based on those two courses,” he says. “Subliminally, there had to be something that related to my father’s work in government and my grandfather’s work in government. And it’s been a happy marriage of different influences that has led to the type of law practice I have right now.”

After graduating from law school in 1982, Elrod worked for roughly a year at Ross, Hardies, where he focused on litigation. When a group of attorneys led by prominent land-use and zoning lawyers Fred Bosselman and Clifford L. Weaver left the firm, Elrod was asked to join what

became Burke, Bosselman & Weaver.

In what was one of the largest spinoffs in Chicago law firm history at the time, about 30 lawyers joined the new firm in 1983.

“It was a very significant milestone in my life,” Elrod says, because he had not worked with either Bosselman or Weaver at Ross, Hardies.

“I couldn’t work with them during my first year, but once I went to the firm that they created, I was able to work directly for them and with them (doing) the type of law that I wanted to do.”

Elrod stayed at that firm for 18 years, becoming a leader in the 1990s and helping shepherd its merger into the national firm Holland & Knight in January 2000. In his 15 years at his current firm, he has taken what was a small, regional practice and turned it into a national presence with more than 120 lawyers practicing in land use.

Outside of Chicago, Jennifer L. Hernandez leads the West Coast land use and environment practice group, and the firm has a long list of land use lawyers in Florida, Washington, D.C., and New York.

“Some will say all land use is local. And to some extent it is, but land use concepts cross state lines. They’re national,” Elrod says.

“And we’ve found that corporations and developers who are looking for land use expertise will look to a firm like Holland & Knight for creative, cutting-edge ideas and resources.”

Elrod represents developers in addition to his work on behalf of governments.

Peter Eisenberg, a client and principal at Clark Street Development, says Elrod provides developers with a unique and valuable perspective of the municipal entitlement process. That was on display during Elrod’s representation of Clark Street Development’s Touhy Marketplace property in Skokie, a project anchored by a Walmart Supercenter.

“As a result of what a great job he does establishing rapport and credibility with municipalities, we entitled this 190,000 square foot center from industrial to retail in four months, which is an extremely short time frame,” Eisenberg says.

“It’s a tribute to his knowledge and ability to navigate through municipal processes.”

## The Legacy of Teaching

Two of Elrod’s mentors — his father and Netsch — died about a year apart. “They were the most important mentors in my life,” Elrod says.

“Their love of the law and their recognition that government could have a positive impact is what I would want to carry forward in my practice,” he says.

Netsch is also responsible for Elrod’s

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entrance into teaching. For roughly 20 years she asked him to speak to her law school students on the first day of class. And roughly five years ago, her health failing her, Netsch asked Elrod to teach the class with a former law partner.

Elrod teaches the course in the second semester every year. In 2013, he was given the Outstanding Adjunct Professor Award from Northwestern University. It hangs on a wall of accomplishments in his office next to the Techny newspaper article.

Drew Beres, an associate at Mayer, Brown LLP who graduated from Northwestern in 2013, says Elrod's class was his favorite during law school. As part of the small group-styled class, Elrod brings in other lawyers and stages a city council hearing involving a zoning challenge.

Beres, who works in his firm's government and global trade practice, credited that portion of Elrod's class as being especially practical.

"His passion for the subject matter really made everyone heightened in terms of their interest, and he's able to pepper in real-life stories and matters he has handled," Beres says.

"He doesn't really need the casebook or the textbook. He can teach this stuff out of his own mind."

Beres says Elrod's teaching led him to a practice representing governments, just as Netsch and Rubinowitz's teaching did for Elrod. Beres says Elrod continues to mentor him in private practice.

"I always look forward to seeing him, and it's kind of neat that he does take time out of his day to check in," Beres says. "He's given me a lot of advice."

Elrod says he has found teaching enjoyable, and Northwestern students aren't his only subjects.

As a former president and longtime board member of the Constitutional Rights Foundation Chicago, Elrod has, for years, taught constitutional basics to school children ranging from elementary school through high school.

At a school presentation in December, he offered students a hypothetical: Pick five of the 10 rights granted to Americans in the Bill of Rights that they would keep and five that they would throw away.

The students struggled to understand, for instance, that losing freedom of the press meant their ability to post on Facebook could be hindered. And when they said they supported the Second Amendment's right to bear arms, he asked, "Does that mean all arms?" such as assault rifles?

"Every right that they chose to give up I challenged them on," he says.

"The lesson at the end, of course, is we like the United States where we have all

these rights. We don't want to give any of them up. It's great stuff. It's a lot of fun."

Involved in the organization for more than 30 years, Elrod has helped assemble a board of directors with more than 45 members. It includes leaders of the city's largest law firms, state and federal judges, and corporate counsel.

Chief Judge of the U.S. District Court for the Northern District of Illinois Ruben Castillo, a fellow board member who has been involved in the Constitutional Rights Foundation for roughly 15 years, says Elrod brought a long-range vision to his two terms as president. That included adding an arsenal of videos that supplemented the group's teaching and making a website to access them. He was also a gifted fundraiser, Castillo says.

"As president, he found an organization that had suffered from federal government cutbacks and really had to rethink how (it) could go after more private funds," Castillo says.

"And that really took more of a time commitment than previous presidents have had to put in. And he just stepped up to the plate big time....For those of us privileged to serve on the board with him, you just get great exposure to someone who is always thinking and always trying to think ahead of the curve."

For Elrod, it's more than just a worthy cause. "We think it has a very positive impact on the way in which these students will grow up and ultimately on our society," Elrod says.

"I can work on very complex, multibillion dollar deals and land use projects and very significant issues during the day. But then it all comes together when I go out of the office and into a classroom and teach eager young students what the Bill of Rights is all about. That truly is a great part of the day."

## A Constitutional Basis

Much of Elrod's practice, as it happens, involves constitutional rights — often through a question of how a municipality is interpreting those rights.

"If I'm representing a developer challenging a decision of a government, it's usually based on a due process of law or a takings issue," Elrod says.

Consider his involvement on the team defending a ban on assault rifles and high-capacity magazines that Highland Park passed in June 2013. That December the Illinois State Rifle Association sued Highland Park, saying the ordinance is an infringement of citizens' constitutional rights.

In September, U.S. District Court Judge John W. Darrah made a summary judgment ruling in favor of Highland Park. He upheld the ban, saying the city had persuasively argued that assault rifles were more like military-grade weapons than other, acceptable weapons used for self-defense.

The case is on appeal before the 7th U.S. Circuit Court of Appeals, and attorneys from Perkins, Coie LLP are assisting on a pro bono basis.

"When we drafted the ordinance, we crafted it very carefully to make sure that it was in line with ordinances and legislation that had been deemed valid under constitutional principles," Elrod says. "So I'm very optimistic about the success of the case."

Tony Blumberg, an attorney and city councilman in the City of Highland Park, has worked as the city council's liaison to Elrod, who has been its corporation counsel since 2000. He recalls Elrod's work on one particular matter, an attempt by the city and park district to expand a public golf course to include a recreation center.

"His navigation of the complex zoning issues affecting how and where things could be built and expanded was so clear and articulate that non-lawyers could easily and did easily understand it," Blumberg says.

"It required some interpretation of zoning...that was problematic, and he addressed that with great aplomb. He demonstrated at that moment to me what I realized was probably the greatest facility with zoning and municipal law of any lawyer I've ever worked with."

Another trend in Elrod's practice has been an increase in public-private partnerships, such as the Techny deal. Elrod is vice chairman of the public-private partnership council for the Urban Land Institute.

"Municipal finance and public finance, which creates the public-private partnership, is so much more readily attainable now and easier than assembling private finance," he says. "There has been a resurgence."

One example of that resurgence comes in the form of tax increment financing (TIF) deals. A TIF typically involves freezing property tax rates in a newly developed area and using the increased tax revenue from that development to pay for the upgrade.

In 2014, Elrod helped close the first such TIF deal in Northbrook, in which the city will contribute about \$4.9 million up front toward the development of a Mariano's grocery store, other retail buildings and a residential development. He also represented Carpentersville in 2014 in a deal that gave Wal-Mart \$4.3 million to relocate a supercenter to the village.

For Elrod, they all represent an opportunity to tell his client the same thing he says when he secured the Techny annexation a quarter century ago: "Here's the deal."

"I wanted to become a lawyer who was engaged with governments, both from the representation side as well as appearing before governments," Elrod says.

"I knew early on that that was a goal, and I was able to watch it play out." ■