



MINUTES OF THE REAL ESTATE SUBCOMMITTEE OF THE REDEVELOPMENT AUTHORITY OF THE CITY OF GREEN BAY

**TUESDAY, OCTOBER 1, 2019, 1:30 PM
CITY HALL, ROOM 604 -THE HARRY MAIER ROOM**

A. ROLL CALL.

I. Members: Matt Schueller, Kathy Hinkfuss, and Melanie Parma.

Present: Gary J. Delveaux, Matt Schueller, Kathy Hinkfuss, Excused: Melanie Parma

B. REGULAR BUSINESS.

I. Consideration with possible action on a Request for Proposals for redevelopment of the parking lot located on the 200 block of North Monroe Avenue.

The Authority may convene in closed session pursuant to Sections 19.85(1)(e), Wis. Stats., for purposes of deliberating or negotiating the sale of public properties, investing of public funds or conducting other specified public business as necessary for competitive or bargaining reasons. The Authority may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda.

Moved by Gary J. Delveaux, seconded by Kathy Hinkfuss to open the floor for discussion. Motion carried.

Yes- Kathy Hinkfuss, Matt Schueller, Gary J. Delveaux, No- None, Abstain- None

Moved by Gary J. Delveaux, seconded by Kathy Hinkfuss to close the floor for discussion. Motion carried.

Yes- Kathy Hinkfuss, Matt Schueller, Gary J. Delveaux, No- None, Abstain- None

Moved by Matt Schueller, seconded by Gary J. Delveaux to go into closed session at 2:28 p.m. Motion carried.

Matt Schueller read the closed session language.

Yes- Kathy Hinkfuss, Matt Schueller, Gary J. Delveaux, No- None, Abstain- None

Moved by Matt Schueller, seconded by Gary J. Delveaux to return to regular order of business.
Motion carried.

Moved by Kathy Hinkfuss, seconded by Gary J. Delveaux to recommend to the RDA to select the Gorman & Company proposal and that staff work to negotiate a Development Agreement. Motion carried.

Yes- Kathy Hinkfuss, Matt Schueller, Gary J. Delveaux, No- None, Abstain- None

C. ADJOURNMENT.

Moved by Kathy Hinkfuss, seconded by Gary J. Delveaux to adjourn. Motion carried.

Yes- Kathy Hinkfuss, Matt Schueller, Gary J. Delveaux, No- None, Abstain- None

VERBATIM MINUTES

- We ready to go?
- Let's call the meeting to order. We'll do the role call here. Kathy Hinkfuss.
- Here.
- Melanie Parma, I understand, is excused. Gary Delveaux.
- Here.
- So Gary, our extinguished leader of the RDA. Distinguished.
- Distinguished.
- He was on fire until it rained.
- Yeah.
- Extinguished.
- Our distinguished leader of the RDA is here. So, let's start off with regular order of business, unless Kevin, you've got something else that we need to interject. If not, we'll get started on the RPs.
- [Kevin] No. I think, overall, Ken did a great job putting this together, getting out that RP in a very short timeframe. The impetus was on this as a development site for the short-term. We were out in a place where we were kinda of in a rock and a hard place in terms of moving forward with this acquisition last December. We felt, look, there was a short-term use, we had some parking needs in terms of our downtown portfolio, offices, our leasing out residents, they're having some spillover, and we just need that parking, so there's short-term use, but really, we bought that lot because it's a two point four acre site, very close to the heart of the central business district on a revamped corridor and really is a great opportunity for us to help shape future development of that site.
- Absolutely.

- [Kevin] And so, we quickly turned this around and put it out there, and I think two great proposals in terms of they're both from qualified firms, they're two very different proposals, but I think each of them works with the site in a new, unique way.

- Yes.

- [Kevin] And so, what I think we wanted to do today now is to put in front of you the proposals themselves, give each party representative an opportunity to talk a little bit more about the specific proposal and about their company, about their partnerships, and perhaps answer any questions that you may have. There is closed session language on here if you want to discuss, potentially, how we might negotiate an agreement moving forward. We'll look at what kind of option or other types of agreement we might have to do this moving forward, but then, basically, out of this, I think we would like a recommendation to go to the full RDA next Tuesday. Then, we can start the process of entering continuing negotiations in order to go crafting the planning option, or ultimately, a development agreement.

- Perfect.

- Yeah.

- So, I think for today's meeting we've allotted 10 minutes of time for each developer to present their proposals, followed by 20 minutes for each developer for a question and answer session. We randomly picked, and actually, T. Wall will be presenting first here, so we'll give them 10 minutes, and then the followup 20 minutes for questions.

- Sounds great. How about we take a motion then to open the floor.

- So moved.

- Second.

- Okay, so we have a motion and a second to open the floor. Let's turn it over to you, Terrence, and you've got the floor.

- All right, thank you very much. Let's see if there's a clock around. Okay. So, thank you for having us out. We've made a proposal here for owner occupied housing. So, I think that's a very important aspect of this. It's not rental. There'd be 33 units, approximately three stories on this side, the Monroe Street side, and two stories on this side. We've put a couple buildings on the end, so we can combine with a brick wall here, kinda create more of a building feel on these streets, do you know what I mean? Instead of just a parking lot, instead of just seeing a parking lot, we'd have a nice, articulated wall with some landscaping in front of it, so it'd kinda give more of an urban feel on both streets, a very nice center courtyard with a lounge pool. So, this is a small pool, maybe a hot tub, fire pit, a pavilion for picnicking. We've kept, since the utilities are in the alleyway, we've kept the alleyway easement. For the utilities, we'd like to have the alley vacated so it can be private property, and we have a gated, this would be a gated community. I think that's very important for owner occupants to be down here, to have a gated and have a secure community. The three story buildings could also, internally, we've designed a concept that has the ability to have an internal, personal elevator, so if somebody is older and they wanna avoid the stairs, they can have a small, personal elevator inside the unit. There'd be parking inside, of course, the unit on the first floor. We were trying to stay out of the ground, so our garages are on the first floor at grade. We've tried to articulate this to be a nice courtyard feeling, so some nice patterned concrete there, lots of landscaping around it. The exterior will be approximately some bricks, some hearty plank, very nice, some gabled roofs, that sort of thing, and I can show you what we call a concept box. It's not an articulated, it's not showing the details of the architecture, but you kind of get the concept of we have a lot of different gables on the roofs. Each unit would have a direct entry to the street, to the sidewalk. I think that's

important so you're really activating the street, you're making this very pedestrian friendly, somebody can walk home, walk to downtown, walk to City Deck, and then walk right back in their unit. You're not gonna see a bunch of garages facing the street. Those are hidden inside. And then, people will have nice balconies overlooking the courtyards, the courtyard area with the amenities. So, that's a nice amenity for them. Here's some more pictures. If we're selected with architect, we'll do the full architectural design and run that by you. This is our swimming pool. We'd probably have a glass wall here and not a solid wall. Gotta have a fence around the pool, so we'd probably do a glass fence around the pool. There's extra parking in here, about 180 parking space for 33 units, so there's tons of parking available for the families, the people who are here, and guests and visitors. I think there'd be a lot of people, whether empty nesters selling a home, would move here to be downtown, the urban environment and all the activities downtown. I think you'll see some young people, maybe before they have kids, they might have a unit here, might be their first home. We have, at City Deck, we have people in their 30s and 40s and 50s, either single individuals or couples, and there are working professionals, they're people at the local medical groups, the banking groups, all the different businesses downtown. So, I think you're gonna have a broad range of demographics. Probably half of them, according to our statistics for our units, probably half of them are in the 20s and 30s and half are in their 40s through 70s, so you're gonna get a broad range of demographics within these units. So, it's a town home design. I wanna show you something that I think very, very, very important, and this is absolutely key to making an owner-occupied development plan here work, that these are not condominiums. That's very important. We don't call them condominiums. They're not legally condominiums. We're not using condominium plat. We are using what's called a zero lot line attached single family lot. So, these are single family homes, and that's important for a couple reasons. One, for the buyers, they can get a single family home loan, in other words, a standard mortgage that's considered standard for Freddie Mac and Fannie Mae, who purchase the mortgages from the banks in pools, and so it's very important to comply with those Freddie and Fannie regulations. If we do condos, forget it.

- Yep, yep.

- It's impossible to get condos financed for buyers or for developers. The only way to do condos is to have all cash and all the buyers have to have all cash before you get a bank who's willing to hold the loan in house, and banks don't like to do that 'cause it ties up their capital, 'cause they like to recycle their capital. They sell the loan to Fannie and Freddie. So, the loan has to be standardized. So, we're making this single family lots, and so these will be single family homes. Shared maintenance. We're gonna have an easement for shared maintenance, and we'll have, the easement will have an association fee, basically, that would cover the cost, that snow removal, lawn care, landscaping, et cetera, anything on the exterior. I think we'd probably even offer, like we have in our town homes up in Fish Creek that I develop, we'd probably offer even change the furnace filter, anything that's common to all the units to minimize maintenance, 'cause some of the owners, maybe their older and they're spending six months down south, and then they're here in the summer for six months. So, they want everything taken care of. So, we're gonna offer that full service as a package, so you don't have to deal with outside maintenance, you don't have to deal with pool maintenance, you don't have to deal with lawn care, et cetera. That's a big deal. The other thing about the financing and having it single family homes is because it's easier for the developer to finance, for us to get the construction loan. It's not a condominium loan. And for the banks, because it's a standard loan, they want to finance us and they also want to finance buyers, and they earn their fees, and then they resell those loans to Fannie and Freddie. So, it's a win/win all around in terms of the financial structure, and that has to go back to the type of plat that we're doing and the type of setup that we're doing in terms of not having a condominium plat. So, that's also a much better value because you get a little lower interest rate in most cases, with single family home than you would on a condominium. Less risky for the bank. So, that's a lower cost for the buyers, too. So, I'll just open it up for questions if you have any.

- I have several. Let's start with the alleyway. Does city still have access to that with the infrastructures underneath there?

- So with the alleyway, there'd still be an easement in place for all the utilities.

- Yep.

- If the city needed that, they could be included in the easement for access. Yes.

- Okay. Okay.

- Yeah. And you notice, we can't put any improvements on that, so it's just concrete. You can't put a physical structure on those utilities, whatever's underneath there.

- Market analysis. Can you tell us a little bit about your market analysis, how you know this is gonna go?

- So, we've been looking at, and we've watched the whole state, we've watched the overall economy for the country. It's kind of a thing. I have an economics degree, so I do that. That's a side thing, but there's an incredible shortage of overall housing. A couple things have happened. Single family housing has become very scarce, one, initially because of the larger demographic pool of millennials coming into the market, so there's a shortage of apartments because that bulge is coming into the market, and then there's a shortage of single family housing because of the great recession. Half the builders, half the developers went out of business, so there's fewer. The developer, you take Viridian, Viridian in Madison used to do 650 homes a year, and it took them quite a few years to get back up to 450 homes a year. So, they're doing less. They're a developer that used to do 30 homes a year, is doing five or ten. The one that was going five is doing two. So, every builder, every developer is doing less than they used to. In the last 24 months, due to the labor and material shortage, the tariffs being put in place, and other factors, the cost of construction for housing has gone up by 30 to 36%. So, the house that used to cost 450,000, which would kinda be your middle income, it's kinda like your second home, your starter home might've been 250, your first home 250, your second home 450, now that 450, it's 600. It's ridiculous. It's outrageous how costs have skyrocketed, and your 250 is almost impossible to do. We're gonna try to keep these in that 350 to 450, 500 for maybe the larger corner units, try to keep them in that affordable range, but there's an incredible housing shortage, especially owner occupied housing, in addition to apartments, and you got the baby boomer demographic is also moving out of single family housing now into they wanna go to apartments or something smaller, less maintenance. So yeah, there's gonna be plenty of demand, we just gotta make sure that we can keep it within the right price point, right?

- Kinda related, see, the occupancy. Is that?

- It's always been 100%. Every week in the summer you'll have a turnover, maybe, of a few units, but we've had incredible stability there, a wide variety of demographics and age groups and incomes. It's really been a huge success. That project brought over 10 million dollars of disposable income to downtown, and that's important because when you bring this kind of disposable income into downtown, they support the downtown restaurants and the stores and the businesses, and that's really hugely important. It all has an effect through the whole downtown economy. That's why I think it's important to have owner occupied, I think it's important to have the high incomes to support the downtown. You do need affordable housing, but affordable housing isn't gonna have the disposable income that will support the restaurants and the businesses. So, there's not the multiplier effect that you would get.

- From a tax base, eight million towards income?

- Yeah, eight to 10 million is kinda what we estimated for a tax base, depending on their assessment.

- I've got other question, but I'll let these guys ask some questions here. Sorry.

- Sure.

- From a square footage perspective, am I reading this correctly? One bedroom's about 600, 950 square foot two bedroom.

- So, we'll run up to, depending on the unit, some of these are going up to 2200, once I get the final layout with the architect, so they'll vary depending on the unit and what we're gonna see for these two different building types.

- Okay.

- And you're also accounting, I just want you to understand the little misnomer, because you don't count the unfinished square footage, you're only counting the finished square footage, just so everyone understands what we're counting. So, you're not counting the garage, you're not counting something like that.

- Right.

- Have you thought through the mixed tariffs on this of one, two bedroom, three? I'm not sure what you're thinking about in there.

- Yeah, I would think. Well these, for example, these three stories, we designed one in Middleton, Wisconsin, that we're calling them a two bedroom, two bath, but then there's a bonus room on the first floor in front of the garage, and so the bonus room could be used as a bedroom. So, somebody could use an office. Say, if you're a realtor, mortgage broker, insurance agent, you could be working in your home office here on the first floor, looking out on the street, put your little sign out in front. That has another advantage of the design. So, a lot of them are gonna be two bedrooms. Some of the corners may be able to get an official three bedroom. It'd be a smaller bedroom, den, or something like that. Sometimes we have to call it a den if it doesn't have windows or it doesn't have an access that a bedroom legally has to have. So, you might see some two bedrooms, two bath, a bonus room, or you might see some with a den, and you might see a couple three bedrooms, but most of all, they're gonna be two bedroom with something extra.

- Okay.

- Yeah.

- And price point wise?

- Well, we're hoping to keep it in that 350 to 450 range, is our goal, and I say hoping because, every week, things change. We saw the Canadian lumber jump up 30% overnight, and then it came down over time. So literally, every week, interest rates, the fed raised interest rates, and they're like, "oops, sorry." "Just kidding," and then they're lowering interest rates in a matter of two months later. So, literally costs change. The subs, they don't even wanna quote until you have the project ready to commit. They don't wanna commit to a number, or they might commit and they'll say, "I'll hold that for a week, "subject to if there's a notice coming through "from a supplier, like lumber, "that can increase the cost." So, that's our target range, subject to the costs of the project, what we can do in terms of keeping it reasonable.

- On the parking, it's not all exterior parking, is it?

- No, every unit has garages.

- Okay.

- So, every unit has a garage, two car garage. Now, if we did squeeze in a couple smaller units with a single car garage. We do have some units in Middleton where we designed about 1600 square feet with a single car garage, a little bit lower price point. So, just depends on what the architect can squeeze in here.

- And you said they're all, or generally, two stall garages?

- Well, yes. Right now, that's our plan, but if for some reason, if you wanted us to have a single car unit that's a smaller square footage with a lower price point, we could do that. We could take a couple of the two bedroom units and take two of those and turn that into three smaller units of 1600 square feet, single car garage, lower price point. So, we could do that, if that's something you want or are interested in.

- Can I see the other picture again where you showed the rooftops?

- Sure.

- I know you haven't got the final design on here, but can you give us a clue, are they all gonna look different? They all gonna look the same? Can you give me the?

- Oh, sure. So, what we'll do is we'll do some brick on the outside of the street side, it will be more hearty plank on the inside, some hearty plank accents. So, we try to give it an individual look, so we might do every two or three as a look, or you might have a certain brick there and we switch brick that's complementary, not radically different, but complementary, and then go down, like that. So, you're not having the same brick on the entire lane. So, you're breaking up the facade with the three dimensionality with the canopies, and then, by changing the siding colors and the masonry colors. I think it's important to break it up, and then gables, also, a couple little different accents so that the accents are slightly different, but you still wanna have something that ties it all together, which is like the overall design, and the window framing would be similar.

- And the two smaller standalone buildings at the north and south ends, is there something unique or different about those? What are you thinking with those?

- Well, those are basically, we just didn't wanna leave this all like an expanse of you're looking by a parking lot. So, we came up with basically two units and two units here with an attached wall here. So, there's one entrance point with a pedestrian gate and a drive in spot, and then from the outside here, when you're driving along, it looks like an urban, downtown community. It's not a sea of parking. So, this adds some real units with some walkouts here to the street, which I think is nice. The architect showed a driveway here. I think we should just have the driveways in the back to the garages here though, and have no garage door here. Personally, I think that would look better, to give it a more pedestrian level to walk out of the unit. I'd say half these people probably would have pets, dogs, and they'll wanna have a walkout unit so they can walk right out onto the sidewalk and walk their pet.

- I read about the city's commitment, but let me hear it in your own words.

- Thank you. I was gonna say, can you go through the financials.

- The city's commitment in terms of?

- TIF and whatever.

- Okay, sure. Yeah, so we would need the land to be provided, a dollar, whatever, and then what call 100% of TIF increment. So, we'll sit down, Kevin and your finance director, your staff, and we'll work with them. We can make our own estimate. It's usually always higher than what the city's estimate is.

- We're conservative.

- I don't wanna throw out something to scare you. I'd rather sit down with your finance director and walk through the TIF calculation, 'cause as you know, it's depending on the TIF life, how much is left, what we think

the estimated increment is, are we gonna have a certain base increment in the TIF agreement or not? What interest rate is being charged currently in the marketplace? All those factors go into a calculation. So, in order to keep this affordable, again, the costs of construction have gone up 30 to 36% in the last 24 months. I built the same building, the same apartment building right now in a location that I built two years ago, exact same building, 30% more cost. Unbelievable. And it's huge. So, trying to keep these within that affordable range. If we start getting too high a cost, then we start getting out of a price point that's affordable for people. You don't wanna get up above 550 or 600. That's too much. You need to be in that 350 to 450, maybe a couple units that are larger are a little bit more. Try to keep 'em reasonable.

- And part of the TIF agreement would also be, if I read this correctly, no tax base until you sell 95%.

- Right, yeah. So, what we're willing to do because we wanna get the loan and start construction, we're willing to build 'em. There's a carrying cost to that, right? And what can really kill you is you cross over that January first threshold and you just get killed with the property taxes, and you have no revenue, right?

- Right.

- So, if you can do that, if the city can do that, that's gonna be hugely helpful to keeping the cost down, and allow us to go ahead and build 'em all at once; otherwise, we'll have to come up with a phasing plan, like maybe build one of these, and then do a model unit, and then try to pre-sell some, et cetera, et cetera.

- Sure.

- We're trying to keep the carrying cost to be reasonable. If it was land, we could put corn on it or something. Keep the assessment down, but here, you can really get killed. 33 units, we don't know. We just don't know how quickly. They could all sell out quickly or you never know what happens. We had some town homes in Fish Creek and we launched, hit the market, and in the same week, they launched the war in Iraq and killed the market for six months. So, you just don't know what's gonna happen. In this world today, just so much uncertainty. You just don't know. We're gonna be trying to pre-sell some before start of construction, get contracts, then there'll be some sales during construction, and then there'll be buyers who wait to see a model and the final buyers will come in after that.

- Absolutely.

- Yeah.

- Matt? Matt, do you have more questions?

- No. Actually, I'm good, Gary. My biggest one was about the references to zero lot and the way you had stated a couple times. I'm like, that must mean something. I just don't know.

- Yeah, zero lot line attached single family homes. Is that what you mean?

- Yep.

- Yeah. Very key to the whole thing.

- Yeah.

- Absolutely.

- You had put a lot of detail on that.

- Yeah, exactly. The only other wrap up is we have a home here, we have an office here, I'm here all the time, so we're here, we're local, we're ready to go. Any other questions?
- That seemed to me all of the questions.
- Yeah, that's it right now.
- Anybody else? Kathy, you're good?
- Yep, I'm good.
- Okay. Okay, good.
- Well, thank you.
- Thank you very much.
- That's a great option.
- Yeah, very nice. Thank you very much.
- Does anybody need this?
- [Man] No. Appreciate it.
- Okay, since we're in open, I think we can just stay open.
- Yes.
- And then Gorman and Associates come up and talk to us about their plans.
- Thank you. So, thank you very much for this opportunity. My name is Ted Matkom. I'm the Wisconsin Market President for Gorman and Company. Unfortunately, my architect was supposed to be here. He's got two feet of water in his basement, so my boards aren't here, but I think I've got a PowerPoint and I think a plan there, 'cause what I wanna do is go over the plan first, which is why I wanted the board before I started my PowerPoint. Do you guys got a plan that we submitted with the full RFP response?
- Yeah.
- I can share.
- And if not, if you go on the aerial, where you were before, where you were showing Monroe, I can walk you through it.
- Why not just pull that page out.
- [Man] Yeah.
- Just go on, you know where you went on Google.
- All right.
- Yeah. Yeah.

- We can share.

- Yeah, go ahead.

- So, Monroe Street here. So, we've been sniffing around downtown Green Bay for quite a long time trying to do something here. One of my first projects was working with the Gazette Publishing Building, which is on Monroe and Walnut, I think it's on there, and we tried to do a Coop grocer, we had new market tax credits line up. That didn't quite go, but we thought that was just such a perfect amenity to this part of what I would call downtown, and this part of downtown needs a little work, and when I went to actually see this site and saw the fully city block as a parking lot, I was just like, "oh, my God. "This is an amazing opportunity," and so, we thought that the best use of that site would be a grocery store, and we have grocer who we work with, Maurer's Market, who actually, she's unfortunately, Christie Maurer, she's the lead speaker in a conference in Wisconsin, Dallas today, so she couldn't be here, but she is an independent grocer, she owns three sites, one in Milwaukee, one in Janesville, and one in Wisconsin, Dallas. She actually started the Fresh Market on University and Madison, on University and Blake. I don't know if you know where that is, right downtown. Highest grossing grocery store in the state of Wisconsin per square foot. She sold that, which is why she's looking for opportunities. So luckily, we've glommed onto her and she loves this site. It's a little bit risky to her. Right now, it's a food desert, so the risk, really, to a grocer is bringing people to her as a point of destination where they're not used to shopping. It's just the basic, and what we tried to do here, and I have to emphasize that the site plan that you have in your packet and that we came up with, really is designed around the grocer, but it is not inflexible in terms of location. So in other words, we put the grocery here on Pine and Monroe, and then our apartment building is coming alongside Monroe. It could be on Cherry, as well. We are flexible for that, but the components of this, we have 85 surface stalls, we have 70 underground parking stalls for the residents, and 85 surface stalls with 80 apartments, with a WEDA finance structure. We would submit the WEDA finance structure. I've assumed this parcel is zoned. Is that correct? From what we submitted, based on the RFP, it seemed like we're conforming to the zone, right?

- Right.

- Correct.

- So, that would be possible since it is zoned to submit an application this year, in December, if we were chosen, and what we had, and Terrence actually talked about it, the residential component that we think is, I'm not sure if it's 100% home ownership site, and I'll introduce Scott in a second, Scott with NeighborWorks, he's gonna be our partner here. We've been discussing that, going back and forth. Scott's bullish on the home ownership, but I'm like, "I'm not sure "it's a total home ownership site." It might be a market rate rental site, but what we'd like to do is buffer Quincy Street with some town homes that would be a market rate town home, and then the grocery store would be on this corner with the affordable apartments across on Monroe, and there would be a big parking lot here or there to service the grocery store, and I said we can flip that, as well. So primarily, what we're looking at is 56 affordable apartments and 24 market rate apartments. So, that would be, usually in a WEDA deal, you would have 15% of your units would be market rate, not income restricted. That's what market rate means in our world. This would be double that. It would be 30% would be market rate, 'cause we think this is a great housing site; however, the grocery store, I think, is the primary driver in terms of design and how the site's laid out, but I really believe that the 30% market rate would be great here, as well as the 70% affordable, and really add a book end to downtown and create that stop gap for downtown right there, 'cause right here would really be a gap filler, I think, in terms of where downtown begins and ends. What I wanna do is introduce Scott. Scott is the COO of NeighborWorks, and Noel and I have been talking about doing a deal together for a long time, and so we finally found this site as our opportunity, and Scott, I just wanted to have you introduce yourself a little bit as a stakeholder in the project.

- Sure. Well, I think I've met everyone. We come here often. Thank you. NeighborWorks is very excited about this project. We're excited to be a stakeholder in it. In fact, I think we're actually giddy about it. I think

we are beyond excited. It checks a lot of boxes. So, this site has three strong things happening. So, we often come to you and talk about affordable housing. Check. And I hope that no one ever gets sick of these pictures, but this mid-density type of housing, that's another need in the neighborhood and in Green Bay, so that checks another box. So, we've got some high-density, some mid-density, and I think the communities been talking about a grocery store for a while. It has come up before, right?

- Yeah.

- So, that checks another huge box. Now, that isn't necessarily within our wheelhouse, but if it enhances the neighborhood, how could that be a bad thing? It is a food desert. We've seen a lot of proposals come and go, but I think this is the one that's gonna stick.

- So, I was just gonna go over our PowerPoint real quick. Gorman and Company, based out of Madison, we do projects all over the state. I'm the Market President. I think the key thing is that we're the developer, the architect, the general contractor, the property manager, so all compliments come to me, but all criticisms come to me, and there's a one-stop shop and we're kinda proud of that because we think we respond pretty well in those capacities. Once again, two components mixed use project, 80 units, 56 affordable, 24 market rate, apartments and town homes that would be on Quincy Street, the town homes, 70 underground parking stalls, 85 surface stalls. The grocery will be 24,000 square feet. Pretty good size grocery and operated by Maurer's Market. Total development cost of the entire thing would be 24 million. Annual tax increment would be about \$160,000 a year, 'cause that'll be pertinent and we talked about it with TIF, and then the mixed use development with the grocer and housing, which we think is a great mix. Okay, sources and uses. The WEDA deal is, you guys have probably seen this before. First mortgage, a federal home loan bank is kind of no brainer gap financing, which is great for affordable deals, the Lihtc equity that comes in with the sales of the tax credit. As you know, in terms of the tax credit housing, what tax credits do is you sell them to a major bank or some other user for 10 years, they infuse that equity, and the way it works is you take that equity, this number, it gets paid within the first 24 months of the project, you apply it to your construction cost so it drives down your debt and that allows you to charge lower rent. That's how it works. What's great about that formula is it's market rate quality housing. It's not old 1960s rent subsidized housing. This is market rate housing that is then affordable to people, which is great. This is the one I wanted to talk about, which is the grocery. So, it's about a five point six million dollar total. Our first mortgage is at that level. Then, we came up with a scheme of the new market tax credits, 'cause it is a food desert. It is a new market tax credit eligible track. It is not highly distressed, which is challenging. However, with a TIF in place and with a food desert, you can bring that up a notch in terms of the eyes of the treasury to something that qualifies for many allocatees. We have two identified that this could go to. The only issue is do they place 'em before we get our tax credits from WEDA? Or else, we have to go to the next round. Right now, we actually have two allocatees in hand with new market tax credits that, if we get 'em, we could apply them to the deal; however, we're thinking that maybe they can't hold those that long and it would be the next one on the new market tax credits. We thought that leverage with the TIF was appropriate because we're bringing in a third party source, matching it with the TIF. What this is doing is really bringing down the construction cost of the grocery, so she can operate at 10 bucks a square foot because everything here is excess of the grocery store. She's doing a similar project in Madison. She's willing to go 15 bucks a square foot 'cause of the location and where it is. Here, she's like, "this is a \$10 a square foot market," and so that's what we have to target that. So, the construction cost and everything is sized to have that \$10 a square foot rent. The private equity would be six 83, which would be our skin in the game. We can go over that after you guys. I think it's in your packet, as well. Development team. Maurer's Market, she was supposed to present. She's not here, but Scott, also, at NeighborWorks is kind of our stakeholder. They'll get a percentage of the partnership and they'll be in there in the whole mixed use project. Maurer's, she's got this urban market in downtown Milwaukee, and then she's got two 25,000 square foot groceries in Wisconsin, Dallas, and Janesville. And, that's it. Here's the same plan.

- Oh. There we go.

- Oh, I didn't even know this was on there. Great. So, this is kinda where we are here where this is Pine Street, Monroe, this is the grocer, then the affordable housing. Apartments will come across here with the parking kinda shielded. This is what we thought would be best in terms of shielding this horrible parking lot, 'cause nobody likes that. Could we switch that around where you wanted town homes here or something? Yeah. We're not pledged to that, but this is the component she needs. This square footage, this amount of parking spaces, and everything else, she was kinda like, "you guys can do whatever you want, "but I need that." So, that was geared toward her success. Here's the massing model which we did, which shows the town homes that would be on Quincy, facing the neighborhood, Monroe up here, and then Pine Street here Okay. So once again, kind of accelerated timeline. When I looked at this, I was little surprised, but my first question was are we zoned? And I think we are zoned, because as I read the RFP, we conformed our plan to your zoning. So, if I can get a letter saying that the city, that we're able to build 80 units here, that's all we need, really, for our WEDA application. So, assuming all this goes towards us, which is yet to be determined, even for WEDA, you don't need to do this, finalize the development agreement, that is not 100%, but you would have to be site controlled. So, if development agreement meets site control, you would have to finalize that, or it could just be an optional land. WEDA has kinda been flexible on what that looks like. It doesn't have to be a full 26 page development agreement at this point, and then you'd submit the Lihtc application in December, you'd get an award announcement. We score very well here, so what we would do is we would go at risk in terms of design and then that would also, if we had the new market, if we were awarded the RFP, if we were gonna do this submission in December, we would line up and try to keep that new market tax credit allocattee at us, and say, because we're a pretty credible player in the market place, we would say, "stay with us. "Stay with us. "Let us be here "until the award here." Hopefully, we get it. We score very well, and then we would probably close in April. We possibly could close in November. That would be a stretch, 'cause we'd have to design and everything before that, but there is an outside chance we could do that, and then the construction completion would be about probably 12 to 14 months from when we close.

- Could you go back to the site plan real quick?

- Yep. Which one? That one?

- The ground low. Right there. Okay, so where is our alleyway?

- So, your alleyway, your Google, I'd have to see it again, but he did move this. This was in the middle, here, there was one in the middle and they moved it over. Now, that's just a question to you guys. What's in there? We could move it, but it's a parking lot, so I can't imagine there's a ton of stuff in there.

- So, that's what we're going through right now, and that will be part of the consideration. We sent out the RFP with the estimation of it, right? We don't know everything that's under there, but with that, we're going through right now and finding out what exactly the infrastructure is under there and what it potentially would cost to move the utilities left or right.

- Or can we be flexible in this so we don't have to do that?

- Correct.

- Right.

- Yep, and I think there's a cost to everything, and that's where we talk about that cost. Would it be cheaper to shift the building, or is it cheaper to move the utilities. So, we should have our arms around that hopefully by the RDA meeting next week.

- By Tuesday? And the city commitment is 800,000 hours on TIF and, I presume, the land.

- And the land, I'm sorry. For now, correct.

- Okay.

- Which I know is a big

- Oh, on that site plan, Ted, how do you access the underground parking? And is it intended that the underground parking is all dedicated to the affordable rate housing or attached to the grocery store?

- [Ted] No, it would be all residential, and I'm going to not fake that I know where the underground parking comes in because I'm not sure I do.

- It's off of Pine.

- [Ted] Which one?

- Off of Pine Street.

- Oh, off of Pine. Sorry, I thought it was on Pine, but I didn't see it. Here's Quincy. Oh, over here?

- Yep.

- Okay.

- [Scott] On the top right. There's an access, a curb cut right towards that building.

- Right here?

- [Scott] Yep. Up.

- Up here. There, right there, right there. Right? Well, that's the grocery, so I think it might be right there, but I'm not exactly sure. It might be down there. You might be correct. It might come underneath the grocery. I'm not exactly sure, but it would service the residential only though.

- Another little inquire, and maybe Scott can help with this, if it's apartments or if there's some home ownership.

- No, it's apartments.

- It's all apartments, Scott?

- Yeah, so the high-density, the multi-level would be all apartments.

- Okay.

- And this is where Ted and I have been talking, that condos or the town houses.

- On Quincy.

- Quincy. That would be potential home ownership.

- Yeah, what we've done, and just like the condominium thing, what we've done is if you have a pioneering housing development that you say is home ownership, very hard to get financing for. If you say that, and we've done this in Milwaukee, if you say that these are rentals, but as soon as they rent them, as part of their lease,

they can buy this tomorrow for a strike price that is reasonable. Everybody knows what it is and it's reasonable, and these guys would facilitate that, and then you work with your tenant to get the home ownership piece in place and they can take it out at any time, but you gotta finance it as a rental that the bank is comfortable, and they're like, "okay, "if nobody buys it, we're good," but if somebody buys it, they take you out, great, you pay down a loan. So, that's kind the way we've been doing that, and you don't do that with 200 units, but you do that with 15 town homes.

- Okay.

- Can I ask a little bit about the grocery store? Because there's the town homes and the apartments and the grocery store so, when you talk about a 2021 date of breaking ground, is that same with the grocery?

- Yeah, it would all be one thing.

- And you have the commitment from Maurer's?

- Yep. Before we put an application in, before we sign a development agreement with you or whatever, she would have a lease signed that would have all of that in it. We would fully expect that. We haven't done that yet 'cause I know her very well. We're very good friends, so her word's good, but we've kinda worked through the performer with her, but all that would be finalized, at least, before we even sign it.

- And the tax base is 18 million

- Well the \$160,000 is the tax increment, the total development cost is 24 million; however, the assessment for an affordable deal is less than the total development cost because of the rental income is lower than what the construction cost would dictate.

- Sure.

- Yeah.

- Okay.

- [Man] So, we went through this with TDBG Rob A. Moss. They have all 22, 23 million dollar cost, but the assessment came out. What we're anticipating is probably gonna be somewhere between seven and a half and eight million because we project our assessments on the NOI, and when you're capping lease rates, it only assesses at a certain.

- Sure. I understand.

- And so, have you worked with them on what the tax increment would be or was that be completely your calculation?

- This is our calculation. Yeah. We've actually had no interaction with staff on this at all.

- [Kevin] Okay. So, we've let the developers propose. I've got some back there on the envelope spreadsheets, kinda word thing. It may come out based on how this body feels, we'll take the proposal and work more closely with our assessor to get our arms around what those numbers might exactly be.

- Yeah, we take what we think is the Green Bay assessment policies and put a value on it and just kinda estimate what we think the assessment would be.

- I can say that a ball park's been projected. So far, is pretty ball park.

- Good thing is you have two diametrically opposed projects. You're not picking the developer. You're picking the project.
- Yeah, and I have some questions on the scoring and all that, so I don't know if we
- Anybody else have any other questions? Okay, I think we're good then, Ted.
- Okay, thank you very much.
- Appreciate it. Thank you, Scott.
- Thank you very much.
- Okay, I'll take a motion to go back to the regular order of business.
- I make a motion to go back to regular.
- I'll second.
- Motion and a second to go back to regular business. All those in favor, say aye.
- [All] Aye.
- Okay, we're back to regular order of business. This is probably a time for us to go into closed session.
- [Kevin] Yeah, I think maybe what might be appropriate to do is two things. One, we talk about this internally with our projects team here on the floor, and if Ken wants to provide a high level summary of just some things that we saw as we went through, some advantages or weaknesses of each project, kinda give us some context, and then I guess any questions for Ken, and then after that, I would recommend going into closed session, I think if we wanna talk a little bit about some of the numbers and potentially what's been requested in terms of TIF incentive and how we might approach negotiating agreement with each of these parties. That's something that we probably should do in closed session, but I think, first, if Ken wants to provide just an overview what the staff saw in terms of the project, I think that would help in terms of making deliberations.
- [Ken] Yeah, certainly. So, we put together in our projects team, basically, an evaluation criteria that went through the scoring points that were laid out in the RFP, and basically just.
- Thank you, sir.
- [Ken] Looking through these here, we had the main points, the alignment with strategy, design and use investment, and capacity and experience. On the surface, both projects we thought they fit the site very well. As far as alignment with our strategy, the Gorman project basically checked all the boxes as far as alignment with strategy, as far as making the city safer and more productive, accessible, innovative. On the T. Wall Enterprises side, some of those factors weren't quite as clear. One of the issues we had on that side, the perception of safety as far as having the closed, gated community kinda gives that perception of less or not as safe of an area, and that kind of spilled over into the design and use of the project. Points on the Gorman side of the project that were positives, looking at the higher-density mixed used development, which is what we had asked for in the RFP. On the T. Wall side, more heavy on the residential, factors with the alley were an issue that I think T. Wall they did a really good job of incorporating that alley and leaving it as we requested, leaving it open. Now, with the presentations today, Gorman had talked about changing the site around if they needed to, but that was a concern that we had there on their side. I think, with the Gorman project, adding the grocer, mixed units, LMI, we thought that that scored pretty well for us. Back on the T. Wall side, as far as

the design and use of the units, there was a strong massing on the residential side, no break in the units. They had talked today about breaking up those facades with some design changes with the materials. As far as the investment side, Gorman's were very well, as far as they're requesting the free lot and \$80,000 of the

- \$800.

- [Ken] I'm sorry, \$800,000. Sorry.

- Important zero.

- Yes, that was a very important zero. Where on the T. Wall side, the 100% TIF, and looking at the balance of those finances with the allotted units that are provided, we felt that the Gorman project scored a little bit higher there. As far as the capacity and experience, we know both companies have shown strong projects in the past. We did score higher on T. Wall as a local company. Gorman does bring in a new mix. This would be their first development in the area, so we're adding another developer to our market if we go with their project. We also like that they added in another local developer with NeighborWorks, having that partnership. I think NeighborWorks is showing success in our community, and we know that their town home model has worked in the neighborhood close to here. So overall, at the staff level, we would be recommending the Gorman project for this. I guess, if you guys had any questions, I can answer those. We also have the rest of our staff here that helped with this scoring, as well.

- I do have one, and it's under the investments section on the Gorman project, and it says, "not sure of Neighborwork's "design of financial ask," and I'm not sure what that means.

- [Ken] Yeah, so with that, there was nothing in the proposal that discussed that, and I think that they touched on that a little bit today that in their structure, they're not sure if those are gonna be rentals or home owners. So, they kinda touched on that.

- In the town homes. Okay.

- In the town homes.

- Got it.

- [Ken] Correct. So, when we were grading these, that was a little uncertain, but I think they touched on that today, and I think they have a little bit of work left on their side to figure out what that structure looks like.

- Was there actually a numerical value put on this here? Did we actually end up with a number, or is this it?

- [Ken] This was it, right here. We did it as a consensus scoring. We basically looked at the pros and cons and then decided what staff would recommend here.

- And then another question, Ken, on what's in the investment side under T. Wall's, and was about writing the request for tax abatement. I'm not sure if that's allowed or legal. Do we have any further insight on that, or can that insight be gained by next Tuesday?

- We could have that by next Tuesday, I believe.

- [Kevin] Correct. So, our attorney has been out, but I think that's one of the things we'd have to look at, just how to specifically deal with structure. We can't abate per state law, like current taxes, existing taxes, so we'd have to look in terms of how you would balance an occupancy permit with when it actually then would hit the tax role. So, there's a little bit of a challenge in terms of the developer wanting the occupancy permit so somebody can move in, but not doing so in a way that would necessarily trigger the assessment. So, I think we

just have to talk through the legalities and mechanics of how that would particularly work in that instance, or what would have to be structured differently. The understanding is the developer's looking, basically, during that period, to not have to take that hit of having to make payments before revenues were coming in, and so whether that could be actually done the way proposed, or it would have to be, perhaps, up front TIF in order to provide that subsidy. That's something that we're still examining.

- And is the 95% negotiable?

- Everything's negotiable. I think that's one to talk through in terms of when that trigger would occur, and I think, again, those are details of a development agreement that would be worked on with whatever party is selected in terms of there's things, that's part of the closed session is negotiating. Where does this committee, and ultimately RDA, where do they feel comfortable, like we do in some of these agreements in terms of, all right, what are our sticky points, Or how would we like to approach this?

- Do you have a good feel for how much TIF would be upfront as compared to TIF as we go?

- [Kevin] Yeah, I can discuss a little bit.

- Okay.

- [Kevin] About that. I ran some numbers in a spreadsheet so I can kinda discuss where we might fall and, based on the increment, how it might play out.

- So, is Gorman a pay as you go?

- It's more of a closed session.-

- Yes.

- Yes. At this point, yes.

- But Gorman is a pay as you go?

- I read that as that was an upfront. That was an upfront request.

- Okay.

- Yep.

- I don't have anymore questions on this. I wouldn't mind going into closed session.

- Yeah, I think it's the right time to do that.

- [Kevin] All right, then I just start reading the language.

- The authority may convene in a closed session, pursuant to section 19 point eight five one B, as part of the statute, for purposes of delivery sale of the property, investing of public funds, or conducting other specified public business as necessary for competitive requirements. The authority may thereafter reconvene in open session pursuant to section 19 dot eight five two of the public statute to report the results of the closed session to consider a balance

- [Kevin] All right, Matt Schueller.

- Here.
- [Kevin] Gary Delveaux.
- Here.
- Kathy Hinkfuss.
- Here.
- [Kevin] Okay. All right, so to go back in open session. Matt Schueller.
- Here.
- Gary Delveaux.
- Yes, here.
- Kathy Hinkfuss.
- Here.
- [Kevin] All right, so we're back in open session. If anybody wants to.
- Anybody, except Grant.
- Nobody's there.
- We do this electronically?
- [Kevin] Yeah, we're good. We're in open session.
- Okay, we had a great chance to meet in closed session to talk about the two different proposals and what I'd just first say is we are very pleased with both, very, very appreciative of them, great work by staff, great work by both developers, as well, and thank you for the time that the developers put into them, and for being here today, as well, and with that, Kathy will lead with the motion.
- So, this committee would like to make a motion to the RDA to accept the Gorman and Company LLC proposal and have the staff enter into agreement with them for finalizing of a development agreement.
- I'll second that.
- All those in favor?
- All up?
- Electronic.
- So used to.
- Right. Right. Right.
- Just when you get it down, right?

- You go and change the rules on me.
- Passed unanimously.
- yes.
- Very good.
- Excellent job.
- Yeah, excellent job.
- [Kevin] This will go to RDA next Tuesday then for this.
- Yes.
- It's exciting. Great.
- Yeah, it's very exciting.
- It's very exciting.
- Very exciting. Thank you.
- Congratulations to Gorman, but also, thank you for your proposal.
- Thank you very much.
- Appreciate it.
- Come back.
- Yeah.
- There we go, right? That's awesome.
- This is exciting.
- Do we have a motion for adjournment?
- I'll make a motion we adjourn.
- I second.
- And Gary in his extinguished role. So, we are therefore adjourned.