

**Minutes  
Community Development Authority  
January 24, 2023**

Chair Stolper called the Community Development Authority (CDA) meeting to order at 6:30 pm.

Present: Chair Tom Stolper, Alder Kathy Thomas, Mr. Scott Kelly and Mr. Andrew Homburg.

Excused: Alder Doug Wood, Mr. Jeff Staver and Mr. Dave Lombardo.

Also Present: Planning Director Doug Plowman, Mayor Mary O'Connor, City Attorney Bill Cole, Gary Becker, Randy Christianson, Robert Procter, Dave Diamond, Lane Manning and Blake George.

**MINUTES**

A motion by Alder Thomas, seconded by Mr. Homburg, to approve both the open and closed session minutes of November 29, 2022, meeting carried with no corrections.

**APPEARANCES**

There were no appearances.

**OLD BUSINESS**

None.

**NEW BUSINESS**

- A. Continued Review, Discussion, and Possible Action (if necessary) of Development Proposal and Tax Increment Finance Request for 5105 Monona Drive (Walter Wayne Development, LLC).

Robert Procter, owner of the property at 5105 Monona Drive introduced the application. He is a Monona resident, and he bought the site that has been vacant for the last 12 years with a business partner. He shared that the Plan Commission recommended rezoning from Retail Business (RB) to Community Design District (CDD) at their January 23, 2023 meeting. He added that the size of the site necessitates underground parking, as does the increased burden of meeting Monona parking standards versus other adjacent communities. The TIF request is based on the underground parking cost of \$1.8 million. He added that Walter Wayne Development have been transparent with their numbers during Gary Becker's review.

Randy Christianson of Walter Wayne Development introduced the project. Current plans envision a four-story building with 45 apartment units and 63 parking stalls. Changes have been made to accommodate Plan Commission feedback, with building amenities

placed at the ground floor to provide a retail façade. Two sets of financials were provided to the CDA, one with TIF and the other without. This property is already in a TID and Walter Wayne hope to partner with the CDA on another project in Monona that is also in early stages of Plan Commission consideration. Chair Stolper asked about the other project and the applicant responded that it could be a combination of partners and the final makeup of parcels are still to be determined.

Mr. Homburg asked the applicant's about their intent to hold the property. Dave Diamond of Walter Wayne responded that short-term holds are typically 10-15 years, with long-term not expected to be sold at all. He shared that this property is viewed as a short-term hold, and that he cannot guarantee this project would not sell before 10-15 years. Mr. Homburg asked about projected value, rents and increment. Randy Christianson responded that they are projecting \$9.1 million for hard costs, with a \$12.3 million total including soft costs. Dave Diamond added he expects a total taxable value of \$9-9.5 million (for land and improvements). Rents were discussed with studio rents expected to be between \$1,300 and \$1,450, 1-bedroom units between \$1,650 and \$1,900 and 2-bedroom units between \$1,900 and \$2,300. Mr. Christianson reiterated the need for substantial underground parking to meet their parking requirements, which amounts to the \$1.8-\$1.9 million gap that they seek to bridge. Mr. Homburg added that he expects the term of ownership would match any TIF commitment for the site.

Chair Stolper asked about the early deficit between the NOI and debt service that flipped at stabilization in year 2. Randy Christianson responded that the TIF value was added in year 2. The question of the TIF request was raised, to which Dave Diamond responded that they backed in to the number based on a 6% cash-on-cash return. This is the requirement from their investors for the project to proceed. Chair Stolper asked about the increment and expected distribution. Dave Diamond responded that they expect an increment of \$9.1 million (including land) with a request for 75% increment in order to pay back before the TID closes. Chair Stolper responded that the pay back was likely a little high, but not far off previous deals. Dave Diamond responded that he will return with detailed construction numbers for the underground parking garage for CDA review.

B. Continued Review, Discussion, and Possible Action (if necessary) of Development Proposal and Tax Increment Finance Request for 1208 E. Broadway (Northpointe Development Corp).

Lane Manning, of Dream Lane Real Estate who is developing the project along with Northpointe introduced the request. This is a 75-unit workforce housing site, with units supporting incomes at 30-80% of the County median income. There are also market rate units, as well as veteran set aside units. He referenced other experience working on projects in Fitchburg and McFarland, including Prairie Pointe in McFarland. Discussion included the capital stack, which includes WHEDA 9% tax credits and Dane County CDBG funds. The capital stack needs assistance for this long-term (35 year) hold project. Chair Stolper questioned the fees listed in the submitted materials. Lane Manning responded that these are prorated across a 25-year term, and WHEDA holds the developer accountable to make sure they meet their obligations.

There was discussion of the sources of funds in the capital stack. Chair Stolper requested responses to the questions regarding fees, sale of WHEDA tax credits for equity in the project, and the value of these credits. The assessed value for increment was confirmed at \$7 million with estimated costs at \$23 million. There was discussion of the third party management company, and how this is a WHEDA requirement necessary for compliance. This property plans to use ACC Management, who also manage the Limerick in Fitchburg.

Discussion transitioned to Blake George, representing Whitehorse Properties, LLC regarding the private drive necessary for access to the site from E. Broadway. An overview of history for the site was provided, with details provided on the recorded CSM. This CSM was designed to facilitate development on the site, creating 4 lots with an additional outlot for the private drive. Discussion included potential tenants for two of the other parcels, with the need for the driveway to be constructed a critical component of the deals. Total increment numbers were shared of approximately \$11 million (including the Northpointe project). Chair Stolper asked about cost estimates, and how these were derived. Blake George responded that some of these costs including engineering are actual costs, while others are estimates. Mr. Homburg asked about the other future development sites on the parcel and if it was their intention to also apply for TIF assistance. Blake George responded that geopiers are expected at the southern parcel, while the northernmost commercial parcel has not discussed TIF.

- C. Convene in Closed Session (if necessary) Pursuant to Wisconsin State Statute Section 19.85(1)(e) Deliberating or negotiation the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session (5105 Monona Drive and 1208 E. Broadway).

Motion by Alder Thomas, second by Mr. Homburg, to convene in closed session. On a roll call vote, all members voted aye to convene in Closed Session at 7:39 pm.

- D. Reconvene in Open Session Under Wisconsin State Statute 19.85(2) (if necessary).

Motion by Mr. Homburg, second by Alder Thomas, to reconvene into open session. Motion carried. The CDA reconvened into open session at 9:03 pm.

- E. Discussion and Possible Action on Items Arising from Closed Session (5105 Monona Drive and 1208 E. Broadway) (if necessary).

No further action was taken.

- F. Informational Presentation regarding North Monona Drive TIF District Analysis and 2022 Monona TIF District Annual Report (Gary Becker).

Gary Becker shared an overview of the City's TIF districts performance in 2022, and his findings regarding a potential future TIF district along Monona Drive. His assumption is that the 5105 Monona Drive project be included as part of TID 7, with the Bloom project

earmarked for a new district (TID 10). He shared that there was enough headroom (12% total equalized value) to accommodate TID 10, but that this gap is closing. There was discussion of TID 6, and the status of that district. It was recommended that these details be finalized before considering future TID districts 10 and 11 as well as any inclusion into TID 7.

### **REPORTS OF STAFF AND CDA MEMBERS**

Planning Director Plowman provided an update on the Bloom development project which returned for further PIP discussion with the Plan Commission at their January 23, 2023 meeting. The Plan Commission also recommended rezoning the property at 5105 Monona Drive from Retail Business to Community Design District.

Alder Thomas thanked the CDA members for their expertise and skillset when discussing items such as those on this meeting agenda.

### **UPCOMING CDA MEETINGS**

The next meeting dates are February 28, 2023 and March 28, 2023.

### **ADJOURNMENT**

A motion was made by Mr. Kelly, seconded by Mr. Homburg to adjourn. The motion carried.  
(9:19 pm)