

**Minutes
Community Development Authority
March 28, 2023**

Chair Stolper called the Community Development Authority (CDA) meeting to order at 6:35 pm.

Present: Chair Tom Stolper, Alder Doug Wood, Mr. Scott Kelly, Mr. Dave Lombardo and Mr. Andrew Homburg.

Excused: Mr. Jeff Staver.

Also Present: Planning Director Doug Plowman, City Attorney Bill Cole, Gary Becker, Sean O'Brien, Lane Manning, Blake George, Ruth Ann Whitehorse and Tim Neitzel.

MINUTES

A motion by Mr. Homburg, seconded by Mr. Kelly, to approve both the open and closed session minutes of January 24, 2023, meeting carried with no corrections.

APPEARANCES

The CDA received written comment from Mr. Peter McKeever regarding the Bloom development along Monona Drive.

OLD BUSINESS

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

Blake George, representing Whitehorse Properties LLC introduced the request for TIF assistance to construct the private drive for the development. He explained the need for this to be built prior to other development, but added that a lot of different commercial uses are interested in the site. Chair Stolper clarified expected values, and it is expected that the parcel closest to E. Broadway and the southern parcel could total around \$6,000,000 in increment. Tim Neitzel attended the meeting and he has a purchase offer for the southern parcel. The current plans envision a commercial use with up to 15,000 square feet of space. The parcel closest to E. Broadway has a purchase offer from a bank for new construction at this location. There is a verbal understanding that no TIF request will be made for this parcel.

Mr. Lombardo joined the meeting at 6:45pm

CDA members discussed the challenges of each of the parcels, and in particular the soils and access. There was discussion of the selling price, and if this was reflective of an improved site with infrastructure already in place. CDA members struggled with the

request for TIF assistance to construct infrastructure in order to make the parcels viable for future development. Mr. Homburg confirmed with the applicant that the CSM has already been recorded, which includes the drive as an outlot. Blake George and Ruth Ann Whitehorse provided background to the CDA regarding the history of the site, and the discussions that led to the CSM in its current form. Clarifying questions were asked regarding the future TIF expectations for the overall development, especially those of the southern parcel. It is likely that geopiers will be needed given the difficult soils in that area. Members agreed that guaranteed values were critical to the request. Additionally, clarification was sought regarding the costs for the drive provided in the packet. This included construction costs, engineering and stormwater basins. The CDA argued that these are all typical infrastructure considerations provided by the developer in order to sell land as improved rather than unimproved especially with future support for each parcel to be considered.

The applicant discussed reverting to the original conditions separate of the recorded CSM. This could allow for an internal driveway rather than a private drive. CDA members suggested it was late to be considering this option, especially with the Northpointe project having their approvals from Plan Commission. There was some discussion of the phasing of projects, and expected asks from other projects at the overall site. The CDA suggested that guarantees drive what assistance is available, and asked the applicant their willingness to pay for a portion of the drive. Blake George responded that he expects the owners would have to deal with any shortfall, but requested the CDA see how close they can get to the original \$600,000 TIF request.

Sean O'Brien of Northpointe Development Corp. appeared to discuss the separate request for their 75-unit workforce housing development at the same site. He talked to the letter included in the meeting packet, and outlined sources of funds already secured. City assistance via TIF was seen as a last request rather than something pursued any earlier in the process. The project is one of five in the State to receive 9% tax credit funding from WHEDA. Rising construction costs and interest rates have caused the shortfall presented. The CDA asked about property management, and if they would be local. The applicant responded that ACC out of Oshkosh will manage the property. They are responsible for all 1,200 units in the Northpointe portfolio including projects in Fitchburg and McFarland. The property will have full-time staff on site 40 hours/week, and Lutheran Social Services will also have a service coordinator on site. Compliance is critical when receiving WHEDA funds, and the management ensures compliance with eligibility requirements for residents.

Greater background was given to CDA members regarding Northpointe, and how they are a long-term partner in the project. Reputation and compliance is critical for both existing and future projects, and they would not want to jeopardize this. Mr. Homburg asked if there was a willingness to consider raising the \$7,000,000 guarantee for the project. The applicant responded that increasing this raises other financial stresses, as the property can only be assessed by the income approach. This guarantee was derived from dividing NOI by the cap rate, and the rents for this project are limited by standards set by HUD leaving little option to increase NOI by raising rents. There was also discussion of

an up-front award instead of pay-go assistance. The applicant would prefer up-front as pay-go adds increased risk to the developer. Discussion continued regarding the quality and intent of the project, and the applicant shared that funds are set aside annually for ongoing capital needs as the project ages.

- B. 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 (4711-4601 Monona Drive and 1208 E. Broadway).

Motion by Alder Wood, second by Mr. Kelly, to convene in closed session. On a roll call vote, all members voted aye to convene in Closed Session at 7:47 pm.

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

Motion by Alder Wood, second by Mr. Kelly, to reconvene into open session. Motion carried. The CDA reconvened into open session at 8:49 pm.

- D. Discussion and Possible Action on Items Arising from Closed Session (4711-4601 Monona Drive and 1208 E. Broadway) (if necessary).

No further action was taken.

NEW BUSINESS

- A. Discussion and Possible Action on TID #10 Planning and District Creation

Gary Becker outlined his initial proposal for TID #10 to incorporate the previously discussed Bloom development on Monona Drive. The current plan only includes this City block, although this can always expand. There was discussion of extending to the north to include another City owned lot, although the consensus was that without concrete plans it did not make sense. There was a suggestion of possible additions to the project plan, including assistance to renovate existing multi-family housing near to the site. Gary Becker reminded the CDA that four changes are allowed (additions or subtractions) during the lifespan of the district. The materials in the meeting packet outline the expected timeline, which includes City Council consideration after September 30, 2023, with formal creation in 2024. This aligns with the proposed timeline for the Bloom development.

Motion by Alder Wood, second by Mr. Kelly, to authorize Gary Becker to begin the process of creating TID #10. The motion carried.

REPORTS OF STAFF AND CDA MEMBERS

Planning Director Plowman provided an update on the Walter Wayne project, which will return to the CDA at their April 25 meeting. Plan Commission approvals were granted for Madison Pediatric Dental to construct a new dental office at the former Rutabaga site, and the second commercial building at the Chipotle site was also approved at the corner of Monona Drive and W. Broadway.

UPCOMING CDA MEETINGS

The next meeting dates are April 25, 2023 and May 23, 2023.

ADJOURNMENT

A motion was made by Mr. Homburg, seconded by Mr. Kelly to adjourn. The motion carried.
(9:05 pm)