



"...meeting community needs...enhancing quality of life."

MEMORANDUM

TO: Appleton Redevelopment Authority (ARA)
Community & Economic Development Committee (CEDC)

FROM: Karen Harkness, Community Development Director

CC: Mayor Timothy Hanna
Monica Klaeser, Deputy Director of Community Development

DATE: May 7, 2015

RE: Foremost Site Update – Vetter Denk's Withdrawal as the Developer

On May 1, 2015, I received the attached letter via email from Kelly Denk, Principal with Vetter Denk announcing their withdrawal from the redevelopment of the Foremost Site.

The letter outlines five key areas that led to their decision, including:

1. Market rental rates in Appleton
2. Lower density required for this site
3. Row house/townhouse building format expense
4. Developer funded Tax Increment Financing (TIF) challenges for financing
5. Limited amount of resources offered to fill the gap

Staff has been working with Vetter Denk for months to commence the project since the approval of the Development Agreement in May/June 2014 (ARA approval May 28, 2014; Common Council approval June 18, 2014).

While we worked long and hard to identify creative solutions to these challenges, the fact remained that the costs for the development continued to significantly exceed the resources available. Repeated cycles of design, engineering and bidding the project still couldn't close this gap even though the ARA/City had already committed up to 20% of the development increment value (estimated \$1,400,000) from TIF District #8 to support this proposed development.

The next steps for this site include the City requesting an extension of our contract with Wisconsin Economic Development Corporation (WEDC) that requires the creation of \$5 million in assessed value by April 2016 on this site in exchange for the \$600,000 grant that was received to clean-up the property. Staff will also update and issue a Request for Proposals for the redevelopment of this site.

This item will appear on both the ARA and CEDC agenda on May 13, 2015 for informational purposes.