



CITY OF APPLETON

MEMORANDUM

Date: October 8, 2025
To: Community Development Committee
From: Lily Paul, Economic Development Specialist
Subject: Request Approval of the Third Amendment to Development Agreement
Between the City of Appleton and Rise Apartments, LLC in TIF #11

GENERAL INFORMATION

Developer: Tom Klister, agent for Rise Apartments, LLC

Address/Parcel Number: W Harris Street & N Oneida Street (Tax Id #31-2-0441-00, #31-2-0536-00, #31-2-0529-00)

Request: Adjust the date for assessed value from January 1, 2025, to January 1, 2026, and update the payment terms in coordination with the date changes.

PROJECT DETAILS

The Appleton Common Council approved a Development Agreement (DA) with MF Housing Partners, LLC (Developer) in November 2021. A first Amendment was approved in October 2022 to accommodate changing environments of interest rates, construction costs rising, supply chain challenges, and labor shortages. A second amendment, approved in May 2023, was in response to a change in the plan to construct town homes and also allow for an assignment from MF Housing Partners, LLC to an affiliated entity, Rise Apartments, LLC.

MF Housing Partners, LLC was awarded WHEDA tax credits for this project. The completed project is a 40-unit multi-family building on the southernmost parcel and eight (8) town homes on the middle parcel with parking on the northern parcel. Forty-three (43) of the units available to low-income persons with the rents restricted for an estimated thirty (30) years. The middle parcels were added to the Development Agreement to allow for capture of tax increment.

Project Summary: Rise Apartments, LLC was completed as of July 2024, which is on time according to the Development Agreement. The assessed value, though, was supposed to be at \$3.9 million by January 1, 2025. When the assessed value is calculated, leases are taken into consideration. As of January 1, 2025, the RISE development had not yet reached full lease up as they were in the lease "ramp up" period, which is typical for rental developers. Full or substantial lease up is expected by January 1, 2026. Therefore, the following amendments are being proposed in the third amendment to the DA:

- **Section 2.3.2 –**

- This allows the developer to begin receiving payment one year sooner than in previous DA standard language. Their first payment would be in August 2026

based on the January 1, 2025 value (versus having to wait until August 2027). They are still required to demonstrate project completion and that full assessed value is reached by January 1, 2026 as a condition of their initial incentive payment being made. This updated payment language is a win-win for the City and Developer. The developer begins receiving revenue 1 year sooner than in our previous standard DA language, making it more feasible to get financing for housing developments; while the City still ensures the project meets all objectives (project completion and base value creation), and makes it easier to administer payments moving forward. The developer is still paid the same net present value over time. This change is supported by the City Attorney and the Finance Director.

- **Section 4.1.2 –**

- Date of assessed value adjusted from January 1, 2025 to January 1, 2026.

Assessed value amounts and incentive amounts have remained the same.

RECOMMENDATION

Third Amendment to the Development Agreement between the City of Appleton and Rise Apartments, LLC for Tax Id #31-2-0441-00, #31-2-0536-00, #31-2-0529-00 **BE APPROVED**.