



MEMORANDUM

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

TO: ARA

FROM: Karen Harkness, Director of Community & Economic Development

DATE: May 10, 2014

RE: Foremost Site Development

The Appleton Redevelopment Authority approved Resolution 13-1558 on October 29, 2013 to authorize the staff of the City of Appleton's Community and Economic Development Department to negotiate a development agreement with Vetter Denk and Ganther Construction to develop a residential unit project valued at approximately \$16 million.

Since that date, city staff has continued to work with Vetter Denk and Ganther Construction to profile, evaluate and detail the project. The team has developed a decision matrix to comprehensively weigh and qualify all aspects of the initiative.

The Foremost Farms Decision Matrix analyzes specific, important elements of the development initiative in relation to the number of residential units projected.

Key goals of the matrix:

- Create a minimum value of \$5 million by April 22, 2016
- Confirm project consistency with Appleton's comprehensive/riverfront plans
- Review impacts on access routes, traffic flow
- Assess neighborhood impact, parking challenges
- Project market viability, housing opportunities, tentative pricing/value
- Identify quality-of-life aspects such as green space, community access
- Maintain the cities investment (TIF gap) at approximately .20 of the project.

The matrix identifies two options which meet the majority of these goals; however, it is recommended that the development agreement focus on the option that offers a project density of 90 to 100 units.

The calculations of the matrix show that constructing 90 to 100 units will:

- Provide for Appleton a taxable increment of between \$6,900,000 and \$8,000,000
- Provide a TIF gap of \$1,440,000
- Place the public/private investment ratio at .20 with a repayment schedule of 9 to 10 years
- Generate annual taxes of between \$153,795 to \$178,314

The calculations of the matrix show that constructing 110 to 120 units will:

- Provide for Appleton a taxable increment of between \$8,800,000 and \$9,900,000
- Provide a TIF gap of \$1,500,000 to \$1,900,000
- Place the public/private investment ratio at .17 to .19 with a repayment schedule of 9 to 10 years
- Generate annual taxes of between \$196,145 to \$220,663

Units	Taxable Increment	TIF Gap	Investment Ratio	Repayment	Annual Tax Revenue
90-100	\$6.9 - \$8 M	\$1,440,000	.20	9 to 10 years	\$153,795 - \$178,314
110-120	\$8.8 - \$9.9 M	\$1,500,000	.17 to .19	9 to 10 years	\$196,145 - \$220,663

Important elements of the development agreement:

- No basement shall be installed in the filled raceway area
- Sections of concrete, asphalt and guard rail along the northern property boundary will be mitigated by the developer
- Monitoring well remains on property
- Public access to the riverfront shall be provided via the construction of a public walkway
- Emergency access to the river south of the dam shall be allowed
- Purchase price for the parcel is \$850,000
- The development area is zoned R-3 and the developer shall construct a minimum of 90 and a maximum of 100 apartment homes in multiple buildings
- The developer shall have constructed sufficient units to establish an assessed valuation of \$5 million on the premise before January 1, 2016 in order to meet the WEDC contract requirements
- Current total estimated assessed value is \$7,200,000 (*please note: the residential units value of \$16 million in Resolution 13-1558 was derived from construction of 180 units*)
- TIF investment is estimated at approximately \$1,440,000

ATTACHMENTS:

Foremost Farms decision matrix

Development agreement

Revised traffic study

Lawrence letter

Neighborhood survey