MINUTES

Economic Development Committee Meeting

Date | time Tuesday, October 4, 2022, at 6:30 P.M. | *Meeting called to order by* Watson at 5:15 P.M.

In Attendance

Members Present: Sarah Watson, Chad Henke, Tom Kilian, Carol Lukens, Lisa Rasmussen (entered late)

Others Present: Liz Brodek, Randy Fifrick, MaryAnne Groat, Tammy Stratz, Shannon Graff, Mayor Rosenberg, Atty. Anne Jacobson, Alder Gary Gisselman, Scott Kwiecinski (Horizon Development), James Methu (Northern Star Companies), Tyler Sheeran (Commonwealth), Luke Samalya (Danna Capital) and Jackson Lindsay (General Capital Group), Trent Claybaugh (Gorman & Company, LLC)

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner.

Agenda Item 1 – Approval of Minutes from 8/23/22

Henke motioned to approve minutes from 8/23/22, seconded by Lukens.

Approved unanimously 4-0 *(Rasmussen was not present for this vote)*

Agenda Item 2 – Approval of Minutes from 9/23/22 (Fifrick)

Henke motioned to approve minutes. Seconded by Lukens.

Approved Unanimously 5-0.

Agenda Item 3 – Update on Community Marketing position with Community Foundation (Brodek)

Brodek reminded the committee of their approval to partially fund a community marketing role in collaboration with the Community Foundation. Brodek noted that Cheryl Wolken was hired for this role who is the creator of WausauMama.com and author of the best-selling book ABC's of Wausau. Wolken started in the position in early September and Brodek explained she will be coming to an Economic Development Committee meeting and/or a Common Council meeting in the future to introduce herself, share her strategy and things she's working on.

No action required.

Agenda Item 4 – Discussion and possible action on responses to Request for Proposal for 700 Grand Avenue (Fifrick)

Fifrick reminded the committee of the approval to release the Request for Proposal for Affordable Housing for 700 Grand Ave. in August. Fifrick noted that 4 proposals were received and that the representatives from each company were in attendance to present their proposal.

Commonwealth Proposal | Sheeran presented a proposal for a $16.5 million dollar, 50-unit midrise building that includes (15) one-bedroom, (16) two-bedroom and (19) three-bedroom units of which 6 units would be reserved for veterans at or below 50% Area Median Income's (AMI). The complex will include a community room, exercise facility, business center, leasing office, in-unit laundry, Energy Star appliances, luxury vinyl plank flooring, video security system, and Community Service Facility office to be utilized by North Central Community Action Program, if desired. The complex would include 45 underground parking stalls and 22 surface stalls, a playground, green space, and high vinyl fencing to provide privacy and safety for children along Grand Avenue. Sheeran highlighted Commonwealths use of Green initiatives and the use of local contractors. Commonwealth is offering to purchase the site for $175,000 and would utilize multiple funding sources to construct the complex which includes city assistance of $1,500,000. Commonwealth estimates construction to begin in Fall 2023 which would take approximately 14 months.

Horizon Proposal | Kwiecinski of Horizon Development proposed a $13.2 million dollar, 3-story, 49-unit apartment community that will contain (20) one-bedroom, (21) two-bedroom and (8) three-bedroom units. 41 units would be reserved for affordable housing for income levels ranging from 30%-60% of the AMI with rents ranging from $400-$800/mo. for 1-bedroom, $825-$975/mo. for 2-bedroom and $925-$1,075/mo. for 3-bedroom. 9 units would be market rate with rent ranging from $950-$1,200/mo. The proposed development includes 78 underground parking stalls and 12 surface stalls. Horizon proposes to purchase the lot for $245,000 and they would utilize multiple funding sources to complete the project which would include a request of $800,000 from the city for gap financing. Construction is proposed to begin April 2024 and complete by April 2025.

Danna Capital / General Capital Group Proposal | Lindsay (General Capital Group) and Samalya (Danna Capital) are two developers who partnered to propose a $14.4 million dollar, 50-unit low-income housing complex. The complex would include (20) 1-bedroom, (22) 2-bedroom and (8) 3-bedroom units. The proposal provides a mix of units within several different AMI. (15) units would be based on 30% AMI, (2) units at 40% AMI, (10) units at 50% AMI, (15) units at 60% AMI and ten (10) units at Market Rate. The development includes 50 surface parking stalls of which 10 stalls would be covered stalls. Amenities included in the development would be a fitness center, Wi-Fi Café, on-site leasing office and covered parking. High speed internet would be included in rent. However, they explained their proposal is liquid and can easily be revised to whatever specifications the city/citizens want. The developer duo is offering to purchase the lot for $175,000 and would utilize several options for financing the project and would ask for city participation in the amount of $1,425,000. Construction would begin December 2023 and completed by January 2025 with occupancy to begin in February 2025.

Gorman & Company Proposal | Claybaugh presented a proposal for the construction of a $14.250 million dollar 50-unit, elderly affordable housing development. The complex would compose of (8) 1-bedroom and (2) bedroom units at 30% AMI, (16) 1-bedroom and (4) 2-bedroom units at 50% AMI and (15) 1-bedroom and (5) 2-bedroom units at 60% AMI. Rent ranges would be between $435/mo. for a 1-bedroom at 30% AMI to $1,055/mo. for a 2-bedroom at 60% AMI. The development would include a community room, fitness center, community service facility, and 55 underground parking stalls. The proposal includes purchasing the lot for $100,000 and multiple funding sources would be accessed but there would be an estimated 12% financing gap equating to $1,710,500 of which is requested to be city assistance. The timeline of the project estimates construction occurring between 3/1/24-5/31/25 with certificate of occupancy as of 6/1/25.

Henke exited the meeting after presentations.

Agenda Item 5 – CLOSED SESSION pursuant to 19.85(1)(e) of the Wisconsin Statutes for deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session: relating to Update and Review of T. Wall/Foundry on Third Development Agreement & Review and Possible Action on Third Amendment to Riverlife Condos Development Agreement.

Rasmussen made a motion to move into closed session and read state statute. Seconded by Lukens. Roll call vote completed.

Approved unanimously 5-0.

Agenda Item 6 – RECONVENE in Open Session to take action on Closed Session items, as necessary

Motion Seconded by Lukens.

Approved unanimously 4-0.

Agenda Item 7 – Updates, Discussion, and Brainstorming on Affordable Housing opportunities (all)

Brodek introduced this agenda item asking the committee for their thoughts, ideas, questions, or concerns regarding affordable housing. Brodek mentioned another meeting where comments were made regarding a plan for the Thomas Street lots and explained to the committee there are no specific plans in place, but she is doing research on a possible idea and formulating the feasibility of it. She noted nothing remotely concrete has been prepared to date and only conversations regarding the idea have taken place. She explained if the idea, or any idea, becomes tangible, it would be brought to the committee for discussion/action. Brodek further mentioned other avenues staff have considered to address affordable housing. She noted there aren't many starter homes being constructed in the area and is considering having a roundtable discussion with developers to discuss this. Brodek stated that zoning is a vital component to address affordable housing and staff revamped the zoning code in 2020, in which Wausau won an award for, which makes affordable housing easier and more accessible. Brodek noted a discussion with AARP, and the age friendly community network, where there may be opportunities regarding accessory dwelling units of which Wausau code allows for conditional use. Brodek further commented that staff has been looking into revamping the Fix It Up program for some type of rental rehab, as well as land banks and land trusts of which land banks are not currently allowed in the state of Wisconsin and would require legislative action.

Kilian stated he requested a summary of what is potentially planned for the Thomas Street lots in his district but was told he wouldn't receive the information. He said if a plan (idea) is not confidential, then he should be provided the information requested. He pointed out the committee postponed making a decision tonight on an affordable housing development in the spirit of public participation which he said is the cornerstone of legitimate governance and why he feels it's even more important Thomas Street is reviewed again. He noted a well-attended, public participation process occured regarding Thomas Street and resulted in a desire for affordable single-family homes on those lots. He said previous city staff instead desired to end efforts in finding new ways to make good on what the people in that area want. Kilian further mentioned an E.D. meeting last year, in which a plan to develop affordable housing fell through, (per Kilian) due to Covid and resulting supply chain issues that prompted a need for government involvement to make it work. Kilian noted the ARPA request to build affordable single-family homes on vacant city-owned lots is exactly what was needed to fulfill the public's request on Thomas Street. Kilian said that the request of the people is being planned but his requests as their representative are being dismissed. He noted the statistical date regarding the demographics of that district paints the picture that their voice finally needs to be heard. He requested the Thomas Street parcels be given the same due consideration as other areas of town have been and not to treat public participation in a disparate way, meaning a more affluent area should not be given more consideration than a diverse, working-class area.

Watson asked Stratz to comment on the number of infill parcels Wausau has.

Stratz referred to the maps to illustrate where the infill parcels are located and discussed the nuances of each of them.

1316 N 2nd Street – is near the Atrium Lofts and was purchased during the Blenker development and 3rd Street redevelopment.

1019 Bridge Street – located across from Newman Catholic School. Lot size is 60'x140'. Lot is very narrow and located on a busy street, so it's remained vacant for several years.

722 & 727 Jefferson Street – One site was used by Bridge Clinic for their community gardens, but they have cleaned it off and these parcels are options for two developments.

208, 210 and 214 Wyatt Street – Stratz noted development issues with these lots because a mechanic was formerly located on the 2 larger parcels so it had to have some environmental cleanup which limits what can be done on the lots. Stratz noted this might be a good lot for a multi-family unit because it is much larger, however, it is in a flood zone so unsure of the best approach on this one.

206 N 6th Avenue – Stratz commented she would like to see this lot developed first because there are Federal funds from the Neighborhood Stabilization Program in 2008-2009 and said once we develop the lot, the contract with the state can be closed which they have been pressuring to be done. Stratz noted she has put out an RFP twice on this property and received no responses.

205 N 10th Street – Stratz commented that the layout of the parcel is problematic so additional assistance would be needed to determine how to put a home on the site.

Rasmussen commented on affordable housing:

Vacant Lots – She noted most of the vacant lots presented have challenges and there is a reason the city has them. She commented on the neighborhood's appetite for single-family homes on the Thomas Street sites and that is exactly what the ARPA dollars were approved to build. Rasmussen said if most of the other city-owned lots have too many issues, then the ARPA funds approved to build single family homes on city owned lots should be used on the Thomas Street site. Rasmussen noted that she specifically requested that at least 3 homes be built on the Thomas Street lots when the ARPA funds were approved because it's a perfect fit for the neighborhood. Rasmussen also commented that before building any structure on the (former) community garden sites, that parking for Trolley Quarter Flats be re-evaluated because there have been ongoing issues with snow plowing and garbage pickup since inception.

Rental Rehab - Rasmussen commented the Fix It Up program was designed due to a need/desire to convert duplexes into affordable single-family homes. She noted few people are willing to undertake such a drastic project. She said landlords who came to the city to borrow money for rental rehab had caveats tied to the funds requiring them to bring their property up to code all at once which they couldn't afford. She said landlords didn't want to take out a mortgage with the city due to the requirements and continued to rent a subpar product because there was no motivation to do differently. Rasmussen continued, many years ago she asked for a fund to be created to help landlords who didn't want to take out another large mortgage or who cannot financially afford to bring a unit up to code in one swoop, be able to borrow funds at either a 0% interest loan or grant to complete more important projects like plumbing, electrical, windows, etc. She requested this program be easy to access and incentivize landlords so they use it, so they can bring their "A-game" providing a better-quality product without raising the rent by 50%.

Stratz replied to Rasmussen and said she put in an ARPA request for exactly what Rasmussen suggested but it was put on hold because the Finance committee wanted more information. Stratz said she's asked for it to be brought forward again for the committee to ask questions of her and to provide insight on how/where the program may need to be tweaked to be able to move it forward but to date, it has not been brought back.

Rasmussen replied she requested the abovementioned funding when the city was allowed to reclaim money from TID 2 when it was closed for one year and use it for housing stock improvement anywhere in the city and what it was used for was the townhomes on 3rd Street. Rasmussen mentioned that our zoning doesn't allow landlords to do things like demolish a dilapidated garage to provide off-street parking for tenants resulting in on-street parking which can cause issues during winter months.

Rasmussen further explained the ARPA request proposed by Stratz was not something the committee didn't want to do, but it was early in the ARPA stages and the committee was waiting to see what other projects came along to determine rank of importance.

Stratz said she agreed with Rasmussen and noted the 3rd Street development was a loan that was repaid as the properties were sold and she is unsure whether those funds can now be used for something else.

Brodek clarified misinformation regarding the Thomas Street sites stating she has not denied providing information to anyone rather she has no information to give. She stated she will be working on the Thomas Street sites diligently and will provide any information she has when she has it but does not at this time. She indicated one thing that's a must-have before even assessing feasibility is a budget to ensure it works.

Watson questioned whether there has been an impact on Wausau's rental market due to Air BRB's and if there is somewhere to obtain such data.

Stratz responded she requested information from the Registrar of Deeds office but said it's been difficult to track it. Mayor Rosenberg replied that Marathon County Health Department charges a fee for an inspection and would be the best place to start to obtain this information.

Kilian commented that he has mentioned Land Trusts in the past and agrees that it is probably the only tactic to achieve the protection of affordable housing.

Brodek explained there are several additional resources staff are working on connecting with to learn more about and hope to be able to obtain ideas to move forward with more affordable housing options.

Watson informed the committee and citizens in attendance of the Affordable Housing Task Force Meeting occurring on 10/21/22 at 10:30 AM and invited anyone to join the meeting and discussion regarding affordable housing.

Agenda Item 8 – Adjourn

Kilian motioned to adjourn, seconded by Rasmussen.

Approved unanimously 4-0.

Meeting adjourned at 8:15 p.m.