MINUTES

Joint Finance & Economic Development Committee Meeting

Date | time Tuesday, June 1, 2021 at 5:15 P.M. | *Meeting called to order by* Rasmussen & Neal at 5:15 P.M.

In Attendance

ED/FIN Members Present:	Tom Neal (ED chair), Sarah Watson, Becky McElhaney, Lisa Rasmussen (FIN Chair) Dawn Herbst, Michael Martens, Deb Ryan and Tom Kilian
Others Present:	Mayor Katie Rosenberg, Brad Lenz, MaryAnne Groat, Tammy Stratz, Anne Jacobson, William Harris, Patrick Peckham, Shannon Graff (Webex), Ted Matkom (Webex), Nick Patterson (Webex), Gary Gisselman

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

Joint Items

Agenda Item #1 – Discussion and possible action on the $350,000 funding request from Gorman & Company, LLC for 221 Scott Street (Landmark Apartments) Affordable Housing project. Funding sources to be considered are TID 12 and American Rescue Plan Act Local Fiscal Recovery Funds

Lenz introduced the agenda item and referred to the TID application in the packet where gap financing was requested by Gorman & Company in the amount of $350,000.

Rasmussen mentioned TID projects don't score well due to return on investment because tax credit projects are assessed at a lower rate than standard properties.

Ryan asked if Landmark has loan approval from the CDA. Lenz and Matkom confirmed approval for $900,000.

Kilian asked Matkom about the question in the TID application regarding pending litigations that was answered no. Matkom stated Gorman & Company has 6,000 units in Wisconsin and they have landlord/tenant issues which are always occurring but there are no major litigations for Gorman & Company at this time. Kilian requested a list of current list of litigations the Gorman & Company is involved in for the past 5 years. Matkom clarified if Kilian is requesting litigation no matter how small to which Kilian responded, yes. Matkom said he would supply this information as requested. Rasmussen asked Kilian if he wanted Matkom to include evictions as standard practice. Kilian said he was open for discussion but would like anything that would be considered a civil suit.

Ryan questioned the renovation process and how current residents will be affected by it. Matkom answered they held two meetings with residents. The renovations will begin on floors 8, 7 and 6. Residents on those floors will relocate to "hotel units" within the building for 45-60 days until renovation is complete. Every time a floor is completed, they will start renovating another floor and no one will be displaced with that strategy.

Ryan asked if they would be notifying everyone that they will be in a Section 8 building. Matkom replied the Landmark will not be a Section 8 project but rather Section 42. Ryan asked if the tenants would be income qualified for units which Matkom replied yes. Ryan asked if there are current tenants who are at market rate rents or above the income limit who would stay in the building once renovation is completed. Matkom responded there are no leases on the apartments now and those who do not income qualify would have to relocate because there will be no market rate apartments. Ryan asked if there would be dollars set aside to help renters who need to find other housing, to help with moving costs, higher rent/utilities.

Matkom responded there isn't funding set aside for relocation on a month to month lease. He stated if they were breaking a lease due to changing the requirements to rent there, that would be a different story. Matkom said they have always offered to help people move their belongings out and into a moving truck but does not help pay for moving costs.

Groat added there is no requirement for the city to provide funds for relocation from The Landmark. Groat stated if there was a street project that impacted residents living situation then there would be an obligation to support those households. Groat asked Matkom to explain how many apartments the complex will have when the renovations are completed.

Matkom stated there are currently 105 units but once the project is complete there will be 94 due to several current units not being legal living space. He stated about 50% of people living in the complex now are living there because the rent is what they can afford. The other 50% can afford higher rent but choose to live in the Landmark because rent is cheap. Matkom stated they would make 100% of the units affordable, targeting 60% of the county median income meaning an individual income limit would be about $25-30,000/yr. and a family of 4, the income limit would be about $50,000.

Ryan mentioned she is concerned about the residents who will have to move from the Landmark but may not be able to afford moving expenses or higher rent. Ryan suggested perhaps there would be money down the road that could be used from CDBG to help residents with relocation.

Rasmussen said the meat of their discussion is what pot of money to pull from if the committee chooses to support the project. She stated this satisfies a goal of the council to create more affordable.

Ryan stated she attended the Water Commission meeting earlier in the day and it was discussed to use recovery funds for lead lateral replacements for low income neighborhoods. She asked the Mayor if there is latitude on that. Mayor Rosenberg stated they voted to give Director Lindman 60 days to determine how recovery funds could be used towards lead lateral replacement for low income neighborhoods. She stated the council would need to vote on it but Mayor Rosenberg wants to ensure their needs as a utility are voiced.

Rasmussen reiterated the disadvantage of TID funding for this project because normally when TID funding is used, the taxable value of the property increases and those gains are used to pay the taxes. Conversely, using TID funding for a tax credit property will not produce those same results making it less desirable to use TID funding. Rasmussen would like to see a robust plan with a diverse mix of uses for the American Recovery Funds to get the largest bang for the dollars received.

Watson asked if there is a potential income generating projects in TID 12 that could offset the loss of generation from the Gorman project. Groat responded The Landmark is not in TID 12 but the project plan does allow for development incentives within a ½ mile boundary, which this parcel is. The city could choose to amend the district to include it but because the value of the building is not expected to increase there is no incentive to amend the district to include the parcel.

Ryan motioned to use the American Rescue funds versus TID 12 for the Gorman Project, seconded by Martens.

FIN Committee votes and motion carried 5-0.

ED Committee member McElhaney motioned to use the American Rescue Funds for the Gorman Project, seconded by Watson.

Kilian recommended using $350,000 in TID funds and using American Rescue Funds to help those displaced from The Landmark to provide them a soft landing. Neal asked Matkom to address Kilian's concern about the displacement of residents and a possible partnership with the city.

Matkom replied first by correcting the numbers discussed earlier. There are currently 20 vacancies and 70 occupied units. Of the 70 occupied units, he stated about 50 are affordable and 20 are market. He made this clarification to provide a more correct number of people that could be displaced. He said the market rate tenants are being given complete flexibility to provide whatever notice they want (a month, a week, or a day) up to August 1st, to move from the property. Their security deposits will be returned in full. If the resident needs help moving their belongings from their unit into a loading van, they will provide this assistance but Gorman will not assist them to/at their new unit.

Rasmussen stated helping residents financially who will be displaced from Landmark was not part of the request on the application and the possibility of funds to those dislocated should be for a different discussion.

Ryan asked Stratz if the CDBG is something that can be used for the displaced residents. Stratz responded it is not black and white and would be dependent on how it's structured. Stratz said if CDBG funds were used, the money would have to be used to help a low income person(s). Though, those being displaced are over income per Section 42 requirements, therefore they would not meet criteria for CDBG. Additionally, the money used would be considered funding a public service activity which would take money away from non-profits.

Kilian motioned to increase the request by $30,000 in order to help those displaced with moving elsewhere (figuring $1,500 for each unit impacted). No second on this motion.

Rasmussen responded including the increase in the request would need to take place during a later discussion and not assume the American Rescue Funds can be used for that type of an expense. She said there should be an analysis of how much a request might be and not assume each person will need $1,500. Rasmussen said we need to look at the need and the rules before making that type of decision.

Kilian amends his motion and requested an analysis be completed by the attorney's office to see if the American Rescue Funds can be used for transitional expenses. No second on this motion.

ED Committee voted and motion to use American Rescue Funds for the Gorman Project carried 5-0.

Agenda Item #2 – Discussion and possible action on the extension on the deferral of principal payments on city-funded loans for small businesses in the aftermath of the COVID-19 pandemic

Rasmussen introduced the agenda item stating that last year businesses that had city loans were offered a deferment on their payments due to the pandemic and since we are still not through the pandemic fully, the committee is being asked to consider an additional deferral until businesses stabilize. Rasmussen pointed out there is no money actually lost as interest is still accruing, but it allows businesses flexibility on their repayments.

Neal asked how the current deferrals are being administered.

Stratz stated initial outreach to businesses produced several participants in the loan deferral. After the extension was approved approximately half the initial businesses continued to participate and currently there are only four businesses participating. Stratz reached out to those businesses last week to remind them the extension will end in June with payments starting in July but she has not heard from any of them.

Rasmussen suggested approving the option to continue the deferral for those who need it and those who don't need it could opt to restart payments. Rasmussen asked Stratz if she would recommend the authority to defer up to a year if needed. Stratz responded she would appreciate that flexibility.

Herbst motioned to allow Stratz the leeway to work with businesses who are interested in deferring their loan payments to the City of Wausau for up to the next 12 months, seconded by Watson.

FIN Committee votes and motion carried 5-0.

Neal asked Stratz if someone who didn't take advantage of the deferral before but wants to now, are they able to participate. Stratz said she would like the ability for additional businesses to participate even if they hadn't before.

Kilian motioned to allow Stratz the leeway to work with businesses who are interested in deferring their loan payments to the City of Wausau for up to the next 12 months, seconded by McElhaney.

Kilian commented that we should show the same level of leniency to not only our businesses but our residents as well.

ED Committee voted and motion carried 5-0.

Agenda #3 – Adjournment FINANCE Committee

Rasmussen asked for a motion to adjourn the Finance committee portion of the meeting.

Herbst motioned to adjourn, seconded by Martens.
Committee voted and motion carried 5-0.