

City of Merrill  
Redevelopment Authority (RDA)

Tuesday, October 4<sup>th</sup>, 2016 at 8:00 A.M.  
City Hall Common Council Chambers

RDA Present: Bill Bialecki, Ryan Schwartzman Amanda Kostman, Tim Haight, Jill Laufenberg, Karen Karow, and Tony Kusserow

Others: City Administrator Dave Johnson, Finance Director Kathy Unertl, City Attorney Tom Hayden, Public Works Director Rod Akey, Merrill Area Housing Authority Executive Director Paul Russell, Mary Rajek from Redevelopment Resources, Dave Sukow, Kevin Blake, and Delmer Polak

**Call to Order:** Chair Bialecki called the meeting to order at 8:00 a.m.

**Consider approval of meeting minutes:**

**Motion (Schwartzman/Karow) to approve the RDA meeting minutes from September 19<sup>th</sup>, 2016.** Carried. RDA Commissioner Laufenberg requested that the closed session minutes from the September 19<sup>th</sup>, 2016 RDA meeting include discussion of tax increment projections.

**Consider not to exceed \$37,500 TID No. 9 environmental and demolition loan for 1003 and 1005 S. Center Ave. (former Club Modern):**

This is the first TIF loan since new environmental and demolition loan program was adopted by the RDA and Common Council in July 2016. The two tax parcels total 2.68 acres and have two existing buildings. The TIF mortgage lien will be on both tax parcels. The TIF loan is based upon fifteen (15) year amortization schedule at 2.0% interest. Repayments are deferred for two (2) years with all remaining principal and interest due and payable at the end of year five (5). City of Merrill may purchase the vacant property at the assessed fair market land value if not sold or redeveloped by the property owner within five (5) years.

**Motion (Schwartzman/Haight) to recommend the not to exceed \$37,500 TID No. 9 environmental and demolition loan for 1003 and 1005 S. Center Ave. secured by mortgage by Stephen and Linda Blake.** Carried.

**Review and discuss 2017 Tax Increment District (TID) budget requests:**

Unertl advised that her memo in the agenda packet highlighted plans for TID plan amendments, as well as potential future additional Tax Increment Districts. A TID No. 3 Plan amendment will be proposed to partially fund the construction of the new Expo Center at the Merrill Festival Grounds.

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### **Review and discuss 2017 TID budget requests (Continued):**

Unertl distributed summary information from the 2017 TID budget requests. TID development incentive payments of almost \$200,000 are planned. The timing of potential 504 W. Main St. façade redevelopment and the new Nelson's Power House development is unclear at this time. The 2017 TID development incentive will be the final payment on the Walgreen's development.

There will be numerous TIF-funded infrastructure projects requested. In response to proposed S. Park St. improvements and River Bend Trail extension planned for 2017, Laufenberg reported that she had heard some frustration expressed about marketing and potential sale of former Anson-Gilkey property.

Unertl will distribute the detailed TID budgets once prepared for the Committee of Whole October 21<sup>st</sup> budget meeting.

### **Update and discussion of Chapter 3 – Housing from the draft City of Merrill Comprehensive Plan - 2016:**

The RDA agenda packet was amended to include this document being reviewed by the Merrill Plan Commission. The Comprehensive Plan draft was prepared by staff of the North Central Regional Planning Commission.

Unertl emphasized that the Housing Issues section identify the affordability of housing both to rent and to own as a key component for the community. The Plan reports that 19.1% of Merrill households had incomes below \$15,000 per year and about 31.5% of the households had incomes below \$25,000 in 2013. Many households are paying more than thirty percent of their income for housing costs.

Kostman advised that there were no longer age of 62 and older restrictions on applicants for Park Place and Jenny Towers. RDA Commissioners noted that Goal 1 of the Housing section is to supply an affordable mixture of housing options that meet the needs of all community members.

### **Update and discussion on follow-up information on proposed 1905 E. 14<sup>th</sup> St. (former Fox Point site) housing development proposals:**

Unertl highlighted the updated information provided in the RDA agenda packet. Horizon/Merrill Area Housing Authority (MAHA) has submitted a modified proposal, including withdrawing request for additional TIF cash development assistance beyond the site. There are preliminary plans for adding additional garages. Kostman commented that the upcoming Park Place and Jenny Tower improvement plans include some covered parking in response to tenant requests.

It was clarified that MAHA intends to purchase the housing development after fifteen-year tax credit timeframe and would be paying a PILOT (Payment-in-lieu-of-property-taxes) just like MAHA does for Park Place and Jenny Towers. Unertl reported that Wisconsin Department of Revenue representatives concurred that Federal Section 42 housing developments are income-based assessments.

**Update and discussion on follow-up information on proposed 1905 E. 14<sup>th</sup> St. (former Fox Point site) housing development proposals (Continue):**

After City staff discussions with City Assessor Kit Koski from Bowmar Appraisal, a revised methodology was used for potential tax increment projections related to the S.C. Swiderski proposal. The new projection is based upon estimated square footage and estimated improved assessment range. The previous tax increment project used the existing Jackson Street improved assessments which appear to be low. New 1/1/2016 land and improved valuations are still pending as part of Merrill's first complete revaluation process since 2000.

**RDA meeting:** Next RDA meeting is scheduled for Tuesday, November 1<sup>st</sup> at 8:00 a.m.

Chair Bialecki verified that this meeting date would allow RDA Commissioners to review the 2017 TID budget requests prior to Wednesday, November 9<sup>th</sup> Council consideration.

**Public Comment:** Merrill Area Housing Authority Executive Director Paul Russell emphasized that MAHA has waiting lists for all types of affordable housing. Most critical are multi-family and disabled housing options. The Horizon/MAHA proposal for Fox Point site redevelopment would begin to address community housing needs.

The last affordable housing developments in Merrill were the Jenny Towers construction in 1979 and some scattered-site duplexes built in the early 1980s.

The Horizon/MAHA proposed development is in response to Federal and State affordable housing plans. A housing analysis of needs and marketability has been completed. MAHA would bring experienced management to the development. Further, there would be future development buyout and ownership transfer to the Merrill Area Housing Authority.

Bialecki read the following notice:

The RDA may convene in closed session per Wis. Stats. Sec. 19.85(1)(e) - deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session to consider:

- a. Housing development proposals for 1905 E. 14<sup>th</sup> St. (former Fox Point site); possible recommendation for developer; and potential TID No. 10 development incentives
- b. Potential purchase of properties and potential TIF development incentives in TID No. 4 and TID No. 9

**Motion (Schwartzman/Karow) to move to closed session.** Motion carried 7-0 on roll call vote at 8:40 a.m.

The discussion in closed session included Unertl emphasizing that there are fewer than twenty-five properties in Merrill with real estate assessed value of over \$1 million and that pay the level of property taxes or payment-in-lieu-of-property taxes that Horizon/MAHA would be paying on their proposed housing development. The site fronts on Lincoln County Highway G/Prairie River to the North, Merrill High School is across Sales Street to the East, and there are churches to the South and to the West.

Commissioners noted the community need for quality and affordable housing. Haight and Schwartzman reported that MAHA buys locally. Kostman noted that if additional MAHA employees were needed, these individuals would likely be Merrill area residents.

There was also Commissioner discussion of the longer-term investment for this proposed housing development. Where do you want to be in thirty or fifty years? With the planned Merrill Area Housing Authority (MAHA) future ownership, there would be commitment and potential funding options for future reinvestment and improvements.

It was noted that there are other potential sites that could be developed for housing including sites included within TID No. 4 and TID No. 9. It was also mentioned that there is a large wooded site that fronts on the Prairie River within TID No. 7.

Motion (Karow/Laufenberg) to reconvene in open session at 8:50 a.m. Carried.

**Motion (Bialecki/Laufenberg) to recommend selection of Horizon/Merrill Area Housing Authority (MAHA) for housing redevelopment on the 1905 E. 14<sup>th</sup> St. property.** Carried.

**Adjournment:** Motion (Kostman/Kusserow) to adjourn at 8:52 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl