CITY OF MERRILL
Redevelopment Authority (RDA)

Tuesday, October 4th, 2016 at 8:00 a.m.
Location – City Hall Common Council Chambers
1004 East 1st Street

AGENDA - AMENDED

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

1. Call to order

2. Consider approval of meeting minutes from September 19th, 2016

3. Consider not to exceed $37,500 TID No. 9 environmental and demolition loan for 1003 and 1005 S. Center Ave. (former Club Modern) secured by mortgage from Stephen and Linda Blake

4. Review and discuss 2017 Tax Increment District (TID) budget requests

5. Update and discussion of Chapter 3 – Housing from the draft City of Merrill Comprehensive Plan – 2016 (Pending before October 4th Merrill Plan Commission)

6. Update and discussion on follow-up information on proposed 1905 E. 14th St. (former Fox Point site) housing development proposals

7. Next RDA meeting – Tuesday, November 1st at 8:00 a.m.

8. Public Comment

9. 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. 14th 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

10. The RDA may reconvene in open session to take action on the closed session matter.

11. Adjournment

Agenda prepared by RDA Secretary Kathy Unertl
Reviewed by RDA President Bill Bialecki

Note: A potential quorum of the Common Council could attend the meeting for information. There will be no Common Council action taken.

The Merrill City Hall is accessible to the physically disadvantaged. If special accommodations are needed, please contact the Merrill City Hall at 536-5594.

Date and time agenda was posted: _____ *Posted by:* _____

City of Merrill
Redevelopment Authority (RDA)

(2)

Monday, September 19th, 2016 at 6:00 P.M.
City Hall Common Council Chambers

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

Others: Alderpersons John Burgener, Mary Ball, Rod Norton, and Tim Meehean, City Administrator Dave Johnson, Finance Director Kathy Unertl, City Attorney Tom Hayden, Public Works Director Rod Akey, Mary Rajek from Redevelopment Resources, Ken Maule from Lincoln County Economic Development Corp. (LCEDC), John Donovan from S.C. Swiderski, LLC, Scott Kwiecinski from Horizon and Paul Russel from Merrill Area Housing Authority (MAHA), Jeremy Ratliff from Merrill Courier, IT Manager Ron Turner livestreaming the meeting, a student from MAPS taping the meeting, and about fifteen interested individuals

Call to Order: Chair Bialecki called the meeting to order at 6:00 p.m.

Consider approval of meeting minutes:

Motion (Schwartzman/Karow) to approve the RDA meeting minutes from September 9th, 2016. Carried.

Presentations and Questions/Answers from housing developers for 1905 14th St. (former Fox Point site):

S. C. Swiderski, LLC: John Donovan highlighted the S.C. Swiderski, LLC experience in residential apartment development. In Merrill, the firm already has 160 rental units on Jackson Street and 12 larger rental units with attached garages on Semling Drive. In response to the fall-out of the 2008 economic collapse, S.C. Swiderski identified the gap for rental housing in the region. The firm has about 1,200 rental units with another 400 under construction, and another 600 – 800 in design.

The Swiderski housing proposal is for four buildings (i.e. two 12 units and two 16 units – for total of 56 apartments) with market rate rents ranging from $720 for one bedroom to $995 for three bedroom. Construction could begin in spring 2017 with occupancy potentially by the end of 2017. In response to questions, Donovan advised that firm is reviewing installation of air exchange units in planning new developments.

Unertl asked about the Semling Drive rental pace. Donavan responded that they were a bit surprised by the demand for the larger units with attached garages. Rents range from $995 to $1,100. All 12 units are rented.

Horizon/MAHA: Scott Kwiecinski from Horizon highlighted on the proposed residential development involving three buildings with twenty-units in each building. There would be 51 affordable units and 9 market-rate apartments. All units would have 1st floor private entries. Nine of the twenty units in each building would have attached garages. No other covered parking is proposed. Greenspace and stormwater drainage are included in their plan, as well as leasing office and small-scale social area.

Development timeframe is dependent upon WHEDA (Wisconsin Housing and Economic Development Authority) tax credit financing. Applications are due in January 2017 with tax credit awards announced in late April/early May. Construction could start in late 2017 with occupancy in summer of 2018.

MAHA would control and manage the housing development. Waiting lists were noted for all types of MAHA housing.

Dean Hass: Asked about WHEDA tax credits. Swiecinski advised that investors provide financing for the development in return for Federal tax credits that support affordable housing options. Hass opposes tax credit use.

Warren Ament: Works for subcontractor building S.C. Swiderski developments. Both developers responded that there would be competitive bidding for construction work.

Paul Wagner: As employee of Church Mutual Insurance and member of MAHA, Wagner emphasized having quality housing product that was affordable.

Mary Rajek: Based upon her work with Redevelopment Resources, Rajek commented on the link between community development, business, and housing. There is need for affordable housing in communities. The low vacancy rate for rental housing in Merrill was also noted.

Karen Karow: She reported that someone contacted her concerned with Washington School enrollment and capacity.

MAHA Executive Director Paul Russell commented that not all potential tenants would have children. Russell noted about 40 to 50 families on MAHA housing waiting list.

Gene Bebel emphasized that having new kids could be positive development for Merrill Area Public Schools (MAPS). Although elementary school space is bit tighter, there is lots of vacant space at the middle school and the high school. Middle school has capacity for 1,000 students with enrollment trend heading toward 500 and high school has capacity for 1,100 with enrollment trend heading toward 800.

Bill Bialecki: Bialecki asked about long-term ownership of the proposed Horizon/MAHA development. There is 10-year tax credit period, followed by 5-year compliance period. Merrill Area Housing Authority (MAHA) could potentially purchase the housing development after Year 15 is complete.

In response to question about development of the Premier Apartments (by Merrill Area Recreational Complex), City Administrator Dave Johnson reported Phase 1 involves 36 units with potential for two additional phases based upon rental experience.

Public Comment: There was no additional public comment.

RDA meeting: Next RDA meeting is scheduled for Tuesday, October 4th at 8:00 a.m.

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:

Request for Proposal housing responses for 1905 E. 14th St. (former Fox Point site); possible recommendation for developer; and potential TID No. 10 development incentives.

Motion (Schwartzman/Kostman) to move to closed session. Motion carried 7-0 on roll call vote at 7:50 p.m.

There was discussion on above item.

Adjournment: Motion (Karow/Laufenberg) to adjourn at 8:17 p.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

City of Merrill - TIF Commercial/Manufacturing Demo Loan Program

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Borrower:

Stephen Blake and Linda Blake
N1579 Bluebird LN
Merrill WI 54452

TID No. 9 **Amount Requested: Not to exceed $37,500**

City staff met with requester and reviewed environmental and demolition contractor quotes.

Listed with: First Weber Real Estate

Property tax: Current

Mortgages: None TID loan will be secured by new mortgage with City of Merrill. Loan at 2% with payments deferred during first two years.

Tax Parcels:				Assessments - 1/1/2015			
				Acres	Land	Improved	Total
PIN	251-3106-132-0079	1003 S. Center Ave.		1.33	$15,100	$21,600	$36,700
Parcel	34-0002-000-120-10-00						
PIN	251-3106-132-0074	1005 S. Center Ave.		1.35	$52,500	$69,400	$121,900
Parcel	34-0002-000-120-05-00						
			Totals	2.68	$67,600	**$91,000**	$158,600

Finance Director Note: The 1/1/2016 valuations are pending 11/2016 Board of Review.

Lincoln County Public Access Land Records Viewer

Author: Public
Date Printed: 9/19/2016

The information depicted on this map is a compilation of public record information including aerial photography and other base maps. No warranty is made, express or implied, as to the accuracy of the information used. The data layers are a representation of current data to the best of our knowledge and may contain errors. It is not a legally recorded map and cannot be substituted for field-verified information. Map may be reproduced with permission of the Lincoln County Land Services Department. Errors should be reported to Land Services Department, 801 North Sales St, Merrill, WI, 54452. Copyright © 2015 Phone (715) 539-1049.

City of Merrill, Wisconsin

TIF Commercial/Manufacturing Demo Loan Program

Loan Program Objective: To promote redevelopment within the City of Merrill through demolition of blighted and environmentally contaminated commercial and industrial buildings.

Purpose: To establish a Tax Increment Financing (TIF) funded loan program to improve the marketability of properties with vacant buildings to facilitate redevelopment of sites served with existing public infrastructure.

Program: The TIF loan program is a low interest, short term loan to property owners who apply for funding for eligible TIF activities and purposes.

Eligible Properties: Eligible properties include vacant commercial and industrial properties that City staff would not recommend use of TIF development incentives to rehabilitate existing buildings. All property taxes must be current as to payment status. Property owners must also be actively marketing the property for sale.

Eligible Activities: Loan funds could be used for:

1) Assessment and remediation of environmentally contaminated sites, and
2) Demolition of buildings and property clean-up,

Loan Administration and Terms: Loans shall be approved by the Redevelopment Authority and Common Council. Program will be administered by the Finance Director/RDA Secretary (Kathy Unertl (715) 536-5594 or Kathy.Unertl@ci.merrill.wi.us).

Loans shall be offered at 2% interest*. Repayment would be deferred for two (2) years from date of first disbursement of loan funds with all remaining principal and interest due and payable at the end of year five (5).

Unless there is another redevelopment TIF development agreement, the City's TIF loan is to be paid at closing with proceeds from the land sale and any additional owner monies as necessary when the property is sold.

Collateral shall consist of a mortgage on subject property. These terms shall be set forth in a TIF development agreement which shall include a provision whereby the City 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.

*With fifteen (15) year amortization schedule. After five years, there would be balloon payment due.

Merrill Common Council adopted on July 12th, 2016

City of Merrill
Redevelopment Authority
Kathy Unertl, RDA Secretary
1004 East 1st Street • Merrill, Wisconsin • 54452
Phone: 715.536.5594 • Fax: 715.539.2668
e-mail: Kathy.Unertl@ci.merrill.wi.us

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Date: September 28th, 2016

To: RDA Commissioners

From: Kathy Unertl, Finance Director/RDA Secretary

RE: Item #4 – Review and discuss 2017 TID budget requests

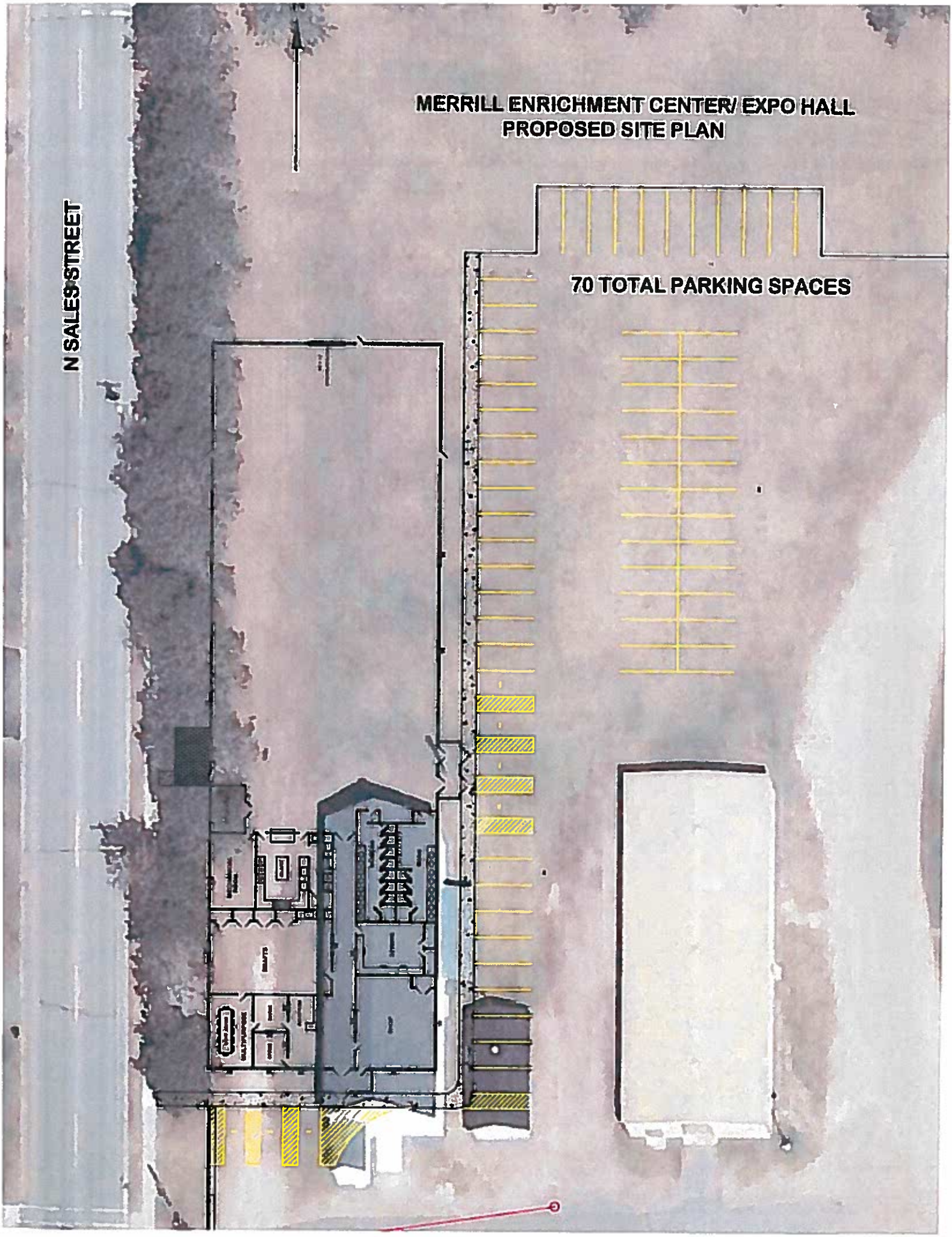
The detail budgets will be distributed at the RDA meeting. Sorry for the delay; however, City and TID borrowing process has been my priority.

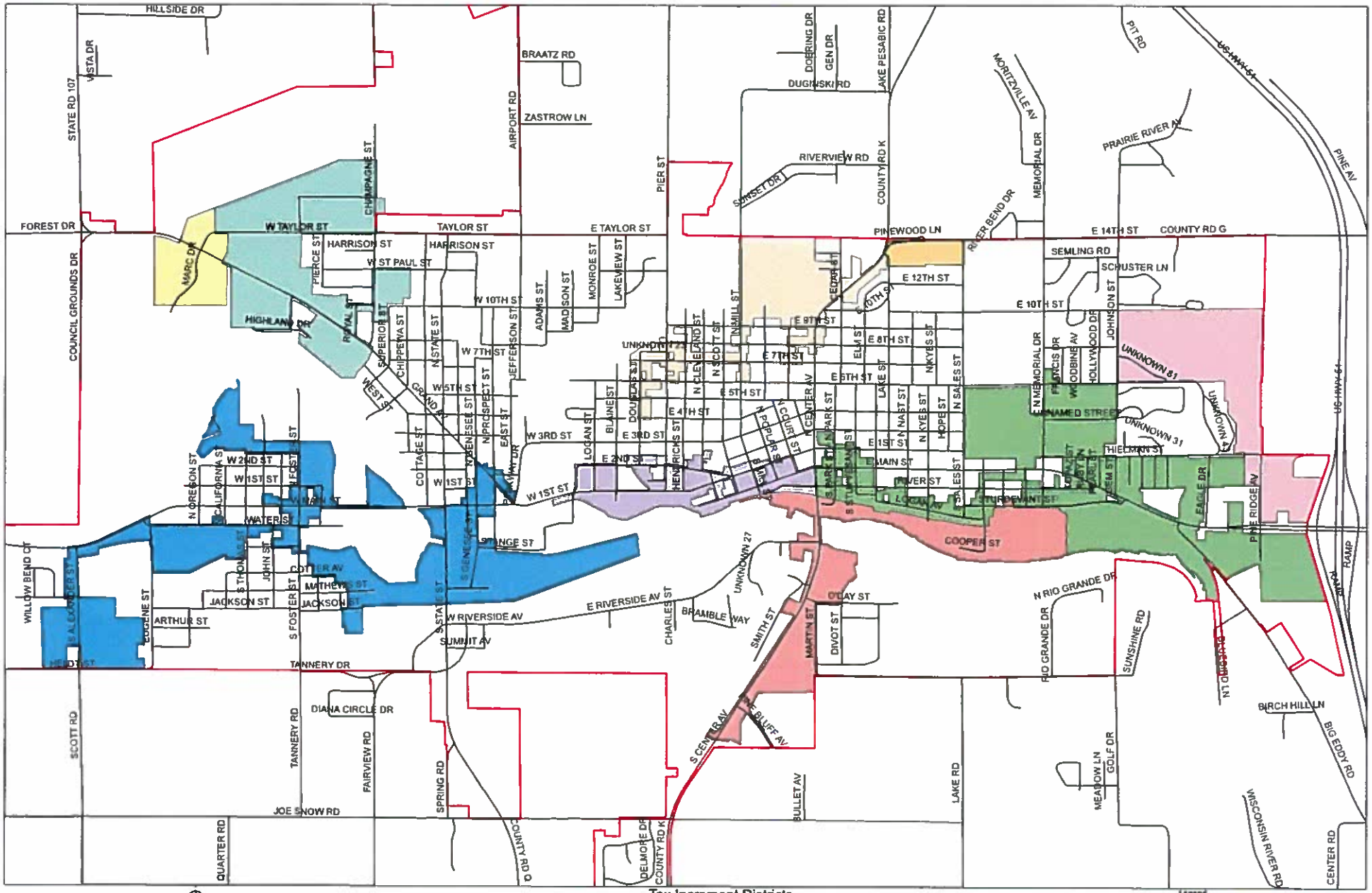
Key plans yet for 2016:

- Amendment of TID No. 3 Share Plan – to include potential transfers of tax increment to TIDs No. 9 and No. 10.
- Amendment of TID No. 9 and No. 10 Project Plans to reference potential TID No. 3 tax increment sharing.
- Amendment of TID No. 3 Project Plan – to reflect potential TID partial funding of the new Expo Center facility and related infrastructure (such as parking lot, exterior lighting, and retaining wall). TIF could <u>not</u> be used for any Enrichment Center or common restrooms/kitchen areas. Please see following facility site plan – about 2/3rds of building is Expo Center.

Potential future additional TIDs: For reference, existing TID area map is provided.

- As previously planned, looking at primarily residential area from State Highway 64 extending north to W. 10th St. on west side. Major Grand Ave. improvement project planned for 2018.
- City-owned Weinbrenner factory area. Would likely remove 201 S. Prospect St. (former Hurd property) from TID No. 8 and include in this new TID.
- Potential east side manufacturing TID – property annexation into the City of Merrill would be the first step if this development proceeds.

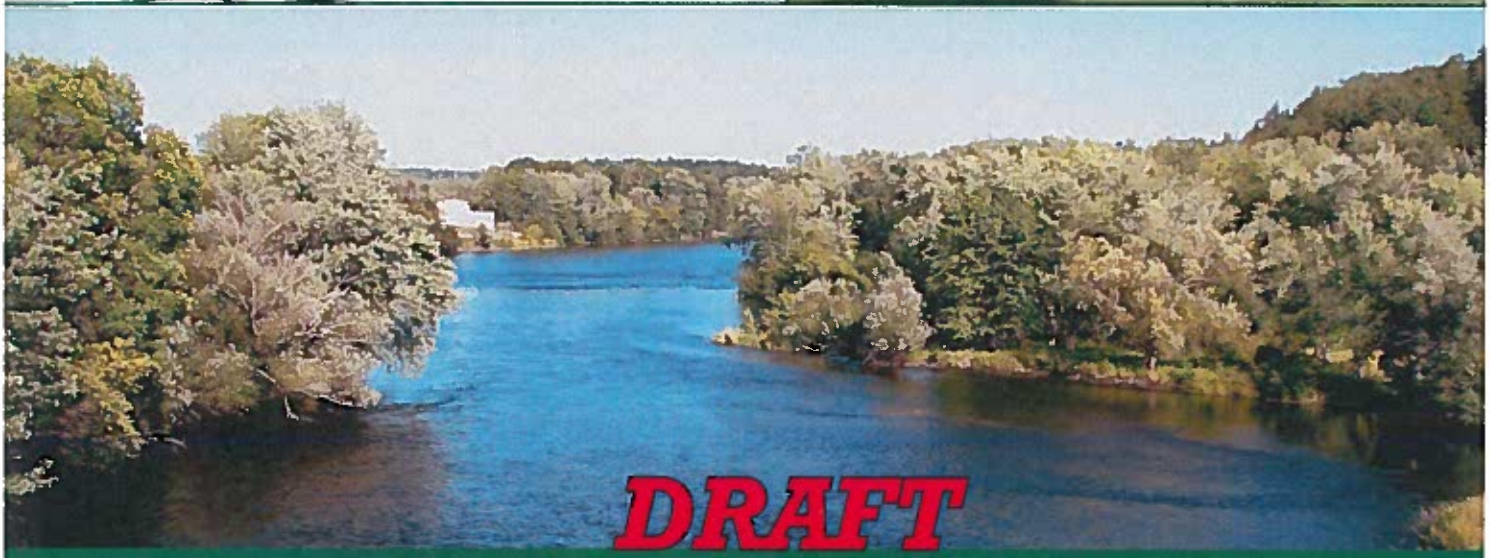

MERRILL ENRICHMENT CENTER/ EXPO HALL
PROPOSED SITE PLAN
N SALES STREET
70 TOTAL PARKING SPACES



THIS IS NOT A SURVEY

Tax Increment Districts
City of Merrill

Legend
TID 3 TID 5 TID 7 TID 9 TID 11
TID 4 TID 6 TID 8 TID 10 City Limit



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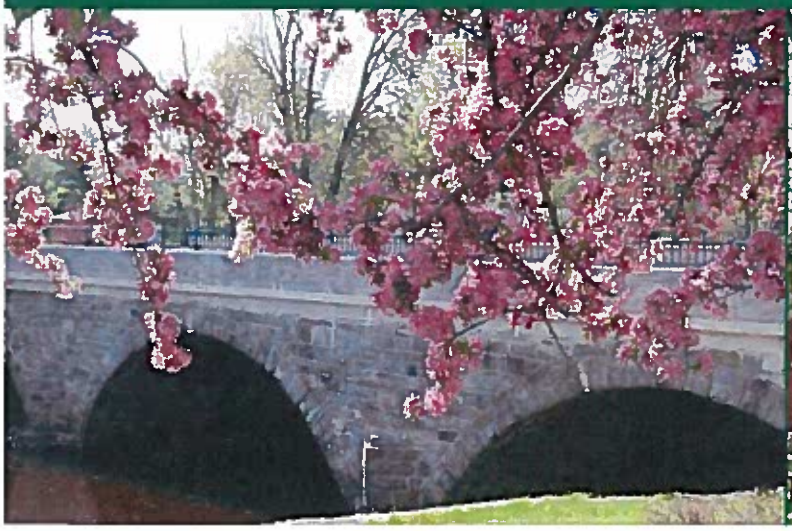
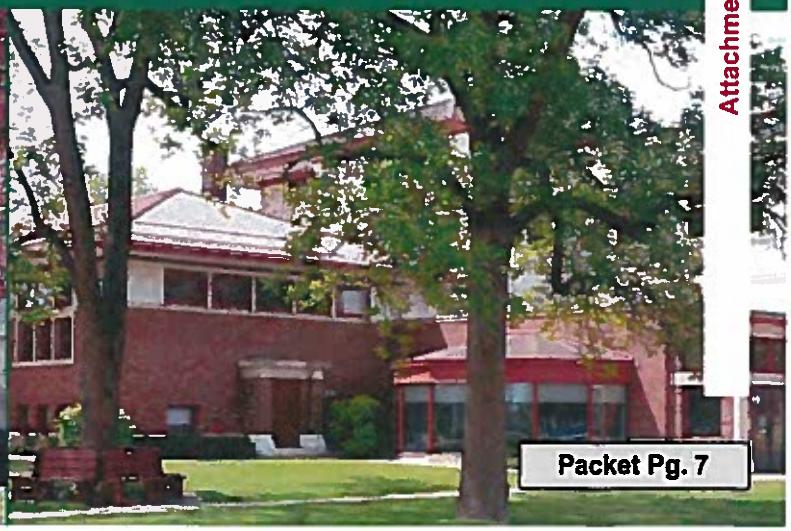
City of Merrill Comprehensive Plan 2016





Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

Chapter Three
Housing

This chapter is organized into three sections: Background, Inventory & Trends, and Goals, Objectives and Policies. There is also an overview of programs available to help local communities to meet their housing needs.

Previous Studies

Several plans that relate to housing are relevant to housing in Merrill. These range from statewide housing plans to architectural and history surveys.

City of Merrill Comprehensive Plan, 2007

The 2007 Comprehensive Plan for Merrill included an inventory of existing housing in Merrill and goals for the future, with supporting objectives and policies. The three goals identified were: Provide an adequate supply of affordable housing for individuals of all income levels throughout the community; Encourage compact housing development patterns, where appropriate; Encourage the production of new units and the rehabilitation of existing units, including the development of large family units and elderly housing with accompanying support services; and Promote access to housing throughout the community for all citizens.

City of Merrill, Intensive Architectural & History Survey Project

This 1992 Architecture and History Report identify Merrill's major historic properties within those historic contexts. Residential, Commercial & Industrial, Governmental, & Church Architectures are described within the historical context of when each structure was built. Only objects, buildings, sites, and structures that are potentially eligible for the National Register of Historic Places are listed and described in this report.

Lincoln County Comprehensive Plan

Lincoln County's Comprehensive Plan was most recently updated in 2012, and contains a Housing element with data and an inventory of existing housing. This plan also includes a housing plan for the County with 3 main goals, including: Promote collaboration amongst housing agencies located throughout the county and use those strong ties to free up the exchange of housing information; Improve older homes to increase affordable housing and so especially the aging can remain in them; and develop much more specialized senior housing.

Regional Livability Plan: Housing Assessment

The Housing Assessment of the Regional Livability Plan was one of the four key assessments identifying issues and opportunities for livability in North Central Wisconsin. Housing is a crucial component of livability. The type of housing and the costs of various housing options were researched and analyzed. The assessment studied the availability and affordability of housing and introduced the impact higher density housing developments can have on traffic levels. Housing options in close proximity to employment opportunities has a significant impact on the workforce's ability to get to and from work efficiently and effectively. Proximity also expands the workforce shed allowing more citizens access to more employment opportunities.

Understanding the type of housing units, their age and value, and the tenure of the housing stock can provide valuable insight into a community and the demands that will face the community in the future. The assessment introduces the need to build smaller housing units to attract a younger demographic to the region while accommodating an aging populations need and desire for small housing units with less maintenance such as; condos, townhomes, and units incorporating universal design standards. Connecting people's homes to their places of work, schools, and shopping opportunities is a primary function of a transportation system. This report looks at the existing housing stock, factors that affect current residents and trends that are likely to determine the future of housing in the Region.

Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

The housing goal for the Regional Livability Plan is: Promote a variety of safe and affordable housing options that meet the needs of all community members. The housing goal includes 3 objectives and 20 recommendations

Wisconsin State Consolidated Housing Plan

The Consolidated Housing Plan is required by the Department of Housing and Urban Development (HUD) in the application process required of the State in accessing formula program funds of Small Cities Community Development Block Grants (CDBG), HOME Investment Partnerships, Emergency Shelter Grants, and Housing Opportunities for Persons with HIV/AIDS. "The Consolidated Plan provides the framework for a planning process used by States and localities to identify housing, homeless, community, and economic development needs and resources, and to tailor a strategic plan for meeting those needs." This is how the Department of Housing and Urban Development (HUD) describes the Consolidated Plan, which consists of a 5-year strategic plan, annual action plans, and annual performance reports. The Plan must be updated annually.

The Consolidated Plan, in assessing housing needs, looks at a number of different factors that are significant components of the housing picture. Housing affordability is a primary consideration. According to federal guidelines a family should not have to spend more than thirty percent of its income on housing. Using this standard "...households in the low-income range have great difficulty finding adequate housing within their means and that accommodates their needs..."

Inventory & Trends

Existing Housing Stock

In 2013, the City of Merrill contained a total of 4,741 housing units, compared to 4,045 in 1990 and 4,397 in 2000 as listed in Table 11. The City added 696 housing units between 1990 and 2013, which represents an increase of about 17.2 percent. The State and County increased housing units by 27.7 percent and 26.3 percent respectively over that same period. The surrounding towns grew at even higher percentages. Taken together, the three towns added a total of 839 housing units, a 41.4 percent growth over the 23 year period.

About 7.8 percent of all housing units in the City were built after 2000. Table 12 lists about 9.8 percent of the housing units were built in the previous decade from 1990 to 1999. The most were constructed prior to 1939, when about 33.5 percent of all housing units were built. Overall, about 58 percent of the existing housing stock is at least 55 years old (built before 1960).

Table 11: Total Housing Units

Minor Civil Division	1990	2000	2010	2013	1990-2013 % Change	1990-2013 Net Change
City of Merrill	4,045	4,397	4,619	4,741	17.2%	696
Town of Merrill	1,037	1,210	1,355	1,385	33.6%	348
Town of Pine River	566	724	822	880	55.5%	314
Town of Scott	423	488	572	600	41.8%	177
Lincoln County	13,256	14,681	16,784	16,743	26.3%	3,487
State of Wisconsin	2,055,774	2,321,144	2,624,358	2,626,142	27.7%	570,368

Source: U.S. Census

Table 12: Year Structure Built, 2013

Year	Merrill	Merrill %	Lincoln Co. %	Wisconsin %
2010 or later	30	0.6%	0.6%	0.4%
2000 to 2009	339	7.2%	12.0%	12.9%
1990 to 1999	466	9.8%	15.7%	14.0%
1980 to 1989	316	6.7%	10.8%	9.8%
1970 to 1979	575	12.1%	15.9%	14.9%
1960 to 1969	262	5.5%	7.7%	9.8%
1950 to 1959	732	15.4%	10.1%	11.3%
1940 to 1949	431	9.1%	7.3%	6.0%
1939 or earlier	1,590	33.5%	19.9%	20.9%

Source: U.S. Census

Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

Housing Issues

Affordability. The affordability of housing, both to rent and to own, is a key component of livability. In 2013, 19.1 percent of Merrill households reported incomes below $15,000 per year, and about 31.5 percent of city households have incomes below $25,000. Roughly 16.4 percent of all city residents were living in poverty in 2013. For many of these people this poses a difficulty in paying for decent, safe, and sanitary housing. When a household pays more than 30 percent its income on housing costs, it is considered to be house burdened. Burdened households have less income to spend on other essentials, such as transportation and groceries. Roughly 20.3 percent of homeowners were house burdened, while 46.4 percent of renters were house burdened in 2013.

Although, housing prices rose across Lincoln County, they rose faster in the surrounding towns. The median home value rose by 125.5 percent in Merrill from 1990 to 2013. However, the median value of a home in Merrill is almost half the median home value in the towns of Merrill, Pine River, and Scott. The median gross rent in the City of Merrill also increased 103.5 percent between 1990 and 2013. On average, renters pay $296 more per month in 2013 than they did in 1990.

Appearance & Maintenance. The condition of housing stock is important to examine as part of the needs assessment of the city. Broken concrete driveways, shifting porches, siding in poor repair all show to various extents how well maintained the housing is within a community. Analyzing which housing units need rehabilitation and which units are beyond repair will show how much effort is needed by individuals and by government to promote restoration of such units.

Sometimes the age of homes is used as a measure of condition, but many older homes may have been remodeled and kept in good repair. Over 58 percent of the housing units in the City of Merrill were constructed prior to 1960. Age alone is not a good measure of housing condition. Combining housing age and assessed value for individual units may indicate a percentage of older homes that have not been maintained.

A community may want to do a visual assessment of housing conditions. Windshield Surveys entail a person driving or walking through the community and evaluating each housing unit based upon visual appearance. The advantages of using a Windshield Survey are that it does not intrude upon the occupant and is relatively quick and inexpensive.

Elderly/Retiree Housing Needs. Persons over the age of 65 decreased 10.8 percent in the City of Merrill between 2000 and 2013. The surrounding Towns, especially Merrill (48.8%) and Pine River (51.5%), all experienced an increase in this demographic. Lincoln County and the State of Wisconsin also experienced considerable increases in people over the age of 65 during this time period.

It can become a challenge to perform the basic tasks of maintaining a household as people age. The use of "Universal Design" can help accommodate the needs of an older population, allowing them to age in place. "Aging in place" is the phrase used to describe how a person is able to remain in their home as they age. "Universal Design" involves designing products and spaces for use by the widest range of people possible.

Housing options located in proximity to the downtown area provides easy access to key amenities. National trends indicate that the Baby Boomer generation is interested in smaller homes in closer proximity to the central business district, or downtown, of a community. Multifamily housing options featuring universal design marketed towards this generation will help accommodate those over the age of 65 and allow them to continue to live in the City well beyond their working years.

Subsidized/Special-needs Housing. In 2010, the City of Merrill's federally assisted affordable rental housing stock included 220 subsidized housing units; this is one unit for every forty four people. In 2010, 77 units were financed through the Low Income Housing Tax Credit program (LIHTC), 140 through the Section 8 program, 40 through the RD 515 program, and 102 through public housing. In Merrill, there are four affordable housing properties and scattered sites providing rental assistance; Jenny Towers, Park Place, Westgate Apartments, and Woodbines Apartments. Jenny Towers is the largest housing property assisting 110 units through Section 8 and eight units through the RD 515 program.

The City of Merrill Housing Authority provides affordable housing for qualified low income individuals and families. The Housing Authority manages the City's four properties and reviews all applications. Park Place and Jenny Towers both require applicants to be over the age of 62. Westgate Apartments, Woodbine Apartments and scattered sites require at least one child under the age of 18 residing in the household more than 50 percent of the time and do not work with Section 8 vouchers.

Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

As a comparison, housing in Lincoln County has been built more evenly over the decades. About 12.6 percent of housing units were constructed after 2000. The decades of the 70's, 80's, and 90's saw the building of about 11 to 16 percent in each decade of existing housing stock. The remaining 37.3 percent of housing was built before 1960, 20.7 percentage points less than the City of Merrill.

Lower taxes and land value in the surrounding towns have attracted new home development. Many people who work in Merrill who are interested in building a home choose the neighboring towns due to these reduced costs. Easy accessibility and access to the City of Merrill from the surrounding townships makes this possible. With an older and lower valued housing stock, new home owners are unable to maximize their housing value in the City and therefore elect to build in the surrounding towns.

Table 13 shows that single-family detached units dominate about two-thirds of all housing unit types in Merrill, as in the state and to a greater degree the county. Duplexes and 4-unit or fewer multi-family buildings represent about 12.6 percent of all housing in the city. The number of units in buildings with two to four units decreased 6.2 percentage points over the past 13 years. Meanwhile larger buildings of 10 or more units increased the total number of units in such buildings from 383 units in 2000 to 667 units in 2013, accounting for over 14 percent of the housing stock. Over 33 percent of the housing units in the City of Merrill are multifamily housing. A number of the larger 1-unit detached and attached homes have been modified into multifamily units, especially in close proximity to the downtown area. This trend has decreased the number of 1 unit structures and has slightly increased the number of multi-unit structures in the City over the past 20 years.

Compared to the County, the City of Merrill has a high number of 10 or more unit structures, almost 10 percentage points more than the County. Lincoln County's housing stock is predominately one unit homes- detached, making up 79.3 percent of the housing stock. The percentage of housing stock in all other categories is less than Merrill. Only 12.6 percent of the housing units in the county are multifamily units.

Table 13: Type of Structure

	City of Merrill		City of Merrill Percentages		Lincoln County Percentages	Wisconsin Percentages
	2000	2013	2000	2013	2013	2013
1-unit detached	2,811	3,028	64%	63.9%	79.3%	66.5%
1-unit attached	42	26	1%	0.5%	0.5%	4.4%
2 to 4 units	827	599	19%	12.6%	5.5%	10.4%
5 to 9 units	161	300	4%	6.3%	2.4%	4.9%
10 or more units	383	667	9%	14.1%	4.7%	10.0%
Mobile home, trailer, or other	174	121	4%	2.6%	7.6%	3.7%

Source: U.S. Census

Single family residential buildings.

Multifamily Residential building.

Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

Table 14: Median Value for Specified Owner-Occupied Housing Units

Minor Civil Division	1990	2000	2013	1990-2013 % Change	1990-2013 Net Change
City of Merrill	$38,400	$76,100	$86,600	125.5%	$48,200
Town of Merrill	$54,400	$101,100	$154,300	183.6%	$99,900
Town of Pine River	$49,800	$103,600	$163,500	228.3%	$113,700
Town of Scott	$46,700	$98,100	$154,000	229.8%	$107,300
Lincoln County	$42,700	$86,500	$129,100	202.3%	$86,400
State of Wisconsin	$62,100	$112,200	$167,100	169.1%	$105,000

Source: U.S. Census

Table 15: Median Gross Rent

Minor Civil Division	1990	2000	2013	1990-2013 % Change	1990-2013 Net Change
City of Merrill	$286	$430	$582	103.5%	$296
Town of Merrill	$320	$468	$517	61.6%	$197
Town of Pine River	$352	$456	$685	94.6%	$333
Town of Scott	$358	$469	$671	87.4%	$313
Lincoln County	$297	$433	$600	102.0%	$303
State of Wisconsin	$399	$540	$759	90.2%	$360

Source: U.S. Census

The City of Merrill's housing stock is in line with the State of Wisconsin. Over 25 percent of the housing stock in the State is multifamily and single family-detached units make up 66.5 percent of the housing stock.

National trends indicate that multifamily housing options near key amenities and activities are attractive to millennials and retirees. The ability to easily walk to healthcare offices, restaurants, grocery centers, and other services fits the lifestyle of a wide variety of people.

Value Characteristics

Median values of single-family houses, and duplexes in the City of Merrill were $86,600 in 2010, an increase of roughly $10,000 from 2000, see Table 14. Surrounding towns, the county, and state all had median housing values over $150,000 in 2010 and experienced an increase in value of at least $42,600 over the thirteen year period. Between 1990 and 2013, the median value of housing units increased 125.5 percent, drastically lower than the surrounding towns, county, and state. During the same time period, the county's home values increased 202.3 percent and the state increased 169.1 percent. The Town of Scott experienced the highest increase (229.8%) and the Town of Pine River has the highest net change ($113,700) over the 23 year period. Median home value in the City of Merrill has historically been lower than the surrounding towns, county, and the state, and although it has increased in value, the value is increasing at a considerably slower pace.

Median gross rents throughout Lincoln County from 1990 to 2013 were lower than the state as a whole, see Table 15. Median rent in the City of Merrill increased 103.5 percent from $286 a month in1990 to $582 a month in 2013. In 2013, median gross rent in the City of Merrill was roughly $100 a month lower than the surrounding towns of Pine River and Scott, $18 a month lower than the county, and $177 lower than the state. The Town of Merrill has the lowest 2013 median gross rent at $517 a month. Over the past 13 years, rent in the City of Merrill increased $152 a month. Only the Town of Merrill had a lower net income increase at $49 more per month.

Table 16 Percent of Total Households that Spent 30% or more of Household Income on Housing, 2013

	Owners in 2013	Renters in 2013
City of Merrill	20%	46%
Lincoln County	23%	42%
Wisconsin	27%	46%

Source: U.S. Census

The most commonly applied standard for housing affordability is spending no more than thirty percent of income on housing. Table 16 shows that as of the year 2013 in the City of Merrill 20 percent of households spend more than 30 percent of their household income on housing, while throughout the county about 23 percent of households spent more than 30 percent of their household income on housing, and 27 percent of households statewide did the same. A much higher percentage of renters spend more than 30 percent of their income on rent compared to home

Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

owners. In the City of Merrill, over 46 percent of renters spend greater than 30 percent of their income on housing, compared to 20 percent of home owners.

Occupancy Characteristics

The percentage of housing units that are owner occupied decreased 6 percentage points between 2000 and 2013. Roughly 59 percent of occupied housing units in the City of Merrill were owner occupied in 2013, down from 65 percent in 2000, see Table 17. After increasing the number of owner occupied units between 1990 and 2000, the City experienced a decrease of 154 owner occupied units between 2000 and 2013. In comparison, the surrounding towns, county, and state all increased the total number of owner occupied units between 1990 and 2013 at the same rate, or faster than the increase in total housing units. The percentage of housing units that were owner occupied in Lincoln County (77%) and the State (68%) has remained the same since 2000.

Roughly 41 percent of all occupied housing units in the City of Merrill were renter occupied in 2013, up from 34 percent in 2000, see Table 18. Overall, the City of Merrill increased the number of rental occupied housing units 35 percent over the 23 year period. Over the same time the county (23%) and the state (32%) held the number of housing units steady.

National trends show that renting is becoming more common, especially by young professionals between the ages of 20 and 29. Young professionals coming out of college are burdened with college loans, low paying entry jobs, and do not see home ownership as an investment due to the housing collapse during the 2000s. Many do not qualify for mortgage loans. Some young professionals also enjoy the flexibility of renting and the ability to move in a month's notice should a better employment opportunity present itself. The City of Merrill should continue to see an increase in rental demand as more Millennials enter the workforce.

Almost 100 percent of the housing units in the City of Merrill are year round residences. Only 0.5 percent of all housing units in the City of Merrill were seasonal units in 2010, up 0.2 percentage points from 1990. The Town of Scott (10 units) was the only municipality with fewer seasonal units than the City of Merrill (21 units) in 2010, see Table 19. In comparison, 7.5 percent of the State's 2.5 million housing units and 22.3 percent of the County's 16,743 housing units were seasonal units in 2010. The Town of Merrill had the most seasonal units (107) in 2010 and experienced the largest net increase since 1990, increasing 48 units, 81.4 percent

Demand Characteristics

Over the 23 year period, 1990 to 2013 the city's median age increased from 34.5 to 41.3 years old, see Table 20. During the same time period, the median age for the county climbed to 45.3 years old and the state's median age has gone up to 38.7 years of age. In comparison to the surrounding towns and county, the City of Merrill has the lowest median age.

Table 17: Owner Occupied Units

Minor Civil Division	1990	2000	2010	2013	1990-2013 % Change	1990-2013 Net Change
City of Merrill	2,602	2,732	2,575	2,578	-0.9%	-24
Town of Merrill	855	1,035	1,095	1,151	34.6%	296
Town of Pine River	459	601	688	755	64.5%	296
Town of Scott	345	417	483	514	49.0%	169
Lincoln County	7,751	9,162	9,318	9,646	24.4%	1895
State of Wisconsin	1,215,350	1,426,361	1,551,558	1,558,846	28.3%	343,496

Source: U.S. Census

Table 18: Renter Occupied Units

Minor Civil Division	1990	2000	2010	2013	1990-2013 % Change	1990-2013 Net Change
City of Merrill	1,317	1,451	1,600	1,777	34.9%	460
Town of Merrill	99	90	109	88	-11.1%	-11
Town of Pine River	60	72	66	52	-13.3%	-8
Town of Scott	54	41	54	64	18.5%	10
Lincoln County	2,408	2,559	2,776	2,867	19.1%	459
State of Wisconsin	606,768	658,183	728,210	729,486	20.2%	122,718

Source: U.S. Census

Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

Table 19: Seasonal Units

Minor Civil Division	1990	2000	2013	1990-2013 % Change	1990-2013 Net Change
City of Merrill	12	19	21	75.0%	9
Town of Merrill	59	48	107	81.4%	48
Town of Pine River	25	26	37	48.0%	12
Town of Scott	14	9	10	-28.6%	-4
Lincoln County	2,521	1,949	3,736	48.2%	1,215
State of Wisconsin	150,601	142,313	193,046	28.2%	42,445

Source: U.S. Census

The median age in the City of Merrill is likely to increase over the next 15 year. In 2011, the first of the Baby Boomers reached what used to be known as the retirement age of 65. It is estimated that there are over 77 million Baby Boomers in the United States comprising 20 percent of the nation's population. And for the next 18 years, Baby Boomers will be turning 65 at a rate of about 10,000 a day. As a result, over 20 percent of the nation's population will be over the age of 65 in 2029. In addition, with the advancement in medical technology and care, people are living longer lives which will contribute to the increase in the median age of communities.

The demand of an additional 696 housing units between 1990 and 2013 is likely due to the increase in total households over the time period. Total households increased by 822 over the 23 year period, see Table 21. The 21.0 percent growth in households is 3.8 percentage points higher than the increase in housing units. The net increase in households in the City of Merrill was more than double the increase in the surrounding towns. However, the surrounding towns all increased households at a higher rate. The Town of Pine River experienced the highest rate of growth at 69.6 percent. The City of Merrill is the only municipality that increased households over the 23 year period at a slower rate than the state and county. As a result, the percentage of the county's households located in the City of Merrill decreased from 38.6 percent in 1990 to 28.3 percent in 2013. The decrease in the percentage of the county's households located in the City of Merrill indicates that the majority of growth the county is experiencing is taking place outside of the central City of Merrill.

The Wisconsin Department of Administration projects a 3.4 percent increase in households between 2015 and 2040 in the City of Merrill. Lincoln County is expected to increase households three times as fast over the same time period. Projections show that the City of Merrill will have a total

Table 20: Median Age

Minor Civil Division	1990	2000	2010	2013	1990-2013 % Change	1990-2013 Net Change
City of Merrill	34.5	37.3	40.4	41.3	19.7%	6.8
Town of Merrill	32.8	38.7	45.5	46.7	42.4%	13.9
Town of Pine River	31.8	37.0	46.0	46.6	46.5%	14.8
Town of Scott	32.5	37.3	42.6	42.1	29.5%	9.6
Lincoln County	34.9	38.9	44.7	45.3	29.8%	10.4
State of Wisconsin	32.9	36.0	38.5	38.7	17.6%	5.8

Source: U.S. Census

Table 21: Total Households

Minor Civil Division	1990	2000	2010	2013	1990-2013 % Change	1990-2013 Net Change
City of Merrill	3,919	4,183	4,175	4,741	822	21.0%
Town of Merrill	954	1,125	1,204	1,385	431	45.2%
Town of Pine River	519	673	754	880	361	69.6%
Town of Scott	399	458	537	578	179	44.9%
Lincoln County	10,159	11,721	12,094	16,743	6584	64.8%
State of Wisconsin	1,822,118	2,084,544	2,279,768	2,626,142	804024	44.1%

Source: U.S. Census

Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

Table 22: Household Projections

Minor Civil Division	2015	2020	2025	2030	2035	2040
City of Merrill	4,180	4,321	4,472	4,566	4,527	4,324
Town of Merrill	1,217	1,285	1,360	1,418	1,439	1,408
Town of Pine River	766	813	862	907	925	911
Town of Scott	551	597	646	690	715	714
Lincoln County	12,329	12,922	13,557	14,046	14,126	13,693
State of Wisconsin	2,371,815	2,491,982	2,600,538	2,697,884	2,764,498	2,790,322

Source: WI DOA

of 4,324 households in 2040, 144 more households than in 2015. WI DOA projections indicate the City's population will decrease 355 people over the same time period, a 3.8 percent decline, see Table22. These projections support the trend of a decrease in average household sizes due to fewer people living within the same household. All municipalities, the County, and the State project a larger increase in households than population over the next 25 years.

The decrease in population aged 17 and under in Merrill, partially due to the transition to the 18 and over cohort during the decade, has a direct impact on the increase in households. The increase in total households combined with a decrease in population indicates that the sizes of households are decreasing. The City of Merrill declined persons per household by .18 persons between 1990 and 2013, see Table 23. Over the 23 year period, the City of Merrill has had a smaller average household size than the County, State, and the surrounding towns. In 2013, the City of Merrill had an average household size of 2.28, roughly 0.05 less than the County and 0.27 less than the State.

The City of Merrill is projected to decrease their average household size an additional 0.17 over the next 25 years, see Table 24. The projected median household size in the City of Merrill in 2040 is 2.01. Lincoln County is also projected to decrease median household size over the 25 year period, decreasing from 2.26 in 2015 to 2.08 in 2040. A variety of national trends help explain the projected decrease in average household sizes. Roughly 20 percent of the nation's population is turning 65 over the next 19 years. The children of this generation are reaching adulthood and are moving out into their own homes. What was a household of four people is now split into two, possibly three households with 2 or fewer people per household. The children of Baby Boomers, many of which are Millennials, are the largest living generation in terms of population. Much of this generation has not yet reached the point in their lives where they are

Table 23: Average Household Size

Minor Civil Division	1990	2000	2010	2013	1990-2013 Net Change
City of Merrill	2.46	2.34	2.25	2.28	-0.18
Town of Merrill	2.85	2.65	2.47	2.45	-0.40
Town of Pine River	2.99	2.79	2.48	2.43	-0.56
Town of Scott	3.03	2.81	2.67	2.57	-0.46
Lincoln County	2.60	2.46	2.33	2.32	-0.28
State of Wisconsin	2.61	2.50	2.43	2.55	-0.06

Source: U.S. Census

Table 24: Average Household Size Projections

Minor Civil Division	2015	2020	2025	2030	2035	2040
City of Merrill	2.18	2.14	2.10	2.07	2.03	2.01
Town of Merrill	2.40	2.34	2.30	2.26	2.23	2.20
Town of Pine River	2.40	2.35	2.31	2.27	2.24	2.21
Town of Scott	2.59	2.53	2.48	2.44	2.41	2.37
Lincoln County	2.26	2.21	2.17	2.14	2.11	2.08
State of Wisconsin	2.38	2.35	2.32	2.30	2.28	2.26

Source: WI DOA

Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

Table 25: Population Projections

Minor Civil Division	2015	2020	2025	2030	2035	2040
City of Merrill	9,345	9,460	9,625	9,690	9,500	8,990
Town of Merrill	2,920	3,015	3,135	3,215	3,215	3,105
Town of Pine River	1,840	1,910	1,990	2,060	2,070	2,010
Town of Scott	1,425	1,510	1,605	1,685	1,720	1,695
Lincoln County	28,415	29,170	30,100	30,750	30,580	29,355
State of Wisconsin	5,783,015	6,005,080	6,203,850	6,375,910	6,476,270	6,491,635

Source: WI DOA

starting families and having children, and trends show that more people are choosing to start families in their late 30's and early 40's. The delay in starting families and having children will continue to drive the average household size to 2 people per household in the future. This trend also helps explain the increase in median age.

The Wisconsin Department of Administration (DOA) prepares population projections for the state and local units. Based on DOA projections, see Table 25, Merrill will lose 355 residents from the year 2015 to 2040, a decline of 3.8 percent. During the same time period the county is projected to gain over 940 new residents, an increase of 3.3 percent. Surrounding towns are projected to gain about 545 residents through the year 2025 but start declining after 2035, following Merrill. Growth in the City of Merrill and Lincoln County are significantly lower than the projected growth in the State. The State of Wisconsin is projected to increase its population by 708,620 people, an increase of 12.3 percent. Only the Town of Scott (18.9%) is projected to increase population at a higher rate than the state. Based on household projections prepared by the Wisconsin DOA, the City of Merrill will grow by roughly 145 households between 2015 and 2040. In 2013 the City had approximately 4,741 housing units, so if it is assumed the number of vacant units remains constant, an additional 145 housing units will be needed.

The City of Merrill's zoning code should be evaluated to ensure the older housing can be improved to meet modern living requirements and preferences. This potentially includes reducing minimum lot sizes, setbacks, and yard requirements and allowing or encouraging more variety of housing types such as bungalow courts and attached single family homes. If zoning prevents existing lots from being redeveloped or homes improved, it can incentivize disinvestment in properties and increase blight. Many people prefer to live in traditional neighborhoods like the City of Merrill's established areas, but also want modern housing amenities.

A variety of housing related programs are available in Appendix B.

Goals, Objectives & Policies

The following Goals, Objectives, and Policies will help guide the City of Merrill to ensure housing to all people within the planning area.

Goal 1: Supply an affordable mixture of housing options that meet the needs of all community members.

Objective 1: Decrease the percentage of renters spending greater than 30 percent of household income.

Objective 2: Decrease the percent growth of median rent to State levels.

Objective 3: Increase the percentage of multifamily (2 or more units) and attached single-family housing units.

Objective 4: Increase the percentage of housing options that accommodate low/moderate income people, disabled, and physically limited citizens.

Policy 1: Work with developers to provide mixed-income, market rate housing developments and a broad range of housing choices (apartments, townhomes, and condominiums).

Policy 2: Work with developers on funding mechanisms and programs to help make developments affordable and profitable.

Policy 3: Promote the construction of multifamily housing units, specifically close to the central business district.

Policy 4: Eliminate and redevelop blighted properties and units.

Policy 5: Develop a homestead program or low interest loan program to assist and encourage home owners improving their housing units in targeted areas.

Policy 6: Encourage "universal design" in all new units and modifications allowing a wide range of tenants and owners, especially near business districts and important services.

Policy 7: Promote "universal design" apartments near healthcare facilities and daily amenities.

Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

Goal 2: Improve the housing stock, developing new housing that is in walking distance to food and entertainment options, to accommodate and attract new households.

Objective 1: Increase the percentage of renter occupied housing units with 2-3 bedrooms.

Objective 2: Identify target locations and develop a long range development plan for individual neighborhoods.

Objective 3: Develop assistance/improvement programs for low income homeowners to make property improvements.

Objective 4: Evaluate the zoning code in relation to its effect on older housing and the development/ redevelopment potential of existing lots.

Policy 1: Eliminate and redevelop distressed/blighted housing units and lots.

Policy 2: Promote the construction of smaller housing units and multifamily units in close proximity to the central business area.

Policy 3: Work with the County to acquire delinquent tax properties for redevelopment opportunities.

Policy 4: Create developer incentives to encourage multifamily housing options and new developments (e.g. reduced permit fees and review times, increased density and building height, etc.).

Policy 5: Develop a homestead program in targeted areas to promote investment in distressed neighborhoods.

Policy 6: Develop a neighborhood housing TIF in blighted areas incentivizing redevelopment.

Policy 7: Ensure all vacant lots conform to the city's building code.

Policy 8: Aggressively enforce building inspection violations, enforce repairs, and document repeat offenders.

Policy 9: Increase developable land by exploring and implementing annexation agreements where feasible.

Goal 3: Eliminate dilapidated and tax delinquent housing units, especially in downtown areas, maximizing property values.

Objective 1: Reduce tax delinquent properties in the City.

Objective 2: Reduce blighted residential property.

Objective 3: Increase median housing values to Lincoln County levels.

Policy 1: Aggressively market vacant lots for redevelopment or improve them for public benefit with features such as pocket parks or rain gardens to improve nearby property values.

Policy 2: Work with County to collect property taxes from all land owners and tighten up the foreclosure process on delinquent properties.

Policy 3: Create an aggressive redevelopment plan on non-paying/ delinquent properties.

Policy 4: Strictly enforce building codes and violations and ensure housing units are safe.

Policy 5: Continue to apply for CDBG grants for income eligible home owners wishing to repair homes.

Policy 6: Develop a neighborhood housing Tax Incremental Financing program in blighted areas incentivizing redevelopment.

Policy 7: Apply for grants to help purchase, redevelop, and fund residential property projects.

Single family residential home.

Attachment: Comprehensive Plan 2016 (1964 : Review draft version of City Comprehensive Plan)

City of Merrill
Redevelopment Authority
Kathy Unertl, RDA Secretary
1004 East 1st Street • Merrill, Wisconsin • 54452
Phone: 715.536.5594 • Fax: 715.539.2668
e-mail: Kathy.Unertl@ci.merrill.wi.us

(6)

Date: September 28th, 2016

To: RDA Commissioners

From: Kathy Unertl, Finance Director/RDA Secretary Kathy Unertl

RE: Updated information – 1905 E. 14th St. (former Fox Point site) housing proposals

Based upon the September 19th presentations and follow-up research/analysis, attached is updated comparison between the two proposals. In additional, there is modification to Horizon/MAHA proposal.

Comparison revisions:

- Corrected hot water boiler heat for S.C. Swiderski proposal.
- Clarification on number of garages for both proposals. See also Horizon modification.
- Separate chart showing WHEDA Tax Credit maximum income and maximum rent by household income % (30%, 50%, and 60% levels).
- Horizon/MAHA is requesting lot only – no additional TIF development incentive.

Tax increment fiscal projection revisions:

- Horizon tax increment projections now note that PILOT (Payment in lieu of property taxes) beginning in Year 16 (i.e. after ownership sale to Merrill Area Housing Authority – MAHA which is tax exempt entity). This analysis assumes comparable rental income as basis for PILOT.
- Construction costs are now used for the S.C. Swiderski proposal after discussion with City Assessor Kit Koski from Bowmar Appraisal.

  Although 1/1/2016 revaluation information is still unavailable, it appears that the existing 2301 W. Jackson St. and 2401 W. Jackson St. apartment complexes are significantly under-assessed for improvements.
- There is $1,117,220 difference in projected tax increment between the two housing proposals over the lifespan of TID No. 10.

City of Merrill - Tax Increment District No. 10

1905 E. 14th St. Site

Two RFP responses were received. This summarizes the development proposals, including modifications. There is also revised tax increment projections for each of the proposals.

S.C. Swiderski, LLC

56 units - Market rate rentals

Estimated construction cost of about $4.0 million

Four Buildings **Apartments**

12-Unit Two Buildings
16-Unit Two Buildings

Bedrooms	# Units
1	16
2	32
3	8
Total	56

Bedrooms	Preliminary Market Rents
1	$720 - $770
2	$950 - $990
3	$975 - $995

Garages Detached - 4 buildings
Total of 72 garages

HVAC Wall air conditioner units
Hot water boiler

Tenant pays for electric, cable/internet service

Horizon/Merrill Area Housing Authority (MAHA)

Total of 60 units 51 - Affordable - Section 42
9 - Market rate rentals

Estimated construction cost of about $9.8 million

Three Buildings **Townhomes**

20-Units
Potential for future additional 20-unit building

Bedrooms	# Units	Sq. Ft.	Market Rate - # Units
1	21	850	5
2	30	1,150	4
3	9	1,375	0
Total	60		9

Bedrooms	Preliminary Market Rents
1	$700
2	$830

See separate page for maximum income and rents for affordable - Section 42 units (30%, 50%, and 60%)

Garages Attached to 27 of the townhomes
Proposed consideration of detached garage building (s)

HVAC Forced air for heating/cooling

Tenant has "utility allowance" as part of maximum rent amount

City of Merrill - Tax Increment District No. 10

1905 E. 14th St. Site

S.C. Swiderski, LLC

Developer Experience/History
Started in real estate investment - 1992
Construction LLC - 2009
Restructured LLCs - 2015

Portfolio 2,425 rental units

Timeframes/Issues
by 10/2016
4-6 months for zoning, design, engineering, & marketing

Construction starting in 2017
with occupancy potentially December 2017

Questions about potential rocks and capabilities of City water/sanitary sewer
Note: Please see Utility Manager Kim Kriewald's 8/22/2016 e-mail information
Note: Prior to construction - City Street Department will remove asphalt to recycle in future street work

TIF Development Incentive
Request for $250,000 (plus lot)

Preliminary Projected Tax Increment
$2,232,418 Revised 9/26/2016

Horizon/Merrill Area Housing Authority (MAHA)

Developer Experience/History
Horizon started in 1984
and has previous 82 projects
MAHA established in 1965

Portfolio
Horizon 4,400 rental units
MAHA 245 rental units

Timeframes/Issues
by 10/2016
TIF agreement - 12/2016
WHEDA tax credits - 4/2017 awards

Construction starting in later 2017
with occupancy potentially summer 2018

TIF Development Incentive
Request for lot at no cost

Preliminary Projected Tax Increment
$1,115,198 Revised 9/27/2016 - PILOT from MAHA
Additional if future 4th building before 2040

Wisconsin Housing and Economic Development Authority (WHEDA)
Standard Multi-Family - Maximum Income and Rent Limits - 2016

Lincoln County Information

Estimated Maximum Household Income Limits:

Household Size	One	Two	Three	Four	Five
60%	$26,460	$30,240	$34,020	$37,800	$40,860
50%	$22,050	$25,200	$28,350	$31,500	$34,050
30%	$13,230	$15,120	$17,010	$18,900	$20,430

Estimated Maximum Rent Limits:

Bedrooms	One	Two	Three
60%	$708	$850	$983
50%	$590	$708	$819
30%	$354	$425	$491

Unertl, Kathy

From: Kriewald, Kim
Sent: Monday, August 22, 2016 3:35 PM
To: Unertl, Kathy; Akey, Rod
Cc: Johnson, David
Subject: RE: Review Needed/Background Info. (for 9/6th RDA meeting)

I looked at the as-built from 1996 to check for note's on soil conditions. The report was sandy clay to gravely clay and in some spots wet. There is a 12" water line along Cnty Rd G or E. 14th Street, an 18" storm sewer and No sanitary sewer until you are east more towards the church. On Sales Street there is an 8" water line , 10" sanitary sewer line , No storm sewer. There is an existing 8" line running into the old building along with existing 6" sanitary line. Capacity is available for the apartments/townhomes mentioned. This is all the info I could find. Kim

---

From: Unertl, Kathy
Sent: Monday, August 22, 2016 10:39 AM
To: Akey, Rod; Kriewald, Kim
Cc: Johnson, David
Subject: Review Needed/Background Info. (for 9/6th RDA meeting)
Importance: High

Rod and Kim – Could you please review attached comments/issues (i.e. project difficulties)?

- Know anything about rock formations?

  Parks & Rec Director Dan Wendorf reports that no rock encountered during construction of Prairie River observation tower which is across the street from the development site.

- Also, could you please verify water, sanitary sewer, and stormwater capacity and locations? Could existing City water/sanitary/storm sewer serve 55 to 80 apartments/townhomes?

Timeframe – The Swiderski proposal will be discussed in closed session at the Tuesday, September 6th Redevelopment Authority meeting.

Thanks!

Kathy Unertl, Finance Director/RDA Secretary

City of Merrill - Tax Increment District No. 10

S.C. Swiderski, LLC Development — **1905 E. 14th St. Site**

Projected Tax Increment for proposed apartments

Total of 56 units: **Two buildings - 12 Units**
Two buildings - 16 Units

Estimated construction cost of about $4 million

If Improved Valuation @ about 80% of construction costs $3,200,000 range

Per City Assessor Kit Koski, estimated $42.00 to $45.00 per sq. ft.

Bedrooms	# Units	Sq. Ft.	Used Est. Sq. Ft.	Total Est. Sq. Ft.	
1	16	958 - 1,027	1,005	16,080	
2	32	1,250 - 1,320	1,290	41,280	
3	8	1,328 - 1,350	1,350	10,800	
Total	56			68,160	
				x $43.50	For two buildings
				$2,964,960	$1,482,480
					For two garages
					$150,000
					$1,632,480

Projected Assessment:

	Land Valuation	Improved Valuation	Total RE Valuation	
01/01/15	$43,400	$289,800	$333,200	
01/01/18	$150,000	$1,632,480	$1,782,480	Assumes two buildings
01/01/19	$175,000	$3,264,960	$3,439,960	All four buildings
New Tax Increment	$131,600	$2,975,160	$3,106,760	

Projected Tax Increment $3,098,970

($7,790) 2015 Taxes - Former Fox Point building resulting in adjusted TID No. 10

Projected Tax Increment:

Const. Year	Value Year	Revenue Year	TID Value Increment	Tax Rate	Projected Tax Increment	Adjusted TID No. 10
2017	**2018**	2019	$1,782,480	31.91	$56,879	$49,089
2018	**2019**	2020	$3,098,970	31.91	$98,888	$91,098
2019	2020	2021	$3,098,970	31.91	$98,888	$91,098
2020	2021	2022	$3,098,970	31.91	$98,888	$91,098
2021	2022	2023	$3,098,970	31.91	$98,888	$91,098
2022	2023	2024	$3,098,970	31.91	$98,888	$91,098
2023	2024	2025	$3,098,970	31.91	$98,888	$91,098
2024	2025	2026	$3,098,970	31.91	$98,888	$91,098
2025	2026	2027	$3,098,970	31.91	$98,888	$91,098
2026	2027	2028	$3,098,970	31.91	$98,888	$91,098
2027	2028	2029	$3,098,970	31.91	$98,888	$91,098
2028	2029	2030	$3,098,970	31.91	$98,888	$91,098
2029	2030	2031	$3,098,970	31.91	$98,888	$91,098
2030	2031	2032	$3,098,970	31.91	$98,888	$91,098
2031	2032	2033	$3,098,970	31.91	$98,888	$91,098
2032	2033	2034	$3,098,970	31.91	$98,888	$91,098
2033	2034	2035	$3,098,970	31.91	$98,888	$91,098
2034	2035	2036	$3,098,970	31.91	$98,888	$91,098
2035	2036	2037	$3,098,970	31.91	$98,888	$91,098
2036	2037	2038	$3,098,970	31.91	$98,888	$91,098
2037	2038	2039	$3,098,970	31.91	$98,888	$91,098
2038	2039	2040	$3,098,970	31.91	$98,888	$91,098
2039	2040	**2041**	$3,098,970	31.91	$98,888	$91,098
					$2,232,418	**$2,053,248**

City of Merrill - Tax Increment District No. 10

Horizon Development/Merrill Area Housing Authority (MAHA)

1905 E. 14th St. Site

Projected Tax Increment for proposed apartments

Total of 60 units: **Three buildings - 20 Units**

With potential future additional 20-Unit building

Estimated construction cost of about $9.8+ million

Projected Assessment:

	Land Valuation	Improved Valuation	Total RE Valuation
01/01/15	$43,400	$289,800	$333,200
01/01/19	$175,000	$1,750,000	$1,925,000
New Tax Increment	$131,600	$1,460,200	$1,591,800

First 15 Years - Income Based Assessment

Then, PILOT - (MAHA) Payment in lieu of property taxes since would be Tax Exempt

Projected Tax Increment $1,584,010

($7,790) 2015 Taxes - Former Building resulting in adjusted TID No. 10

Projected Tax Increment:

Const. Year	Value Year	Revenue Year	TID Value Increment	Tax Rate	Projected Tax Increment	Adjusted TID No. 10
2017	2018	2019	$100,000	31.91	$3,191	
2018	**2019**	2020	$1,584,010	31.91	$50,546	$42,756
2019	2020	2021	$1,584,010	31.91	$50,546	$42,756
2020	2021	2022	$1,584,010	31.91	$50,546	$42,756
2021	2022	2023	$1,584,010	31.91	$50,546	$42,756
2022	2023	2024	$1,584,010	31.91	$50,546	$42,756
2023	2024	2025	$1,584,010	31.91	$50,546	$42,756
2024	2025	2026	$1,584,010	31.91	$50,546	$42,756
2025	2026	2027	$1,584,010	31.91	$50,546	$42,756
2026	2027	2028	$1,584,010	31.91	$50,546	$42,756
2027	2028	2029	$1,584,010	31.91	$50,546	$42,756
2028	2029	2030	$1,584,010	31.91	$50,546	$42,756
2029	2030	2031	$1,584,010	31.91	$50,546	$42,756
2030	2031	2032	$1,584,010	31.91	$50,546	$42,756
2031	2032	2033	$1,584,010	31.91	$50,546	$42,756
2032	2033	2034	$1,584,010	31.91	$50,546	$42,756
2033	2034	2035	$1,584,010	31.91	$50,546	$42,756
2034	2035	2036	$1,584,010	31.91	$50,546	$42,756
2035	2036	2037	$1,584,010	31.91	$50,546	$42,756
2036	2037	2038	$1,584,010	31.91	$50,546	$42,756
2037	2038	2039	$1,584,010	31.91	$50,546	$42,756
2038	2039	2040	$1,584,010	31.91	$50,546	$42,756
2039	2040	**2041**	$1,584,010	31.91	$50,546	$42,756
					$1,115,198	**$940,627**

HORIZON

DESIGN • BUILD • MANAGE

September 28, 2016

David Johnson
City of Merrill – City Administrator
1004 East First Street
Merrill, Wisconsin 54452

RE: 1905 East 14th Street
Modification to RFP Response

Dear Mr. Johnson:

We understand there is an opportunity for our team to submit a modification to the RFP response we submitted to the City on August 16, 2016. Our team would like to issue a few project clarifications and one significant revision to our funding assumptions.

One of the questions raised following our presentation on Monday September 19 was the number of covered parking stalls we are contemplating for the project. Currently our plan includes a total of 27 attached garage spaces (9 garages per building) with remaining parking provided as surface parking stalls. Although our project design will remain on hold until an award of tax credit is received, our team is willing to consider detached garage stalls as additional covered parking for the project. This would be accomplished by constructing one or more free-standing buildings on the site in lieu of existing surface stalls. This decision would be made by the development team as there is a cost involved ($10,000-$15,000 per garage stall) which will impact financial feasibility. Any additional covered parking we decide to provide is not likely to impact property value, and therefore taxes, in a significant way. Therefore it is a marketing and cost impact decision that will be made when project design commences.

Another question asked is whether our proposed project would include apartments at levels other than 60% of county median income. Yes, the development would include units at 30%, 50% and 60% levels. There is a point scoring category in the WHEDA program that incentivizes projects to include a range of affordability and, to maximize competitiveness, these units need to be included. We often find that a range of affordability also helps with leasing units as a wider range of household incomes is included. This provides a larger portion of the Merrill area population with the opportunity for affordable housing.

5201 East Terrace Drive, Suite 300 • Madison, WI 53718 • (608) 354-0900
MAIN FAX (608) 354-0880 • CONSTRUCTION FAX (608) 354-0902 • MANAGEMENT FAX (608) 354-0903
1660 Embassy West Drive, Suite 250 • Dubuque, IA 52002 • (563) 556-1188 • FAX (563) 556-4890
3900 South Prairie Hill Lane • Greenfield, WI 53228 • (414) 541-3900 • FAX (414) 541-3100
Internet Sites • www.horizonbdm.com • Management: www.horizonseniorhousing.com

A clarifying question was asked regarding maximum rents and whether utility allowances are included. Yes, all utility allowances must fit within the WHEDA stated maximum rents allowed. Our financial model starts with the maximum rent (from the WHEDA published guideline), then subtracts the appropriate utility allowance and we are left with the maximum rent that may be charged to a given unit.

Lastly we wish to modify the sources of funding to completely remove the $350,000 City of Merrill TIF request for the project. This cost will instead be funded by the development team. Please note that property acquisition is still shown at no cost to the project, which we understand is being offered as a financial incentive to the selected development team. A revised sources and uses of funds summary is attached to illustrate these changes.

We look forward to moving ahead on this project. With a very significant financial investment and financing applications already in process, we feel that we have demonstrated considerable vested interest in this development. We are confident that our proposal meets the needs of the City and will provide a valuable housing asset for years to come. Thank you for your consideration.

Sincerely,

HORIZON DEVELOPMENT GROUP, INC.

Scott J. Kwiecinski
Development Manager

Updated Sources and Uses of Funds
September 28, 2016

Sources of Funds

	Amount	% Total	Commitment Date
Permanent Mortgage	$989,000	10.0%	Jul 2017
State of Wisconsin HOME Loan	$258,560	2.6%	Jan 2017
Federal Home Loan Bank AHP Grant	$850,000	8.6%	Dec 2016
Development Team Equity	$1,325,000	13.5%	Committed
Deferred Developer Fees	$50,000	0.5%	Committed
Tax Credit Equity	$6,381,507	64.8%	Apr 2017
	$9,854,067	100.0%	

Uses of Funds

	Amount	% Total
Land Acquisition	$0	0.0%
Hard Costs	$7,592,000	77.1%
Soft Costs	$1,846,432	18.7%
Financing and Reserves	$415,635	4.2%
	$9,854,067	100.0%