

**City of Stevens Point
SPECIAL JOINT COUNCIL MEETING / REDEVELOPMENT AUTHORITY**

**Council Chambers
County-City Building
1516 Church St**

**October 20, 2014
6:00 P.M.**

1. Roll calls.

Discussion and possible action on the following:

2. Review of the proposals submitted for the purchase and redevelopment of Edgewater Manor, 1450 Water Street, Stevens Point, WI 54481.
3. Authorization by the Common Council for the Redevelopment Authority of the City of Stevens Point to sell Edgewater Manor, 1450 Water Street, Stevens Point, WI 54481, pursuant to the *Joint Municipal Agreement of the City of Stevens Point and Community Development Authority of the City of Stevens Point (now known as the Redevelopment Authority of the City of Stevens Point) for Edgewater Manor.*
4. Adjournment.

RMC – Revised Municipal Code

Any person who has special needs while attending this meeting or needing agenda materials for this meeting should contact the City Clerk as soon as possible to ensure a reasonable accommodation can be made. The City Clerk can be reached by telephone at (715) 346-1569 or by mail at 1515 Strongs Avenue, Stevens Point, WI 54481.

Copies of ordinances, resolutions, reports and minutes of the committee meetings are on file at the office of the City Clerk for inspection during the regular business hours from 7:30 A.M. to 4:00 P.M.



Memo

Michael Ostrowski, Director
 Community Development Department
 City of Stevens Point
 1515 Strongs Avenue
 Stevens Point, WI 54481
 Ph: (715) 346-1567 • Fax: (715) 346-1498
 mostrowski@stevenspoint.com

Redevelopment Authority of the City of Stevens Point

To: Redevelopment Authority Board of Commissioners and Common Council
 From: Michael Ostrowski
 CC:
 Date: 10/14/2014
 Re: Edgewater Manor

There were two proposals submitted for the purchase and redevelopment of Edgewater Manor. Those proposals are attached and summarized below:

- Affordable Senior Housing
 - Will operate the property as an affordable senior housing project for 20 years under the conditions the City of Stevens Point does not subsidize other senior housing projects in the City of Stevens Point during the 20 year term.
 - About 20% of the building's units will be converted to RCAC and 20% will be converted to CBRF. The remaining 60% will be used for independent senior housing.
 - Current tenants can stay in apartments, until renovated. Residents then can choose the floor that best meets their needs. Vacant units will be remodeled first.
 - No TIF funds or public improvements are requested.
 - The property will be subject to property taxes.
 - All current tenants will be held to their current contracts and rents. Rents may increase gradually over the years.
 - Floors 3-5 may be expanded based on demand.
 - The purchase price will be \$1,555,000, with \$200,000 in earnest money provided within five days of acceptance of the proposal.
 - A donation to the youth will be made - the specifics are unknown.
 - Remodel will be completed within 26 months.
 - No conditions to performance.

- MSP
 - The project will consist of a senior housing campus of 111 units. There will be 50 underground parking spaces with a few surface spaces.
 - The project will have market rate and income restricted affordable independent senior rental housing.
 - There will be a four story, 48-unit senior independent living building. Rents will be \$362-\$724 for one bedroom and \$723-\$868 per month for two bedrooms. Most of the units will be for seniors making less than \$30,900 per year. Units will be furnished with appliances, balconies, and most will have an in-unit washer and dryer.
 - There will be 27 assisted living units.

- There will be 36 memory care units.
- The complex will include a community room, dining room, private dining room, fitness center, beauty salon, and wellness center.
- The purchase price will be for \$1.
- The project requires \$3 million of TIF to offset site clean-up, demolition of building, foundations, and construction of new building.
- The project requires receiving tax credits.
- Construction cost would be about \$16 - \$17 million.
- If conditions are met, construction would start in September 2015 and last for about 12-13 months.
- The full assessed value of the property would be estimated to be at \$7.7 million.
- The project will be fully assessed in 30 years when the tax credits expire.
- The project would create 55-60 part- and full-time employees, with salaries ranging from \$20,000 to \$60,000.

The two proposals are fairly different from one another. The proposal from Affordable Senior Housing provides a \$1,555,000 purchase price compared to \$1 in the MSP proposal. Furthermore, the Affordable Senior Housing proposal does not require any public financing or have any conditions to performance, where the MSP proposal would require a \$3 million TIF grant from the city and being awarded tax credits. The MSP proposal provides for a new development along the riverfront that may spur additional growth in the area, whereas the Affordable Senior Housing project will provide a more limited remodel of the building. Additionally, because of the comprehensive nature of the MSP proposal, they anticipate creating 55-60 part- and full-time jobs.

In terms of the final assessed value of the projects, it is estimated that the MSP development will be around \$7.7 million and the Affordable Senior Housing proposal will be around \$2.2 million. In looking at the tax revenue generated from each of the proposals, at a tax rate of \$25.19, the MSP proposal would generate about \$194,000 per year, whereas the Affordable Senior Housing proposal would generate about \$55,418 per year. Since MSP is requesting \$3 million in TIF funding, it will likely require all of the tax increment generated over the 27 year life (new TID) of the TID to payback the upfront \$3 million grant.

With the Affordable Senior Housing proposal, if the property is sold for \$1,550,000 and the funds are invested, similar to the housing trust funds, the Redevelopment Authority would receive about \$55,000 per year in interest, assuming a 3.5% average rate of return. These funds could then be used for other redevelopment projects that could have a very positive impact on the City.

The current PILOT on the building is calculated by taking rent, minus utilities, times 10%. Currently, the Redevelopment Authority is paying about \$25,000 - \$30,000 per year for this expense. Right now, if the property was assessed at \$2.2 million, subject to tax, and not located in a TID, it would pay approximately \$55,418 per year in taxes, of which \$21,604 would be the City's share. If it was located in a TID, the City's share would include the other taxing jurisdictions. This all assumes the value of the property would go in the TID at \$0.

With regards to the Affordable Senior Housing proposal, further clarification is needed regarding the requirement that the City of Stevens Point does not subsidize other senior housing projects in the City of

Stevens Point during the 20 year term, as well as what is the donation to the youth. I will attempt to get further clarification prior to the meeting.

The City Assessor has done a property review report on the property, which indicates the current value of the property (with vacancy rate at 35%) to be around \$1.5 million. The value would be about \$2.2 million with a five percent vacancy rate. I have attached that report for your convenience.



Property Review Report



Edgewater Manor
1450 Water Street
Stevens Point, WI 54481
Parcel #281-24-0832201933

PROPERTY INFORMATION SUMMARY

Parcel	24-0832201933
Address	1450 Water Street
Land Size	78,113 square feet
	*197 Feet of Frontage on Wisconsin River
Name	Edgewater Manor
Number of Buildings	1
Square Footage	63,698 square feet
Year Built	1978
Use	Apartment
Units	81
	80 – 1 Bedroom Units
	1 – 2 Bedroom Unit
Assessed Land Value	Exempt
Assessed Improvement Value	Exempt
Assessed Total Value	Exempt

City of Stevens Point, Portage County
Market Valuation Detail (as of Jan 1, 2003)

Tax key number: 281-24-0832201933

Property address: 1450 Water St, City of Stevens Point, Portage County

Land										
Qty	Land Use	Unit Measure	Width	Depth	Sq Ft	Acres	Water	Description	% Inf	Market Value*
1	Commercial	Gross \$	0	0	78,113	1.793	River (Pri	197' frontage on river	0%	\$273,400
Total market value of all land*										\$273,400

Commercial building: Edgewater Manor

Item	Description	Cost Breakdown	Total Cost
Section 1	Apartment: masonry bearing walls	1,204 SF at \$66.14 per SF	\$79,632
	Apartment: masonry bearing walls	1,204 SF at \$66.14 per SF	\$79,632
	Exterior walls: brick with block back-up	100% of 0 SF at \$21.61 per SF	\$52,037
	HVAC: hot water	2,408 SF at \$15.12 per SF	\$36,409
	Fire sprinklers: wet sprinklers	2,408 SF at \$3.96 per SF	\$9,536
Total Section 1			\$257,246
Section 2	Apartment: masonry bearing walls	3,120 SF at \$59.09 per SF	\$184,361
	Apartment: masonry bearing walls	9,360 SF at \$59.09 per SF	\$553,082
	Exterior walls: brick with block back-up	100% of 0 SF at \$19.31 per SF	\$240,989
	HVAC: hot water	12,480 SF at \$13.51 per SF	\$168,605
	Fire sprinklers: wet sprinklers	12,480 SF at \$2.98 per SF	\$37,190
Total Section 2			\$1,184,227
Section 3	Apartment: masonry bearing walls	9,666 SF at \$54.86 per SF	\$530,277
	Apartment: masonry bearing walls	38,664 SF at \$54.86 per SF	\$2,121,107
	Exterior walls: brick with block back-up	100% of 0 SF at \$17.92 per SF	\$866,074
	HVAC: hot water	48,330 SF at \$12.54 per SF	\$606,058
	Elevators: passenger #	1 with 5 stops at \$113,212.36 per SF	\$113,212
	Fire sprinklers: wet sprinklers	48,330 SF at \$2.46 per SF	\$118,892
Total Section 3			\$4,355,620
Section 4	Apartment: masonry bearing walls	784 SF at \$72.92 per SF	\$57,169
	Exterior walls: brick with block back-up	100% of 0 SF at \$23.82 per SF	\$18,675
	HVAC: hot water	784 SF at \$16.67 per SF	\$13,069
	Fire sprinklers: wet sprinklers	784 SF at \$4.59 per SF	\$3,599
Total Section 4			\$92,512
Section 5	Apartment: masonry bearing walls	900 SF at \$72.92 per SF	\$65,628
	Exterior walls: brick with block back-up	100% of 0 SF at \$23.82 per SF	\$21,438
	HVAC: hot water	900 SF at \$16.67 per SF	\$15,003
	Fire sprinklers: wet sprinklers	900 SF at \$4.59 per SF	\$4,131
Total Section 5			\$106,200
Section 6	Atrium: wood or steel framed exterior walls	153 SF at \$133.48 per SF	\$20,422
	Exterior walls: curtain-glazed atrium	100% of 0 SF at \$115.50 per SF	\$17,672
	HVAC: hot water	153 SF at \$27.55 per SF	\$4,215
Total Section 6			\$42,309
Depreciation	Total for section 1 (effective age is 36)	48.0% of \$257,247	-\$123,478
	Total for section 2 (effective age is 36)	48.0% of \$1,184,227	-\$568,429
	Total for section 3 (effective age is 36)	48.0% of \$4,355,620	-\$2,090,698
	Total for section 4 (effective age is 36)	48.0% of \$92,512	-\$44,406
	Total for section 5 (effective age is 36)	48.0% of \$106,200	-\$50,975
	Total for section 6 (effective age is 31)	48.0% of \$42,309	-\$20,309
Total Depreciation			\$-2,898,295
Unit Adjustments	Canopy	200 at \$24.65 less 35%	\$3,204
	Total Unit Adjustments		
% Adjustments	Func/econ	-30% of \$3,139,820	-\$941,946

City of Stevens Point, Portage County
Market Valuation Detail (as of Jan 1, 2003)

		Total % Adjustments	\$-941,946
Cost and Market Modifiers	Local modifier	100.0%	
	Net cost and market modifier	100.0% (0.0% of \$2,201,078)	
		Total Cost and Market Modifiers	\$0
Total market value of Edgewater Manor*			\$2,201,100

Other building improvement: Commercial Paving

Item	Description	Cost Breakdown	Total Cost
Base cost	Asphalt	24,000 SF at \$1.25 per SF	\$30,000
Depreciation	Eff year built=1978, Eff age=25, Condition=Average	-76% of \$30,000	-\$22,800
Cost modifiers	OB/MA of 0% and local modifier of 100%	0.0% of \$7,200	\$0
Total market value of OBT*			\$7,200

Summary of Assessment	
Land	\$273,400
Improvements	\$2,208,300
Total value	\$2,481,700

Summary of Last Valid Sale	
Sale date	
Sale price	

* All market values shown are as of Jan 1, 2003. Any allocation of the total value estimated in this report between land and the improvements applies only under the stated program of utilization. The separate values must not be used individually and are invalid if so used.

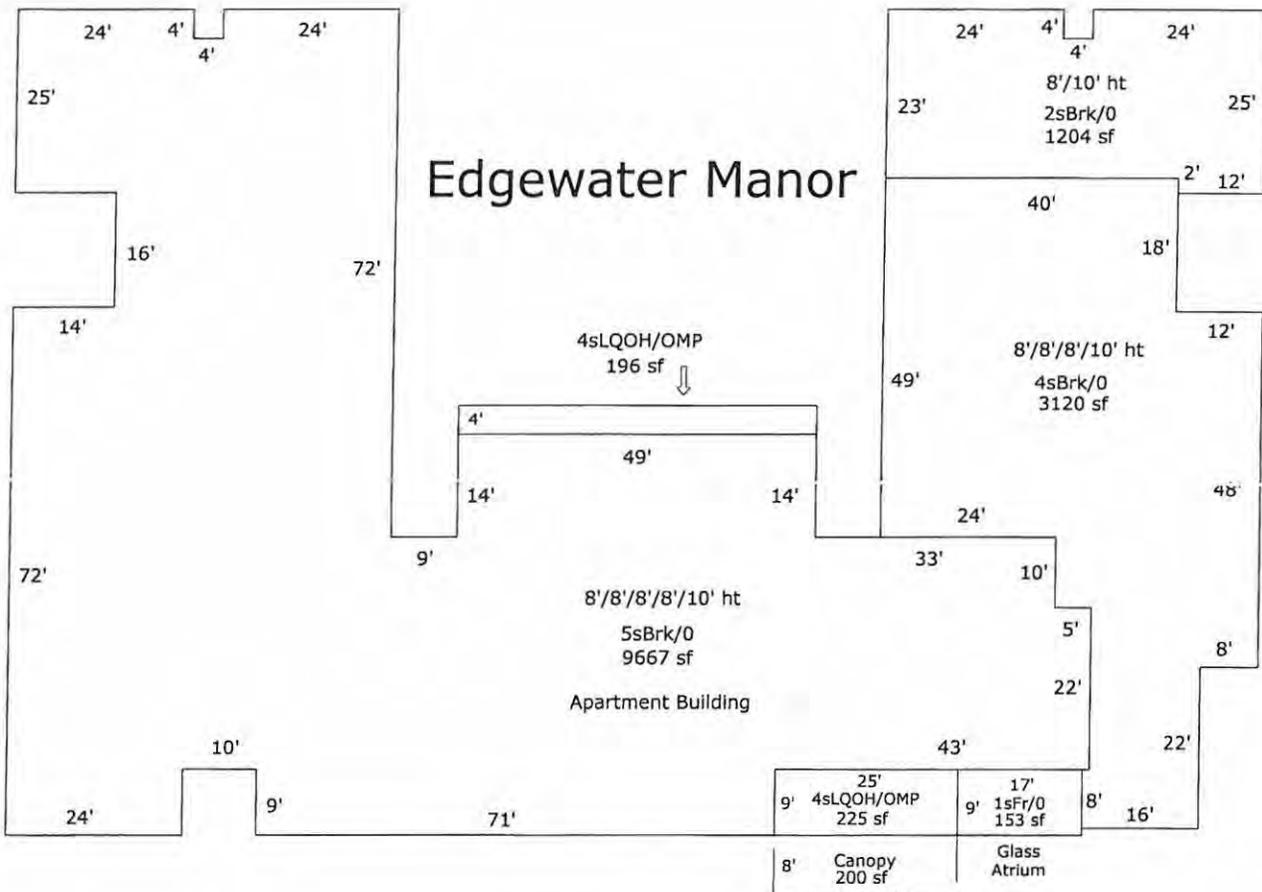
SKETCH/AREA TABLE ADDENDUM

Parcel No 24-0832201933

SUBJECT

Property Address	1450 Water St		
City	City of Stevens Point	County	Portage County
		State	WI
		Zip	
Owner			
Client	Stevens Community Development Authority	Client Address	1515 Strong's Ave
Appraiser Name	Steve Shepro, Assessor		

IMPROVEMENTS SKETCH



Scale: 1" = 40'

Edgewater Manor
1450 Water Street
(Actual)

Potential Gross Income	Rent	Total \$
80	\$530.00	\$508,800
1	\$625.00	\$7,500
Potential Gross Income		\$516,300
<i>Vacancy / Loss (5%)</i>	<i>35.0%</i>	<i>\$180,705</i>
Effective Gross Income		\$335,595
<i>Expenses (Market 55%)</i>	<i>50.0%</i>	<i>\$167,798</i>
Net Operational Income		\$167,798
<i>Cap Rate</i>	8.5%	11.00%
<i>Tax Rate</i>	2.5%	
Indicated Value		\$1,525,432
<i>Rounded</i>		\$1,525,400

Income approach based on current conditions (historical)

Edgewater Manor
1450 Water Street
(Projected)

Potential Gross Income	Rent	Total \$
80	\$530.00	\$508,800
1	\$625.00	\$7,500
Potential Gross Income		\$516,300
<i>Vacancy / Loss (5%)</i>	<i>5.0%</i>	<i>\$25,815</i>
Effective Gross Income		\$490,485
<i>Expenses (Market 55%)</i>	<i>50.0%</i>	<i>\$245,243</i>
Net Operational Income		\$245,243
<i>Cap Rate</i>	8.5%	11.00%
<i>Tax Rate</i>	2.5%	
Indicated Value		\$2,229,477
<i>Rounded</i>		\$2,229,500

Income approach based on typical operating income and expenses