

**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.**

**Common
Council**

Roll call: Ald. O'Meara, Wiza, M. Stroik, Slowinski, Trzebiatowski, Patton, R. Stroik, Phillips, Moore.

Excused: Ald. Doxtator.

**Redevelopment
Authority**

Roll Call: Mayor Halverson, Ald. Phillips, Ms. Molski, Mr. Sawyer, Mr. Schlice, Ms. Dugan.

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.

Mayor Halverson stated this would be a discussion for the Common Council specifically and the Redevelopment Authority specifically. There would not be public comment.

Ald. Wiza respectfully asked there be public comment allowed.

Mayor Halverson stated the residents of Edgewater Manor have made their opinions and comments known. He stated this would be strictly an administrative decision between the Common Council and the Redevelopment Authority.

Ald. Wiza respectfully challenged, Ald. R. Stroik seconded, and asked the Council vote. Ald. Wiza also asked for a roll call vote.

Mayor Halverson stated there would need to be a similar motion from the Redevelopment Authority.

Ms. Dugan **moved**, Ms. Molski seconded, to allow public comment.

Call for the Vote:

Common Council:

Ayes: Ald. Moore, Phillips, R. Stroik, Trzebiatowski, Slowinski, M. Stroik, Wiza, O'Meara.

Nays: Ald. Patton. Motion carried.

Redevelopment Authority:

Ayes: Ms. Molski, Ms. Dugan.

Nays: Mayor Halverson, Ald. Phillips, Mr. Sawyer, Mr. Schlice.

Attorney Beveridge stated the vote should consider the group as a whole with the majority vote. He said there is a vote of 10 to 5 in favor of allowing public comment.

Mayor Halverson stated the Redevelopment Authority has the ability to act independently of the Common Council, deference should be given to the Common Council, as they will need to agree with the Redevelopment Authority should the decision to sell the property be made by the RA.

Mayor Halverson stated public comment would be taken. He stated speakers will be given 3 minutes to address the Common Council and Redevelopment Authority.

Thomas Knowlton, resident of Stevens Point, stated he understood the building was going to be refurbished and feels it should be kept for low income elderly.

Barb Jacob, 1616 Depot, stated she was opposed to the sale of the property. She said Edgewater can be self sufficient and has been self sufficient.

John Dunning, Edgewater Manor resident, stated he has been a resident for 3 ½ weeks and Edgewater is not just a building, it is a community.

Jim Hamilton, 1124 Soo Marie, stated Edgewater has been an extraordinary asset for the City in that it has generated the trust fund which has been invaluable in terms of what it has done for the community. He said because of the rehab dollars generated through the trust fund, hundreds of properties have been rehabilitated in this City. Mr. Hamilton said the vacancies that exist currently are due to the numerous updates that need to be done. He added that he is in favor of the sale.

Mayor Halverson stated that Mr. Hamilton was the former Executive Director of the CDA for several years and very involved in the management of all the public housing subsidized and unsubsidized.

Mary Meyer, 1450 Water Street, Apt. 202, stated this is affordable senior housing and an ideal location. She stated she would like to keep it in the City.

Jim Selig, 1450 Water Street, Apt. 409, stated when the stigma of selling the property is gone, people will move in.

MaryAnn Laszewski, 1209 Wisconsin Street, stated Edgewater is too valuable to sell. She said after providing a large trust fund that enabled other rehabilitation, Edgewater is entitled to have its needs taken care of.

Lori Giese, Edgewater Manor, stated she moved to the property in June. She said it is a community and not every apartment needs 100% renovation.

Steven O'Donnell, Edgewater Manor, Apt. 415, stated he was a homeless veteran, now currently employed and will not need assistance but wants to stay at Edgewater. He said he could not find a better situation; it's perfect.

Patricia Harry, Edgewater, stated people are not moving into Edgewater because of the possible sale of the property. She said the location as well as the benefits are wonderful.

Victor Detjen, Edgewater Manor, stated the elderly are being abandoned.

Mayor Halverson stated there was a very significant decision that needed to be made in 2009 which included retaining the same exact subsidy for the building or modify the subsidies to vouchers. He said no significant amount of money is being taken out of the interest bearing accounts from the housing trust fund and is being put back into a debt payment for the more recent rehab. Mayor Halverson stated that is the only reason why Edgewater is currently in the black, but other significant improvements have been delayed and they need to be done.

Mayor Halverson stated what needs to occur is to decide if the property will be sold and there are two very different proposals that need to be considered. He asked Director Ostrowski to summarize the two proposals as well as call on MSP and Affordable Senior Housing.

Director Ostrowski stated the proposal from Affordable Senior Housing was similar to the previous one but included keeping it senior housing for 20 years, however there were conditions tied to that. Director Ostrowski stated the proposal would keep about 60% of the building for independent senior living, 20% would be converted to a residential care apartment complex, and 20% converted to assisted living. No TIF funds would be provided with this proposal and the property would be subject to property taxes after it was sold. Purchase price would be \$1.55 million with \$200,000 in earnest money provided within 5 days of acceptance of the proposal. The remodel would be done within 26 months.

Director Ostrowski stated the MSP proposal would create a senior housing complex of 111 units with 50 underground parking spaces with a few surface spaces. He said the building would be razed to construct the complex and would include market rate independent senior living, approximately 48 senior independent living units and rents would vary from \$362 to \$724 for one bedroom; \$723 to \$868 for two bedrooms for seniors making less than \$30,900 per year. Director Ostrowski said 27 assisted units would be included and 36 memory care units, and would also have a community room, dining room, private dining room, fitness center, beauty salon, wellness center. He said the purchase price would be \$1.00 and also require \$3 million in TIF to offset demolition and construction and the project is also contingent upon receiving tax credits and there would be no guarantee until the tax credits are received. Construction cost would be \$16 to \$17 million and if conditions are met, construction would begin approximately September of 2015 and last 12 to 13 months.

Director Ostrowski said the full assessed value of the property would be estimated to be \$7.7 to \$8.5 million. He said the project would also create approximately 55 to 60 part and full time jobs with salaries ranging from \$20,000 to \$60,000.

Mr. Schlice asked Director Ostrowski what is the definition of "subsidized".

Director Ostrowski stated the clarification for "subsidized" would be worked out between the attorneys.

Ald. Wiza asked if this was chosen and the City chooses to subsidize another senior project, the City would pay \$10,000 per year for the remainder of the 20 year commitment to Affordable Senior Housing. He asked if it meant there will cease to be affordable housing for seniors.

Ald. Wiza said if the City subsidized a project within that time frame, the City would pay them liquidated damages.

Director Ostrowski stated the first proposal did not have this condition.

Ald. Wiza asked, if the City chose this proposal and three years from now something came along where they needed a City subsidy to build, the City would then owe Affordable Senior Housing of Wisconsin \$10,000 for the remaining 17 years, but Affordable Senior Housing would still remain senior housing that is affordable.

Director Ostrowski said no, they would not be required to keep it senior at that point.

Ald. O'Meara asked if Affordable Senior Housing would have to provide performance and pay liquidated damages to the City if they do not rehab the buildings on schedule.

Director Ostrowski replied it would be up to the developer if he wanted to include that.

Ms. Dugan stated she is opposed to the sale of Edgewater Manor to a private entity. She said the responsibility of government is to protect the most vulnerable and in this case the most vulnerable is the elderly, the residents of Edgewater Manor. Ms. Dugan stated that all City property is held in trust for the citizens of the community and is not in favor of selling any City asset.

Jacob Kline, MSP Real Estate, stated MSP Real Estate is one of the largest developers of senior housing in Wisconsin. He said they have developed approximately 1300 units of affordable senior housing and own and operate another 600 units of assisted living and memory care in Wisconsin and employ a staff of about 600. Mr. Kline stated that this would be preserved as affordable housing for 30 years. He said they are known for producing the highest quality projects from the care side of assisted living and memory care as well as the construction side.

Ald. R. Stroik asked if they have been so successful in other communities, why is it necessary for \$3 million in taxpayer monies in TIF incentives in order to do this project versus putting their own money into the project.

Mr. Kline stated that financial participation, a subsidy, is required to receive grants.

Ald. R. Stroik said in essence the \$3 million is similar to what our capital investment in Edgewater is today.

Mayor Halverson stated the \$3 million upfront TIF bond is significantly different.

Mr. Kline stated there is a significant difference between new construction and remodel/rehab of an existing structure.

Stanton Thomas, attorney with Mallery and Zimmerman for Affordable Senior Housing of Central Wisconsin, Inc., and Tom Ludwig, were present to address questions.

Ald. Wiza asked why Affordable Senior Housing is requiring the lifting of the restriction of the 20 years and damages in the amount of \$10,000 each year for the remaining 20 years, if the City subsidizes other affordable senior housing projects, why both.

Attorney Thomas said if the City chose to subsidize another project, this would create competitors and if they are competitors and subsidized, then Affordable Senior Housing would have unfair competition with another entity that is receiving tax monies.

Mayor Halverson recessed the Special Joint Common Council/Redevelopment Authority meeting at 6:59 p.m.

Mayor Halverson reconvened the Special Joint Common Council/Redevelopment Authority meeting at 7:01 p.m.

Ald. O'Meara stated it would look bad if a penalty was paid when there was 95% occupancy. He said the agreement should be reworked that if occupancy is high, there should be no penalty or liquidated damages.

Ald. Wiza asked if the City is allowed to negotiate since this was an RFP.

Attorney Beveridge said an RFP is more open-ended than a bid for public construction.

Ald. Trzebiatowski said he has a concern with the penalty clause associated with this project.

Attorney Thomas stated that Affordable Senior Housing would be receptive in looking at what is necessary to accomplish this goal and their desire to not be put in a position where the City would subsidize a competitor that would interfere with Affordable Senior Housing's business. He said his client wants a fair opportunity and not have to compete against other businesses that are subsidized by tax dollars.

Mr. Ludwig stated the goal is to keep Edgewater affordable for as long as possible. He said he feels services can be added to entice greater occupancy.

Ald. Slowinski asked who determines what is affordable.

Mr. Ludwig stated that the U.S. government has defined affordable housing as based on the income of the individual and the demographic area.

Mayor Halverson stated it becomes more complicated when both WHEDA and HUD become involved.

Ald. Slowinski asked what would happen if the building was sold.

Attorney Beveridge stated that an attempt would be made to negotiate a clause to maintain it as affordable senior housing.

Ald. R. Stroik said that vouchers can be used to subsidize the rental cost and asked if the vouchers could still be used if the rent exceeds a certain level.

Director Ostrowski stated the voucher system is administered through Portage County Housing Authority and the owner of that development must have a market rate rent that is approved by Portage County Housing Authority. A modest increase of 1% to 2% should not jeopardize the voucher system.

Mayor Halverson asked Director Ostrowski for clarification on Section 42 with the income cap relating to the vouchers.

Director Ostrowski referred this to Mr. Kline, whether or not they would be willing to accept them in terms of the monetary value.

Mayor Halverson asked Mr. Kline if he would be willing to accept those Section 8 vouchers.

Mr. Kline stated he accepts Section 8 vouchers at all their senior properties.

Ald. Wiza stated that the options included 1) reject both projects; 2) accept both contingent on negotiations; 3) accept one over the other and asked Attorney Beveridge if there were any restrictions on what the Council and Redevelopment Authority can do with either of these proposals.

Attorney Beveridge said no. He said the options are open.

Ald. Wiza stated if the decision is to renegotiate with either or both, a final decision would still come before the Council for final approval.

Mayor Halverson stated the agenda item specifically authorizes the Redevelopment Authority to sell Edgewater and the responsibility would then fall on the RA on how they would negotiate.

Ald. Moore stated he is not convinced the City needs to divest itself of an asset.

Mr. Schlice asked if the Council was willing to finance \$2 to \$3 million to fix the building.

Ms. Dugan asked if it possible to phase that in over a 10 year period so that it would be more manageable in the budget.

Mayor Halverson said yes but the obligation is still going to be on the City levy for the debt service, if the revenue does not cover the operational costs and the debt payment.

Ms. Dugan asked C/T Ladick if the City borrows the \$3 million, will that bring the City to the debt service limit.

C/T Ladick stated it would not and the City would have the room for \$3 million.

Ms. Dugan asked if other projects could be funded.

C/T Ladick stated if the larger developments would be incorporated with the East Park Commerce Center that would cause concern.

Ald. Trzebiatowski asked Director Ostrowski what needs to be done to Edgewater currently, what projects could be delayed without any effect to the building and what projects would be a wish list.

Director Ostrowski stated \$1.2 million for the windows and the exterior has been identified as a necessity and even with these repairs, there is no guarantee that occupancy would increase.

Ald. R. Stroik **moved**, Ald. Trzebiatowski seconded, to decline the opportunity to sell the Edgewater Manor.

Ald. Wiza asked if there were any other projects that are going to require some of that borrowing capacity within the next 3 to 5 years.

C/T Ladick stated the Hoover project is at \$4.6 million. He said to keep in mind that debit is also being paid down and expects the overall debt level to go down in 2015.

Mayor Halverson stated the Division Street project with overall maintenance and repairs at \$2 to \$2.5 million.

Ald. Slowinski stated a private developer would invest better quality into the renovation versus the City doing an average renovation, and would not support the motion.

Mayor Halverson stated the proposal from Affordable Senior Housing is very simple versus MSP's proposal which is significantly more intricate but also much larger. He urged Council to vote the current motion down and allow the RA to negotiate with one of the interested parties.

Ald. Phillips stated he agreed with Ald. Slowinski and the City should not be in competition with the private sector.

Ald. Patton asked if the money generated from the trust fund is just earmarked for Edgewater.

Director Ostrowski stated the \$2 million in the housing trust fund generated interest was used to create 0% interest loans for low and moderate income individuals.

Ald. Slowinski asked how much interest money is generated from the principal and if those funds are expended through the no interest loans.

Director Ostrowski stated approximately \$80,000 to \$100,000 is generated in interest and the money is expended.

- 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.**

Call for the Vote:

Common Council: Ayes: Ald. O'Meara, M. Stroik, Trzebiatowski, R. Stroik, Moore.
Nays: Ald. Wiza, Slowinski, Patton, Phillips. Motion
carried.

Adjournment.

The meeting was adjourned at 7:47 p.m.