

The regular meeting of the City of Chilton Redevelopment Authority was called to order at 4:00 p.m. by Mayor Gerald Vanne in the council chambers at the Chilton City Hall.

AGENDA POSTING:

On 3/7/16, copies of the agenda were delivered to the Members, City Department Heads, were made available to the media, and posted on the City Hall bulletin board and city web page.

Mayor Vanne informed the members that this governmental body needed to determine who would preside over the meeting due to the fact that the terms of the chairman and vice-chairperson have expired. Consensus was given to have Mayor Vanne preside.

ROLL CALL: REDEVELOPMENT AUTHORITY:

Six members of the Authority were present at roll call:

Greg Garton	Gerald Vanne	Steve Mueller
Bonita Rowland	Gary Mathes	Dexter Sattler

Other city officials present were Director of Public Works Todd Schwarz and City Clerk Helen Schmidlkofer. Absent and excused Linda Bangart.

General attendance: Horizon Development Manager Scott Kwiecinski and Alderman Rick Jaeckels.

Those in attendance recited the Pledge of Allegiance.

Moved by Sattler, seconded by Garton and carried to approve the September 10, 2014 minutes.

Election of Officers:

Moved by Garton, seconded by Vanne to approve the appointment of Sattler as chairperson for a term of March 9, 2016 to August 31, 2016. (Term runs 9-1 to 8-31 of each year) Motion carried.

Moved by Garton, seconded by Vanne to approve the appointment of Mueller as vice- chairperson for a term of March 9, 2016 to August 31, 2016. (Term runs 9-1 to 8-31 of each year) Motion carried.

A brief discussion then took place from the members inquiring on several RDA items and the infrequency of meetings. Clerk Schmidlkofer reminded the members that this was not an agenda item and their requests and comments would be placed on a future agenda.

Horizon Uptown Commons Phase II Project

Chairman Sattler requested Mr. Kwiecinski to present Horizon's proposal for developing Uptown Commons II. Scott proved a brief summary of activity since 2009:

- August 2009 Uptown Commons completed
- January 2012 Horizon submitted tax credit application for Phase II to WHEDA. Due to the fact that the tax credits were not awarded the RDA and City did not support Horizon's proposal because of the increased financial support required from the City.
- January 2013 Horizon did not submit tax credit application, scoring was not high enough.

- February 2014 Horizon met with RDA, discussed WHEDA scoring, market rate housing. The City was willing to support the project however Horizon did not agree to the terms of the payback timeline.

WHEDA's guide for allocating low income housing tax credits is revised every two years. A new plan including scoring, is expected to be released prior to the upcoming application due date of January 2017.

Horizon does participate in WHEDA's advisory committee and believes there is a possibility of WHEDA revising the scoring characteristics to make senior housing development more competitive than recent years. Given this, Horizon contacted Mayor Vanne to propose to the RDA and the City of Chilton the project plans for Phase II so that we are ready to submit an application if feasible.

Horizon's proposal for Phase II would remain the same as the January 2012 application (24-unit, senior, 3-story construction with full underground parking, masonry exterior). RDA members were provided with an updated site plan. Since 2012, construction costs have escalated resulting in an increased project cost of approximately \$600,000. Fortunately there are other factors in project financing that have improved since 2012. The most significant of these is the rate at which investor's purchase tax credits.

Scott noted that Horizon has looked at financing through the Federal Home Loan Bank of Chicago. They oversee a competitive grant program called AHP (Affordable Housing Program) and accept financing applications annually in June. A successful AHP application could be awarded up to \$15,000 per affordable unit to assist with gap financing. For the Uptown Commons II proposal, we have included \$300,000 (20 affordable units x \$15,000) as a source of funding contingent upon a successful application.

Scott then presented other sources of funding for the proposed project. The City of Chilton would have three components:

1. **City of Chilton Tax Increment Financing** – We propose that this funding is structured the same as Uptown Commons. It is anticipated that the project would require cash from the City of Chilton in the amount of \$375,000. Our understanding is that the subject property is included in a tax increment district with significant life remaining. The Uptown Commons II project would pay tax increment revenue to the City annually, which would be applied to the outstanding loan balance. Property taxes upon improvement are currently estimated at \$20,000 annually increasing by approximately 3% per year to roughly \$30,600 in year 2033. Assuming 100% of the property taxes are allocated to this benefit, it would take approximately 15 years to pay off based on the estimated taxes from 2019 – 2033.
2. **City of Chilton Loan** – The project has the ability to take on a second mortgage to assist with gap financing. We are proposing that the City of Chilton loan the project \$263,000 for 30 years at 2.25% interest. This loan would be fully amortized over 30 years and the project would be obligated to repay. The interest rate for this loan would be capped at the Applicable Federal Rate (AFR) for WHEDA scoring purposes. The AFR for March 2016 is 2.33% so I placed the rate at 2.25% for discussion purposes. The rate used for the WHEDA application would be at or below the January 2017 AFR.

3. **City of Chilton Contributed Land** – The project proforma assumes that the City owned land is contributed to the project to assist with financial feasibility. The value of this parcel is estimated at \$8,000 per unit (\$8,000 x 24 units = \$192,000) and would assist with financial participation scoring on the project. This is currently structured as a cost to the project for land and directly offset by a loan from the City that would not earn interest or be repaid. The value of \$8,000 per unit would need to be verified by an independent appraisal and is likely the most we could achieve for the value (i.e. could go down which may affect scoring).

Scott stated that Horizon's reasons for the above request would allow the project to achieve financial feasibility and assist with financial participant scoring for the WHEDA application. Without both the proposed project would not move forward. It is very important to stress that this financial analysis can change between now and January when an application is submitted to WHEDA, either improving or worsening the financial feasibility. Included in those assumptions are:

- Increase or decrease in credit pricing
- Project based vouchers
- AHP grant

Once again Scott noted that the WHEDA scoring changes anticipated for this year will have a large impact on whether or not this project is able to move forward. Horizon will stay involved with this process and keep the City of Chilton informed along the way.

When members inquired what the current waiting list for residency at Uptown Commons is Scott stated that currently there is a strong waiting list of approximately 50.

RDA members discussed various scoring proposals, land credits, loans, financial investment and payback.

Mayor Vanne noted that the City would be meeting with Ehlers Financial Advisers to review Horizon's proposal in the near future.

Vanne also noted that Horizon's project does not cost the City anything at this time. Horizon is applying and paying for the WHEDA application.

Moved by Mueller, seconded by Garton to recommend to the council that the Redevelopment Authority supports the Horizon Uptown Commons Phase II Project and requests the City to proceed with further investigation. Motion carried.

Moved by Mathes, seconded by Vanne to adjourn at 4:53 p.m. Motion carried.

Helen Schmidlkofer

Helen Schmidlkofer, MMC
Recording Secretary