

Meeting Minutes
Economic Development Committee / Planning Commission
Tuesday, April 24, 2012 - 4:30 p.m. - City Council Chambers

Members present: Morack, O'Connell, Steinhorst, Schirpke, Romberg, Dyreson, Tate and Shaw.

The following representatives of the New London Planning Commission were in attendance: Chairman Ron Steinhorst, Carol Renning, Dona Gabert, Tom Spilman, Steve Thompson, and Doug Noel.

Also present: Mayor Gary Henke, Mike Barrington, Kent Hager, Paul Hanlon, and Todd Hutchison.

1. The meeting was called to order by Chairman Morack at 4:30 p.m. Chairman Morack thanked everyone for their attendance.
2. Chairman Morack noted that there were eight main points outlined in the minutes from the last meeting held on March 22nd regarding the future development of the downtown riverfront property. These eight items were reviewed with Todd Hutchison of Wisconsin Redevelopment. The following is a summary of these observations:
 - 1) There is a concern that the demand present for this type of assisted senior and family income qualified housing may not be present. Todd noted that it is a requirement of the Wisconsin Housing and Economic Development Authority and also required by private financing sources that a "market study" be conducted to determine if there is sufficient demand for assisted housing in the local market. Todd asked the firm that he utilizes to conduct his market studies to give a preliminary review of the local market demand in New London. Three existing assisted housing developments were contacted and asked to supply their respective occupancy numbers. It was determined from this preliminary review that there appears to be sufficient demand for additional income assisted housing in the New London market.
 - 2) The housing being proposed may not be the highest and best use of the property. There appears to be a lot of resistance to the development of affordable housing on this property. There appears to be some misunderstanding of what this type of residential development represents. Development of the river front property would have more value to the community if it was done so with higher end housing. It may be necessary to wait for the economy to improve before private development of the property could occur with higher value housing. Given that the City has virtually no holding costs for the property, it may be in our best interests to be patient and wait awhile to pursue private development of the land. The City may want to consider listing the property with a commercial real estate broker who specializes in marketing higher value vacant property. It was noted by Todd when asked about private docks being placed on the river, that

this certainly can be accommodated. One way is to maintain City ownership and to grant an easement for private docks. Another option is to have the City build the docks and lease them out to private individuals. He has experience regarding this matter in some of his developments in Milwaukee on the river. He does not see this issue as an impediment to development of the City property.

- 3) New London may be better served if the property is not developed entirely with income assisted housing. Todd stated that he would prefer not to develop all of the property with income assisted housing. He thinks that a mix of uses would be more appropriate. When asked if it would be beneficial to have a specific development plan in place, he stated that no, it would not as you are better served by leaving the development options open for developers to work with without specific constraints. The fewer restrictions on the property the better.
- 4) This type of development will not create the same tax base as a private development would and in fact may create more demands for tax funded services than it creates in tax income. Given that the tax status of income assisted housing is based on the income approach rather than the market approach, the property taxes on this type of development are lower. Therefore, depending on the type of development, the demand for services may exceed the property tax income received from it. There would be other benefits from development on the property for the community other than strictly tax revenues such as increased activity in our downtown area.
- 5) Private development would be preferred, but low/moderate income housing is typically not what people think of these days, we are a moderate income community. This was noted as a generalized observation regarding the property.
- 6) There is no need to rush into the development of the property, the idea of “something is better than nothing” is not the path we need to follow. Todd suggested that the issue of development of the City property does not necessarily need to be settled now. The City may want to secure the assistance of an experienced real estate marketing firm who is willing to spend time and money on selling the property. Someone who will put the extra effort into getting the right developer for the property. He noted that there are college architectural classes that may have an interest in developing a model development idea for the land. He offered to look into this option for the City.
- 7) We would all like to see a variety of development options occur on the property such as restaurants, a small theatre, retail shops, etc. but in reality, the private market will decide what is the economically beneficial use for the land other than federally assisted construction. There are a variety of options to consider for the property. In Todd’s opinion it is important that the City continue to be proactive and not stand in the way of a prospective private developer for the land.

- 8) It may be to the benefit for our community to wait for the national economy to improve; our holding costs are negligible other than the forgone property tax that a future development may bring. Todd noted that the economy cannot get much worse than it has been. He said that you don't want to be a property seller right now as it is still very much a buyers market. The economy will turn around, it is just a matter of time.
3. Chairman Morack asked for all those present to please give their thoughts and ideas regarding their individual opinions regarding the future of the property based on the discussions that just took place. The following is a summary of those individual observations:
- We don't need to do something with the property right now just to be able to say that progress is being made.
 - People are looking for more "up scale" development particularly for the senior community. Our wonderful healthcare facilities in the City reinforces the need for more senior housing. The demographics of our area will support more senior developments. It may not be beneficial to do "income restricted" housing, as this may limit the market for all senior housing.
 - If there were to be development of the property by a non-profit entity, then there should be a payment in lieu of taxes made if this is the case. We should start off slowly.
 - If a commercial broker is recruited for the property they have to have a particular expertise in development of vacant land and have the commitment and resources to spend time, manpower and money up front to market the land.
 - There is no need to rush into development of the property particularly given our low holding costs and the negative status of the economy. We don't want to do something that we may regret in the future.
 - It may be beneficial to have a small start in development of the property now as no one wants to be the first one to do so.
 - The idea of utilizing a college architecture class to model the site for future development is an attractive option.
 - It would be bet to try and follow a "highest and best use" for the property.
 - While it may be beneficial to further develop what the public would like to see develop on the property, in the long run, the Committee adequately represents the public interest and can proceed in good conscious that the public interest is being well served.
 - The foreclosure market for housing is going down locally over time. We have hopefully reached our bottom in the local market.
 - In general, people are less able to afford their own homes and the rental market should stay strong. The baby boom generation is getting older and the market for senior housing will be strong in the foreseeable future.
 - The library of today is not what it will be in the future. There may be an opportunity for a library and community resource facility on the property.
 - Todd noted that there may be other locations for income assisted housing in the City. The assisted housing properties can be in multiple locations. The

future funding for income assisted housing is going to be rated higher for those projects that can partner with local industry on job creation.

4. It was the consensus of those present that this matter needs further consideration. All were asked to talk to their constituents and to come back to the next meeting to further consider how to proceed.
5. O'Connell/Schirpke to adjourn. Carried 8-0. The meeting adjourned at 5:55 pm.

Kent Hager
City Administrator