

CITY OF RICHLAND CENTER

AGENDA ITEM DATA SHEET

Agenda Item: Update on Housing Development Efforts

Meeting Date: Tuesday, 8/1/2023

Requested by: Jasen Glasbrenner, Economic Development Director

Background: A Review of the Efforts Undertaken to Promote and Secure Housing Development in the City of Richland Center.

Note: this is intended to be a snapshot of recent efforts and not an all-inclusive list of housing efforts.

1. Shortage of Housing – All types

- a. The 2019 Richland Center Housing and Workforce Study outlined a growing need for housing of all types. This has been evidenced by numerous anecdotal reports from local employers, the general public, and even personal accounts from staff. The housing challenges affecting Richland Center have been exacerbated by changing workforce trends.
- b. Priorities of Economic Development
 - At the onset of April 2023 when the EDD transitioned to full City employment, it was apparent that housing was a critical issue warranting prioritization.
 - In 2023, the Personnel & Insurance Committee outlined the priorities of the Economic Development Director as follows:
 1. Housing
 2. Workforce Retention & Attraction
 3. Quality of Life
- c. Housing types pursued by Richland Center Economic Development
 - Single family homes and multifamily units on infill lots
 - Duplex dwellings on Stori Field and other City owned parcels
 - Apartment complexes on private and city owned parcels.

2. Panorama Estates – Duane Kleinsasser, Developer

Through partnership with the City, a development agreement was executed securing the construction of three 45-unit apartment buildings over 15 years.

- A TIF District was established
- Development agreement executed on 4/19/18

	Building 1	Building 2	Building 3
STATUS:	Completed/In Compliance	In Breach	N/A
OCCUPANCY:	12/1/2018	4/15/2023	4/15/2033
INCENTIVE:	50% of infrastructure costs <i>*\$750,000 GO Bond Issued*</i> City's P&I: \$539,823.44 Dev's P&I: \$539,823.44	TID was amended in 2022 to allow for incentives. None provided. <ul style="list-style-type: none"> • City's financial advisor cautioned against fulfilling the requested incentive. • Developer unsuccessful in securing financing. 	N/A
NOTES:	<ul style="list-style-type: none"> • Rent increased in 2023 to approx. \$1200/\$1400. • Five tenants did not renew their leases but those vacancies were quickly filled. 	<ul style="list-style-type: none"> • The City has aggressively pursued advancement of this project for 2 years without success. • The council requested the developer appear before them on 8/1/2023. • The developer has indicated a desire to extend the prescribed timeline but has not formally issued this request. 	N/A
REMEDIES:	N/A	Consider requesting the Developer appear before Council on September 5 th to formally propose and discuss remedies.	N/A

3. Multifamily Housing Development – Sites of 1.5 acres or greater

City personnel & elected officials have engaged with several developers and professional service firms to pursue multifamily housing development.

Various sites have been considered such as privately owned land as well as city owned land. Most recently considered was the city owned parcel at the corner of CTR AA and Industrial Drive and others.

Development Obstacles:

- Topography
- Construction costs and interest rates have continued to rise.
- Increased development costs have created a greater reliance on municipalities to offset the funding gap.
 - All major development projects reviewed by the City have required significantly more financial assistance than historically necessary.
 - Without significant municipal participation, it is unlikely that multifamily housing development will occur in the foreseeable future.

4. Duplex Housing Development – Stori Field

The Common Council determined a duplex housing development on Stori Field should be pursued.

- Conceptual Planning. Vierbicher was hired to conduct conceptual planning for Stori Field. The expected infrastructure cost using 2022 figures was \$700,000.
- RFP. An RFP was published seeking developers. No responses were received.
- Public Meetings. Open House meetings were held offering the public opportunities to learn more and ask questions regarding the potential development.

Due to a lack of interest from developers, it may be necessary to consider alternative development options. Single family homes?

5. Infill Housing – City Owned

460 W 1st Street

- Listed April 2023
- Several inquiries & only one offer to date
- Single or multifamily home desired

291 N Jefferson Street

- Listed April 2023
- Several inquiries, no offers
- Duplex, 4plex, or mixed commercial use desired

6. Financial Planning

In July 2023, the Common Council determined professional financial planning services should be obtained to review the City's current position and to provide strategic planning for all types of future development. Several firms have since been contacted to request service proposals.

- Items discussed/to be included: overall financial position of the City as a whole, capital improvement planning, TID planning, short & long-term goals and projects, education related to available financial tools, and policy establishment.
- In addition to City departments, Utility departments are to be included in this process.
- Anticipate Council selecting a firm at the September 5th meeting.
- The expected time to complete the process is 90-120 days.
- The budgeted 2023 outlay will be used for the expense of this service.

Funding Source & Financial Impact: Not applicable to this agenda item. A future request to authorize spending related to financial services will be submitted.

Requested Action: *Consider a motion requesting Duane Kleinsasser appear before the Common Council at their regularly scheduled meeting on September 5, 2023 at 18:30 to discuss possible remedies.*