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**FW: Finance Committee Meeting Follow-up**

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**From** Taylor Zeinert <TZ1388@sheboyganwi.gov>  
**Date** Thu 3/12/2026 2:21 PM  
**To** DeBruin, Meredith <Meredith.DeBruin@sheboyganwi.gov>

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**From:** Coyle, Devin <devin@peltonbuilders.com>  
**Sent:** Wednesday, March 11, 2026 9:19 PM  
**To:** Bradley, Casey <Casey.Bradley@sheboyganwi.gov>; Taylor Zeinert <TZ1388@sheboyganwi.gov>  
**Cc:** Luke Pelton <luke@peltonbuilders.com>; Cody Pelton <cody@peltonbuilders.com>  
**Subject:** Finance Committee Meeting Follow-up

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Casey and Taylor,

I just want to follow up on the Finance Committee meeting conversations from Monday evening. We appreciate the City's continued partnership in advancing this significant housing development. As you both know, our team collaborated with City staff and elected officials throughout the planning process to design a project that meaningfully addresses Sheboygan's housing needs. However, the recently introduced proposal to require 20% of the development's rental units to comply with HUD affordability requirements represents a substantial change to the project structure and financial assumptions at a very late stage in negotiations.

At roughly 1,000 planned rental units, a 20% requirement would result in approximately 200 income-restricted units. This represents a material change to the economic model that has been used by our lenders, investors, and development partners to evaluate and support the project. Implementing such a requirement at this point would require the project to be re-underwritten with financing partners, a process that cannot occur quickly and may significantly alter project feasibility.

Since this proposal was raised, we have already reached out to several of the lenders, investment partners, and capital sources that would be involved in financing the project. The feedback we have received has been uniformly negative regarding the introduction of a requirement of this magnitude at such a late stage, as it fundamentally changes the underwriting assumptions under which the project has been evaluated.

As a practical matter, introducing a change of this magnitude now would delay infrastructure construction and push the projected timeline for first occupancies from November 2027 into 2028, delaying the delivery of much-needed housing supply to the community.

Importantly, the City's Housing Study does not recommend a fixed affordable housing percentage requirement for new developments. While the report clearly identifies the need to expand housing

options across multiple income levels, it does not suggest that private developments should provide a 20% income-restricted housing set-aside. Instead, the Housing Study repeatedly emphasizes the need to increase the overall housing supply, particularly market-rate housing, to address the City's housing shortage. Increasing supply across multiple housing types is widely recognized as a key strategy for improving affordability across the entire housing system via the "filtering" effect, where the addition of new housing (especially newer market-rate units) creates mobility within the housing market. As households move into newer units, older units become more affordable and accessible to lower-income households. Expanding housing supply therefore plays a critical role in improving affordability over time.

In addition, employer interviews referenced in the Housing Study emphasize demand for workforce housing for entry-level and mid-income workers. These needs generally fall within workforce price points rather than deeply income-restricted housing levels. The proposed development directly responds to these findings by providing a diverse mix of housing types, including a substantial number of single-family homes priced to serve the "missing middle" segment identified in the Housing Study. These homes will help address the shortage of attainable ownership opportunities in Sheboygan and allow more households to transition from rental housing into homeownership.

For these reasons, we believe the proposed 20% affordability requirement is not supported by the recommendations of the Housing Study and would significantly disrupt the project if introduced at this stage. We look forward to continuing our partnership with the City to move this important project forward and deliver new housing opportunities for Sheboygan residents.

Thanks,

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**Devin Coyle**

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