

To: Common Council
CC: Mayor McFarland
From: Mason Becker, Strategic Initiatives and Development Coordinator
Date: May 7, 2024
Re: Presentation from Hartland Shores on Proposed Development

Dear Common Council,

I am writing to give a recap on the proposed development from Hartland Shores for the property located at 1310 Allwardt Street.

Shortly after I became employed with the City of Watertown in November 2022, I began working on this parcel as a potential development opportunity, given its prime location near Highway 16 and quick access to various services and amenities. The property had been identified as a “top five” potential location for residential development in the City’s 2022 Workforce Housing Action Plan. I met with multiple developers interested in the property, who all agreed that the parcel was an excellent spot for multifamily residential development.

As many know, the Watertown Unified School District has owned this parcel for many years. The district had planned to build a new school on the property. However, as the district’s needs have changed, it was determined that building a school on the property was no longer viable. After turning down an offer from a different developer to purchase the parcel, the district decided to list the property for sale in September 2022. They received one offer, from Hartland Shores, in the summer of 2023, and the school board voted to accept the offer on October 30, 2023.

I appreciate that members of the Common Council and residents have been engaged in this development and have asked various questions in trying to understand the need for this proposed residential development. A few facts to consider:

- *Concerns had been raised about the proximity of the apartment buildings to the seven existing single-family homes that border the property.* As you will see in the developer’s presentation, they have moved the apartment buildings further to the west and propose to construct a landscape berm along with a walking path and trees. This will keep the new development further away from existing than if the site was platted out for single-family housing. A third phase shown on the concept plan will be for a lower-density use, which would be determined later based on market needs.
- *Questions have been asked about the developer’s investment in the property.* Currently, the parcel is tax-exempt. Bringing these 20 acres of land back onto the tax rolls will benefit the City as a whole financially. Also, I have spoken to local realtors who feel the cost being paid for this land is in line with what they see for similar properties being considered for residential development. It must be remembered though that this is ultimately a real estate transaction between two independent parties.

- *Some have asked if this housing is necessary.* Multiple studies have shown the City is in dire need of new housing, both rental and owner-occupied. Thrive ED cites our current rental vacancy rate at around 2.2%. A healthy rental market vacancy rate would be between 5-10%. Additionally, many local employers cite a lack of available housing for their employees, which can harm their ability to attract and retain workers.
- *Some have asked if these rental units will be desirable, or if they will be able to generate enough rent.* These units are proposed to be quality, market-rate units. They will not be designated as low-income or rental assistance units.
- *Concerns have been raised as to whether rental units fit this neighborhood.* It should be noted that there are multi-family units right across the street, south of Allwardt Street. There are also apartment units located along the northern portion of the neighborhood, in addition to duplexes to the west of the parcel on Juneau Street, and to the east of the parcel on Woodland Drive
- *Some feel the development may be "too dense".* It is important to remember that a school was planned for this property. A modern school building would be much larger with less neighborhood character, and also bring hundreds of students and cars in and out, five days a week. Athletic fields could have brought large crowds and noise. A more spread-out grouping of smaller buildings will be less imposing and generate less traffic and noise.
- *Will there be a TIF request?* Yes, there will be a TIF request. It is unlikely any substantial multifamily housing development will be feasible in Watertown right now without some level of public assistance, given the current high construction costs and interest rates (the current prime interest rate is 8.50%). I would note that Hartland Shores is also seeking assistance from Thrive ED's Live Local Development Fund. If the Common Council consents to this concept moving forward, the TIF request will be considered at a future Finance Committee meeting.

I believe Hartland Shores has tried to be very accommodating to the concerns expressed during this process. The proposal to invest approximately \$31 million into our community represents an opportunity that does not come along often. I also believe it is important for the City of Watertown to maintain a reputation of being good partners with the development community, and to keep the entire community's needs in mind when evaluating if this concept site plan should move forward.

Sincerely,



Mason T. Becker
Strategic Initiatives and Development Coordinator