211 S Water Steet

TIF Request for necessary financial assistance to create much needed naturally affordable housing to the downtown area and bring vibrance to downtown businesses

Providing a needed facelift while maintaining the historic character

Current Building

Proposed Exterior

Interior would be transformed into 18 modern, high-end, yet affordable apartments, while maintaining the historic components

TIF Request

- Tax Incremental Financing is now more essential than ever
- A combination of interest rates being at the highest point in decades, construction costs being at their highest point ever, and banks tightening credit parameters have caused new real estate development to all but cease
- The current financial shortfall on our project without TIF is insurmountable
- While it used to be possible to get a loan at 80% of costs, current market conditions will allow us to qualify for a loan at just ~ 45% of costs
- Current shortfall without TIF support: ~$750,000+
- Current shortfall with TIF support: $300,000+
- Equity required without TIF support: 54% of total costs
- Equity required with TIF support: 41% of total costs

Creative Solutions – Financing/Equity

- Returns to ownership are still quite minimal, even with the requested TIF support, however Justin and I are determined to make this project a reality and are working to implement the following creative strategies. We believe success with these ideas, along with the requested TIF support, will allow for us to move the project forward
- Historic Preservation Tax Credits
- Deferred Development Fee
- Deferred building/land purchase
- Preferred Equity Partner
- Construction loan– discussing the project with 7+ banks/credit unions to ensure we receive best in market loan terms
- Energy Grants

Creative Solutions - Building

- Keeping the core components of the building as-is to save on labor/material costs
  - Exterior brick shell
  - Concrete, wood and tile flooring
  - Exposed ceilings and interior walls
  - Re-use existing window and door openings
- Working with a local general contractor and local subcontractors to keep costs as low as possible
- Value engineering the project to reduce construction costs without reducing quality of the product we want to provide to downtown residents

Creative Solutions – Ineligible/No-Value Add

- CPACE Financing – debt tool available to developers/owners looking to increase energy efficiency
- WHEDA Low Cost Loan Programs
- Wisconsin Economic Development Grants
- Stoughton RDA Revolving Loan Fund
- Adding a third story to the existing building

Project Benefits

- Improve an underutilized asset into a thoughtfully renovated Class-A multifamily project with unique historic charm and sustainability upgrades
- Provide naturally affordable housing to a downtown market with high demand
- Increased tax base – Projected to increase the assessed value of the 211 S Water Street parcel by 9x
- The current TIF request provides the City with 15% of incremental taxes for 20 years, and 100% of incremental taxes thereafter
- New TID provides assistance to other downtown property owners now. Our 20-year payback cap also provides an abundance of tax revenue to assist other requests the final 7-years of the TID
- $85,000 in Park Fees
- Provide for ~ $150,000 in annual revenue to downtown businesses

Affordable Downtown Living

Floor Plan	BR	BA	# of Units	Avg. Unit SF	Income	Avg Rent
1/1.00 E	1	1	4	443	$48,000	$1,000
1/1.00 LOFT	1	1	1	590	$14,400	$1,200
1/1.00	1	1	10	650	$144,000	$1,200
ONE-BEDROOMS			**15**	**591**	**$206,400**	**$1,147**
2/2.00	2	2	2	840	$34,800	$1,450
TWO-BEDROOMS			**2**	**840**	**$34,800**	**$1,450**
3/2.00	3	2	1	1,040	$21,600	$1,800
THREE-BEDROOMS			**1**	**1,040**	**$21,600**	**$1,800**
TOTAL			**18**	**643**	**$262,800**	**$1,217**

Monthly Rent Level Limits (Dane County)

		Studio	One Bedroom	Two Bedroom	Three Bedroom
50% AMI	50.00%	$1,069	$1,145	$1,374	$1,588
60% AMI	60.00%	$1,283	$1,374	$1,649	$1,905
80% AMI	80.00%	$1,710	$1,832	$2,198	$2,540

Economic Benefits of the Project

- Increased property taxes (projected to increase assessed value by 9x)
- $85,000 in Park Fees
- $150,000/year in projected increased revenue to downtown businesses

	211 S. Water Street - Economic Benefit to Downtown Businesses					
Tenants:	25					
	frequency/month	Cost/visit	Monthly	Annually		
Dining - Food	8	$15	$3,000	$36,000		
Dining - Drinks	8	$10	$2,000	$24,000		
Coffee	8	$5	$1,000	$12,000		
Shopping	4	$50	$5,000	$60,000		
Entertainment	2	$25	$1,250	$15,000		
			$12,250	$147,000		

Sustainability

- Bringing new, upgraded utilities to the project (water main, electric service, etc.)
- Will use 3 separate dumpsters during demolition/construction to ensure proper recycling, re-use, and waste removal
- Project will feature low flow toilet and bath fixtures, energy efficient mechanical equipment, and energy efficient lighting
- Project will feature in-unit bike racks for tenants to decrease emissions from vehicles
- We are keeping as many existing components as possible (exterior brick, interior flooring, walls, etc.) to decrease use of new material
- Downtown housing provides the ability to walk to restaurants, shopping, entertainment

Hometown Connection

- Justin and I are both born and raised in Stoughton and are deeply rooted in the community. We are very passionate about this project and believe it will truly help the downtown thrive.
- We are using a General Contractor, KSW, that has ties to the area and plan to use as many local subcontractors as possible.
- If all goes well, we would like this to be the first of many projects that can benefit our community and look forward to continuing to work with the City and its elected council leaders on this, as well as future endeavors.

We greatly appreciate your time and consideration for our project. We believe this can be a great asset for the City, its residents, and its businesses.

We would be happy to answer any questions you may have. Thank you.