



CITY OF VERONA

COMMUNITY DEVELOPMENT AUTHORITY MEETING

MAY 18, 2020

Introduction

NORTHPOINTE DEVELOPMENT

- Commercial and Residential Housing Development firm with a primary focus in Housing Tax Credit and Historic Adaptive reuse.
- 23 awards of competitive Housing Tax Credits since established in 2011
- 100% of the projects awarded have placed in service
- Northpoint Opened a Fitchburg Office in 2020

AVANTE PROPERTIES

- Founded in 2002 in Madison by brothers Scott Kelly and Jerry Kelly
- Master developer of Uptown Fitchburg neighborhood, Fitchburg Technology Campus neighborhood, and Sequoya Commons Condominiums
- Owner-manager of upscale multi-family apartments, townhomes, condominiums, mixed-use, office, and retail projects
- Portfolio includes 1.3M square-feet, including 650 residential dwelling units

Established Team

- Avante and Northpointe developed a partnership in 2019
- Avante is the Master Developer of 200 of the 365-acre neighborhood known as Uptown Fitchburg
- Northpointe will develop affordable senior and workforce housing in Uptown
- On April 28, 2020 WHEDA awarded Northpointe with \$722,161 in State and Federal 4% Housing Tax Credits to build 126 units including 100 units for senior and 26 workforce three-bedroom townhomes
- Full-service team specializes in the design and construction process, long-term asset management, and lease administration/tenant relations
- Well-versed on the City approval process, community engagement, and project financing
- Notable partnerships with Krupp General Contractors, Vierbicher Associates, and Knothe & Bruce Architects
- Success in repositioning underutilized sites to better satisfy the needs of the surrounding community and help the City obtain its broader goals

RFP Guiding Principles and Goals

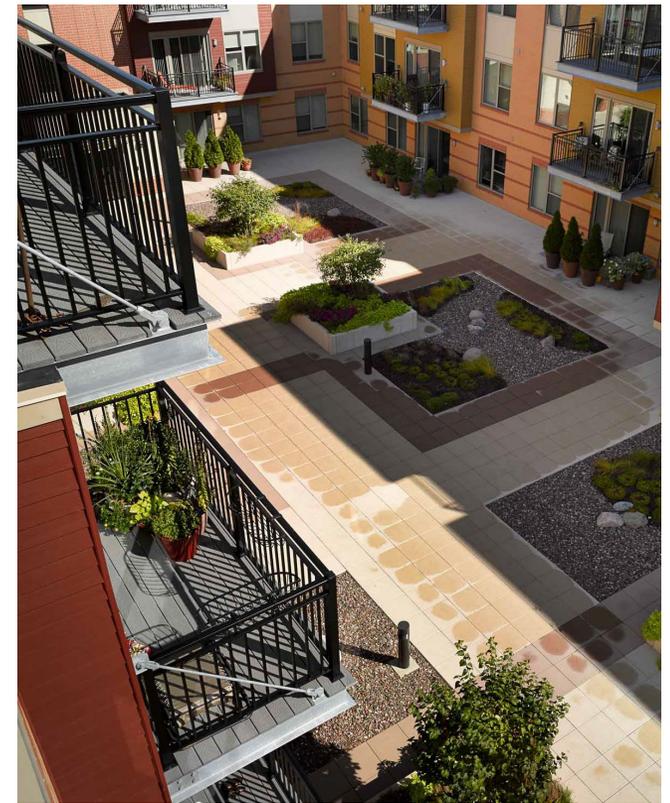
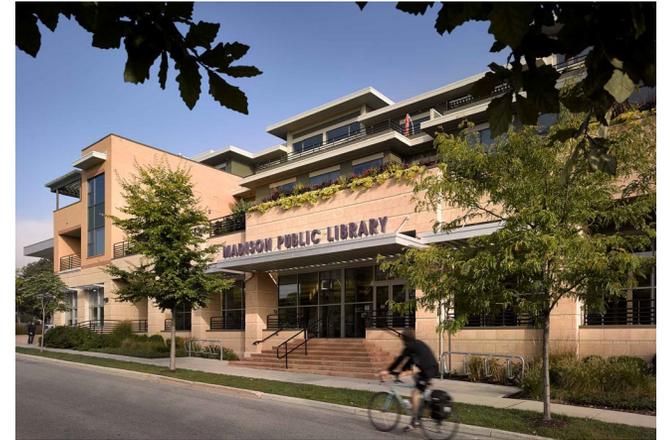
Guiding Principles

- Create social and physical environments that promote good health for all
- Design spaces to live, learn, work, and play that will attract households and customers into downtown Verona
- Consider the needs of the community and determine the most sensible and objective plan to deliver results
- Strive to work with neighboring land-owners to deliver an optimal outcome

Goals

- Create a team of experienced professionals
- Self- supporting housing options
- Integrate new neighborhood with surrounding neighborhood
- Efficient circular access
- Preserve the New Century School
- Design spaces that are architecturally appealing and sustainable
- Long term financial benefits
- Flexible for community feedback

Architecturally Unique and Activating Spaces





EVP COFFEE

OPEN

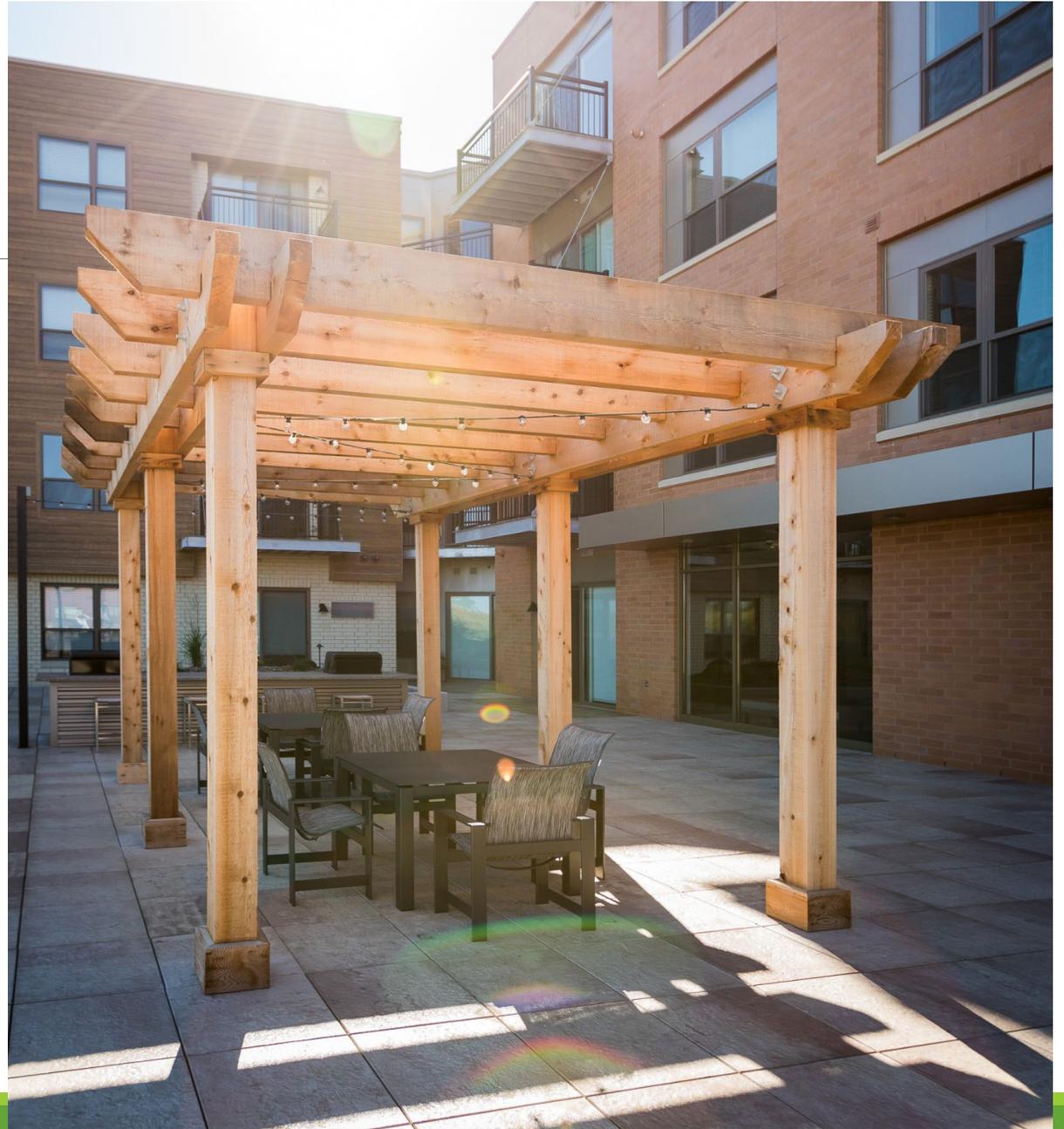
OPEN



TURNBERRY

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PRIMA APARTMENTS
5121 & 5131 E CHERYL PKWY



VISTA APARTMENTS - 5120 E CHERYL PKWY



RAVEN APARTMENTS & CLUBHOUSE
5116 LACY ROAD



RIVA APARTMENTS - 5152/5150/5148 E CHERYL PKWY





ENERGY EFFICIENT AND SUSTAINABLE DESIGN PRACTICES

Shaping the area into a healthier, more efficient space

Location/proximity to amenities and green and open spaces yields increased walkability, minimizes pollution

Environmental and health impacts of development and products used in buildings

Materials: (1) use of non-toxic, sustainable or recyclable product, (2) age/life of products, (3) manufacturer's renewable certifications, and (4) waste from demo site

HVAC Efficiency: (1) meets ENERGY STAR standards, (2) environmentally sound Puron-brand R-401A Refrigerant - won't deplete the ozone layer, and (3) ratings at 92.1 AFUE and 13-25 SEER (high efficiency)

Stormwater Management: use, maintenance, and mandated reporting of: inlet protection devices, underground infiltration trenches, bio-retention basins, sediment control tracking pads, bituminous and impervious pavements

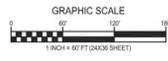
Alternate Energy Source: Alternate Energy Source: for the three-year period 2013 - 2015, the Sequoia Commons Solar Energy Generation project yielded improved efficiency and decreased electricity costs in the amount of 3.7% per year vs. MG&E costs, on average.



**Sugar Creek School
Redevelopment Site**
CITY OF VERONA, WI

AVANTE
PROPERTIES

NORTHPOINTE
DEVELOPMENT CORPORATION





Central Park

A Place for People to Gather



Market Rate Apartment Buildings

- A stunning, three-story Verona Ave entryway into the redeveloped Sugar Creek site
- Two-phase project situated at the northeast portion of Sugar Creek site with access from Verona Ave; construction commencing Fall 2021
- Target market includes young professionals and Downsizers ages 50+
- Total of 142 market-rate apartment units; hard & soft costs estimated at \$10,000,000 per phase with Underground Parking
- Studio, 1B, 2B, 3B units with Monthly Rents ranging between \$1,000 - 2,300
- Exterior finishes include fiber cement siding, brick, and aluminum composite materials. High-end interior finishes include a variety of color schemes through luxury vinyl flooring, plush carpets, stainless steel appliances, solid-surface countertops, backsplash tile, walk-in closets, ceiling fans, USB charging stations, in-unit washer/dryers, and modern light fixtures.
- Amenities include: Community Rooms with kitchenette, fireplace, big screen, WIFI, and games; (2) spacious Fitness Centers complete with top-of-the-line equipment and technology, and (3) other such as putting green, courtyards with gas grills, prep areas, outdoor fire places and seating, keyless entries and security cameras, ice machines, on-site dry service, pet waste stations, and on-site management offices.
- Twenty-percent(20%) covered by owner/developer contribution and eighty percent (80%) financed through the bank. Financially feasible without additional City assistance

Senior and Workforce Housing

142 Affordable units

- 110 Senior units- one and two bedroom
- 32 Workforce Townhomes- all three bedrooms
- ½ of the proposed units- built as one project

Similar Fitchburg application was funded April 28, 2020

Underground parking- maximize site

Units targeted primarily to households earning 50-80% of county median

- \$40,050-\$64,080 two-person households
- \$50,050-\$80,080 four-person households

Project is financially feasible without additional city assistance.

Start construction in August 2021



Conceptual Senior Building



Conceptual Townhome Building

HTC Programmatic Differences

9% HTC Competition

85% affordable / 15% market

Households 30-60% CMI

Significantly more equity than 4%

22% of applications funded in 2020

4% State HTC Competition

- 100% affordable
- Households 30-80% CMI
- Requires more debt for feasibility- higher RE taxes
- 65% of applications funded in 2020
 - Scoring has significantly increased over the three years of the competition

- WHEDA is currently updating their program rules which will affect both the 9% and 4% competitions.
 - 9% projects very sensitive to location-based points
 - 4% projects sensitive to financial feasibility and unit mix
- Northpointe intends to submit a mixed-use 9% project for the Klassik/ Old National Bank site in 2020
 - This application will target households not served at the proposed Sugar Creek, increase taxable basis in TID 9, and push the speculative risk of a 9% project away from the School Redevelopment. Planning for July Concept review

Extending TID 9 to Sugar Creek

	Year	Value added	Mill Rate	Tax Increment	PV
0	2022	\$ 300,000	23.79	\$ 7,137.00	\$7,137
1	2023	\$ 15,500,000	23.79	\$ 368,745.00	\$352,866
2	2024	\$ 26,500,000	23.79	\$ 630,435.00	\$577,308
3	2025	\$ 30,500,000	23.79	\$ 725,595.00	\$635,836
4	2026	\$ 30,805,000	23.79	\$ 732,850.95	\$614,540
5	2027	\$ 31,113,050	23.79	\$ 740,179.46	\$593,958
6	2028	\$ 31,424,181	23.79	\$ 747,581.25	\$574,064
7	2029	\$ 31,738,422	23.79	\$ 755,057.07	\$554,837
8	2030	\$ 32,055,807	23.79	\$ 762,607.64	\$536,254
9	2031	\$ 32,376,365	23.79	\$ 770,233.71	\$518,294
10	2032	\$ 32,700,128	23.79	\$ 777,936.05	\$500,935
11	2033	\$ 33,027,130	23.79	\$ 785,715.41	\$484,157
12	2034	\$ 33,357,401	23.79	\$ 793,572.57	\$467,941
13	2035	\$ 33,690,975	23.79	\$ 801,508.29	\$452,268
14	2036	\$ 34,027,885	23.79	\$ 809,523.37	\$437,121
15	2037	\$ 34,368,163	23.79	\$ 817,618.61	\$422,480
16	2038	\$ 34,711,845	23.79	\$ 825,794.79	\$408,330
17	2039	\$ 35,058,964	23.79	\$ 834,052.74	\$394,654
18	2040	\$ 35,409,553	23.79	\$ 842,393.27	\$381,436
19	2041	\$ 35,763,649	23.79	\$ 850,817.20	\$368,661
20	2042	\$ 36,121,285	23.79	\$ 859,325.37	\$356,313
21	2043	\$ 36,482,498	23.79	\$ 867,918.63	\$344,379
22	2044	\$ 36,847,323	23.79	\$ 876,597.81	\$332,845

\$	16,983,196.20	\$9,283,078
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Pay-Go Discount Rate 0.0450

Long-Term Financial Benefits

- Extending TID 9 vs new 27-year TIF
- PV based on Developer pay-go loan vs City borrowing rate.
- Significant long-term value generated by surrounding uses while including a 2-acre park and public Farmers market space

Verona Partnership

- Development team offering \$1,000,000 to the City to acquire the property
 - For school and land used for housing development
- Requesting TIF or other resources to complete the following: List and estimates below assumes pay-go TIF, all work to be competitively bid and completed by a third-party

Sugar Creek demo	\$650,000	Includes environmental abatement
Church Street extension	\$350,000	Estimate 650 feet of road at 540/ft
Park improvements	\$350,000	Includes shelter, pickleball, fitness space, green space
Parking lot/ lighting	\$250,000	Includes parking for farmers market
Pay-go TIF mgmt fee	<u>\$160,000</u>	10% fee to manage the improvement process
Sub-total	\$1,760,000	

Additional items to be included - unknown environmental remediated and abatement, soft costs, interest, engineering, design approvals, rough grading, utilities, and any additions or upgrades to public spaces desired by the City.

Why Northpointe and Avante Properties?

Exceptional architecture - Proven commitment to unique, creative buildings

Maximizing taxable increment - \$17,000,000 in tax revenue over the remaining 22 years of TID #9.

Providing diverse housing - Senior, Market Rate, and Affordable housing with 4% tax credit project to complement 9% tax credit project at the Classic site. Every type of apartment style (studio, 1 bed, 2 bed, 3 bed, townhouse).

Sustainable Design – Energy efficient materials, green infrastructure, solar compatible. Affordable units will be Wisconsin Green Built Homes Certified.

Private Investment – Purchase price to City of \$1 million plus manageable TIF request. Minimum of \$4 million in private investment in Market rate apartments. Affordable units will generate 13.5 million in tax credit equity.

Central Park – 2-acre park with additional public parking/farmers market lot

Development Team – Local members of the community that successfully own and manage their apartments.

Vison – Fill a housing need for of affordable and luxury apartments. Activate Verona Avenue with exceptional architecture. Connect a transformative Public Space to the rest of the Downtown and City.

Questions?

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