

VILLAGE OF PARDEEVILLE
PARDEEVILLE COMMUNITY DEVELOPMENT AUTHORITY AGENDA
Village Hall – 114 Lake Street, Pardeeville
Thursday, April 27th, 2023 at 6:30 PM

- I. Call to Order
- II. Roll Call
- III. Verification of posting of Agenda
- IV. Agenda Approval
- V. Minutes Approval
- VI. Comments from the Floor
- VII. NEW BUSINESS:
 - A. Heartland Affordable Housing Properties
 - 1. 106 Gillette Street – Parcel #340.02
 - 2. 112 Gillette Street – Parcel #340.03
 - B. CLOSED SESSION under Sec. 19.85(l)(e), Wis. Stats., for the purpose of deliberating or negotiating the purchase of public properties, the investing of public funds, or the conducting of other specified public business, as long as competitive or bargaining reasons require a closed session; specifically, to develop strategies for the sale of lands owned by the Village to 3rd parties.
 - 1. Offers to sell Village land to Heartland Affordable Housing
 - a. 106 Gillette Street – Parcel #340.02
 - b. 112 Gillette Street – Parcel #340.03
 - C. RETURN TO OPEN SESSION to formally dispose of any issues discussed in closed session.
 - D. Possible action on selling Village land to Heartland Affordable Housing
- VII. ADJOURN

Kayla Lindert, Clerk/Treasurer
Posted: 04/25/2023

The Village Hall is accessible to the handicapped. If you require additional assistance, please contact the Village Office no later than 48 hours prior to the meeting date. Phone 608-429-3121. If members are present from other recognized Boards, Commissions, or Committees which may constitute a quorum, the meeting is presumed to be for the above-stated agenda/purpose. An updated agenda may be posted 24 hours before meeting time.

VILLAGE OF PARDEEVILLE
PARDEEVILLE COMMUNITY DEVELOPMENT AUTHORITY MINUTES
Village Hall – 114 Lake Street, Pardeeville
Monday, April 17, 2023 at 3:00 p.m.

Call to Order – Haynes called the meeting to order at 3:02 PM

Roll Call – All committee members present except for Engelmann and Mariah Wendt. Also present is Trustee Michael Babcock and representative for Heartland Affordable Housing, John Stoneman. Village attorney, Paul Johnson, attending virtually.

Verification of posting of Agenda – Lindert stated post in all 3 public places as well as Village website along with packet

Agenda Approval – Motion to approve agenda Henslin/Chapman. Motion carries.

Comments from the Floor – no comments from the floor at this time

NEW BUSINESS:

A. Offers to sell Village land to Heartland Affordable Housing

1. **106 Gillette Street – Parcel #340.02**
2. **112 Gillette Street – Parcel #340.03**

- Haynes started off and gave apology to all involved, getting brought in to a complicated, past agenda item with Village Board
- Woxland gave an update on the past and history with Heartland Affordable Housing; circa 1992
- Haynes questioned Heartland representative, John Stoneman, land value vs. just building value and making investments without the land. Also questioned about tenant rent and having Village of Pardeeville residents being kicked out of their current homes. Rent has been raised each year and between \$620-\$735 and can go to \$1000/month.
- Discussion on subsidized housing after potential sale. John answered with no and also has no potential current buyer. Residual value is \$0
- Discussion on land sale in 2007 and value of land from years past and past offers. Further discussion on tax roll and tax-exempt status. Current lease is \$5200/year and if we do not come to an agreement, Heartland plans to start deferring that payment.
- Discussion on timeline and this being an informational meeting.
- Further discussion on an appraisal and taxes. Woxland questioned the room about square footage of property at 106 Gillette Street. Salmon answered with 693 square feet with 20 units.
- Discussion on use of 106 Gillette St: using this address for the Senior Center and Woxland stated they used this address was used for “meals on wheels” with the County.
- Paul Johnson added final thoughts with lease and meeting rules. Committee discussed timeline and dates to plan availabilities going forward.
- Woxland asked John about management and possible changes in future and going away from subsidized housing. Subsidized housing went away in 2021 or 2022 and discussion on rents impacted. Rents are dictated by the market, not restrictions.

- Tentative dates are next Thursday, April 27th or Tuesday, May 9th. Start times of meetings are 6:30 PM and further discussion about closed session and possible action items.
- Trustee Babcock questioned the room about where the funds can go in our budget upon sale and if the monies are being budgeted by full Village Board, where the money can be deposited. Just wants a legal opinion and assessment.
- Salmon answered with general fund, based on auditor's response. TIF #1 was resolved and when new money would come in, a new designated fund could be created. Salmon inquired with Paul Johnson based on ordinance number. Attorney Johnson referenced state statute for guidance. Staff will research and provide information.

ADJOURN – Haynes adjourned meeting at 3:54 PM

Approved:

Community Development Authority Meeting – April 11, 2006

Call to Order: Chairman Steve Woxland called the meeting to order at 7:07 p.m.

Roll Call: Present members: R. Frederickson, K. Shannon, D. Stilson, S. Woxland and B. Zimmermann. Absent: J. Heitke and V. Wisniewski. Also present were K. Frederickson, Tracey, Becker and Dan Fosdick and John Stoneman of Heartland Properties, Inc.

Agenda Approval/Additions/Amendments: A Zimmermann/R. Frederickson motion approved the agenda as posted.

Secretary's Report: K. Frederickson summarized the minutes of the last meeting which were approved.

Treasurer's Report: K. Frederickson reviewed the land rental agreements and summarized Heartland's financial interests in the Parkview Apartments. Dan Fosdick, Vice President of Heartland Properties, Inc. appeared before the meeting to explain the "Right of First Refusal" that would come up in 2007. The Community Development Authority has the right to purchase the properties at that time, only if Heartland chooses to sell or has another offer to purchase. Fosdick indicated that it is unlikely that they would put the properties up for sale, but they may consider asking to purchase the land that they currently lease from the Housing Authority.

Business from the Floor: None.

Communications: President Woxland signed the renewal of tax exempt status forms to be filed.

Organizational Meeting:

- **Directors:** A motion from R. Frederickson/Shannon installed the Board of Directors for another year: Heitke, Stilson, Wisniewski, Frederickson, Zimmermann, Woxland and Shannon.
- **Officers:** A motion from R. Frederickson; seconded by Stilson and carried approved the following officers: President – Woxland, Vice President – Stilson and Secretary/Treasurer – Wisniewski.

Adjourn: The meeting adjourned at 7:45 p.m. via a Stilson/Zimmermann motion and unanimous vote.

Kathleen S. Frederickson, Acting Secretary

Community Development Authority Meeting – April 5, 2007
Draft – Not approved yet

I. Call to Order: Chairman Steve Woxland called the meeting to order at 6:30 p.m.

II. Roll Call: Present members: Becker, Freiberg, Hosig, Stilson, Wiemer, Wisniewski, Woxland. Also present were Village Interim President Barry Pufahl. John Roth served as Secretary.

III. Agenda Approval/Additions/Amendments: MOTION
BECKER/FREIBERG to approve the agenda as posted. Motion carried

IV. New business: Discussion of the value of the land and the sale of the CDA property. Steve Woxland gave a brief history of the CDA and the situation concerning the Heartland/Parkview Apartments, parcel # 340.02 & 340.03. The TIF District for implemented for industry development, but it was slow to develop. There was a suggestion about having a housing authority. WPL/Heartland came in stating that we needed affordable housing and then industry development might come. They offered "Low Income" housing. There was some tax advantages to WPL/Heartland for this type of development. The Village allowed them to construct these two sets of apartment complexes. The Village owns the land, WPL/Heartland owns the buildings. Woxland explained the "Right of First Refusal". After 30 years, Heartland can sell the complexes, and probably make a lot of money. But the Village still owns the land. It is in Heartland's best interest to buy the land. Heartland got an appraisal of the land. The Village also got an assessment of the land. Heartland's appraisers value of the land is \$60,000 for both lots. The Village assessor came in with \$87,300 for both lots. The land will be worth much more in the future. Again, Heartland will make a lot of money down the road when they sell this when/as/if they own the land (along with currently owning the buildings).

One building has 16 apartment units, and one building has 20 apartment units.

Becker talked to a couple of appraisal companies. They gave him some selling prices of land in the Portage and Pardeeville area.

There is a discrepancy between Heartland and the Village as to the acreage of the land.

Woxland stated Heartland's appraisal of the land is based on the "present value of money", an erroneous assumption as this does not reflect the true value of the property.

Woxland stated that the CDA could come up with our own value for the land.

Becker asked, "do we want to sell the land?" We should decide that first.

MOTION STILSON/ to not sell the land at this time. Motion dies for a lack of a second.

If the land is sold, the CDA/Village could have an "endowment" and/or use the money to make improvements in Pardeeville.

MOTION FREIBERG/WISNIEWSKI to go ahead with the idea of selling the land to Heartland Properties, understanding that the land would not be sold for less than the value assessed by accurate appraisal, with no time limit as to when the sale takes place. Roll call vote: Becker: yes. Freiberg: yes. Hosig: yes. Stilson: yes. Wiemer: yes. Wisniewski: yes. Woxland: yes. Motion carried by a roll call vote of all ayes.

Woxland would like for the CDA to have a value for the land in mind, and set up a meeting with Heartland to discuss/negotiate with them.

Woxland also stated his opinion that we could tell Heartland that the price will go up 10,000 each year, until they decide to buy the land.

Becker stated that we should have a figure in mind: \$200,000 for both lots. Wiemer agreed with the value. Becker stated that if vacant land is selling for \$35,000 for 1/3 acre, \$100,000 per lot is not out of line. Hosig agrees with Becker. Stilson agrees with Becker, but stated that Heartland may or may not want to buy the land at this time. Woxland was thinking more like in the \$300,000 range.

As to the negotiation of the land value, we should be able to back up our reasoning for coming up with this value for the land.

The CDA came up with a consensus of the land value to be able to negotiate with Heartland properties.

The CDA came up with the consensus that we invite Heartland to meet with representatives of the CDA to discuss/negotiate the sale of the land.

MOTION FRIEBERG/BECKER to adjourn. Motion carried.

John Roth, Acting Secretary

The Meeting with Heartland Properties is May 9 at 10:30 am at the Village Hall

Community Development Authority Meeting – May 9, 2007

Draft – Not approved yet

Three representatives from the CDA (Bob Becker, G.P. Wiemer and Greg Freiberg) met with two representatives from Heartland Properties (John Stoneman and Daniel Fosdick). Bob Becker was the spokesman for the CDA.

The purpose of the meeting was to discuss the value of the land (parcel 340.02 and parcel 340.03). The Village owns the land and Heartland Properties owns the buildings and leases the land from the Village. Heartland is interested in purchasing the land from the Village. Their written proposal was for \$61,000 for both lots. The CDA is more interested in \$200,000 for both lots.

The Heartland representatives reminded the CDA that there is a 50 year lease for the land, and there are 36 more years to go on the lease. Heartland currently pays the Village \$5,200 per year. At the end of the lease, the Village will own the buildings. Heartland stated that they based their value of the land on the “comps” that they had done. They stated that the land does not have a lot of value because there are buildings on it. They also stated that Heartland has put a lot of money into improvements on the buildings. In addition, if the Village would sell the land, the entire property would go on the tax roll and generate tax revenue in addition to the Village receiving revenue from the sale.

The CDA representatives stated if there were no buildings on the land, approximately six residential homes sites could be created, and at a conservative estimate of \$35,000 per residential lot in Pardeeville, the land is worth \$200,000. The land (and property) will be of much greater value to Heartland if they own the land. Who would want to purchase this property but not own the land?

The CDA representatives wanted to find out what the assessed value of the land and improvements will be if Heartland (or any organization) would own both the land and the improvements. If Heartland decided to sell the property, what would their asking price be? Does Heartland receive any subsidy from the Federal or State government?

The CDA representatives suggested that Heartland submit in writing a new value, and the CDA would meet to discuss this. The Heartland representatives stated that they would consider this, but they did not think that their suggested value of the land would be in the six digit figure range.

John Roth, Acting Secretary



Michael Haynes <haynmi@gmail.com>

Offer to Purchase - Pardeeville Parkview Senior and Family Apartments

2 messages

Dan Fosdick <dfosdick@heartland-properties.com>
 To: "haynmi@gmail.com" <haynmi@gmail.com>
 Cc: John Stoneman <jstoneman@heartland-properties.com>

Sun, Apr 16, 2023 at 8:02 PM

Mike,

At your request and in preparation for the CDA meeting scheduled for Monday, here is some relevant information relating to the properties and answers to a few questions you posed during our recent conversations.

Property Information

Pardeeville Parkview Senior Apts - 20 units
 Pardeeville Parkview Family Apts - 16 units
 Placed In Service Date - May 1992

Land Lease Terms

Pardeeville CDA owns the land and leases to the properties, pursuant to the terms of the land lease dated 10/1/1992, fixed annual payments in the amounts of \$2,860 and \$2,340. The lease ends on 9/30/2042 at which time the property reverts to Pardeeville CDA.

Terms in Offer to Purchase (OTP)

The OTP is for the land underlying both properties. The purchase price for both lots is \$100,000. The OTP is binding if fully executed on or before April 19th. Upon closing, the land lease agreement with the CDA is terminated and HPI will have fee simple title to the properties.

Why does HPI want to terminate the land lease?

Both properties are now 30-plus years old and major building components will need to be replaced within the next few years, just as would be the case with any aging property. These components include roofs, boilers, water heaters, windows, patio doors, and kitchen cabinets/countertops.

Since there is no excess cash flow being generated to address these major capital expenditures, an infusion of cash will be required when systems and components breakdown. The other but much less desirable approach is to defer replacements and only do what can be done with the dollars the property generates. Managing a property in this manner will, over time, impact the overall appearance of the buildings and overall resident satisfaction. (For the record, in the 30-year history of the property, HPI has taken no distributions.)

Hence, due to the reversion clause in the land lease, there is no financial incentive for HPI to make significant investments to the properties if the end result is that they will eventually revert back to the CDA in 2042.

Does HPI plan to raise the rents after closing to an extent that may displace seniors from their apartments?

The Pardeeville rental market dictates the rents that we charge. Currently, rents range from \$620 to \$735 for a 1BR and 2BR apartment, respectively. At these rental rates, we have been able to sustain occupancy above 95% since 2019. To increase the rents significantly higher would only cause unwarranted vacancy which does not help the cash flow situation that is already tight.

So, to answer the question directly, HPI does not plan to increase rents to a level that will cause displacement of seniors due to affordability.

What are the pros and cons to the CDA's decision to either sell the land or to keep the land lease in place?

The benefit of selling the land is that it gives HPI the incentive to keep Parkview Senior and Family Apartments in good physical condition so it remains an asset to the community at large. Additionally, I assume like most municipalities, the extra dollars added to the budget may provide an opportunity to fund other needed projects.

I have already mentioned the potential downside to the overall appearance of the properties if we need to take a "fix what you can, when you can" approach. Our strong preference is to plan for the future by doing preventative maintenance and

replacements in a timely manner.

If the CDA decides to keep the land lease in place, the property will revert back to the CDA in 2042 in its "as is" condition. Additionally, the CDA will be responsible for the management of the properties. Combined, this could prove to be an unexpected financial burden to the CDA.

Mike, I hope this information is helpful to you and the other CDA committee members in understanding why HPI is motivated to have the OTP executed by the CDA.

Also, to provide additional support tomorrow, John Stoneman, HPI's President, will be attending the meeting.

Regards,

Dan Fosdick
VP Heartland Properties Inc.

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Erin Salmon

Subject: Value of 2 Lots/Buildings

From: Brad Cook <brad.cook@firstweber.com>
Sent: Wednesday, January 25, 2023 11:21 AM
To: Erin Salmon <dpw@villageofpardeeville.net>
Subject: Re: Value of 2 Lots/Buildings

This is what I came up with.

Parcel 340.02 (106 Gillette) = 1.48 acres = \$50,000-60,000
Parcel 340.03 = (112 Gillette) = 1.12 acres = \$30,000-40,000

Those are rough and tough for land value given the price of other lots currently for sale in the Village.

The buildings:

106 Gillette = 20 units at 693 sq ft each. Valued at \$120 per sq foot = \$1,663,200
112 Gillette = 16 units at 822 sq ft each. Valued at \$120 per sq foot = \$1,578,240

My best guess is that the buildings would sell for less than that. Maybe \$1m-\$1.25m each.

If the Village needs more accurate numbers on the buildings, then I would have them appraised to see what the appraiser comes up with. That number will need to be known if being bought or sold and utilizing financing anyways. Appraisal costs likely \$650 each maybe more for larger buildings.

Please let me know how else I can help, but this should give at least ball park info to go from.

Brad



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Cell: 608-697-1713
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From: Erin Salmon <dpw@villageofpardeeville.net>
Sent: Tuesday, January 24, 2023 4:38 PM
To: Brad Cook <brad.cook@firstweber.com>
Subject: Value of 2 Lots/Buildings

Hi Brad,

Please see the attached map. For these 2 parcels, the Village owns the land, but another entity owns the buildings. It was created back in the mid 80's I believe, as part of TIF #1 for the Village.

How would you value this property? The value for the land and then the value for the buildings? One building is a 16 unit, the other is a 22 unit I think. Anything you can provide is something for us, as a starting point.

Thanks much!

Erin M. Salmon, P.W.M.

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"A mistake which makes you humble, is much better than an achievement that makes you arrogant."

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