



City of Beaver Dam, Wisconsin

Thursday, January 20, 2022

From the Office of the Mayor

January 20, 2022

Mr. Russell Kottke
Chairperson
Dodge County Board
127 East Oak Street
Juneau, WI 53039

Dear Chairperson Kottke,

In response to your December 9, 2021, communication, please accept this letter as a formal request for an allocation of Dodge County ARPA funds to the City of Beaver Dam. Beaver Dam is proposing a city/county partnership which would facilitate the development of an affordable housing project in our community. Project information is as follows:

Project Description

In 2018 the City of Beaver Dam worked collaboratively with Dodge County to acquire adjoining tax delinquent, contaminated properties in the heart of downtown Beaver Dam. The proposed project would once again provide an opportunity for the city and the county to collaborate and assist with funding the redevelopment of these blighted properties.

Kaba Baal, LLC (Madison, WI based developer) is proposing to acquire and remediate this contaminated site in downtown Beaver Dam for the purpose of constructing sixty affordable housing units. The project would consist of three phases.

Phase one would include the construction of eighteen owner occupied condominiums. Typical units in a planned three-story building would be 1,000 square feet in size and offer two bedrooms and two bathrooms. The projected sales price for the units is \$225,000. Planned development amenities include underground parking, a rooftop terrace and green space areas. High-end construction finishes would contribute to the city's ongoing downtown improvement efforts.

Phase two would be a near duplication of phase one. An additional eighteen owner occupied condominiums with similar unit layouts, facility amenities and price points are planned.

Phase three would consist of twenty-four residential rental units sitting atop ground level commercial space with underground parking.



City of Beaver Dam, Wisconsin

A project rendering can be found at the end of this document.

Based on applied WHEDA guidelines, all sixty of the proposed residential units would be categorized as affordable housing in Beaver Dam.

For this project to be feasible and provide affordable housing units, significant levels of public funding would be required.

Project Timeline

The developer would like to commence phase one construction activities in 2022, phase two activities in 2023 and phase three activities in 2024.

Project Funding

All-inclusive phase one project costs are budgeted at \$5.75 Million. Phase two costs are estimated at \$5.9 Million. Phase three costs are planned to be \$8.0 Million.

Phase one costs would be funded with a combination of developer secured financing, state environmental clean-up funds, city contributions and county contributions. City contributions to phase one of the project are projected to total \$1,000,000. City project investments would take the form of site conveyance for \$1 and a \$850,000 forgivable loan to be funded upon project completion. The requested county contribution to the project's first phase would be \$850,000. County funds could either be channeled through the city or provided directly to the developer upon project completion in the form of a forgivable loan.

Phase two costs would be funded with a combination of developer secured financing, city contributions and county contributions. City contributions to phase two of the project are projected to total \$850,000. The city investment would again be in the form of a forgivable loan to be funded upon project completion. The requested county contribution to the project's second phase would be \$1,000,000. As was the case with phase one, county funds could either be channeled through the city or provided directly to the developer upon project completion in the form of a forgivable loan.

Phase three costs would be funded with a combination of developer secured financing and federal/state tax credit programs. No city or county contributions would be requested for phase three activities.

A summary project budget is attached to this letter.

In total, the city and county would be making equal \$1,850,000 investments in the proposed affordable housing/blight elimination project. The dollar total of the city's potential TID originated contributions to the project would exceed the amount of ARPA funds directly designated to the city.



City of Beaver Dam, Wisconsin

Detailed development agreements would be put into place to protect the interests of both Dodge County and the city of Beaver Dam.

Please note that all proposed city involvement in the potential project is subject to the consideration and approval of appropriate city governing bodies.

ARPA Fund Utilization

Requested county ARPA fund contributions would be used to close the proposed project's financing gap. Absent county participation, the proposed project does not appear to be feasible. A financing gap analysis is attached to this letter. Specific fund uses would include environmental clean-up activities, water and sewer construction and owner-occupied affordable housing construction.

County/City Partnership Benefits

Dodge County and the city of Beaver Dam would each benefit greatly from the proposed project.

The county would realize an addition of 60 much needed affordable/workforce housing units for its residents. The need for such housing on a county-wide basis has been stressed by area businesses and their valued employees. Many of these businesses and workers have been significantly impacted by the pandemic. In addition, the county would realize a sizable addition to its tax base. The total projected project construction cost of \$19.6 Million would translate to additional county property tax revenue year after year in the future.

The city would realize similar project related benefits. In addition, the proposed development would serve as another catalyst in Beaver Dam's ongoing downtown redevelopment efforts. Recent additions of retailers, restaurants, park space and upgraded infrastructure have breathed new life into the city's downtown area. Replacing a blighted, environmentally contaminated site with attractive affordable housing will provide added momentum to the area's transformation and continued growth.

Project letters of support are attached to this communication.

Proposed Project's Adherence to ARPA Requirements & Guidelines

Based on a thorough review of available ARPA requirements and guidelines, the proposed project appears to provide an ideal use of county ARPA funding. Affordable housing is noted repeatedly as an allowed use of funding. Further, the improvement of vacant properties, remediation of environmental contaminants and the conversion of such properties to affordable housing are highlighted as allowable uses of ARPA funding. Finally, many of the residents and businesses that would benefit from this project were negatively impacted by the pandemic.



City of Beaver Dam, Wisconsin

The city of Beaver Dam values its relationship with Dodge County. We look forward to having the opportunity to partner on this much needed project. Please contact me with any questions or further information needs.

Thank you for your consideration,

Rebecca Glewen

Mayor



BEAVER DAM
Life is good
here

City of Beaver Dam, Wisconsin

USES				
Use	Amount			
Aquisition Costs	PHASE I	PHASE II	PHASE III	TOTAL
Land & Improvements	\$ 0.33	\$ 0.33	\$ 0.34	\$ 1.00
Buildings	\$ -	\$ -	\$ -	\$ -
Other (Specify)				\$ -
Construction Contract & Hard Costs				
New Construction/Rehabilitation	\$ 3,773,200.00	\$ 3,871,640.00	\$ 5,236,000.00	\$ 12,880,840.00
Contractor Fees	\$ 83,010.40	\$ 85,176.08	\$ 115,192.00	\$ 283,378.48
Hard Cost Contingency	\$ 377,320.00	\$ 387,164.00	\$ 523,600.00	\$ 1,288,084.00
Demolition	\$ 113,196.00	\$ 116,149.20	\$ 157,080.00	\$ 386,425.20
Site Work	\$ 75,464.00	\$ 77,432.80	\$ 104,720.00	\$ 257,616.80
Other (Specify)	\$ 15,092.80	\$ 15,486.56	\$ 20,944.00	\$ 51,523.36
Soft Costs				
Architect	\$ 90,556.80	\$ 92,919.36	\$ 125,664.00	\$ 309,140.16
Engineering	\$ 37,732.00	\$ 38,716.40	\$ 52,360.00	\$ 128,808.40
Building Permits	\$ 18,866.00	\$ 19,358.20	\$ 26,180.00	\$ 64,404.20
Builder's Risk Insurance	\$ 26,412.40	\$ 27,101.48	\$ 36,652.00	\$ 90,165.88
Tap/Impact Fees	\$ 5,093.82	\$ 5,226.71	\$ 7,068.60	\$ 17,389.13
Survey	\$ 7,481.46	\$ 7,743.28	\$ 10,472.00	\$ 25,696.74
Environmental	\$ 6,414.44	\$ 6,581.79	\$ 8,901.20	\$ 21,897.43
Market Study	\$ 5,282.48	\$ 5,420.30	\$ 7,330.40	\$ 18,033.18
Appraisal	\$ 5,659.80	\$ 5,807.46	\$ 7,854.00	\$ 19,321.26
Accounting/Audit	\$ 26,412.40	\$ 27,101.48	\$ 36,652.00	\$ 90,165.88
Legal Fees	\$ 37,732.00	\$ 38,716.40	\$ 52,360.00	\$ 128,808.40
Title and Recording	\$ 18,866.00	\$ 19,358.20	\$ 26,180.00	\$ 64,404.20
HFA Fees	\$ -	\$ -	\$ -	\$ -
Consultant Fees	\$ -	\$ -	\$ -	\$ -
Guarantee Fees	\$ -	\$ -	\$ -	\$ -
Marketing/outreach	\$ 13,206.20	\$ 13,550.74	\$ 18,326.00	\$ 45,082.94
Soft Cost Contingency	\$ 75,464.00	\$ 77,432.80	\$ 104,720.00	\$ 257,616.80
Other (Utilities During Construction)	\$ 15,092.80	\$ 15,486.56	\$ 20,944.00	\$ 51,523.36
Financing Fees				
Interim Interest	\$ 199,979.60	\$ 205,196.92	\$ 277,508.00	\$ 682,684.52
Interim Loan Orig. Fee(s)	\$ 54,711.40	\$ 56,138.78	\$ 75,922.00	\$ 186,772.18
Construction Period Taxes	\$ -	\$ -	\$ -	\$ -
Other (Specify)	\$ -	\$ -	\$ -	\$ -
Permanent Financing Costs				
Permanent Loan Orig. Fee	\$ -	\$ -	\$ -	\$ -
Title and Recording	\$ -	\$ -	\$ -	\$ -
Application/Reservation Fees	\$ -	\$ -	\$ -	\$ -
Legal Fees	\$ -	\$ -	\$ -	\$ -
Other (Specify)	\$ -	\$ -	\$ -	\$ -
Project Uses After Completion				
Operating Reserves/Holding Cost	\$ 49,051.60	\$ 50,331.32	\$ 68,068.00	\$ 167,450.92
Developer Fee	\$ 196,206.40	\$ 201,325.28	\$ 272,272.00	\$ 669,803.68
Deferred developer Fee	\$ 196,206.40	\$ 201,325.28	\$ 272,272.00	\$ 669,803.68
Sales costs/Other	\$ 226,392.00	\$ 232,285.82	\$ 314,160.00	\$ 772,837.82
Total Uses	\$ 5,750,103.53	\$ 5,900,173.53	\$ 7,979,402.54	\$ 19,629,679.60

Sensitivity Test				
	PHASE I	PHASE II	PHASE III	TOTAL
Number of units	18	18	24	60
Avg. Sale per key	\$225,000.00	\$225,000.00	N/A	
Average unit size (sqft)	1000	1000	1000	
BD City funds	\$850,000.00	\$850,000.00	\$0.00	
BD Avg. Cost per key	\$166,400.00	\$166,400.00	\$166,400.00	
BD Adjusted cost per key	\$200,000.00	\$200,000.00	\$200,000.00	
BD Adjusted cost per sqft	\$225.00	\$225.00	\$200.00	
Analysis				
CONSTRUCTION COST	\$ 5,750,103.53	\$ 5,900,173.53	\$ 7,979,402.54	\$ 19,629,679.60
Const. cost per key	\$ 319,450.20	\$ 327,787.42	\$ 332,475.11	\$ 327,161.33
Const. cost per sqft	\$ 319.45	\$ 327.79	\$ 332.48	\$ 327.16
Avg. gap per sqft	\$ 94.45	\$ 102.79	\$ 132.48	\$ 109.90
(Avg. gap - City funds) per sqft	\$ 47.23	\$ 55.57	\$ 132.48	\$ 78.42
(Avg. gap - City funds) per Phase	\$ 850,103.53	\$ 1,000,173.53	\$ 3,179,402.54	\$ 5,029,679.60



City of Beaver Dam, Wisconsin



205 S. Lincoln Ave, Beaver Dam, WI | 920-887-4600 | www.cityofbeaverdam.com

Beaver Dam

UNIFIED SCHOOL DISTRICT

Guiding students. Empowering futures.



January 20, 2022

Mr. Russell Kottke, Chairperson
Dodge County Board
127 East Oak Street
Juneau, WI 53039

Dear Chairperson Kottke,

As the Superintendent of the Beaver Dam Unified School District, I am writing to express my support for the City of Beaver Dam's request for Dodge County ARPA funds to be allocated towards a housing development on South Center Street in Downtown Beaver Dam. It is my understanding that this project would result in housing that is positively reflective of some of the types of residency opportunities we hope to provide.

As you are aware, the Beaver Dam area has a workforce and associated housing shortage. In addition, some of the housing that is available, does not always lend itself to residents that are going to commit to living and working in the region for an amount of time that could and should bring stability to our market. Improved housing opportunities not only support employers, they support a greater level of resident stability that can have a positive impact on the students we serve as a district. A lack of quality housing opportunity can often lead to more transient residency, which can have a counter-productive impact on the education of children.

While generally speaking, I am most supportive of single-family housing, I am fully aware that improved housing experiences, such as the aforementioned, provide a very beneficial step toward an overall improvement in housing that can and should benefit both employers and our schools throughout the region. I humbly request that the Dodge County Board of Supervisors support this step by placing the opportunity for increases in improved housing in the Beaver Dam and Dodge County area as a whole on your priority list for financial support through ARPA Fund allocation. Thank you in advance for your consideration. Should you have any questions, please do not hesitate to contact me at (920)885-7300, ext. 1111 or distefanom@bdusd.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark DiStefano', with a long horizontal flourish extending to the right.

Mark DiStefano
District Superintendent

Educational Services Center • Mark DiStefano • Superintendent

705 McKinley Street • Beaver Dam, WI 53916 • bdusd.org • Phone: 920.885.7300 • Fax: 920.885.7305



January 17, 2022

Mr. Russell Kottke
Chairperson
Dodge County Board
127 East Oak Street
Juneau, WI 53039

Dear Chairperson Kottke,

On behalf of the Beaver Dam Area Chamber of Commerce and its membership, I am writing to express our enthusiastic support for the City of Beaver Dam's request for Dodge County ARPA funds to be allocated towards a housing development on South Center Street in Downtown Beaver Dam. A priority needs to be given to housing in the use of these ARPA funds, as it is our best opportunity to help attract the workforce our city and county businesses desperately need.

Beaver Dam has a workforce housing shortage. Wisconsin, as-a-whole, is not building enough housing to keep up with demand of a growing workforce. *Our existing housing stock is aging, and construction prices and housing costs are rising faster than inflation and incomes...compared to our neighboring states, we have the highest rate of extreme rental cost burden for lower-income families and the second highest rate of extreme cost burden for lower-income homeowners. (2019 Wisconsin Realtors Association Report – Falling Behind.)*

Finding a developer to take on an affordable housing project in Beaver Dam is not easy, but fortunately the City has found one. However, there is a gap in financing that needs to be obtained in order to bring these 60 housing units to reality. With Dodge County's aging population, we need to attract a younger workforce, so our businesses stay in Dodge County and our tax base does not diminish. In addition, this project will revitalize a blighted area of our downtown and increase foot traffic to the neighboring small businesses that were so negatively affected by Covid.

We request that the Dodge County Board of Supervisors put our county in the forefront of labor attraction in Wisconsin by making this housing project, and others, a priority to ensure Beaver dam and Dodge County has a workforce to sustain our businesses and communities. Thank you in advance for your consideration. Should you have any questions, please do not hesitate to contact me at 920.887.8879 or tpropst@beaverdamchamber.com.

Kind Regards,

Tracy M Propst
Executive Director



January 20, 2022

Mr. Russel Kottke
Chairperson
Dodge County Board
127 East Oak street
Juneau, WI 53039

Dear Chairperson Kottke,

I am writing to express our enthusiastic support of plans that help provide affordable housing in the community of Beaver Dam and Dodge County. We know the challenge of affordable housing is one that is widespread, and finding solutions for good, hardworking members of the community is a worthwhile endeavor. Our plans at Richelieu Foods includes a commitment to the community and the workforce that supports our business, and creating opportunities for more people is the right thing for us and the area.

Kind Regards,

Brian Fox

CEO, Richelieu Foods