

Community & Economic Development Committee  
Wed, Mar 09, 2023 4:30PM

**Alderson Nate Wolff (District 12) 05:36**

Moving on to our last action item 23-0211 request to approve the city of Appleton increase its current selling prices for business industrial park land and hold option fees described in the attached documents.

**Alderson Vaya Jones (District 10) 05:53**

Move to approve.

**Alderson Israel Del Toro (District 4) 05:54**

Second.

**Matt Rehbein (Economic Development Specialist) 05:55**

All right. So, we're moving out of the downtown to our Southpoint Commerce Park. So, we bring this through once a year. I do a survey of ask prices, recent sale prices, take a look at demand for our industrial land, to come up with some pricing recommendations.

**Alderson Nate Wolff (District 12) 05:55**

Matt?

**Matt Rehbein (Economic Development Specialist) 06:18**

We've been at \$40,000 an acre for a number of years. As you well know, we've been selling land pretty well, and we have not had anyone really balking at that \$40,000. And looking at some of the comparables and some of the other ask prices, when adjusted for the fact that there may be wetlands or they may not be as fully served with utilities, or they may not be quite as ready to build as our sites, I think that we're in a position where we could raise our prices, we're recommending to \$43,000 an acre. I think that's still a fair price. That's still actually a discount compared to what a private developer would be paying for land. But at 43 an acre, that's the recommendation that we're making.

**Matt Rehbein (Economic Development Specialist) 07:04**

The other thing that I've added this year, and I've just added it because we've had the question come up a few times with respect to real estate commissions. Historically, we have paid an 8% real estate commission to a procuring broker, licensed real estate agent, who's brought a deal to us. We would like to continue that, and basically, we're just affirming that and here. We've found that the brokerage community probably brings half the deals, if not more, to the city. And so that's a great partnership that we have, and it certainly is incentive for them to keep doing business with us. 8% is market rate for raw land sales. And so we're recommending that we reaffirm the 8% commissions for procuring brokers.

**Matt Rehbein (Economic Development Specialist) 07:04**

The other two things that we're addressing in this are the option fees. So we don't have too many options come through. But when they do, we charge 2% of the purchase price per year for lots in excess of five acres, and 1% for lots under five acres. And we established that price. And a few years back, the idea is for some of those smaller businesses or for those folks who are looking to upgrade from their 10,000 square foot building to the 20 or 30,000 square foot building—we don't want to make it too onerous and put, you know—so we have the 1% on those smaller lots. Those are more likely to be the smaller, privately held businesses. Where the larger

lots are more likely to be the larger corporations that are better able to absorb that to option those lots. So, we're recommending that we hold the option fee.

**Alderson Israel Del Toro (District 4) 08:53**

Quick question. About how much land does the city have that would sell at approximately \$43,000 per acre?

**Matt Rehbein (Economic Development Specialist) 09:01**

We currently have 51 acres that are not under contract in the existing developed portion of Southpoint, basically, between Eisenhower and just west of Quest. There's an additional 30 acres that is under contract with F Street Development right now. That I think is under contract at 38 or \$39,000. I'd have to double check that. That contract's a little bit older.

**Matt Rehbein (Economic Development Specialist) 09:31**

We are also talking about developing the area between Coop and Eisenhower or just to the east of what we currently have built out. But that land is not yet available. We'll be seeing that in this coming budget. Probably we'll be looking to develop that in 2024. And then we'd have available inventory there. But right now, we have 51 acres available.

**Alderson Israel Del Toro (District 4) 09:56**

Follow up question there. What does a comparable acreage go for if it was sold privately?

**Matt Rehbein (Economic Development Specialist) 10:07**

So, we've got a number of comparables attached to the memo here and it it—the short answer is it depends. You really need to adjust for a number of factors as far as proximity to the freeway, utilities that are brought to the site, are there any wetlands?

**Alderson Israel Del Toro (District 4) 10:30**

Is this a price comparison PDF? Sorry, I'm just trying to find this.

**Matt Rehbein (Economic Development Specialist) 10:33**

Yeah, it would be Exhibit A as the industrial land sale comparison. And when I put those together, if you look on the right hand column, I've just kind of made some notes. Like for example, there's a parcel in the Northeast business park that privately sold but part of that had wetlands on it, and so it's not fully usable. The one in Grand Chute in their Southwest Park, the consolidated court property, that was sold for \$98,000 an acre. That could also be used for office, which is not an option in the Southpoint Commerce Park. The one on Evergreen in Grand Chute, that one's not too dissimilar. Some of these others are in Southpoint. There's a rundown going back a number of years, as far as private sales. I tried to select ones that are as close as we could find to what's comparable. And then I also ran that past our assessor's office and asked if they had any additional comparables to put in there when I when I look at this every year,

**Alderson Israel Del Toro (District 4) 11:42**

Just given the current rate of the market, it just—43 Sounds a little low to me. But if you think that's...

**Matt Rehbein (Economic Development Specialist) 11:52**

So historically, we've tried to stay a little bit below market. So, your gut feel is correct. The idea is that we want to get these get these built upon and have tax base in them. And so that's intentional that we have these prices a little bit low.

**Matt Rehbein (Economic Development Specialist) 12:12**

The other thing to keep in mind is we cannot provide any sort of Tax Incremental Financing incentive as TIF six is closed as of January 1 of this year. So really the only tool that we have in terms of negotiating is price right now. We aren't able to provide any other sort of incentive.

**Aldersperson Israel Del Toro (District 4) 12:31**

Thanks, Matt.

**Aldersperson Nate Wolff (District 12) 12:36**

All those in favor say aye. Aye. Those opposed? The ayes have it.

**Aldersperson Nate Wolff (District 12) 12:43**

All right. No informational items. Moving on to number seven.

**Aldersperson Israel Del Toro (District 4) 12:48**

Move to adjourn.

**Aldersperson Nate Wolff (District 12) 12:49**

All those in favor say aye. Aye.