



MEMORANDUM

TO: Community and Economic Development Committee (CEDC)

FROM: Kara Homan, AICP, Director of Community & Economic Development

DATE: May 18, 2023

RE: Request Approval of the Development Agreement between the City of Appleton and Fox Commons Properties, LLC

Fox Commons Properties, LLC (Developer) is requesting assistance to support their proposed transformation of City Center Plaza into a mixed-use center (Fox Commons) comprised of housing, supportive services, healthcare, retail and commercial businesses uses. Exhibit B of the proposed Development Agreement illustrates conceptual façade renderings for the “Fox Commons” project. When complete, the project will serve as a catalyst to transform the City’s downtown district, and spur on additional reinvestment in the heart of the City of Appleton. Said project, and corresponding development agreement, is in alignment with the City’s Comprehensive Plan (in particular, Chapter 14: Downtown Plan), and College North Neighborhood Plan.

The proposed project would be on the following parcel zoned CBD Central Business District: 31-2-0290-01.

The cost of the project is stated at \$33.6 million. The City Assessor estimates the assessed value of the project once completed to be \$17.3 million. The differential in construction cost versus assessed value is primarily caused by a future owner of Condominium Unit 2 (~35,000 sq. ft.) of the proposed condominium non-profit/tax exempt entity. Sections 3.1 and 3.3 of the agreement mitigate any future financial risk to the City should there be any conversion to future tax exempt status within the project, beyond Unit 2.

Developer requests Pay-As-You-Go TIF support, constituting a total revenue stream of \$4,357,550 over time. Based on the analysis of current value of the property, projected value of the property, and review of proposed expenses, TIF District #11 would invest ninety percent (90%) of the annual increment created (an estimated value of ~\$301,500 per year). In net present value terms, this amounts to a total contribution of \$2,511,196 (NPV), or 16.39% of the total increment created (\$15,321,100).

In addition to provisions for financial contribution, City staff looked to the above-referenced City plans, as adopted by the Common Council, to guide negotiations to secure additional provisions that benefit the City, and overall health and well-being of our downtown district. Provisions of this nature include:

- Pedestrian easement to allow for access between City Center East and West, and City Center Street and College Avenue (see Sec. 1.9).
- Pedestrian orientation and overall aesthetics of first level entrance and tenant spaces adjacent to College Avenue, and the main entrance to City Center Street (see Sec. 1.6, 1.7, 1.8).
- Prohibition of conversion of any housing units to Tourism Room Houses (aka VRBOs, see Sec. 1.10)

Staff Recommendation:

The Development Agreement between the City of Appleton and Fox Commons Properties, LLC **BE APPROVED.**

cc: Jeri Ohman, Finance Director
Chris Behrens, City Attorney