

## Clark Street Residential Development

### Summary Note

6/12/23

Marsh Communities has secured an option to purchase on the southern 5 acres at 305 S Clark Street. At the current zoning Marsh could create four 1.25 acre lots for single family residential development. The City of Mayville Planning Commissions has indicated they would like to maximize the number of residential units that could be constructed on the 5-acre parcel.

Marsh Communities has created a preliminary map that would create 14 one & two family lots. This level of density would require the creation of a PUD and the construction of a road and other necessary infrastructure. The land purchase and the construction costs of the roadway and infrastructure is prohibitive for a private developer as the costs greatly exceed the eventual revenue from the sale of the 14 new residential parcels.

In previous public meetings Marsh Communities has asked for conditional approval of the enclosed map to continue discussion with the City of Mayville to facilitate the installation of the roadway and infrastructure.

Marsh Communities has evaluated the possible methods to facilitate the creation of the PUD and funding of the roadway and infrastructure costs. The following are the results of their findings.

1. The creation of an upfront or pay-go TIF arrangement through a development agreement. This is impractical for several reasons.
  - a. Pay Go TIF cannot be used for residential lot development.
  - b. An up-front TIF with the cost of a road and infrastructure being reimbursed after its constructed will create a tax burden for the developer that would make the project uneconomical. The associated tax burden of the incentive realized in year 1 would be in excess of any projected profit.
2. The creation of a public private partnership.
  - a. A new entity would be created for the development. The city would contribute the roadway and utility infrastructure and the developer would contribute the land to the entity. The City would benefit from the long-term tax revenue and additional housing growth, the developer would realize a predetermined fee for each lot sold.
  - b. The option would likely require significant legal and administrative work to create and operate the entity until all lots are sold.
3. The city constructions the roadway and utility infrastructure funded within the current TID #6. The developer agrees to create, market and build homes on the 14 lots.
  - a. An additional impact to the project is city ordinance #355-4 E. (1) that disallows the city from creating a benefit for a single entity, instead the entity must create the benefit, in this case the road and infrastructure, and then the city may reimburse the entity. The developer contends the roadway benefits the city by creating an additional ten (10) lots of housing as opposed to the creation of just four (4) lots that would not require any new roadway or infrastructure. The construction of the roadway and utility

infrastructure and the increased number of one and two family lots through the new roadway and utilities will meet the TID's goals of producing economic benefits as measured by increased employment, business and personal income, and property value.

- b. It is acknowledged that TID #6 requires amendment to allow for the construction of new roadways.

Marsh Communities is willing to work with the city to create additional residential parcels to increase living opportunities in the City of Mayville, but the window to arrange this agreement is brief (less than six months to finalize) as Marsh Communities is working with the current landowner to obtain a timely closing.

We are requesting conditional approval from the Planning Committee for the creation of a PUD on 5 acres of land located on Clark Street - the southern half of 305 S Clark Street (See the attached lot layout sketch). The preliminary plan of the PUD will include:

- 14 one or two home lots
- required grading, storm-water management, utilities and roadway built by the City of Mayville
- requested setbacks for the lots include a 25' front, 25' rear and a 5' for the sides
- the new roadway to match Alphyll Lane in dimension and construction specifications.

With preliminary approval the developer will work with the City of Mayville to secure the following:

- adjustments to the TID district as required
- cost effective roadway construction
- tax increment increase calculations
- development agreement
- other necessary documents
- final review of lot and zoning requirements with the planning committee.

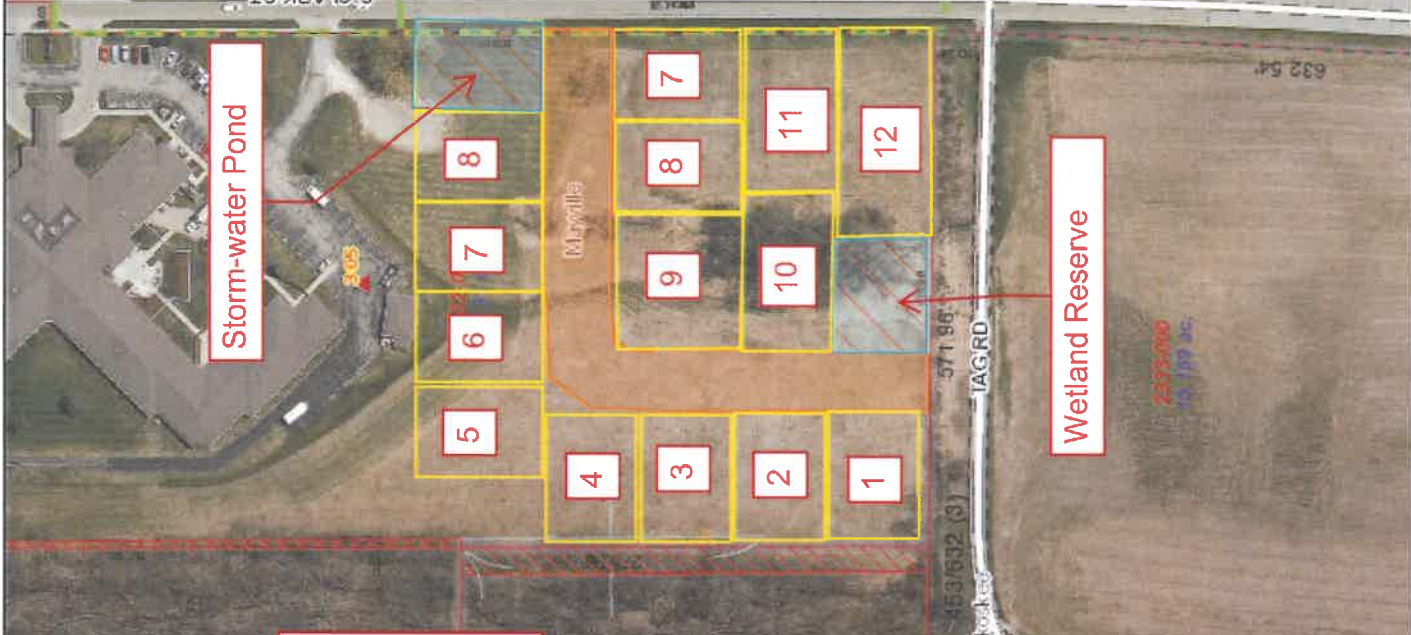


Storm-water Pond

Wetland Reserve

12  
- 8,000 SF lots,  
and preliminary  
roadway layout.

2 line commences at  
the 475.15, but feet that  
having distance of 475.35) or  
15' or 10th line which would  
city boundary of Mayville and  
showing the east line being



Clark Street Residential TIF Calculations

Lot	Zoning	Land Value	Residential Value	Total Value	Projected Annual Taxes
1	1 or 2 Family	\$45,000	\$300,000	\$345,000	\$5,127.12
2	1 or 2 Family	\$45,000	\$300,000	\$345,000	\$5,127.12
3	1 or 2 Family	\$45,000	\$300,000	\$345,000	\$5,127.12
4	1 or 2 Family	\$45,000	\$300,000	\$345,000	\$5,127.12
5	1 or 2 Family	\$45,000	\$300,000	\$345,000	\$5,127.12
6	1 or 2 Family	\$40,000	\$300,000	\$340,000	\$5,052.82
7	1 or 2 Family	\$40,000	\$300,000	\$340,000	\$5,052.82
8	1 or 2 Family	\$40,000	\$300,000	\$340,000	\$5,052.82
9	1 or 2 Family	\$40,000	\$300,000	\$340,000	\$5,052.82
10	1 or 2 Family	\$45,000	\$300,000	\$345,000	\$5,127.12
11	1 or 2 Family	\$40,000	\$300,000	\$340,000	\$5,052.82
12	1 or 2 Family	\$45,000	\$300,000	\$345,000	\$5,127.12
13	1 or 2 Family	\$40,000	\$300,000	\$340,000	\$5,052.82
14	1 or 2 Family	\$45,000	\$300,000	\$345,000	\$5,127.12
<b>Totals</b>		<b>\$515,000</b>	<b>\$3,600,000</b>	<b>\$4,800,000</b>	<b>\$71,333.86</b>

Assumes 5 year hold period - 3 sales per year for 5 years, or \$153,000 of land sales & \$960,000 of land and building improvement value per year.

Total Tax Revenue without escalation at 13 Years

13 \$927,340.17

Development Budget

Marsh Communities

Land Purchase	\$150,000
Environmental Survey	\$3,000
Soil Testing	\$14,000
Survey	\$24,000
PUD Legal and Engineering	\$45,000
Project Management	\$50,000
Holding and Finance Costs	\$41,300

Total Sales Revenue

Net Return

Marsh Communities Total \$327,300 \$515,000 \$187,700

City of Mayville

Road and Utility Construction	\$712,841
Engineering Fees	\$50,000
Consultant and Finance Costs	\$30,000
Project Management	\$40,000

Total Return To the City

Net Return

City Of Mayville Total \$832,841 \$927,340 \$94,499

Total Tax Revenue to City \$927,340

Net Return to City \$94,499

Annual Return to City after the Closure of TID

\$11,199.42

Annual Return to City of Mayville School District

\$53,001.06

Tax Rate Calculation

Address	Land Value	Improved Value	Total Value	2022 Taxes	Percentage
402 S Clark Street	\$27,000	\$186,000	\$213,000	\$3,165	1.49%