

## **The Farm at River Hills Development Narrative**

**Uniqueness of Property and Location.** The location of the subject property within the Village and the current condition of the property create a unique opportunity for development. The approximately 55-acre site is currently owned by Randle River Hills Partners and operates as a farm. The property is bound by Greenbrook Road to the north, Brown Deer Road to the south and bordered by a synagogue to the west and 1 and 2-acre single family homes to the east. The property is currently improved with a small house that is rented, a metal shed building and a dilapidated barn. Several degraded, compromised wetlands are found on the southeast and northwest areas of the property.

The site is unique in that it is one of only a few sites in the Village that is adjacent to institutional and commercial uses. A synagogue and church border the property to the west. The Lynden Sculpture Garden is located south of the property. The property is located just north of Pampered Produce, an operating organic farm offering farm-to-table dinners and organic produce for sale. The University School is located less than 1 mile north of the property. The property has over 1,700 linear feet of frontage on Brown Deer Road, a six-lane state highway. It should also be noted that the only 1-acre and 2-acre lot size subdivisions in the Village are located due east and south of the property.

**Evolving Concept Plan.** Our concept plan has gone through several iterations as we worked to incorporate input from the community, while maintaining the architectural and ecological integrity of the project. Each revision reduced the density of the development and increased the amount of green space. The original concept plan was designed by our architects and considered an agrihood, that is, a mixed-use residential development with a roughly 10-acre commercial, organic farm. The concept plan consisted of two senior living sites, approximately 200 luxury apartment units contained in two-story and three-story buildings, twenty-eight (28) “farmhouse” duplex concepts and eleven (11) single-family home lots fronting Greenbrook to the north. A standalone clubhouse housed our leasing staff, clubroom, demonstration kitchen, workout facility and pool. The original design also contemplated providing water to the development through the drilling of six private wells. A roughly 750,000-gallon reservoir was designed to hold water for fire suppression needs. The private well system and reservoir was an extremely costly design and in turn drove the need for the density of the development.

This concept plan was presented in a neighborhood meeting to over 100 River Hills residents. Among other objections, residents felt the density of the development was too high for their community. They also expressed concern that a large well system could have a negative impact on existing nearby wells and the aquifer more generally. We also heard concerns that our development would negatively impact

the environmental condition of the site, destroying habitat for wildlife and significantly altering the rural tradition of River Hills.

Our second concept was designed by Applied Ecological Services, one of the nation's top ecological firms, and was based on preserving and enhancing the environmental condition of the site. We reduced the density of the development by half and strategically positioned the buildings to minimize the impact to wetlands and to utilize existing topography. The reduced density was made possible by eliminating the cost associated with a private well system and implementing a strategy to bring public water from Brown Deer Road to the site. Public water would be paid for through the use of tax incremental financing. Input received from the community on this concept plan was that the development was still too dense.

Our concept plan today currently consists of 154 apartment units and a standalone clubhouse. It includes a mixture of one-bedroom, two-bedroom and three-bedroom luxury apartment units contained in five (5) three-story buildings. The community is designed to preserve and enhance the rural, agrarian tradition of River Hills. First, the development seeks to maximize the amount of green space on the site by reducing the size of the project and impacted area. Our proposal today preserves more than 90% of the site for green space, making it one the "greenest," low-density developments in Wisconsin. The minimal impact area of the development creates an opportunity for considerable setbacks and landscaped buffers to mitigate view corridors into the community from nearby properties. Setbacks range from over 110 feet on Brown Deer Road to over 900 feet to the northwest. The massive open space area will be returned to its natural condition with native prairie grass and tree plantings. We will implement "green" storm water and wetland restoration strategies to minimize run off. We will augment the substantial setbacks and landscaping with large, organically-shaped berming along the property perimeter. The berming will range in height from 5 feet to 15 feet high and further obscure view corridors into the property. To ensure the long-term success and preservation of the conservation area, we will record against the property a legal restriction, enforceable by the Village, precluding future development of the green space.

**Environmental & Ecological Benefits.** Maintaining over 90% green space on site and restoring nearly all of the property to its predevelopment condition allows for several environmental and ecological benefits. Firstly, it allows enough space to implement "green" stormwater management strategies which cleans runoff waters and reduces stormwater runoff volumes and rates by 80-95% over the existing crop field conditions. This results in a greatly reduced contribution to down stream flooding. It also maximizes wildlife habitat restoration, including habitat for pollinators, and creates expansive open space amenities including walking trails. Finally, we are able to preserve and enhance all the existing wetlands on site.

**High-Quality Architectural Design and Construction.** Existing homes in River Hills are the inspiration for our architectural design. The proposed buildings feature an attractive mix of white clapboard siding and stone masonry, mimicking the materials of the estate homes prevalent throughout the Village. The interior finishes include custom cabinetry and trim, premium appliances, quartz or granite countertops. The units will be filled with natural light and air through large, operable windows. The property will offer some of the largest floor plans in the North Shore.

All of the long-term parking needs of the residents will be enclosed in underground parking facilities. Any and all surface parking stalls will be located around the interior courtyard and provided for the convenience of visitors. The design strategy minimizes views to parking and maximizes green space.

The development offers a separate resident clubhouse that features a fitness facility, clubroom/lounge area, outdoor pool and sundeck, fire pits and grilling stations. Use of the clubhouse and amenities will be limited to residents of the property and their guests. The clubhouse also allows Mandel to provide full time leasing and 24/7 maintenance staff. Such staff is critical to the long-term maintenance and appearance of a luxury apartment community.

**Demographic Shifts and Housing Preferences.** The proposed development represents a considered real estate response to evolving demographics and housing preferences, particularly among the growing number of Baby Boomers in River Hills and Milwaukee's North Shore area. The Baby Boomer demographic is looking for options to downsize from large, single-family homes into maintenance-free residences while remaining in the communities in which they are rooted. While many Baby Boomers do not want the hassles of home ownership, they want to stay close to friends, family, religious institutions and social networks developed over many years. The luxury apartments of this proposal offer the flexible living that this demographic desires.

We experienced this demographic shift play out in our other North Shore luxury apartments. In particular, Beaumont Place, in Whitefish Bay, was 100% leased prior to completion of construction and the average age of residents is 62 years old. According to the Bureau of Labor and Statistics (the "BLS") and based on US Census data, there are more than 4,300 households in the North Shore with an average age of 55 or older and an average annual income in excess of \$150,000. About 1 in every 3 of these households are renters, not home owners. Thus, there is demand for over 1,430 rental units amongst affluent North Shore residents. BLS data indicates that this age and income cohort will grow by nearly 1,000 households by 2021, representing demand for another 300 rental units. By contrast, less than 1,200 units are likely to be delivered to the trade area. The supply-demand imbalance explains the high occupancy rates at existing communities and underscores the pressing need for additional luxury apartment communities.

Successful communities must offer life-cycle housing options. That is, municipalities need to provide a variety of housing options to meet the needs of households at various points in their lives. By providing maintenance free alternatives to owning larger homes empty nesters can move into luxury apartments but remain in their community. That transition opens up single-family housing stock for a new generation of younger families, ensuring the long-term sustainability and value.

**Virtually no impact on public services.** The property will be managed and maintained by Mandel Property Services, Inc., a wholly-owned subsidiary of Mandel Group. All of the streets, sidewalks and paths within the property will be the responsibility of Mandel. Likewise, we will be responsible for all trash pickup and the utilities on the interior of the property will be privately maintained by Mandel. We also discussed the proposed development with the Village police Chief and North Shore Fire Department. The preliminary feedback from those groups was that our development would not require additional staffing and/or equipment needs. In fact, with the extension of public water to the site, we believe we will be able to reduce the response time for North Shore Fire Department to the site.

**TIF, Public Water and Traffic Signals.** The redevelopment contemplates the extension of public water to the site. We believe the extension of public water to the property is important for several reasons. While it may be possible to serve the development with a private well system, we also believe it would be difficult to prove to a certainty that such private well system would not have an adverse impact on existing wells and the aquifer. As such, our preference is to focus our efforts on a public water system. The delivery of public water to the property eliminates all impacts on other wells in the Village. Moreover, numerous residents expressed a concern about the quality of the well water. The concern is based on both safety and aesthetic water quality. Some residents are concerned about the negative health consequences of arsenic and radium contamination, similar to the unsafe wells found in other Wisconsin municipalities, like Waukesha. Other residents complain about the smell and taste despite the expensive, state-of-the-art water treatment systems. Residents of our property will require the highest quality of water available given the top of market rental rates. It should be noted that the extension of public water to the property from Brown Deer could be the backbone of future extensions of public water through the Village if such infrastructure was desired by the Village. As discussed in more detail later, the cost of the public water extension would be funded by tax incremental financing, thereby eliminating all financial risk and burden on the Village.

A traffic study and analysis prepared for the redevelopment of the property identified the intersection of Spruce Road and Brown Deer Road as extremely dangerous. The study also opines that the traffic patterns at that intersection meet the Department of Transportation warrants for a traffic signal. Given the current dangerous conditions

at the Spruce intersection, we propose to install a traffic signal at that location as part of our project. The traffic signal would increase the health and safety of the Village.

We propose that the extension of water and the installation of the traffic signal be paid through developer-financed tax incremental financing, or TIF. The TIF allows the Village to capture 100% of the taxes generated from the property, as opposed to the approximately 25% of the taxes that River Hills collects on a typical tax bill. Mandel would ask that a portion of the real estate taxes be paid to it to help cover the cost of the foregoing infrastructure improvements. There would be no financial risk or burden for the Village related to the TIF as Mandel is only entitled to payment of real estate taxes if and when the taxable value is actually created. In other words, if Mandel does not build the development and create the taxable value then the Village does not have any obligation to pay Mandel.

We project that the tax increments generated for the redevelopment will produce financial capacity beyond what is needed for the project. Any residual capacity left in the TIF, that is, taxes generated by the property above and beyond the cost of extending public water to the site and installing the traffic signal, may be used for other future Village projects. For example, road improvements, storm water management infrastructure, bridge reconstruction or the expansion of public water throughout the Village. The use of the residual TIF would be at the discretion of the Village to be guaranteed by the Village, not Mandel. Mandel will provide TIF projections for review by the Village and their consultants.

Fundamentally, the proposed development would greatly expand the existing tax base in the Village. We estimate that the project will generate approximately \$625,000 of annual real estate taxes, representing an increase over current annual taxes of \$580,000 to \$600,000. Upon closure of the TIF, the Village will retain roughly 25% of such tax proceeds, or roughly \$150,000 annually. Those proceeds can be used to pay Village costs thereby reducing the financial burden of Village infrastructure and services on local taxpayers.

The formation of a tax incremental financing district and the administration of the same is a different municipal process that operates independently of the zoning process. However, we believe the two matters are intrinsically linked for this redevelopment effort so it merits discussion as part of the overall evaluation of the development.