



Meeting Date: 3/12/12
Agenda Item: #7d

Mission Statement

Delivering quality services in a courteous, cost-effective and efficient manner.

VILLAGE BOARD MEETING STAFF REPORT

REPORT TO: President Burt McIntyre and Village Board of Trustees
REPORT FROM: Paul Evert, Village Administrator
AGENDA ITEM: Review and take action on the proposal to do a market study for the development of a Village Center

POLICY ISSUE

Should the Village of Howard pay to have a market study completed to better guide development of a Village Center?

RECOMMENDED ACTION BY VILLAGE BOARD

Village staff recommends the Village Board support a market study to guide development of the Village Center. If the board were in favor, the following motion may be made:

"I move to approve spending \$8,300 for the cost of a market study for the development of Village Center."

POLICY ALTERNATIVE(S)

- Deny the proposal for a market study
- Approve the proposal with changes
- Table the item

FINANCIAL INFORMATION

FISCAL IMPACT:

1. Is There A Fiscal Impact? Yes
2. Is it Currently Budgeted? Yes
3. If Budgeted, Which Line? There is more than \$50,000 in the TIF #3 account, from which this would be paid.

BACKGROUND INFORMATION

Before the Village begins to make a concentrated effort to recruit developers for the proposed Village Center, staff is recommending that a new market study be done. In 2005 a market analysis was completed; however, there have been significant changes in the market and economy since that date. Based upon the recommendation of a developer I have worked with in the past, I contacted Maxfield Research. I shared with them the latest concept plan for the Village Center and asked for a proposal to complete a market study. The attached proposal consists of three elements that could be researched. I am recommending that the Village Board approve contracting with Maxfield Research to conduct a market study on two of the three aspects – the Preliminary Senior Demand Estimate and Initial Market Assessment-Rental. The total cost for having those two aspects researched is \$8,300. Having this research in hand will be beneficial in many ways. It will serve as a marketing tool, help identify the kinds of developers we should pursue, and reduce the risk to the Village when the request for large infrastructure improvements is needed. The TIF #3 balance is currently a little over \$50,000 and that would be the source of funding to cover the market study.

ATTACHMENTS

- I. Proposal for a market study by Maxfield Research**



March 2, 2012

Mr. Paul F. Evert
Administrator
Village of Howard
2456 Glendale Avenue
Green Bay, WI 54313

Dear Mr. Evert:

Thank you for contacting Maxfield Research Inc. regarding your research and consulting needs for analysis of potential demand for senior housing and/or multifamily rental housing for the Village Center in Howard, Wisconsin. As you requested, Maxfield Research Inc. has developed a work program that provides the Village with a menu of research options to consider various types of residential and commercial development that could be developed in the Village Center. This proposal presents options for the following components:

- Preliminary Demand Estimate for Active Adult and Service-Enriched Senior Housing
- Initial Assessment for Market Rate General Occupancy Rental Housing
- Assessment of Commercial Potential for the Village Center

If all of these components were to be completed at the same time, there would be a modest cost savings with regards to the demographic information provided. The Preliminary Demand Estimate and Initial Assessment for rental housing, if they prove support for development, could be upgraded to full market studies, should the City have a need for additional in-depth analysis to satisfy financing requirements.

The Preliminary Demand Estimate is designed to show the depth in the market (number of units currently supportable as well as five years out), after taking into consideration demographic and economic characteristics of the Market Area senior population and household base and a brief overview of current senior housing market conditions in the Area, including pending development.

The Initial Market Assessment for rental housing is designed to provide some initial demographic information, an analysis of the competitive rental market and calculations of the potential demand for market rate rental housing currently supportable as well as five years out after taking into consideration competition and pipeline development.

The Commercial Assessment is designed to provide calculations of additional commercial space supportable in the area, additional commercial space that could be developed to create synergies with other existing commercial users and with existing and future residential uses in the Village Center.

Costs to complete the research components are as follows:

Preliminary Senior Demand Estimate	\$3,800.00
Initial Market Assessment-Rental	\$4,500.00
Commercial Assessment	\$8,500.00

If all components were to be completed at the same time, there would be a cost savings of \$2,000.00 of the total amount to account for overlap in demographic analysis.

For the Preliminary Senior Demand Estimate and the Initial Market Assessment, there would be no site visits. For the Commercial Assessment, a site visit would be completed and travel costs would be charged in addition at our direct cost. If all of the components are completed together, then site visits for each component would be included.

The initial payment required for any of the above components would be 50% of the total contract amount. Any work completed for the Preliminary Demand Estimate and/or the Initial Market Assessment could be applied to the completion of a full market feasibility study if contracted for within 180 days of the completion of the initial documents. Upgrade costs can be discussed with us for each component.

Based on our current workload, we would be able to complete the components within the following timeframes:

- Preliminary Demand Estimate 30 days
- Initial Market Assessment 40 days
- Commercial Market Analysis 60 days

Please review the enclosed proposal. If you have any comments or questions, please do not hesitate to call or email me. If the proposal meets with your approval, please date and sign one copy and return it to our offices along with the initial payment, and we will begin work immediately.

Sincerely,

MAXFIELD RESEARCH INC.



Mary C. Bujold
President

Attachment



March 2, 2012

Mr. Paul F. Evert
Administrator
Village of Howard
2456 Glendale Avenue
Green Bay, WI 54313

CONTRACT FOR PROFESSIONAL SERVICES

Maxfield Research Inc. ("Maxfield") proposes to provide research and consulting services to the Village of Howard, Wisconsin (the "Client") to assess the market feasibility of various service levels of senior housing, market rate general occupancy rental housing and commercial space that would be located in the Village Center in Howard, Wisconsin. We understand that the City is creating a new community center that is intended to be the focus of community goods and services in a mixed-use environment.

This proposal presents a Scope of Services for the following analyses:

- Preliminary Demand Estimate (PDE) for Senior Housing
- Initial Assessment for Market Rate General Occupancy rental housing
- Assessment for Commercial Space

These analyses would be completed to determine the potential support for senior housing, additional rental housing and additional commercial space in the Village Center and over specific timeframes.

Preliminary Demand Estimate-Senior Housing

SCOPE AND COST OF SERVICES

1. Identify an appropriate draw area ("Market Area") for senior housing located in the Village of Howard, Wisconsin.
2. Analyze senior population and household growth trends, senior household income estimates, senior homeownership rates and home values to assess the potential income/asset-qualified market base in the Market Area.
3. Define the various service levels of senior housing.
4. Inventory existing and pending market rate active adult and congregate (independent living with services), assisted living and memory care senior projects located in the Market Area; provide data on year built, number of units, and service level.

5. Calculate unmet demand for market rate active adult (for-sale and rental), congregate (independent living with services), assisted living and memory care senior housing in the Market Area.
6. Provide a brief discussion of the ability to support senior housing units by product type and service level in the Market Area. Estimate the proportion of Market Area demand that could be captured by a single development.

Total Cost for Preliminary Demand Estimate: **\$3,800.00**

SCOPE AND COST OF SERVICES-Initial Rental Assessment

General-Occupancy Rental Housing

1. Define the primary draw ("Market") area for rental housing in the Village of Howard, Wisconsin on the proposed property.
2. Examine population and household growth trends in the Market Area to 2020.
3. Examine age distribution trends in the Market Area to 2015.
4. Examine recent employment growth trends in the Market Area.
5. Examine household incomes in the Market Area in 2010 and 2015 by age of householder.
6. Examine homeownership rates in the Market Area in 2000 and 2010.
7. Examine the current competitive rental market: inventory relevant market rate rental projects in and near the Market Area; provide information on location, building type, year built, vacancies, and general rents.
8. Interview local Realtors, housing authority, and city staff regarding the potential need for additional market rate rental units in the Village of Howard, Wisconsin.
9. Inventory pending rental developments in the Market Area; provide information on number of units, project type, development timing and impact on the market and the proposed project.
10. Calculate overall demand for market rate general-occupancy rental housing in the Market Area and estimate the portion of demand that can be captured by a development on the subject property.
11. Identify target markets and provide a general recommendation number of units supportable, pricing and absorption.

Total Cost for Initial Market Assessment: **\$4,500.00**

SCOPE OF SERVICES-Commercial Analysis

1. Interview key staff and real estate professionals in the area to identify primary draw area for commercial uses, recent development trends, and the performance of existing commercial spaces in the Village of Howard.
2. Field visit to Howard to assess the appropriateness of the redevelopment area for potential uses – including housing, retail and office. Discuss the property's proximity to other retail and services, aesthetics, access and visibility, etc.
3. Inventory existing business mix in the Village Center area by NAICS codes.
4. Define primary draw area.
5. Provide key demographic and economic findings for the Howard draw area including consumer expenditures, retail gap analysis, employment growth trends.
6. Interview commercial brokers and developers, economic development specialists and others regarding commercial market trends, types of users seeking space, types of space needed, land supply, general demand by location within the Howard area. Identify areas outside of Howard in close proximity that would compete for new commercial development for Howard's customer base.
7. Identify any planned, pending, or commercial developments under construction. Assess the impact of these developments on the potential to develop in the Village Center.
8. Identify a mix of commercial uses and unmet market niches that would be appropriate for the Village Center.
9. Calculate commercial space supportable for the Village Center.
10. Summarize findings and include recommendations on types of commercial space and commercial users that have the greatest potential in the Village Center area; provide recommendations on strategies to attract specific users to the Village Center area.

Total Cost of Staff Time for Commercial Analysis: **\$8,500.00**

COST OF SERVICES (all components)

The above work program for the **Preliminary Demand Estimate** will be completed for a total of Three Thousand Four Hundred Dollars (\$3,800.00), including the direct costs for out-of-pocket expenses. An initial payment in the amount of One Thousand Seven Hundred Dollars (\$1,900.00) will be required along with an executed copy of this agreement prior to us beginning work.

The above work program for the **Initial Rental Market Assessment** will be completed for Four Thousand Five Hundred Dollars (\$4,500.00), including the costs for out-of-pocket expenses and one electronic copy. An initial payment in the amount of Two Thousand Three Hundred Dollars (\$2,300.00) would be required along with the executed copy of this agreement prior to the commencement of work.

The above work program for the Commercial Analysis will be completed for Eight Thousand Five Hundred Dollars (\$8,500.00), including the costs for out-of-pocket expenses and one electronic copy. An

initial payment in the amount of Four Thousand Three Hundred Dollars (\$4,300.00) would be required along with the executed copy of this agreement prior to the commencement of work.

If the Client chooses to proceed with all of the components at the same time, Maxfield Research Inc. would apply a credit of Two Thousand Dollars (\$2,000.00) against the total cost of all three analyses combined.

If additional in-depth analysis is desired on the senior housing and rental assessments after completion of the preliminary reports, Maxfield Research Inc. would credit the cost of the initial reports against any additional charges to complete more in-depth research.

Any meeting time or additional research requested by the Client beyond that outlined in the above Scope of Services will be billed in addition at our standard hourly rates for staff time which range from \$55.00 to \$150.00 per hour.

WORK PRODUCT

The Preliminary Demand Estimate and Initial Market Assessment will be completed in memorandum format. The Commercial Analysis will be completed in bound report format. If all three components are completed together, the work product will be presented in the form of a bound report.

COMPLETION TIME

The Preliminary Demand Estimate and Initial Rental Market Assessment would be completed within 45 days of receipt of an executed contract and initial payment in the offices of Maxfield Research Inc., unless delayed by unexpected emergencies, forces beyond the control of one or both parties or by written agreement of the parties.

The Commercial Analysis would be completed within 60 days of the receipt of an executed contract and initial payment in the offices of Maxfield Research Inc., unless delayed by unexpected emergencies, forces beyond the control of one or both parties or by written agreement of the parties.

PAYMENT

All invoices are payable to Maxfield Research Inc. within fifteen (15) days of receipt of an invoice showing the work completed and the direct costs for expenses. A finance charge of one and one-half percent (1.5%) per month will be added to the unpaid balance of each invoice not paid within thirty (30) days.

DISCLAIMER

The objective of this research assignment is to gather and analyze as many market components as is reasonable within the time limits and projected staff hours set forth in this agreement.

We assume no responsibility for matters legal in character. The property/land is assumed to be free and clear of any indebtedness, liens or encumbrances; and good and marketable title and competent management are assumed, unless otherwise stated.

If building plans or site plans are included in the report, they are to be considered only approximate and are submitted to assist the reader in visualizing the property. We assume no responsibility for the accuracy of any building or site plans.

Certain information and statistics contained in the report, which are the basis for conclusions contained in the report, will be furnished by other independent sources. While we believe this information is reliable, it has not been independently verified by us and we assume no responsibility for its accuracy.

The conclusions in the report are based on our best judgments as market research consultants. Maxfield Research Inc. disclaims any express or implied warranty of assurance of representation that the projections or conclusions will be realized as stated. The result of the proposed project may be achieved, but also may vary due to changing market conditions characteristic of the real estate industry, changes in facts that were the basis of conclusions in this report, or other unforeseen circumstances.

In the event payment is not received on a timely basis, Maxfield Research Inc. shall be entitled to a lien against the subject property.

This agreement will be construed according to the laws of the State of Minnesota.

TERMINATION

This agreement may be terminated upon written notification of either party to the other. In the event of termination, the Client will pay Maxfield Research Inc. for staff hours performed at the firm's normal hourly rates, plus all expenses incurred through the date of termination.

If this proposal meets with your approval, please sign and return one copy to the offices of Maxfield Research Inc.

The costs outlined in the Scope of Services shall remain in effect for a period of 90 days from the date listed at the top of this contract.

Agreed to this _____ day of _____ 2012.

MAXFIELD RESEARCH INC.

VILLAGE OF HOWARD



Mary C. Bujold
President

Paul Evert
Administrator

We Authorize: (please initial below)

_____ Preliminary Demand Estimate
(\$3,800.00 with the initial payment of
\$1,900.00)

_____ Initial Rental Market Assessment
(\$4,500.00 with the initial payment of
\$2,300.00)

_____ Commercial Analysis
(\$8,500.00 with the initial payment of
\$4,300.00)

DESCRIPTION AND BIOGRAPHY OF FIRM

Maxfield Research Inc. has over 25 years' experience in assisting communities to determine market conditions for planning and development efforts, providing demographic estimates and projections and analyzing county and municipal commercial and residential needs. Our thorough knowledge of market trends in the real estate industry allows us to support our clients with valuable information that affects planning and development. We are able to determine viable solutions to the issues that communities face.

Maxfield Research Inc. provides research and analysis in the areas of general occupancy housing, student housing, senior housing, office, retail, hospitality and hotels, recreation, transit oriented development, and financial institutions. We work with redevelopment projects as well as new construction. We routinely provide market analysis for large scale planning and redevelopment projects working with planning, engineering and financial consultants to provide the market background and data associated with various types of development and planning efforts.

Maxfield also has experience in organizing and conducting focus groups, preparing and administering on-line and mail surveys, holding public forums for large scale planning documents, and organizing and making presentations to city councils, planning commissions, and housing and redevelopment authorities.

DISCRIPTION OR OUTLINE OF PLANNING APPRACH

The hallmark of Maxfield Research Inc.'s approach to comprehensive plan assistance is a thoughtful, in-depth combination of primary and secondary research. Primary research includes surveys of existing housing properties, one-on-one interviews with major employers, developers, builders, Realtors, city and government agency staff, and others familiar with housing issues and the local housing market. Secondary research includes data obtained from reliable published sources including the Census Bureau, ESRI (a national demographics firm), the Minnesota State Demographic Center, and the Minnesota Economic Security Department.

Secondary published data is always reviewed carefully in light of other local factors revealed through the primary research that may have an impact on the analysis. The result is a custom analysis that provides the Client with information that is timely and locally pertinent.

Our work approach will draw on our experience and expertise in conducting housing studies on behalf of public entities and private developers. Maxfield Research Inc. routinely completes over 100 housing studies annually and is a market leader on housing research and consulting in the Twin Cities Metro Area and Upper Midwest.

PRIOR EXPERIENCE OF MAXFIELD RESEARCH INC.

Maxfield Research Inc. has worked with many clients on providing market analysis and strategic recommendations regarding the revitalization and redevelopment of community downtowns. We have worked individually and as part of a larger team to provide a comprehensive array of services to clients.

Projects undertaken by our firm focus on providing in-depth market analysis and development recommendations to our Clients based on market realities. Maxfield Research Inc. has been responsible for:

- Identifying the market potential for downtowns in the areas of housing, office, retail, and hospitality;
- Providing a list of suggested retail users supportable and recommendations for attracting those users to the downtown;
- Providing recommendations on specific parcels or buildings appropriate for redevelopment, analyzing development parameters including function, market, cost estimates, zoning and other urban infrastructure issues;
- Identifying market realities for pragmatic recommendations;
- Identifying financial incentives or financial tools that may be used to complete various types of projects;
- Developing retail recruitment and retention strategies;
- Conducting focus groups, business owner interviews, and major employer interviews to identify market opportunities/gaps, target populations, physical and economic assets, and community dynamics; and
- Developing an implementation matrix for the community that outlines goals and objectives, organization responsibilities, projected implementation timeframes, priority task, among other implementation processes.