

FREE MARKET – JUST LET IT BE

Thank you for the decision to hold this public hearing. It is long overdue.

When I look at the “Total Projects’ Estimated Costs” of \$16,500,000 for just the city, I am stunned that the only part that has been the subject of a public hearing is the \$5,000,000 pledge toward the proposed arts center. The closed sessions for “bargaining” have not resulted in a very good deal for Eau Claire citizens.

If the request for subsidizing the private student housing/mixed-use building had been discussed in public immediately, we could have helped you make a better deal for us. I and many others would suggest that Haymarket Concepts get the same subsidy given to Metro Crossing or the student housing complex at 522 Water St. Just because Haymarket asks does not mean we have to give. That is a dangerous precedent to be setting. Who will be next in line? Menards? I have a house that I would like an “incentive” to remodel. It is important to remember that “No” is an answer. The only piece that should receive any consideration for subsidy are costs related to street improvements. And that should still be an item for public input.

The Metro Crossing property was purchased for \$910,000 and now has an assessed value of \$5.7 million. 522 Water St was \$266,000 with a current assessment of \$4.2 million. That is the kind of economic development I can afford. Their additional property taxes are contributing immediately to city operations, public schools, etc. rather than going for years and years to pay back city debt and resulting in raising my property taxes in the meantime.

Please adopt the resolution and ask city staff to stop investing more time on Confluence-related items in TID 8 and 10 until the funding status of the performing arts center is determined and the public weighs in on whether it wants to subsidize private business.

What is the risk? Do you think Haymarket Concepts will leave town or refuse to develop the property? They already own the property. Now that the structures on it have been gutted and destroyed, they are required by law to raze them. They really have three choices now – develop the property, seed and mow the property or sell the property to another developer. Regardless, there is no reason to provide a subsidy. Self-interest will motivate the developer to do something successful with their property as they have done with other properties.

City Gifts for the Influential; City Taxes for the Rest of Us

I support the resolution to prohibit City expenditure of funds towards the Mixed-Use Building until such time as funding is approved by the State of Wisconsin for the Confluence Community Arts Centers, private fundraising is complete, and other contingencies are satisfied. I oppose the use of city funds to fund the construction of a

private building and, if the city is going to commit such funds to construct a mixed-use building as part of the Confluence Project, then the city should wait until it is known that the performing arts center is going to be built at its current proposed location.

It is certainly appropriate for a city to use city funds to build roads and other infrastructure to open up an area for development or to improve an area that has become blighted. In these cases, however, the city is building something that will be owned by the city. For the mixed-use building, the city is being asked to make a contribution to the construction of a building that will be owned by a private party. While this may be legal, to my simple mind it is morally wrong in that it is taking public funds and giving these funds to influential individuals and in this case without the private sector competing for the funds.

To draw an analogy, I bought a blighted house on a nice street with well-maintained houses. Before paying to renovate the house, I should have gone to the city fathers and asked for a contribution to give me an incentive to renovate the house and eliminate the blight from the neighborhood. Not having the influence of those backing the Confluence Project, the taxing authorities did not even lower the assessed valuation on the house to my purchase price. Nor did they wait for the renovations to be completed before increasing the assessed valuation. This is what most of us encounter as we make improvements that make the city look better. That we pay more taxes when we make our neighborhoods more attractive is an undesirable side effect of property taxes, but it is not right to remove this effect for favored interests.

I also note that the land where the proposed mixed-use building is to be built has been purchased for \$2,582,200. It is currently assessed at \$577,400. It is my understanding that construction costs for the mixed-used housing should come in at something like \$26 million for a total project cost of just under \$29 million. However, there is at least a rumor that the developers are asking that the owners of this building pay taxes on an assessed value that will be only 80% of this while most of us pay taxes on our total cost if we build a new house or other building.

In conclusion, I would like to ask the city council to explain why it is right to contribute to the cost of a building that is going to be owned by a private party and why is it right to base the taxes on this building at less than the full value of the building when everyone else pays taxes on the market value of their property. To me, it seems that if the city is going to contribute 20% of the cost of the cost of this building, then the city should own 20% of the building and, in that case, the developers would then only need to pay taxes on the 80% of the total value of the building that they would own. As a minimum, if the council can justify this support of the private sector, then they should wait until it is definite that the performing arts center that this housing is tied to is going to be built at its current proposed location and not rush through a contribution in closed meetings.